Economic Anthropology

History, Ethnography, Critique

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Preface

This book began life as a position paper for a conference we convened in June 2006 on the state of economic anthropology, with a particular focus on the contemporary relevance of the ideas of Karl Polanyi. When we came to prepare the proceedings for publication (Hann and Hart 2009), our paper was clearly too long to fit into that volume. In the meantime it has continued to grow. Completion has been delayed not only by competing commitments (the usual academic excuses) but by the impact of the latest, most serious crisis of the world economy, which has diverted some of our energies and inspired us to give the subject of money even greater prominence in the text than it already had. This financial crisis and its social consequences may have taken most of the world by surprise, including the economists, but it should not have been a surprise to economic historians or anthropologists, who have long been familiar with notions like 'creative destruction' and 'unequal development'. The latest crisis has not led us to change the rationale and structure of this book, which combines a history of economic anthropology with a perspective on world history; but it conveniently demonstrates why this is more than a matter of antiquarian scholarship.

Nor is this a partisan polemic. Our account of the history and present state of economic anthropology is offered as a contribution to understanding economic life, a field in which many scholars – not only economists and anthropologists but also historians and sociologists (and many varieties under each of those labels) – must join forces. Some economists claim a special status for their discipline and locate it closer to the 'hard' sciences than to 'soft' disciplines in the humanities. We take a critical and historical view of such claims, but it is not our intention to offer a romantic, utopian alternative to economics. We are aware that economics is in some ways as diverse as anthropology. Our aim is to bring the two closer together and this makes us critical of mainstream positions on both sides.

Previous accounts of economic anthropology linked it to the founding fathers of modern social theory – notably Marx, Weber and Durkheim. Occasionally the history was traced back to the political economists of the Enlightenment. We argue that the core questions are much older than this. Ultimately, economic anthropology addresses questions of human nature and well-being, questions that have preoccupied every society's philosophers from the beginning. We make a case for an economic anthropology that is able to investigate this 'human economy' anywhere in time and space, as a creation of all humanity. But there have been tremendous changes in the world economy over the last half-century, especially since the end of the Cold War, and we therefore give the highest priority to addressing these ongoing transformations.

For the sake of readability, we have tried to avoid cluttering the text with footnotes or excessive references, quotations and citation marks. The Notes on Further Reading which precede the Bibliography are intended to provide interested readers with further detail concerning the materials presented in each chapter, as well as supplementary suggestions.

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Introduction: Economic Anthropology

Anthropologists aim to discover the principles of social organization at every level from the most particular to the universal. The purpose of economic anthropology in the nineteenth century, even before it took shape as 'the economics of primitive man', was to test the claim that a world economic order must be founded on the principles that underpinned a Western industrial society striving for universality. The search was on for alternatives that might support a more just economy, whether liberal, socialist, anarchist or communist. Hence the interest in origins and evolution, since society was understood to be in movement and had not yet reached its final form. Anthropology was the most inclusive way of thinking about economic possibilities.

In the twentieth century, knowledge was compartmentalized to an unprecedented degree, providing space for the emergence of social disciplines modelled on the natural sciences. Anthropology found itself pigeon-holed as the study of those parts of humanity that the others could not reach. Incorporated into the expanding universities, the job of the anthropologists was to accumulate an objectified data bank on 'other cultures', largely for consumption by insiders and a few other experts, rather than the general public. The profession became fixed in a cultural relativist paradigm (every society should have its own culture), by definition opposed to the universally valid truths of economics. Anthropologists based their intellectual authority on extended sojourns in remote areas, and their ability to address the world's economic trajectory was much impaired as a result.

We identify three stages in the development of economic anthropology as a field. In the first, from the 1870s up to the 1940s, most anthropologists were interested in whether the economic behaviour of 'savages' was underpinned by the same notions of efficiency and 'rationality' that were taken to motivate economic action in the West. They initially devoted themselves to assembling compendious accounts of world history conceived of as an evolutionary process. Later, in the years following the First World War, the practice of fieldwork became ever more dominant, and ethnographers sought to engage the more general propositions of mainstream ('neoclassical') economics with their particular findings about 'primitive' societies. They failed, mainly because they misunderstood the economists' epistemological premises.

In the 1950s and 1960s the Cold War was at its height, the world economy was booming and governments everywhere committed themselves to expanding public services while retaining tight controls over financial markets. Economic anthropologists argued among themselves about the theories and methods needed to study their special preserve, which was now extended to include the world's peasants alongside its dwindling number of tribesmen. 'Formalists' held that the concepts and tools of mainstream economics were adequate to this task, while 'substantivists' claimed that institutional approaches were more appropriate. By 'institutional' they meant that economic life in societies that were not dominated by impersonal markets was always 'embedded' in other social institutions, ranging from the household to government and religion.

In retrospect, this formalist–substantivist debate was a golden age for economic anthropology. It ended in a stalemate, thereby opening the way for Marxists and feminists to exercise a brief dominance, but they too mainly drew on the traditional subject matter of exotic ethnography. The third stage of our history takes us from the watershed of

the 1970s through three decades of neoliberal globalization. We examine new critical perspectives, the 'cultural turn' in economic anthropology, and fresh aspirations to the mantle of hard science, notably in the guise of 'New Institutional Economics'. This period has seen anthropologists expand their inquiries to address the full range of human economic organization, which they study from a variety of perspectives. So far, they have preferred in the main to stick with the tradition of ethnographic observation. We argue that the time is ripe for anthropologists to go further and address the world economy as a whole. In this new, fourth phase, economic anthropology would finally emerge as a discipline in its own right.

The most basic issue remains whether or not the forms of market economy that have allowed North Atlantic societies to dominate the world economy over the last two centuries rest on principles of universal validity. Arguments about sameness and difference have plagued economic anthropology throughout its history. We can be proud of anthropologists' commitment to joining the people where they live in order to find out what they think and do. We now understand that to analyse non-market economic action through the lens of market models is no more defensible intellectually than to analyse the latest financial crash on Wall Street in terms of the worldview of a small community of hunter-gatherers. Contrasts of this kind have their uses, but they must be employed with caution. There is no reason to suppose that the diversity of human economies throughout history can be reduced to a single great divide between the West and the rest. In any case, anthropologists need to make fieldwork-based ethnography more open to a perspective on world history that most of them abandoned in the twentieth century.

Some Issues of Method

Any concept put forward as presumptively universal has its own particular history. The word 'economy' originates in the Ancient Greek *oikonomia*, where it referred to the management of a household, usually a manorial estate. A complex division of labour based on markets and money can be traced back much further, notably to Mesopotamia in the third millennium BCE; but, as we explain in the next chapter, *oikonomia* was conceived of as the antithesis of the market principle. Of course human beings have reproduced themselves in their environments and exchanged goods with other groups since the origins of our species, so in this sense we can say that the human economy is as old as humanity itself. Since modern ethnography can shed only very limited light on this history, we must look instead to other disciplines, especially to economic archaeology. Although archaeological studies of material traces – including the fossil record – yield rich clues to ancient modes of subsistence and exchange, inferences concerning how their members conceptualized and managed their material tasks remain problematic. Modern anthropologists have suggested that conceiving of early humanity's economy as a continuous struggle for survival may be wide of the mark. The discovery of agriculture entailed an intensification of labour inputs and may have routinely involved what we think of as drudgery; but it is unlikely that early agriculturalists, let alone hunters and gatherers of the Palaeolithic, had an understanding of work resembling ours today.

The fact that 'economy' has a particular genealogy in the history of European social thought need not prevent anthropologists from investigating the human economies of groups with different material endowments and ways of perceiving them. One of the most fertile strands in economic anthropology in recent decades has been to explore 'local models' of economy, for example those of food collectors who see the forest where they live as a benevolent source of security (chapter 5). Western notions of work, scarcity and uncertainty are unfamiliar to them. To complicate matters further, the word economy has repeatedly been combined with other terms, such as *political*, *moral*, *cultural*, *representational* and even *spiritual*. In the next

chapter we provide a historical outline of its changing referents from ancient times to now. Economy is one of the keywords of modern civilization. Knowledge of its historical trajectory should make us more aware when deploying it universally.

A more serious limitation follows from our decision to place economic anthropology in the context of Western intellectual history and this in turn within a particular view of world history. Our account is heavily skewed towards a North Atlantic perspective, reflecting European and American dominance of world society and its academic representation in the modern period. Economic anthropologists have worked around the globe for over a century, but a self-conscious intellectual community took shape initially in European countries with colonial empires, before its eventual consolidation in the United States. For a couple of decades these economic anthropologists had a high profile within anthropology (though none at all outside it). The point of our book is to call for a reinvigoration of this intellectual community as a self-conscious discipline. In doing so, we seek to define the field more carefully and comprehensively than before, but also more flexibly, since our aim is to build bridges to other disciplines and to provide a broad framework for charting the way ahead on a global basis. It should be noted that many of those Western scholars on whose work we draw and whom we thereby claim as founders of the embryonic discipline did not classify themselves as economic anthropologists, even after this label became available in the second half of the twentieth century. If we succeed in our aim, some readers will be able to identify similar forerunners in other, non-Western intellectual traditions.

A further, related issue concerns language. We focus primarily on English-language materials, reflecting its dominance in recent decades. We note major contributions in French and German, but, wherever possible, out of consideration for the reader who is not at home in other languages, even these are cited in English translation.

The Human Economy

The dominant usage of the term 'economy' since the late nineteenth century refers to the aggregate of goods and services bought and sold in a national territory: hence 'the British economy'. Often the term is joined with one meaning 'people', such as German *Volkswirtschaft* or Hungarian *népgazdaság*. This economy is quantifiable and priority is usually assigned to production, as in key indicators such as 'gross national product per capita'. Such modern economies depend crucially on consumer demand. While millions of people lack the means to make their demand for the necessities of life (e.g. clean water) effective, many others need no longer worry about survival. The challenge in the latter case is to explain why they are willing to endure the hardship of work to purchase goods which are not essential to life. The answer is that these goods are *valued* for social and personal ends. Scarcity is often highly valued for itself, but this scarcity is socially constructed rather than given in nature.

Production and consumption are linked by processes of distribution, which are often highly unequal. Sometimes the word 'exchange' is substituted for 'distribution', but we insist on a distinction. Exchange is a universal principle of economic life but it takes many forms and not all flows of resources should be categorized as exchanges. The payment of tribute to a ruler may be said to bring you his protection in exchange, but this is a misleading representation of an unequal relationship, while welfare payments by a modern state are better seen as transfers financed by taxation – a new form of sharing rather than exchange. Economists tend to be specialized in particular sub-sections of economic life, such as transport or energy markets, foreign exchange, health or housing. The modern Western economy is conventionally divided into private and public sectors, where the market and the state hold sway respectively, setting profits from sales against taxes and governmental redistribution. Property rights were at the core of disputes over competing models of economic organization that once defined the battle lines in the Cold War; but

this familiar division has eroded in recent decades and the line between public and private sectors is now often blurred.

Within continental Europe, some traditions of economics continue to emphasize political order and regulation. Another influential tradition was based upon centralized planning, but this disappeared with the fall of the Berlin Wall. The dominant tradition since the nineteenth century has grown out of English utilitarianism. It privileges free markets and individual maximization of 'value' within budgetary constraints. Value is usually conceived of in terms of costs and benefits expressed in monetary terms. Whenever individuals are evidently not maximizing value in the market sense, as when they make gifts to family and friends or to charity for example, they are still held to be making choices under conditions of scarcity to maximize utility, although economists do not shed further light on what this mysterious substance might be. Some economists have pushed 'rational choice' into the most intimate domains, such as the family, arguing that their theory can yield a satisfying account of all exchanges, including transfers between and within generations. If economics is defined as the study of the choices people make, and all action is held to follow from such rational choices, then this discipline evidently embraces the whole of human life and its evolution (perhaps also the evolution of much of the animal world). At the level of systemic rationality, economics would then explain not only our particular patterns of transacting with kin, but why we have the kinship systems we do as well as the rulers we obey and even the Gods we worship. Biology would be its only rival as a *master discipline*; and exchange between economics and biology is indeed flourishing today, for example in the field known as evolutionary economics, which analyses how socio-cultural selection interacts with natural selection in Darwinian 'co-evolution'.

When defined in this way, an approach from economics is conducive to formal, mathematical treatment at a sophisticated level; but, to the extent that such rational choice approaches leave the preferences and underlying moral values of the actors unexplained, they are tautological. They dehumanize the economy, effectively removing the

Volk from *Volkswirtschaft*. Our understanding of economy is very different, though no less broad in scope. The 'human economy' (Hart, Laville and Cattani 2010) refers to well-being, to the satisfaction of all human needs – not just those that can be met through private market transactions, but also the need for public goods, such as education, security and a healthy environment, and for intangible qualities such as dignity that cannot be reduced to dollars spent per capita. We live in an era when market mechanisms (always the result of social construction and never 'free') have been extended into new sectors, with the aim of increasing 'economic efficiency'. But people are beginning to realize that making a market for a valued good such as education is not morally neutral. It often gives rise to misleading statistics, which obscure the reduction in quality that sets in when teachers and professors are treated like any other provider of commercial services. We may agree that economy does indeed shape kinship and religious institutions in the long run. But we are sceptical of evolutionary models grounded in notions of efficiency and abstract individual rationality, and argue instead for a more rounded approach to economic organization that does justice to the material, historical and ethnographic record.

An anthropological study of the human economy, then, must take a broader view of the standard of living and address a wide range of human needs and motivations. Markets are indispensable for the allocation of most goods in modern societies; the fate of 'socialist' planning in twentieth-century Eurasia shows this clearly (chapter 7). The expansion of 'capitalist' markets has brought substantial improvement in living standards to most parts of the world. True, this expansion has also brought much exploitation and suffering; the process has been very uneven, and unlimited markets threaten democracy itself. But before dismissing or curbing markets in favour of more regulation, we should ask why so many poor people seek greater involvement in markets, rather than less. In any case, study of the economy in our sense cannot be restricted to anonymous purchases in markets, since political institutions, social customs and moral rules

establish the preconditions for market exchange. Whereas rational choice theorists emphasize the *individual*, in the tradition of Robinson Crusoe, and believe that even decisions to cooperate with others are ultimately to be explained as the outcomes of individual calculation, the emphasis in speaking of the 'human economy' is on *persons*, whose preferences and choices are sometimes shaped by calculation, but usually also by the familial, social and political contexts in which human beings are enmeshed or embedded.

Some voices inside academic economics acknowledge these concerns, but they tend to be marginal to the mainstream, neoclassical tradition. Like other people, economists disagree among themselves about how far it makes sense to extend market principles. There is not much hope for dialogue with those who define economics exclusively as the application of an individualistic logic of utility maximization to all domains of social life. But not many economists known to us subscribe to this position. We hope to persuade economists with real world concerns to take an interest in what anthropologists have discovered about the human economy, and in the kinds of theories we have advanced to understand it.

Critical Anthropology

Like 'economy', the word 'anthropology' is derived from Ancient Greek. An anthropology (*anthropos* = man) is any systematic study of humanity as a whole. The dominant modern usage refers to the discipline known in Britain as social anthropology and in the United States as cultural anthropology. In some American universities, cultural anthropology is taught within a four-field approach – the others being physical (or biological) anthropology, archaeology and linguistic anthropology – but we will not be engaging directly with these other branches, nor with those philosophical and theological enquiries into human nature that have, since Immanuel Kant, carried the label *Anthropologie*.

Social and cultural anthropology have been given numerous competing definitions and histories. Some of those who emphasize cultural diversity trace the story back to Ancient Greek perceptions of barbarian nomads, as recorded in the writings of Herodotus, or to the reactions of Catholic intellectuals to the first representations of indigenous peoples encountered by Hispanic colonists in the Americas. We argue here for a critical anthropology that has its roots in the democratic revolutions and rationalist philosophy of the eighteenth century. The question then was how the arbitrary inequality of the Old Regime might be replaced by an equal society founded on what all people have in common, their human nature. Enlightenment philosophers offered a revolutionary critique of the premise of inequality along with constructive proposals for a more equal future. Such a future was thought to be analogous to the kinship organization that preceded societies based on the state and class divisions. Contemporary savages were interpreted in the light of theories of stages, among which the one put forward by Montesquieu (1748) was particularly influential.

What then is 'critique'? It is to examine the foundations of contemporary civilization by having recourse to judgement. Judgement in turn is the ability to form an opinion on the basis of careful consideration – beyond that, to discern relations linking particulars to more general principles. Jean-Jacques Rousseau (1712–78) is an outstanding source for critical anthropology, combining as he did a critique of corrupt civilization with a vision of how to address global inequality. He showed that a refusal to consider things as they are inevitably requires us to devise new methods of studying and writing about a transitory present. Rousseau's *Discourse on the Origins and Foundation of Inequality among Men* (1754) has inspired anthropologists from Lewis Henry Morgan in the nineteenth century to Claude Lévi-Strauss in the twentieth. It is also a foundational work for economic anthropology.

Rousseau was not concerned with individual variations in natural endowments, but with artificial inequalities of wealth, honour and the capacity to command obedience that came from social convention. In order to construct a model of human equality, he imagined a pre-social state of nature,

a phase of human evolution in which men were solitary, but healthy, happy and above all free. This freedom of the 'noble savage' was metaphysical, anarchic and personal: original human beings had free will, they were not subject to rules of any kind and they had no superiors. At some point humanity made the transition to what Rousseau calls 'nascent society', a prolonged period whose economic base can be summarized as hunter-gathering with huts. Why leave the state of nature at all? He speculated that disasters and economic shortage must have been responsible.

The rot set in with the invention of agriculture or, as Rousseau put it, of 'wheat and iron'. Cultivation of the land led to incipient property institutions whose culmination required the development of political society. The formation of a civil order (the state) was preceded by a Hobbesian condition, a war of all against all marked by the absence of law. Rousseau believed that this new social contract to abide by the law was probably arrived at by consensus, but it was a fraudulent one in that the rich thereby gained legal sanction for transmitting unequal property rights in perpetuity. From this inauspicious beginning, political society then usually moved, via a series of revolutions, through three stages:

> The establishment of law and the right of property was the first stage, the institution of magistrates the second and the transformation of legitimate into arbitrary power the third and last stage. Thus the status of rich and poor was authorized by the first epoch, that of strong and weak by the second and by the third that of master and slave, which is the last degree of inequality and the stage to which all the others finally lead, until new revolutions dissolve the government altogether and bring it back to legitimacy. (Rousseau 1984: 131)

One-man-rule closes the circle in that all individuals become equal again because they are now subjects with no law but the will of the master. For Rousseau, the growth of inequality was just one aspect of human alienation in civil society. We need to return from division of labour and dependence on the opinion of others to subjective self-sufficiency. His subversive parable ends with a ringing indictment of economic inequality which could well serve as a warning to our world:

> It is manifestly contrary to the law of nature, however defined. . . that a handful of people should gorge themselves with superfluities while the hungry multitude goes in want of necessities. (*ibid.*: 137)

Marx and Engels made fertile use of this precedent in their own critique of the state and capitalism, while Morgan's legacy as Rousseau's principal successor in modern anthropology persisted well into the twentieth century. But it is no longer the leading anthropological paradigm, having been replaced by a relativist ethnography that is more consistent with a world society fragmented into nation-states.

This relativism too may be traced back to eighteenth-century sources. We owe much of the vocabulary of social and cultural anthropology, notably the terms 'ethnography' and 'ethnology', to German-speaking scholars of that time, who explored 'otherness' abroad in Siberia, as well as among the peasants at home. The works of Johann Gottfried Herder (1744–1803) established a counter-current to the confident universalism of Rousseau and Kant. These two currents persisted in productive tension throughout the extended period of anthropology's formation as a discipline. In the nineteenth century, when the great colonial empires were formed, universalism predominated in the guise of evolutionist thinking. Most of the world's peoples were classified as *Naturvölker*, as distinct from the *Kulturvölker* who had entered history by discovering civilization. Scholars such as Morgan and Engels upheld the notion of primitive communism, which they viewed positively, in contrast to later stages characterized by class struggle or by the stagnation of 'Oriental despotism'.

In the twentieth century, anthropologists have abandoned such crude evolutionary models. Most have rejected the idea of evolution altogether. Rather, Bronislaw Malinowski, Franz Boas and their students devoted themselves to close-up studies of particular communities, tracing them back in time only to the limited extent that historical sources were

available. These ethnographies broke new ground, but something was lost in the process. The major gain for economic anthropology was a much better understanding of complex motivations for behaviour in the domains of production, distribution, exchange and consumption, and of how this human economy was connected to behaviour in other domains. The downside was that anthropologists lost any perspective on the big picture, in both time and space. As a result, their work is often considered by other social scientists to be excessively microscopic and to rely on unrepresentative case studies. We strongly favour retaining ethnographic methods, but we argue that they must be complemented, not just by working at multiple field sites, but by a stronger commitment to the use of history at both middle-range and macroscopic levels. This means taking world history seriously once more.

Mainstream economics is also microscopic, but in a quite different way. Even when attempting to calculate and predict aggregate behaviour, the economists' theories usually presume individual actors. While macro-level investigations lead critical anthropologists into conversations with archaeologists, social historians and political economists, work at the micro level is more likely to lead both anthropologists and economists into an engagement with psychologists and cognitive scientists. Every now and then, a micro theory is wheeled out as the key to explaining developments at the macro level. We are sceptical of such claims. Economic anthropologists have described and analysed individual decision-making long before the emergence of modern rational choice theory, but we need to address this work yet again because it is enormously influential and relevant to our central concerns. Does it involve an unwarranted projection of Western methodological individualism onto the people we study? Or are some behavioural principles valid in all economies? This tension between the universal (economists and cognitive psychologists) and the particular (anthropologists and historians) has shaped debates in our field from the beginning. Rather than follow the seductive shortcuts to general explanation offered by currently fashionable fields like evolutionary psychology or game theory, we argue that economic anthropologists need to engage again with wider historical frameworks.

Among all those who have contributed to the theoretical edifice of critical economic anthropology, we highlight the contributions of Marcel Mauss (chapter 3) and Karl Polanyi (chapter 4). Both took their lead from the economists in focusing on mechanisms of circulation (not just exchange), while vigorously opposing their assumptions and main conclusions. Mauss's famous essay on *The Gift* (1925) has been interpreted too narrowly as a contribution to the theory of exchange, in which guise it has been taken up as one side of a contrast between 'gifts and commodities' that is often taken to be exemplary of the great divide between the West and the rest. In fact, Mauss's aim was to dissolve the opposition between pure gifts and selfish contracts in order to reveal universal principles of mutual obligation and social integration. Karl Polanyi, on the other hand, did emphasize a moment in time, the industrial revolution, to set up a 'great divide' theory. This led him and his followers – mistakenly in our view – to abandon the study of modern economies to the economists. The crisis of neoliberal capitalism in the first decade of the twenty-first century has lent renewed relevance to Polanyi's classical analysis in *The Great Transformation* (1944) of the dangers of over-extending the principle of the market. At the same time, sociologists have found that Polanyi's central concepts of reciprocity and redistribution as 'forms of integration' of economy and society do not necessarily atrophy when the market principle grows stronger.

What we take from Mauss and Polanyi is a concern with how society is founded on a combination of economic principles that are distributed widely in geography and history, but may be variably combined to give a new impetus and direction to our common affairs. Both of them took a close interest in contemporary social experiments carried out in the name of Marxism, which they felt distorted that tradition's promise of a fully emancipated human economy. Like Marx, they rejected the utopian project of reducing society to capitalist markets. They saw the economy as being pulled in two directions at once: inwards to secure local guarantees of a community's rights and interests, and outwards to make good deficiencies of local supply by engaging more inclusively with others through the medium of money and markets. Mauss and Polanyi each developed principles of great generality which throw much light on everyday life, without ever taking up ethnography as a personal vocation; in doing so they made intellectual bridges between history, ethnography and critique. Both reached out to the great political questions of their day, questions that have not gone away and need to be reviewed from the perspective of our own moment in history.

Organization of the Book

We aim to place the emerging discipline of economic anthropology within a wider historical and theoretical framework. Chapter 2 traces the history of the idea of 'economy' from its roots in the Ancient Mediterranean to the contemporary world, where a large proportion of economic transactions now take place online. The following chapters address the history of economic anthropology in three stages.

Chapter 3 takes the story from the 1870s up to the Second World War. In the years when a bureaucratic revolution concentrated power in strong states and corporate monopolies, political economy reinvented itself as the study of individual decision-making in competitive markets by a creature dubbed *Homo economicus*, who began to appear in the textbooks around the turn of the century. While a rapidly urbanizing twentieth-century world was consumed by war and economic disaster, anthropologists published ethnographies of remote peoples presented as being outside modern history. In this phase, neither economics nor anthropology had much of a public impact. The period after the Second World War saw the rise of economics to the public prominence it enjoys today. Chapter 4 examines how economic anthropologists sustained a lively debate among themselves in the 1950s and 1960s, when the welfare-state consensus was at its peak, the Cold

War was raging, and European empires were being dismantled. In chapter 5 we review the main currents of subsequent decades, when several theoretical approaches vied for influence in a field that became more fragmented and peripheral to mainstream anthropology. The neo-Marxist and feminist approaches that flourished in the 1970s may be viewed either as the culmination of economic anthropology's golden age or as evidence of its demise. Since the 1970s the dispute over whether to follow the economists' lead or to reject it out of hand has persisted in a diluted form, but the coherence of the post-war decades has been lost. The era of neoliberalism presented economic anthropology with new challenges and opportunities. If the work of the last three decades has been theoretically diverse, that is also true of contemporary anthropology in general.

In the second half of the book we examine three themes that are central to economic anthropology's claim to illuminate the key social questions of our era. This loosely follows a scheme that divided humanity into three worlds in the early stages of the Cold War: the 'first world' was the United States and its allies; the 'second world' was the Soviet Union and its allies; while the 'Third World' consisted of non-aligned nations in Africa, Asia and Latin America. The global conceptual map has moved on since then, especially since the end of the Cold War. Now commentators speak of the 'Global South' rather than the 'Third World' and much of Asia has enjoyed sustained economic growth to the point that world hegemony is perceptibly shifting eastwards. Nonetheless, we take from that earlier tripartite division the principal objects of economic anthropology in the last half-century: capitalism, socialism and development.

We begin in chapter 6 by examining 'unequal development' in a world divided into rich and poor regions which once aspired to work together to lift the latter out of poverty, but do so no longer. The anthropology of development is a burgeoning specialism that overlaps with economic anthropology but is not coterminous with it. Chapter 7 offers a critical anthropological perspective on socialist societies before and after the

end of the Cold War and in China today. The big question of the last two centuries concerning the relative merits of capitalism and a socialist rival has not gone away, despite their unlikely convergence in certain respects. Chapter 8 focuses on the most significant development in economic anthropology during recent decades: a willingness to study capitalism in its Western homelands and in the world as a whole. This has happened at a time when opening up the world to unification by capitalism was the explicit aim of neoliberal policy, known for a time as the 'Washington Consensus'. We conclude this chapter with a brief reference to the historical circumstances in which we wrote this book, the economic crisis precipitated by the financial collapse of 2008. In chapter 9 we summarize how our review of economic anthropology's history might inform its future.

2

Economy from the Ancient World to the Age of the Internet

English dictionaries reveal a number of separate but overlapping referents for economy:

1. Order, management
2. Efficient conservation of resources
3. Practical affairs
4. Money, wealth
5. The market

This list implies that the idea of economy applies to a wide range of social units. The last two senses given here privilege the market and its rootless individuals specialized in money-making, which is surely the very antithesis of an economy that aims to conserve the resources of both society and nature. In this chapter we explore from a historical perspective how such a radical shift has come about.

Economy as Household Management

The word 'economy', as we have noted, comes from a Greek word meaning 'household management'. Aristotle (383–322 BCE) is usually credited with having given it theoretical definition (Polanyi 1957a). The concept of *oikonomia* arose to express the interests of one side in a long-term civil war that crystallized the basic conflict of the agrarian empires which

emerged in the late Bronze Age. The two sides would later be known, with reference to medieval Europe, as 'feudalism' and 'capitalism', systems of property and politics based on control of the land and money respectively. A military aristocracy with manor houses in the countryside extracted rents from a servile agricultural labour force, while cities linked by sea-borne trade supported their populations through commerce. In the Greek case the political slogans of the two sides were 'aristocracy' and 'democracy', rule by the best versus rule by the people (not all of the people, but a significant proportion of the male population). In most places aristocratic and democratic factions contended for power, forming alliances with like-minded parties that cross-cut geographical divisions. Fustel de Coulanges's (1864) early anthropological classic documents the result: an endless series of wars and revolutions ranging from local fights to international conflicts lasting decades.

The sequence was suspended when Rome defeated Carthage and annexed the Eastern Mediterranean to its empire. By the beginning of the next millennium, military landlordism had triumphed over water-borne commerce and the ancient world was unified under Rome. It took another 1500 years for merchants to take on landed power again and win, this time in Northwestern Europe. England was the main site of that victory, but its colony the United States soon eclipsed Britain in shaping the global capitalism we know today. When Marx and Engels pointed out in the *Manifesto of the Communist Party* (1848) that the history of class struggle was between town and countryside, they had in mind this European history.

Aristotle held that the human species was meant to live in society. He called us a *zoon politikon*, sometimes translated as a 'political animal', but he meant that we need the collective order of a community, for him a city or *polis* including its rural hinterland. Society was an expression of human nature and indeed of the wider logic of the natural world. Its core was a house occupied by a family (*oikos*), though not just any household or an ordinary family. He had in mind the semi-fortified great houses occupied by the principal landowners, with their slaves, retainers, craftsmen, fields, orchards and livestock. The aim of such a house, according to Aristotle, should be self-sufficiency (*autarkia*) which required frugal management of its resources applying the principle of budgeting and thrift. This was the essence of *oikonomia*. But the great estates were under pressure, economically and militarily, from urban commerce. They needed money for their own luxurious expenditures and above all for their wars. So Aristotle inveighed against the market and especially against business (*khrematistike*) which he portrayed as the anti-social pursuit of profit by individuals leading the unnatural life of trading without frontiers. In taking this stance he was continuing a discourse that can be traced back two millennia to Mesopotamia, where tribute, gifts and theft were the preferred modes for transferring goods from one party to another. Market trade seems to have emerged as an activity of wealthy, effectively public households. It was always deprecated by elites and suppressed when polities collapsed. Commerce waxed and waned throughout the agrarian era, until eventually the market became the dominant principle of industrial capitalism.

Medieval and Early Modern Roots of Economic Theory

In the *Nicomachean Ethics*, Aristotle took up Plato's idea that exchange arises from the division of labour and added the notion that it is 'just' when it is proportional, that is gains and losses are equal on both sides. This proportionality could be measured in terms of need. The idea was revived in medieval Europe by the Schoolmen or 'Scholastics'. Albert the Great (1206–80) adapted Aristotle's idea by specifying the costs involved as the 'time and trouble' (*labor et expensae*) of the producer. His student Thomas Aquinas (1225–74) likewise held that, without proportionate exchange, the city would break down, since it was based on division of labour. Small-scale commercial production presupposes equal exchange

between free owners and this was undermined by a system of serfs and slaves performing forced labour. But Thomas's economic theory did not distinguish clearly between need as a condition and measure of 'exchange-value'. As a Scholastic theologian, he had to reconcile economic reality with the Church's teaching. This meant drawing a line between what was just and what was not. He condemned usury, but had to justify merchants' profit; he defended the established order, while granting some legitimacy to the capitalism that was again stirring in its midst. The core Scholastic approach was to insist, like Aristotle, that the aim of economy was the preservation of society; that this society was a part of nature, and natural production (agriculture) was its heart and soul; and finally that nature was God's creation, making 'economy' a theological principle of divine order.

This history is not unique to the Christian West. All the agrarian civilizations of Europe and Asia recognized a tension between urban commerce and working land that was often obtained and kept by means of violence. The Indian *varna* system was an extreme case: society was divided between classes composed respectively of priests, warriors, merchants and servants, with barriers imposed on using money as a means of entry to the spiritually powerful classes. In medieval Europe, Jews were restricted to money-making, but excluded from owning land or holding political office. China's Confucian ruling classes were also concerned to constrain the realm of commerce. The first-born son ideally became a mandarin, the second a soldier and only the third a merchant: seniority kept the trader in check. Even so, lively entrepreneurial conditions took deep root in Chinese cities, especially the major ports. Adam Smith (1776) commented favourably on the size of the country's domestic market, much more impressive to him than the fragmented national markets of eighteenth-century Europe. Aristotle's 'natural' ideal of an agriculture free from entanglement with markets was contradicted everywhere by the uneasy interdependence of landed power and urban commerce, with the upper hand assiduously maintained by the former.

A rich tradition of Islamic economy informed Europe's renaissance and still plays an active part in world economy today. In the eleventh century, Cairo was the hub of a civilization linking Southern Spain to India. One of its most prominent economic thinkers was Al-Ghazali (1058–1111), a Persian who taught in Iraq, Syria and Egypt. He focused on the economic aspects of *maslaha* (social utility), distinguishing between necessities, comforts and luxuries (Ghazanfar and Islahi 1997). Subsistence living was inadequate, but wealth too had its dangers. Both extravagance and miserliness were to be avoided, a middle course being recommended. Al-Ghazali offers many insights into exchange, production, money, the role of the state and public finances. He emphasizes ethical behaviour in the market and holds the production and supply of necessities to be an obligatory duty. He condemns hoarding and lauds cooperation. Usury is rejected and justice, peace and stability are seen as preconditions of economic progress.

The great Arab scholar, Ibn Khaldun (1332–1406), took Aristotle's legacy closer to modern economic theory than either Thomas Aquinas or Albert the Great (Ibn Khaldun 1987). Centuries before Adam Smith, he declared that the wealth of nations lay in the production of arts and crafts as commodities. If the price of wheat was higher in Spain than in North Africa, this was because more labour and higher costs of production were needed to produce it, not because foodstuffs were scarcer there. Whereas the Scholastics were concerned to establish a 'just price', Ibn Khaldun wanted to explain current prices. Rather than rely on ethical criteria, he juxtaposed empirical data and theoretical analysis. According to him, all wealth proceeded from human labour and he attributed the great fortunes of his day to accumulation of unpaid labour in the form of gifts!

Muslim craftsmen were not, however, supposed to trade in their wares, thereby blocking the way to the manufacturing synthesis that underlay capitalist development in early modern Europe. The modern idea of society as a market economy took root most effectively in the English-speaking world. England in the seventeenth century was a cauldron

of innovation, simultaneously experiencing revolutions in politics, science, commerce and finance. Economics emerged now in a recognizably modern form within the framework of a new political theory. In traditional monarchies, public decisions were made by gaining the ear of the king. But what do you do when you have killed the king? Policy now had to be justified by intellectual argument. Truth claims were essentially of two kinds: you could appeal to the logical purity of mind contemplating itself (as in mathematics) or to the facts of the real world. Dudley North was exemplary of the first trend, while William Petty, author of *Political Arithmetick* (1690), belonged to the second camp. The methods of modern economics still adhere to these two poles of rationalism and empiricism, in the forms of microeconomic theory and econometrics respectively.

John Locke (1632–1704) produced the philosophical synthesis that served to bring urban commerce from the margins of a society dominated by landowners to the very centre of 'civil society'. In his *Two Treatises of Government* (1690), Locke outlined three stages of human history, all of them based on a labour theory of value. The first was a state of nature in which men worked on the landed resources available to them in common and made them their own. Private property was thus conceived of as the result of labour performed without the benefit of a complex political order. Money was the catalyst of the transition to the next stage, one of unequal property in land and the accumulation of wealth by means of coercion. Whereas before there was no point in producing more than you could use yourself (food rots), now surpluses could be stored durably in the form of money and this led eventually to the acquisition of large landed estates. This meant that producers of commodities could be expropriated by armed thugs protected by the king. Locke envisaged a third stage of civil government, after the revolutionary overthrow of the second, when the political principle contained in the labour theory of value would be established: people could keep what they had made themselves. He glossed over the difference between owners of firms and their workers ('servants') on the grounds that all stood to benefit from escaping the predations of the old aristocracy.

The Catholic monarchies of Europe, notably France and Spain, also produced significant tracts in economics during the eighteenth century. The French Physiocrats held that all value came from the land. On the eve of the industrial revolution they devised some ingenious ways of following its circulation through an economy that they still imagined in exclusively agrarian terms. Sir James Steuart (1712–80), an exiled follower of the Jacobite pretenders to the English throne, drew on this continental work in introducing the term 'political economy' to the English-speaking world (1767). His premise was that the world had too many farmers and not enough people to buy what they had to sell. Migrants to the cities, even if they were just a 'riffraff' (nowadays we would say they lived in the 'informal economy', see chapter 6), generated demand for the products of commercial agriculture. The farmers could then spend money on the manufactures of city-dwellers; and exchange would develop on the basis of a rural–urban division of labour. Steuart believed that firms should initially be protected from the harsh winds of the world market, with competition being introduced progressively to allow strong firms to expand and weak ones to be eliminated. For this failure to embrace free trade unequivocally he has been branded a 'mercantilist'. In any case his work was immediately overshadowed by that of Adam Smith.

The Rise of Political Economy

The economy may originally have been identified with agriculture, but, even when landlords ruled, mechanisms of exchange were a principal focus of theoretical attention. With the consolidation of the European empires to form the first 'world system' (Wallerstein 1974), economy came to be increasingly identified with markets. These are networks constituted by acts of buying and selling, usually through the medium of money. Hitherto kept marginal to the mainstream

institutions on which societies were built, from the eighteenth century markets came to be accepted as central to society. The political debate about the appropriate relationship between the two has been vigorous ever since. Adam Smith (1723–90) is generally considered to have provided a charter for 'the market' (now often singular) to assume its place as the dominant institution of modern societies. His analysis in *The Wealth of Nations* (1776) was predicated on the efficiency gains of an advanced division of labour, both within economic units and between them. It focused on 'natural' processes of commercialization. Neither the breakthrough to industrial capitalism nor the ensuing consolidation of Britain's overseas empire could yet be envisaged.

As we have seen, all agrarian civilizations tried to keep economic transactions in check, since power came from the landed property of an aristocratic military caste afraid that money and markets might undermine its control over society. In stateless societies too, markets were usually kept marginal and subject to regulation by the agents of dominant social institutions. Thus, according to the contributors to a volume put together by followers of Karl Polanyi, whom we discuss in chapter 4, market sites in Africa were traditionally restricted to specific times and places, leaving the bulk of production and consumption to be organized by kinship ties (Bohannan and Dalton 1962). Colonial demand for export crops and wage labour meant that the market principle became more pervasive, undermining the existing authorities. Why are markets supposed to be subversive of traditional social arrangements? Because commerce knows no bounds – all markets are in a sense world markets – and this threatens local systems of control. They offer a potential means of escape to the dominated: serfs and slaves, ethnic minorities, young people, women. The power of long-distance merchants often modified the autonomy of local rulers.

So Adam Smith knew what he was taking on when he proposed that society had nothing to fear from markets and indeed much to gain. He argued further that the prime motivation for market exchange was selfish: 'It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest' (1961: 26–7). As a moral philosopher, Smith was not prone to celebrating the narrow pursuit of self-interest in market transactions; but he found it preferable to indulge this trait *en masse* than to concentrate economic power in the hands of the elite, however high-minded. He stood conventional wisdom on its head by asserting that a 'propensity to truck and barter' was part of human nature and that markets were a better vehicle than any other to increase 'the wealth of nations'. He stopped short of claiming that society's interests as a whole were best served by markets left to their own devices, without regard for what he called 'sympathy' or 'fellow-feeling'; but these reservations have largely been forgotten. Modern economists glibly quote his invocation of the 'invisible hand' without noticing that Smith was referring to the providential design of nature, not to the impersonal mechanism of the market. Rather than a unified world economy, he anticipated a plural world in which China might again surpass the fragmented national markets of Europe (Arrighi 2007).

Political economy continued to develop in the early nineteenth century as a discipline concerned with how the value generated by an expanding market economy might best be distributed in the interest of economic growth. If Adam Smith is credited with the original manifesto for liberal economics, David Ricardo (1817) provided a more systematic account of its theoretical principles. He and his followers identified three types of resources, each thought to be endowed with the 'power of increase': the environment (land), money (capital) and human creativity (labour). These in turn were represented by their respective owners: landlords, capitalists and labourers. The distribution of specific sources of income – rent, profit and wages – contained the key to the laws of political economy. Ricardo took the main conflict to be that between landlords and capitalists; the best policy was to ensure that the value of market sales was not diverted from the capital fund to high rents.

Political economy held that competitive markets would

lower the profit margins available to middlemen and force capitalists to reduce their production costs through innovations aimed at improving efficiency. This was achieved through economies of scale, division of labour and, ultimately, the introduction of machines to factories. The productivity of labour was raised, allowing the resulting profits to be ploughed back into an expanded level of activity. Society's manpower was thereby freed up for ever more elaborate forms of commercial production. The only threat to this upward spiral was if landowners raised their rents to take advantage of these newly profitable industries, diverting value into wasteful consumption. Worse, whereas the capital fund was inherently limitless, land was definitely in limited supply. Economic expansion meant population growth, which would drive up food prices and squeeze the capital fund on the other side through wages. The solution was to expose Britain's landowners to competition with cheap overseas suppliers; and this made free trade on the basis of Ricardo's principle of 'comparative advantage' the great political issue of the nineteenth century.

The Economic Anthropology of Karl Marx

Karl Marx and Friedrich Engels (1848) considered that the power of private money was too fragmented to organize the urban societies brought into being by machine production of commodities. They therefore looked to the enhanced social potential of large concentrations of workers for a truly collective remedy. We consider recent Marxist work in economic anthropology in chapter 5, but Marx's original writings deserve close attention in their own right. Alongside his deployment of the basic categories of the political economists – value, labour, land and capital – Marx drew on his German philosophical training and familiarity with French social thought to depict the new order as an objective system of commoditized social relations. This economy was also acquiring a general subjective dimension for all the human beings it encompassed, a consciousness that had previously been confined to the calculations of merchants. For Marx, economy is above all production. His early writings celebrated a utopian ideal of work by deploring the fact that in contemporary conditions man was increasingly alienated from his tools, his fellow workers, his own labour and thereby from his 'species-being'. In his later work, Marx (1859, 1867) saw productive labour as whatever produces value for capital. The commodity is abstract social labour: its highest form is capital. Only one commodity can add value and that is labour, hence the historic significance of the entry of capital into the organization of production. When the market becomes the main means of social reproduction, the combination of money capital and wage labour under conditions of juridical freedom revolutionizes accumulation and productivity.

In the extraordinary passage known as 'Pre-capitalist economic formations', Marx lays out a vision of human history in which capitalism is seen as the final dissolvent of those forms of society linking us to an evolutionary past that we share with animals:

> The original conditions of production cannot initially be themselves produced. What requires explanation is not the unity of living and active human beings with the natural, inorganic conditions of their metabolism with nature; nor is this the result of a historic process. What we must explain is the separation of these inorganic conditions of human existence from this active existence, a separation which is only fully completed in the relationship between wage labour and capital. (Marx 1973: 489)

In making that break, capitalism enables the emergence of a human society fully emancipated from its primitive dependence on nature. Capitalism is thus the midwife of that new society. Human evolution before capitalism is marked by two processes: the individuation of the original animal herd, and the separation of social life from its original matrix, the earth as laboratory.

Marx's ideas about a sequence of modes of production in history are at best sketchy. The economic determination of pre-capitalist social forms is always indirect. Marx's method was rather to trace out the logic of the tendency of world history, using idealized examples. Class plays only a minor role in his economic anthropology. The *Manifesto of the Communist Party* (Marx and Engels 1848) explicitly points to the plurality and confusion of classes, estates and orders in pre-capitalist societies. Only when commercial logic penetrates the bulk of production does class struggle between the bourgeoisie and the proletariat become dominant. Even then, this is more of a potential dualism, a tendency, than historical actuality, since residual classes often play a significant part in the movement of capitalist societies.

Marx's anthropology is a special theory of industrial capitalism which conceives of the modern epoch as a turning point in world history. He does not cast it as a case study of Western society. Rather, industrial capitalism has set in train a series of events which must bring the rest of the world under its contradictory logic. From this perspective, it is not ethnocentric to deny non-Western societies their autonomous evolution; history has already done that. For Marx, then, economic anthropology is a set of analytical constructs of the capitalist mode of production, modified by awareness of the world that preceded capitalism and lies outside it. Some consider Marx's greatness to lie in the fine historical sense that he and Engels brought to their study of Victorian capitalism; others see the first volume of *Capital* (1867) as a scientific text that escaped from the dialectical historicism and subjectivity of the earlier economic writings. However that may be, few later writers have come even close to matching Marx's vision of human history as a whole.

National Capitalism and Beyond

If capitalists embraced the workers in their early struggle to defeat military landlordism, their success in pulling millions of peasants out of rural isolation into the new industrial cities generated new problems of social control and prompted a reassessment of their basic class alliance. The result was a synthesis of the nation-state and industrial capitalism that we call 'national capitalism': the institutional attempt to manage money, markets and accumulation through central bureaucracy within a community of national citizens that is supposed to share a common culture. Only now did 'the economy' enter vernacular speech in the sense we take for granted today. This was linked to the rise of large corporations as the dominant form of capitalist organization. It was in essence the recipe of German philosopher G. W. F. Hegel in *The Philosophy of Right* (1821), a work which had great influence on Marx. Hegel argued that only state power can contain the excesses of capitalism, while markets in turn limit abuses of political power. Society, he concluded, should be managed by an educated bureaucratic elite in the national interest. Much later the sociologist Max Weber (1922b) recognized such a synthesis in Germany's historical experience of the alliance between Rhineland capitalism and Prussian bureaucracy, a modern partnership between the same components of water-borne urban commerce and military landlordism that had polarized the entire agrarian age. National capitalism is still the dominant social form in our world, even if it has been significantly modified in recent decades by neoliberal globalization.

Globalization in itself is nothing new. The 1860s saw a transport and communications revolution (steamships, continental railways and the telegraph) that decisively opened up the world economy. At the same time a series of political revolutions gave the leading powers the institutional means to organize industrial capitalism. Capitalism (the word entered popular speech exactly at this time) has always rested on an unequal contract between owners of large amounts of money and those who make and buy their products. This contract depends on an effective threat of punishment if workers withhold their labour or buyers fail to pay up. The owners cannot make that threat alone: they need the support of governments,

laws, prisons, police, even armies. The political revolutions of the 1860s, from the American civil war to Japan's Meiji Restoration and German unification, were based on a new alliance between capitalists and bureaucratic elites to form states capable of managing industrial workforces and of taming the criminal gangs that had taken over large swathes of the main cities.

Before long, governments stipulated new legal conditions for the operations of large corporations, ushering in mass production and consumption through a bureaucratic revolution. The national system became general after the First World War, but it soon degenerated into the Great Depression and world war once more. Liberal economists, notably John Maynard Keynes, called for government intervention to regulate chaotic business cycles. Socialist central planning went much further, but incentives and risks were significantly altered in both the East and the West. We follow historian Eric Hobsbawm (1994) in dating the apogee of national capitalism to the period 1948–73. This was a time of strong states and economic expansion when the idea of 'development' (poor nations growing richer with the help of the already rich) replaced colonial empire. When, shortly before his downfall, US President Richard Nixon announced that 'We are all Keynesians now', he was reflecting a universal belief then that governments had a responsibility to manage national capitalism in the interests of all citizens.

Apart from being based on a new ruling class alliance, national capitalism was committed to mobilizing citizens of all classes, and especially the new urban working class, in the drive for economic modernization. This meant taking the high-wage, high-productivity route to industrial capitalism, with some political support for unions and workplace democracy. It also meant the development of a national education system capable of raising work standards in an industrial economy that relied increasingly on sophisticated machines; a welfare state capable of meeting all citizens' needs for social security, health, housing and transport to some degree; and a commitment to containing wealth inequality engendered by markets through redistributive taxation, unemployment benefits and equal pricing of utilities across all regions.

In the present phase of global capitalism, the internet offers a means of escape from land shortage, indeed from resource and spatial constraints of all kinds. But the basic division between classes possessing the environment, money and human creativity persists. The territorial controls once exercised by the landed aristocracy have now largely passed to national governments. States seek to extract taxes from all money transactions taking place inside or across the boundaries of their jurisdiction and also derive significant rents from public property such as mineral wealth. This has been greatly facilitated by the advances in bureaucracy made over the last 150 years; but it becomes more difficult when the source of value shifts from car factories and downtown shopping centres to commodity exchange conducted at the speed of light across borders. The system of involuntary transfers (taxation and rents on physical assets) could formerly be justified in terms of economic security for all. But that principle has been under attack by neo-conservative liberals for three decades now.

The capitalists have come a long way too. They absorbed and ultimately defeated the challenge posed by the workers. The revival of free market liberalism from the 1980s provided triumphal evidence of that victory. But the relationship of capital to the state is now increasingly disputed. Money has always had an international dimension and the corporations that dominate world capitalism today are less obviously tied to their nations of origin than before. The world economy has been controlled until recently by a few firms of Western origin and dubious national loyalties. But the rise of Asian capitalism is now rapidly changing all this. Today four of the five biggest banks are Chinese.

The modern alliance of capital and the nation-state has brought conflict as well as cooperation. The wave of anti-trust legislation that accompanied the rise of monopolists like John D. Rockefeller in the early twentieth century is matched today by the feebler efforts of governments to contain the

economic power of companies like Microsoft and Google. Corporations now rely at least as much on rents (income from property secured by law) as on profits from sales of commodities. This means that the main burden of accumulation has shifted from workers to consumers, at least in the more wealthy countries; we show how this has been reflected in economic anthropology in chapter 8. Governments compete for a share of the value of commodities in the form of taxes. But sales, rents and taxes all depend on the legal system, on a realistic threat of punishment, to make people pay up. So far the corporations have not found a way of dispensing with the state as enforcer, but this reliance is called into question when markets are increasingly global in scope.

So where does that leave the rest of us? If Marx and Engels could identify the general interest with a growing body of factory workers tied to machines owned by capitalists, most people in the North Atlantic region now engage with the economy primarily as consumers. Economic agency means first and foremost having purchasing power. Despite the collapse of traditional industries, some argue that unions remain the best hope for organized resistance to big business. National capitalism once reinforced a general belief in society as a place with one fixed point. But now the internet points to a more plural version of a society composed of mobile networks. The mass of its ordinary users have a common interest, as individuals and pressure groups, in avoiding unreasonable regulation and retaining the economic benefits of their equal exchanges. Perhaps virtual networks are facilitating the emergence of a new popular class in opposition to governments and corporations. Such a class would expect to be treated as *persons* rather than as a mass.

The main players in the political economy of the internet are governments, corporations and the rest of us, the people. The landed interest of old has been transformed into the coercive capacity of territorial states to extract taxes and rents on threat of punishment by right of what their legal experts call 'eminent domain'. Capitalist profit is concentrated in a handful of huge transnational corporations whose interest is to keep up the price of commodities and to guarantee income from property in the face of resistance to payment. Ordinary people exchange services as equals on the internet in their capacity as individuals endowed with personality and agency. The digital revolution, by radically cheapening the information attached to long-distance transactions, makes it possible for these individuals to enter several markets, notably those for credit, as persons with a known history. Governments and corporations need each other, for sure, but their interests are far from coincident. Both may be vulnerable to self-conscious use of internet resources by democratic movements aiming to subvert their respective monopolies. We return to these possibilities in chapter 8.

Conclusion

We have seen that the Greek word *oikonomia* referred to the imposition of order on the practical affairs of a household. Economic theory then aimed at self-sufficiency through thrift, careful budgeting and the avoidance of trade, where possible. This ideal persisted in Europe up to the dawn of the industrial age. But economy has moved on in the last few thousand years and especially in the last two centuries. Adam Smith's intellectual revolution switched attention from domestic order to 'political economy', and especially to the division of labour and markets. Two things happened next. First, the market was soon dominated by firms commanding massive resources, a system of making money with money eventually named 'capitalism'. Second, states claimed the right to manage money, markets and accumulation in the national interest; and this is why today 'the economy' usually has a nation-state as its prime referent.

Usage remains flexible, however. Almost any aggregate from associations of states like the European Union to localities, firms and households may be said to have an economy, and the question of world economy has lately begun to encroach on public consciousness. In the process, 'economy'

has come to refer primarily to the money nexus of market exchange, even though we have not forgotten the old meaning of making ends meet, of efficient conservation of resources. So the word contains within itself this historical shift. But that isn't all. It is by no means clear whether economy is primarily subjective or objective. Does it refer to an attitude of mind or to something out there? Is it ideal or material? Does it refer to individuals or to collectives? Perhaps all of these – in which case we need to explore the links between them. If the factory revolution shifted the weight of economy from agriculture to industry, the economy is now significantly formed by electronic bits whizzing around cyberspace. It is still an urgent priority to secure provision of material necessities for the world's poor; but for a growing number of people a focus on economic survival no longer makes much sense – and withdrawal from the market even less. The confusion at the heart of the concept of economy reflects not only an unfinished history, but also wide differences in contemporary economic experience.

One way of cutting through this confusion would be to retain the original definition of economy while applying it to a world shaped increasingly by markets. 'Economy' would then mean 'putting one's house in order', both practically and figuratively. Are markets compatible with that notion? This should remind us of the centrality of kinship in society. If coping with the world at large requires each of us to be highly self-reliant, we enter it as members of households and base our most intimate and long-term strategies for life on them. The idea that social structures are reproduced through ordinary human outcomes of birth, copulation and death reinforces a focus on the 'householding' dimension of economic order. Where Aristotle went wrong was in imagining that households could aspire to a condition of autarky, detached from markets drawing them into ever-widening circuits of interdependence with the rest of the world. Thrift may be a useful virtue; but self-sufficiency is a practical impossibility.

Economic history is thus a process whereby the household was subsumed under more inclusive social units (kingdom, city, nation, world), where its principles of order took on new meaning in larger-scale applications. Manorial estates, monasteries, temples and palaces were all ways of extending the household principle to the larger society, and each were crucibles of innovation in economic ideas and practices from which modern institutions still draw. If the natural theology of the Scholastics made 'economy' a divine principle of cosmic order, the cities that grew up in the interstices of feudal society sponsored their own 'bourgeois' phase of economy. Later the nation-state became the main vehicle for economy; and only recently has 'world economy' become something more than a figure of speech. The dynamic force pushing out the boundaries of society was the market (though warfare and religion also played their part). There surely has to be more to it than a straight choice between controlling the market in the name of society and looking to it as society's sole means of development.

3

The Rise of Modern Economics and Anthropology

With Karl Marx, John Stuart Mill is widely recognized as the last of the classical political economists. While Marxism has since gone its own way, Mill's utilitarian liberalism (1848) was refashioned from the 1870s into what became known as the neoclassical paradigm, which still defines economics today. The core of this transformation, sometimes known as 'the marginalist revolution', was pioneered independently during 1871–4 by William Jevons in Manchester, Carl Menger in Vienna and Léon Walras in Lausanne. This revolution was neoclassical in that it still celebrated the market as the main source of increased economic welfare; but it replaced the classical view of economic value as an objective property of produced commodities, to be struggled over by the different classes, with a focus on the subjective calculations of individuals seeking to maximize their own utility. This idea became known as 'economic man', though neither Mill nor the first marginalists used the expression. In its Latin form of *Homo economicus*, it captured the rise of methodological individualism in the social sciences from the early twentieth century. Political and sociological dimensions of economic activity were now concealed. Value was conceived of not as a social average, but as an increment 'at the margin', given an actor's total assets. Thus a dollar is worth more to someone who has only ten of them than to a millionaire.

Alfred Marshall synthesized the new paradigm in *Principles of Economics* (1890). This label shift also signalled the end of the opposition between political economy and its domestic counterpart; from now on firms and households were assumed to share a common economic logic. Following Francis Edgeworth's example (1881), economists began to rely more on numerate methods, though to nothing like the same degree as today. Marshall's neoclassical economics was challenged by an Austrian version that grew out of Menger's teachings and, through Ludwig von Mises and Friedrich Hayek, laid the intellectual foundations for the neoliberal policies of recent decades.

While these developments were taking place in economics, converting it into a deductive science based on presumptively universal principles, Edward Tylor, Lewis Henry Morgan, Émile Durkheim, Karl Bücher and others were examining the relevance of new ethnographic data for their various intellectual agendas. Leading economists were largely indifferent to their findings, the major exception being Marx, who in his last years took careful notes from 'ethnological' works. The result was a work by Engels (1884) that drew heavily on Morgan (1877). Morgan paid close attention to property, but did not engage concretely with systems of production and exchange. Like other leading contemporaries, he was trained in law, not economics. Tylor (1871) gave only superficial descriptions of the major modes of subsistence and stages of technical progress; the last generation of Victorian 'armchair' anthropologists did little more. Since the early anthropologists did not have a clear concept of the economy, they were in no position to contribute new theoretical ideas on the subject.

Yet even the least economically oriented of these evolutionists had an implicit take on economic life, which they occasionally rendered explicit. Thus in 1909 James Frazer, already famous for *The Golden Bough* (1890), delivered a lecture on property in which he put forward a viewpoint very different from that of Morgan and Engels. For them, property rules were a basis of class conflict. By contrast, Frazer argued that apparently exotic customs, such as the tabooing of certain objects and fear of supernatural sanctions,

often 'strengthened the respect for private property, and ... thereby contributed to the security of its enjoyment' (1909: 17). The volume in which this lecture was published was subtitled *A Discourse Concerning the Influence of Superstition on the Growth of Institutions*. Property rules are frequently taken by modern evolutionary theorists to exemplify their notion of 'institution', as we show in chapter 5.

In what follows we sketch some of the pioneering contributions to what was later known as economic anthropology in the leading national traditions of the time: Germany, Britain, the United States and France.

The German Tradition

In Germany, scholars of diverse disciplinary backgrounds, not content with mere descriptions of material culture, addressed theoretical questions concerning economic origins and technological determinism with considerable rigour. Many of these scholars gave priority to work: was it central to man's self-realization or did humanity have a natural aversion to toil? Marx's early philosophical writings on the subject were not yet published. However, the strength of the socialist movement in Germany was a factor which led even the opponents of the historical materialism of Marx and Engels to privilege studies of modes of production. German scholars tended to emphasize the particular historical paths followed by different countries. Max Weber's first academic appointment was to a chair in *Nationalökonomie*, an economic discipline that rejected the universalism of the British political economists and instead devised new typologies to explain economic evolution.

One influential typology was the three-stage theory put forward by Karl Bücher, a versatile economic historian who integrated new ethnographic data into his encyclopaedic knowledge of German and European history (1901). Bücher imagined that primitive man searched for food on a haphazard individual basis. The first stage of economic history proper was achieved with the emergence of the household as the key coordinating unit of production and consumption in preindustrial societies. This idea was taken up by the Russian agrarian economist Alexander Chayanov (1925) in his studies of the contemporary Russian peasantry, later by Karl Polanyi (1944) in his discussion of 'householding', and later still by Marshall Sahlins (1972) in his model of a 'domestic mode of production' (see chapter 4). Like Aristotle, Bücher emphasized the 'closed', autarkic nature of this subsistence-oriented productive system. For this he has been much criticized.

Yet Bücher also recognized the fundamental importance of exchange, and specifically of the gift, in the establishment of the human economy. He saw that the origins of trade lay in socially regulated customs, rather than (as postulated by Smith) in a natural propensity to truck and barter. Only in later stages of economic evolution – the city state (which Bücher illustrated with a study of medieval Frankfurt) and the contemporary national economy (*Volkswirtschaft*) – did markets become more important. Even then it was crucial to see how the market economy was shaped by its social context. For example, he showed in an early paper how consumption at Christmas in his native Germany was stimulated by cultural notions of hospitality and *Gemütlichkeit*. He also wrote extensively about work, based on materials from all three historical stages and the original state of nature that preceded them, distinguishing carefully between different ways of working together and showing how they affected economic efficiency. In a famous study, he argued that the drudgery of work was mitigated by the rhythm of the labour process, and especially by singing (1896). By rendering work more pleasurable, such musical accompaniment also supported higher levels of cooperation and greater efficiency in the economy; but Bücher did not claim that utilitarian efficiency was the ultimate rationale for such behaviour.

A dispute arose in the 1890s between Bücher and the ancient historian Eduard Meyer over the *oikos* thesis of Karl Rodbertus, published thirty years earlier (Harry Pearson 1957). Bücher endorsed Rodbertus's idea that ancient Greek

economy was organized on fundamentally different principles from those of contemporary German capitalism. These were based, following Xenophon and Aristotle, on household management (chapter 2). Meyer pointed to the existence of thoroughly modern capitalist firms, in Athens and elsewhere, producing for international markets. At stake in the more general 'Battle over Methods' (*Methodenstreit*) between the historical economists of Berlin and the followers of Menger's marginalism in Vienna was the pretension of the new economics to offer a universal foundation for the pursuit of human welfare. Bücher held a middle position: he sympathized with Menger's aspiration to scientific rigor, but held that it was not possible to apply the same body of theory to each separate stage. Like most other historians, he insisted on contextualizing economic life: the principles of the market and the new methodological individualism could not explain all economic behaviour, not even in newly unified Germany.

Max Weber put the lid on this argument in his magisterial *Economy and Society* (1922b) by suggesting that we wouldn't be interested in Ancient Greece unless it was different, and we could not understand it unless our knowledge could embrace the Greeks as the same as us to some extent. This was the dialectical premise of Hegel and, before him, Kant – sameness in difference, not same *versus* different. Weber made much of Kant's dualistic conception of the human faculties, the division between *form* arising from the operations of the mind and *substance* or perception of the material world through the senses. He argued that the formal and substantive rationalities of capitalism were not just different, they were often at odds. The 'bottom line' of accountancy for profit could, and often did, lead to economic failure (unemployment and the like) at the cost of disruption to people's livelihoods. Weber, as a liberal, was sympathetic to the subjective individualism of the new economics, but, as a sociologist, he could hardly discount the human disasters wreaked in its name. The vehemence of these German debates owed something to rivalry between the German and Austro-Hungarian empires for leadership of the German-speaking world. The *Methodenstreit* resurfaced in American economic anthropology after the Second World War as 'the formalist–substantivist debate', which we address in chapter 4.

The other outstanding figure for the embryonic discipline of economic anthropology in the German-speaking countries was the Austrian Richard Thurnwald, whose impressive contributions based on ethnographic fieldwork have been largely forgotten in the English-speaking world owing to the marginalization of German scholarship after 1945. For him, as for Bücher, primitive economics was a 'social affair' and economic behaviour was definitely not reducible to the lowest common denominator of efficiency (Thurnwald 1932). He too was careful to stress the difference between economies lacking money and machines and those dominated by them. Following expeditions in New Guinea during the First World War, Thurnwald was the first to demonstrate the significance of reciprocity, in the sense of 'give and take', as a fundamental principle of social organization. Karl Polanyi later made reciprocity one 'form of integration' in his substantivist approach to the economy. He also borrowed the concept of 'embeddedness' from Thurnwald, who was probably the first to use it, although the idea was strongly implied in the work of many predecessors in the historical school. Thurnwald's reputation was sullied later by his involvement in planning African colonial utopias for the National Socialists. Actually this involvement was very limited and was largely determined by his failure to secure an academic position outside Germany in the 1930s.

The British Tradition

Bronislaw Malinowski was a contemporary of Thurnwald and, like him, raised as an Austrian citizen. Malinowski's standing as a founder of economic anthropology also rests in large measure on work carried out in Melanesia during the First World War – in his case, in the Trobriand Islands. Unlike Thurnwald, he laid great methodological emphasis

on intensive fieldwork in a single location and on detailed portrayal of individual 'flesh and blood' human actors. The intellectual and political roots of his approach lie in Central Europe rather than Britain. He obtained a doctorate in his native Cracow, then part of the Austro-Hungarian Empire, with a dissertation that examined the work of the Viennese positivist philosopher Ernst Mach. Malinowski was also influenced by Karl Bücher, with whom he studied in Leipzig. His major contributions to economic anthropology are the first and last of the Trobriand monographs. *Argonauts of the Western Pacific* (1922) is devoted to exchange and opens with his manifesto for the fieldwork method. *Coral Gardens and Their Magic* (1935) is about work, technology and property arrangements. *Crime and Custom in Savage Society* (1926) had less to say about the economy but did much to popularize Thurnwald's new concept of reciprocity.

Malinowski laid down the gauntlet to the economists by insisting, in an article published by Keynes in the *Economic Journal*, that the Trobrianders' propensity to transfer goods as gifts refuted the idea of 'economic man' as a human universal (Malinowski 1921). *Argonauts* was intended to demonstrate that a complex system of inter-island trade could be organized without markets, money or states and on the basis of generosity rather than greed. Circulation of ceremonial *kula* objects between exchange partners living on different islands was also an occasion for the barter of utilitarian objects by their followers, with much 'haggling'. Such exchanges could be seen in terms of individuals making choices to maximize their utility within specific social and cultural constraints; but Malinowski preferred to ground his 'functionalist' theory in individuals' 'biological needs'. It is curious that someone who started out as a student of positivist philosophy apparently failed to see the affinity between this functionalism and the epistemological premises of the economists; he preferred instead to criticize a straw man, *Homo economicus*.

Much of the first volume of *Coral Gardens and Their Magic* is a meticulous account of the natives' yam gardening, drawing attention to the role of magical spells in production. Trobrianders produced far more yams than they could consume; large quantities were given ritually as *urigubu* payments to their matrilineal kin and piled high on display. They took great pride in the appearance of their gardens, thus contradicting any notion that 'savages' limited their efforts to the minimum needed for survival. Malinowski also noted the importance of cooperation: going well beyond what was narrowly functional for the labour process, it could evidently serve more general social ends. At the same time, as the *kula* study had already shown, much work was undertaken alone and there was usually some room for individual choice. Finally, Malinowski offers a detailed account of the system of land tenure, arguing that the ways Trobrianders hold and use their plots are neither individualist nor collectivist, but both at the same time. Indeed these property relations were the key to their social organization as a whole. This conclusion exemplified a break with evolutionist theories that assumed the inexorable rise of private property. It was adapted and refined in later British work on land tenure elsewhere, notably by Max Gluckman (1965) in Africa.

In an appendix to *Coral Gardens* Malinowski confessed that he had betrayed his own ethnographic principles by portraying only the traditional activities of the natives and ignoring the extent to which they had already been incorporated by government officers, missionaries and traders into new colonial systems. Later he moved away from 'tribal economics' to support the rise of 'applied' anthropology in the colonies. He seems to have idealized the principle of 'indirect rule' in the British Empire, just as he did for the Austro-Hungarian Empire where he grew up. Much of the new applied anthropology was located in Africa, where Isaac Schapera was one of the first to explore the impact of labour migration on Bantu communities (1947). Audrey Richards (1939) wrote an outstanding study of how rural areas in Northern Rhodesia (now Zambia) had been put under strain by male absenteeism caused by the demand for wage labour in the copper mines. Numerous works on the

Copperbelt by members of the Rhodes–Livingstone Institute showed that anthropologists could adapt their discipline in the late colonial era to studying transformations resulting from colonial encounters (usually referred to by Malinowski as 'culture contact'). This prepared the way for anthropologists to become involved in studying what was later called 'development'. We continue this story in chapter 6.

Malinowski's mature vision for anthropology did not limit the discipline to studying savages in colonial settings, but also embraced the rural communities of the 'old civilizations'. Towards the end of his career in London he supervised a study of 'peasant life in China' by Fei Xiaotong, in which the author came to far-reaching conclusions about poverty and inequality through an analysis of a single village in the Yangtse delta (Fei 1939). Shortly before his death, Malinowski carried out collaborative research on rural markets in Mexico, where he described the energy invested in price negotiations in terms evocative of the 'ceremonial barter' he had analysed decades earlier in the Trobriand Islands (Malinowski and de la Fuente 1982).

Unlike Richard Thurnwald, Malinowski succeeded in establishing a new school, which dominated anthropology in Britain in the middle decades of the twentieth century. Only now did 'social anthropology' finally replace 'ethnology' as the definitive name of the new discipline. Malinowski's functionalism was eventually modified by A.R. Radcliffe-Brown (1952), who had little interest in economics and compensated for his modest achievements as a fieldworker by issuing programmatic statements about the discipline's mission as a comparative science of society. This came to be known as structural-functionalism. Meanwhile Malinowski's closest colleague at the London School of Economics was Raymond Firth, who had studied economics in his native New Zealand. Firth's first monograph on the Maori (1929) made extensive use of the German literature. The dominant intellectual paradigm at the LSE in the 1930s, however, was economist Lionel Robbins's (1932) reformulation of neoclassical economics as the study of choices made under conditions of scarcity. Firth was more impressed than Thurnwald by this new orthodoxy and devoted his later work to showing that the concepts and tools of modern economics had general validity. In his study of *Primitive Polynesian Economy*, Firth (1939) thought he had solved the 'pseudo-problem' raised by Malinowski, insisting that 'complex social obligations' between the inhabitants of Tikopia do not detract from the basic explanatory power of 'rational economic choice'. To this extent he deserves to be seen as the first 'formalist', a term we explain more fully in the next chapter. He used the basic categories of economics to organize his chapters; but, in order to understand the rationale for any given pattern of behaviour, he had to describe the social context in great detail. The result is a rich ethnographic description of economic institutions, lightly informed by a rhetoric of rational choice.

The American Tradition

The notion of 'institution', extensively used by both Frazer and Malinowski but not by the European economists, was central to North American economic scholarship at this time. Led by Thorstein Veblen and John R. Commons, the institutional economists promoted a more explicitly political version of economic science. Veblen argued in a series of famous books (1899, 1904) that neoclassical economics was an ideology, not an 'evolutionary science'; while Commons (1934) did more than anyone to replace the neoclassical attempt to show how markets ideally ought to function with a nuts-and-bolts empirical approach aimed at making them work at all. By this time the Great Depression had destroyed the credibility of free markets: finding ways of regenerating public trust in the banking system had a higher priority than refining a microeconomic theory that was far removed from economic realities. The kinds of question that needed urgent answers were particular not general. What laws could the state of Michigan enact that might get cars rolling off the assembly lines faster? At this time in the United States, institutional

economists outnumbered their neoclassical counterparts by three to one (Yonay 1998).

In anthropology, the dominant school was that of Franz Boas, based at Columbia University, New York. Its members were very good at collecting data about the economy, as they were in documenting every other facet of culture. Boas himself contributed significantly to our knowledge of the destruction of property characteristic of the *potlatch* practices of the Kwakiutl Indians of the American Northwest Coast (though it was later shown that this destruction had intensified significantly following the impact of colonialism). However, their aversion to the evolutionist paradigm of the nineteenth century left the Boasians unable to theorize the relation between economy and society. Melville Herskovits's *The Economic Life of Primitive Peoples* (1940, second edition published in 1952 as *Economic Anthropology*) was a compilation of published sources aimed at drawing the attention of economists to the cumulative achievements of scientific ethnography. American anthropologists were understandably less deferential to liberal economics than their European colleagues, though Herskovits too organized his material under headings that would be familiar to economists, even arguing that 'since land, labour and capital are ever-present forces in non-industrialized economies, it is apparent that they must yield some returns' (Herskovits 1952: 303). But he also felt free to criticize economic orthodoxy, drawing on the likes of Keynes, Veblen and even Marx, as well as on ethnographic evidence culled from 'non-literate peoples'.

Rural Mexico provided a convenient and stimulating field for American anthropologists who lacked a large overseas empire replete with tribes. They paid particular attention to indigenous Indian communities and tended to emphasize their conservatism. George Foster (1942, 1948) who studied with both Herskovits and Firth pioneered economic anthropology in Mexico with two books on the 'primitive' and 'folk' traditions. The first offered a sophisticated treatment of the social and cultural context for economic decisions, conceived of as being rational in the terms advocated by his mentors. Foster later became well known for his thesis on the peasant 'image of limited good', the idea that the good things in life were understood to be scarce, so that one man's gain was likely to be another's loss. This seemed to provide a plausible cultural explanation for the reluctance of peasants, in Mexico and elsewhere, to embrace new economic opportunities (Foster 1965). It was understood from the beginning that these communities were enmeshed in wider systems of power dating back to the Spanish conquest. Like the Chinese peasants studied by Fei, villages in Mexico had complex political and economic links with towns and ultimately with an entire civilization. Alfred Kroeber, a student of Boas, resolved the puzzle by declaring that they were 'part societies with part cultures'. This notion was then taken up by Robert Redfield in Chicago and gave impetus to the next generation of 'peasant studies'. Redfield's monograph on the village of Tepoztlan came out as early as 1930; a Yucatan study followed in 1948; but his main impact on the field was in the 1950s, when he articulated the 'folk–urban continuum', linking peasant villages to the 'great tradition' and to the cities of which their societies were a part (Redfield 1956)

The French Tradition

Marcel Mauss's *The Gift* (1925) has gradually come to be recognized as a seminal critique of Malinowski's fusion of individualist traditions from Britain and Central Europe. Mauss (1872–1950) was greatly enthused by Malinowski's confirmation that the *potlatch* of America's Northwest Coast also flourished in Melanesia, but he held that money and markets were human universals, whereas Malinowski went out of his way to oppose the *kula* ring to both. The impersonal economic forms found in capitalist societies were recent inventions, according to Mauss. His attack on economic individualism emphasized the personal, social and spiritual dimensions of exchange in all societies, including our own. His anthropology was wedded to a quite explicit political

programme (as was that of his fellow 'armchair' scholar Karl Bücher and unlike both Thurnwald and Malinowski); but the essay has since given rise to quite divergent interpretations. Only later was *The Gift* widely acknowledged as Mauss's *chef d'oeuvre*; it took two translations and a secondary literature inspired above all by Claude Lévi-Strauss and Marshall Sahlins for it to be absorbed into Anglophone economic anthropology, but even then its radical message was often lost.

If the idea of economy is predominantly a contribution of English-speakers to understanding the contemporary world, 'society' and cognate terms like 'sociology' and 'solidarity' are primarily French and build on a tradition going back to Rousseau. As a result, in France neither anthropology nor economics are as clearly differentiated from sociology. Émile Durkheim assembled a team around himself to produce the journal *Année Sociologique*, to which both François Simiand and Maurice Halbwachs contributed economic analysis. In his first and most influential book, *The Division of Labour in Society* (1893), Durkheim sought to establish the social foundations of modern economies. The idea of economic progress through specialization was at the core of the British economics founded by Adam Smith. A century later economic individualism was the cornerstone of evolutionary theory and Herbert Spencer's Social Darwinism was for a time the influential ideology of a triumphant Western bourgeoisie. Durkheim modified this optimistic teleology by showing that the division of labour was a dialectical process of separation and integration whereby society became stronger *and* the scope for individual action was enhanced. The British emphasis on making individual contracts in markets obscured the social glue of 'the non-contractual element in the contract' that made the economy possible – a combination of law, state, customs, morality and shared history that it was the sociologist's task to make more visible. The individual is the result of social development and not, as in the British origin myth, its source.

The Gift is in a direct line of descent from Durkheim's book, being focused explicitly on the non-contractual element of the contract. Mauss does not acknowledge any debt to Karl Bücher and refers to him only dismissively in two footnotes (mis-spelling his name in the process). He summarily eliminates the two utilitarian ideologies that purport to account for the evolution of contracts: 'natural economy', Smith's idea that individual barter was aboriginal; and the notion that primitive communities were altruistic, giving way eventually to our own regrettably selfish, but more efficient individualism. Against the contemporary move to replace markets with communist states, he insists that the complex interplay between individual freedom and social obligation is synonymous with the human condition and that markets and money are universal, though not in their current impersonal form.

Mauss's key term for the range of archaic contracts investigated, primarily among the ancient Indo-Europeans, cannot be translated into English and is something of a feudal relic in French. *Prestation* is a service performed out of obligation, something akin to 'community service' as an alternative to imprisonment. According to Mauss, the earliest forms of exchange took place between entire social groups and involved the whole range of things people can do for each other, a stage he called *systèmes de prestations totales*. But his main interest was in a form that probably evolved from this, named after the Northwest Coast example as 'potlatch'. These forms of gift-exchange involved aggressive competition between individual leaders of groups. Mauss's guiding question was: 'What rule of legality and self-interest, in societies of a backward or archaic type, compels the gift that has been received to be obligatorily reciprocated? What power resides in the object given that causes its recipient to pay it back?' (1990: 4). He rarely referred to this process of giving and making a return as 'reciprocity'. His answer, broadly speaking, was that human beings everywhere find the personal character of the gift compelling and are especially susceptible to its evocation of the most diffuse social and spiritual ties.

Mauss's chief conclusion was that the attempt to create a free market for private contracts is utopian and just as

unrealizable as its antithesis, a collective based solely on altruism. Human institutions everywhere are founded on the unity of individual and society, freedom and obligation, self-interest and concern for others. Modern capitalism and economics rest on an unsustainable attachment to one of these poles and it will take a social revolution to restore a humane balance. If we were not blinded by ideology, we would recognize that the system of *prestations* survives in our societies – in weddings and at Christmas, in friendly societies but also in more bureaucratic forms of insurance, even in wage contracts and the welfare state. The economic movement from below that he advocated in his political journalism – professional associations, cooperatives, mutual insurance – is a secular version of what can be found in the religions of archaic societies, as well as in the central phenomena described in *The Gift*. These are all 'total social facts', in the sense that they bring into play the whole of society and all its institutions – legal, economic, religious and aesthetic.

> It is by considering the whole entity that we could perceive what is essential, the way everything moves, the living aspect, the fleeting moment when society, or men, become sentimentally aware of themselves and of their situation in relation to others. . . In our opinion, nothing is more urgent or more fruitful than this study of total social facts. (Mauss 1990: 102)

When Malinowski produced his account of native adventurers in the Western Pacific, latter-day heirs to the archaic tradition of noble heroes, his story found a receptive audience. The *kula* ring of the Trobriand Islanders and their Melanesian neighbours provided an allegory of the world economy. Here was a civilization spread across many small islands, each incapable of providing a decent livelihood by itself, that relied on an international trade mediated by the exchange of precious ornaments. 'Economic man' was not only absent, but revealed as a shabby and narrow-minded successor to a world the West had lost. Marcel Mauss was excited by all this, but he felt Malinowski had gone too far. The latter was adamant that the Trobriand *kula* valuables were *not* money in that they did not function as a medium of exchange and standard of value (Malinowski 1921). But, in a long footnote, Mauss held out for a broader conception:

> On this reasoning ... there has only been money when precious things ... have been really made into currency – namely have been inscribed and impersonalized, and detached from any relationship with any legal entity, whether collective or individual, other than the state that mints them ... One only defines in this way a second type of money – our own. (Mauss 1990: 127)

He suggested that primitive valuables are like money in that they 'have purchasing power and this power has a figure set on it' (*ibid.*). He also took Malinowski to task for reproducing the bourgeois opposition between commercial self-interest and the free gift, a dichotomy that many anthropologists subsequently attributed to Mauss himself.

Mauss's famous essay needs to be juxtaposed to a series of articles he wrote for his party's newspaper, *Populaire*, on the exchange rate crisis of 1922–4 (Mauss 1997). The stability of the franc was a matter of acute public concern, since it was taken to be a measure of France's international standing; and political panic when the franc dropped was commonplace. When discussing what we would call 'the markets', Mauss adopted the tone of an expert player. He concluded that panic in the markets, not fiduciary inflation, was the cause of exchange rate depreciation. Storms were brewing from every direction: 'These are human phenomena at work: collective psychology, imponderables, beliefs, credulity, confidence, all swirling about' (29 February 1924). An unpublished paper, 'A means of overhauling society: the manipulation of currencies', provides a link between these reflections on national political economy and *The Gift* (Fournier 2006: 212 and 390 n.105). Here Mauss claims that the great economic revolutions are 'monetary in nature' and that the manipulation of currencies and credit could be a 'method of social revolution . . .without pain or suffering'. His aim was to give an economic content to juridical socialism.

> It suffices to create new monetary methods within the firmest, the narrowest bounds of prudence. It will then suffice to manage them with the most cautious rules of economics to make them bear fruit among the new entitled beneficiaries. And that is revolution. In this way the common people of different nations would be allowed to know how they can have control over themselves – without the use of words, formulas or myths. (Mauss, in Fournier, 2006: 390 n.105)

Mauss argued for a pragmatic understanding of the human economy that would be of use to people in their daily lives. Nearly a century and many more financial crises later, this is our argument too.

Conclusion

Economic anthropology grew out of a juxtaposition of ethnographic and historical research. It was infused by various currents in European social thought, notably German and French socialism, British utilitarianism and the French tradition of critical rationalism from Rousseau onwards. Malinowski and Thurnwald were convinced that 'economic man' had no place in the Pacific, although the former's writings sometimes endorsed the idea unwittingly. Raymond Firth came around to the view that his economist colleagues at LSE held the key to understanding 'primitive economies'. American anthropologists, reflecting the dispute between neoclassical and institutional economics in their national tradition, were more ambivalent; and Durkheim and Mauss set out to dethrone utilitarianism in the most comprehensive way possible.

For most early travellers, the natives seemed to contradict European criteria for rationality, through their childlike inconsistency in exchange, destruction of valuable property, irregular working habits or painstaking efforts for no tangible benefit. In an exhaustive review of German ethnology from the late nineteenth century onwards, Heath Pearson (2000) facetiously characterizes this view as *Homo erroneous*, cousin of *Homo gustibus*, a human subject endowed with the opposite psychological make-up to the individualistic hedonism of neoclassical theory. Eventually, both of these stereotypes gave way to *Homo paleoeconomicus*. According to this theoretical position, the economic behaviour of 'primitives', allowing for differences in environment and technology, was similar to that of modern Western individuals. Superficially contradictory patterns of economic action could be reconciled with the premises of 'economic man'. One just had to abandon notions of time-discounting where there were few storage facilities and recognize the constraints of custom in societies lacking developed markets and money. Anthropologists were often no more consistent than the natives: Raymond Firth held each of these theoretical positions at different times.

Both economics and anthropology experienced major changes between the 1870s and the 1940s. Professionalization, in the form of learning mathematical skills or vernacular languages, increasingly separated scholarly communities that had never been particularly close. Malinowski's challenge to the economists was misjudged and easily ignored by them. Mauss's armchair speculations were for years hardly noticed outside his own country. Firth and Herskovits claimed that the burgeoning literature on primitive economics justified launching a comparative analysis that drew on the categories of neoclassical economics. But this never came about. Instead, after the Second World War, in Heath Pearson's words, 'economics and anthropology went through an ugly, drawn-out divorce'. But were they ever married in the first place? If so, why did this marriage remain unconsummated?

4

The Golden Age of Economic Anthropology

In retrospect, the decades after the Second World War have a unity that was not obvious at the time. The world's leading industrial powers, led by a United States committed to public spending and international cooperation, together engineered the longest economic boom in world history. It was the heyday of the universities and of the social sciences in particular. So perhaps it is not surprising that economic anthropology flourished at this time. The focal point of this effervescence was the 'formalist–substantivist debate'.

The undisputed founder of the substantivist school, who did more than anyone else to establish economic anthropology as a self-conscious intellectual community, was neither an economist nor an anthropologist by training, nor could he be assigned unambiguously to any of the national traditions we reviewed in the previous chapter. Karl Polanyi (1886–1964) defies academic pigeon-holing. He was raised as a patriotic Hungarian, trained originally in law in Budapest, fought for Austria-Hungary during the First World War, and worked as an economic journalist in Vienna after the failure of the Hungarian revolution of 1919. His magnum opus, *The Great Transformation*, was first published in 1944. It is primarily a historical account of the development of the 'free market' in nineteenth-century Britain and of that society's reaction to the unprecedented market domination of economic life. It carries the imprint of Polanyi's experience of living in England during the 1930s, where he never held a university post but gave lectures for the Workers' Educational Association. Later, after moving from Britain to the United States, Polanyi conducted further historical research into the economy of 'archaic' societies. This interdisciplinary collaboration at Columbia University led him to formulate an approach that had great appeal for anthropologists.

We outline Polanyi's substantivist approach below and note further contributions by his followers. The substantivists opened up new horizons, while at the same time restricting the relevance of economic anthropology by excluding most of the contemporary world from its purview. As with Mauss, we pay particular attention to what Polanyi and his followers had to say about the anthropology of money. We then turn to 'formalist' responses to Polanyi and his school, which amounted to a restatement of mainstream positions in neoclassical economics. Finally, we draw up a balance sheet for this debate, which reached its peak in the 1960s. Half a century later, the dichotomies and typologies served up by Polanyi seem too neat. Some of his propositions cannot be defended in the light of more recent scholarship. Yet when the free market, supported by ideologies that reduce human societies to utility-maximizing individuals, has once again over-extended itself and plunged most of the world into crisis, it is no surprise that Polanyi's critique is enjoying a new wave of popularity.

Karl Polanyi and the Substantivist School

In his seminal essay 'The economy as instituted process', Polanyi (1957b) argued that the formal and substantive meanings of the word 'economic' have been conflated. The first refers to a means–end relationship, the mental process of economizing, whereas the second is concerned with the general provisioning of material wants in society. The terminology of this debate can be traced back to Plato. (In the same volume Polanyi (1957a) acknowledges Aristotle's significance for his approach.) What makes something 'formal'

is its conformity with an idea or rule. The conceptual opposition between 'form' and 'substance' was commonplace in the nineteenth century, especially in Germany. It entered economic discourse through scholars such as Carl Menger and Max Weber. A 'formalist' approach emphasizes the regular operation of ideas, in this case the universal claims of neoclassical economics; while a 'substantivist' approach gives priority to the empirical content of material circumstances and disputes that this diversity can be adequately grasped through just one set of concepts.

Both formalists and substantivists recognized the importance of markets for economic coordination, but for Polanyi the market principle could not be the main 'form of integration' in world economic history. He had already argued in *The Great Transformation* that the principles of reciprocity, redistribution and householding were of greater significance than the market in preindustrial societies; householding disappeared from the set in his later writing (Gregory 2009). Reciprocity was a symmetrical form of exchange between persons or groups of equal standing, as in the Trobriand *kula* ring. Redistribution reflected a principle of centricity, whereby resources were pooled and handed out through a hierarchy, as in the potlatch rituals of the American Northwest Coast. These forms of integration could co-exist but there was an implicit evolutionary sequence. Reciprocity was dominant in 'primitive' egalitarian societies with simple technologies, whereas redistribution usually presupposed the possibility of storing a surplus and some degree of social stratification. It was exemplified in the societies of the Ancient Mediterranean, though in principle it could also describe a successful hunter's apportionment of his prey. As for the market, Polanyi consistently played down its significance before the dramatic changes that occurred in nineteenth-century Europe. Like Karl Bücher, he preferred Aristotle's emphasis on the pursuit of well-being through a self-sufficient *oikos* to Adam Smith's presumed natural human propensity to 'truck and barter' and the subsequent reduction of all value to a utilitarian calculus. Markets were present in primitive and archaic societies but they did not yet pose a threat to the integration of the economy in the wider social system ('embeddedness'). Their administered prices were typically stable over long periods, as were interest rates. Commercial activity was concentrated in specific 'ports of trade', where it had little or no direct impact on the bulk of the population.

In Polanyi's philosophy of history, the rupture created by industrialization – and above all the creation of a market for free wage labour in Victorian England – led to a 'disembedding' of the economy. This 'utopian' elevation of the market principle to the dominant form of economic integration was bound to fail. Society could not tolerate the buying and selling of nature, humanity and society itself in the form of the 'fictitious commodities' of land, labour and money; so it sought to defend itself. Polanyi identified a 'double movement': on the one hand the economics of *laissez-faire* and, on the other, social resistance to it, which, in nineteenth-century Britain, ranged from the Chartist movement and trade unions to national protectionism. The resulting dynamic led inevitably to the crises and world wars of the twentieth century. The market mentality responsible for these horrors was now 'obsolete', Polanyi claimed; and, indeed, the New Deal and the consolidation of welfare states in Europe helped to usher in a new era of social democracy that was supposed to put an end to the market illusion forever.

Polanyi was not a fieldworker. His practical knowledge of the economy was largely acquired during the 1920s in Red Vienna. Before the First World War, like Malinowski, he had studied the philosophical works of Ernst Mach. Throughout his life he read voraciously; his anthropological theories were largely based on notes he took from Bücher, Malinowski, Thurnwald and Mauss. His own main venture into anthropologists' territory was a historical study, *Dahomey and the Slave Trade* (1966), and Africa was a principal location for the fieldwork of his main followers. Paul Bohannan had studied anthropology with Herskovits, while George Dalton was originally trained in economics. Together they

edited the landmark collection *Markets in Africa* (1962), in which they showed that, while the societies of non-industrial Africa knew many kinds of market places, which often had major social, political and even religious significance, these remained 'peripheral' in comparison with other forms of integration. The rise of the modern market principle, e.g. as a result of new patterns of cash cropping for export, was bound to undermine these traditional markets and the societies they served.

Bohannan (with Laura Bohannan, 1968) was responsible for the most notable substantivist ethnography, on the Tiv of Nigeria. In this work, they drew on indigenous cultural categories for an understanding of Tiv economy, while introducing the three-fold typology of the mature Polanyi (reciprocity, redistribution and market) in order to enable cross-cultural comparison. In his Dahomey study Polanyi insisted on the difference between 'general-purpose money' (our own) and the 'special-purpose monies' that he claimed enjoyed wide circulation in the non-industrial world. Bohannan (1955, 1959) developed this idea to argue for the existence of separate 'spheres of exchange' among the Tiv. Subsistence items, luxuries and goods expressing the highest social values circulated in separate compartments, since they were incommensurate. The introduction of Western money by colonialism was a disaster, since it broke down barriers to exchange between the spheres. This story has passed into anthropological folklore as a staple of what every student learns, even though it has been attacked as factually wrong by historians and found theoretically naïve and misleading by a wide variety of anthropologists.

The substantivist position on money nonetheless deserves our attention as the most systematic development since Mauss disputed Malinowski's approach to the topic (chapter 3). As we have noted, Polanyi listed money as one of the three fictitious commodities: 'Actual money is merely a token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance' (2001: 72). Here he comes close to suggesting that a free market in money entails buying and selling society itself. Consistent with this approach, Polanyi inverts the liberal myth of money's origin in barter:

> The logic of the case is, indeed, almost the opposite of that underlying the classical doctrine. The orthodox teaching started from the individual's propensity to barter; deduced from it the necessity of local markets, as well as of division of labour; and inferred, finally, the necessity of trade, eventually of foreign trade, including even long-distance trade. In the light of our present knowledge, we should almost reverse the sequence of the argument: the true starting point is long-distance trade, a result of the geographical location of goods and of the 'division of labour' given by location. Long-distance trade often engenders markets, an institution which involves acts of barter, and, if money is used, of buying and selling, thus, eventually, but by no means necessarily, offering to some individuals an occasion to indulge in their alleged propensity for bargaining and haggling. (Polanyi 2001: 58)

Money and markets thus have their origin in the effort to extend society beyond its local core. Polanyi believed that money, like the sovereign states to which it was closely related, was often introduced from outside; and this was what made the institutional attempt to separate economy from politics and naturalize the market as something *internal* to society so subversive.

Polanyi distinguished between 'token' and 'commodity' forms of money. Token money was designed to facilitate domestic trade, commodity money foreign trade; but the two systems often came into conflict. The tension between the internal and external dimensions of economy often led to serious disorganization of business. Money was thus

> not a commodity, it was purchasing power; far from having utility itself, it was merely a counter embodying a quantified claim to things that could be purchased. Clearly, a society in which distribution depended on possession of such tokens of purchasing power was a construction entirely different from market economy. (2001: 196)

The final collapse of the international gold standard in 1931 was one consequence of the ruinous attempt to delink commodity and token forms of money. This analysis underpinned his explanation for the collapse of international trade in the Great Depression and its ruinous dénouement in world war.

When he returned to the subject after the war, Polanyi's polemical intensity had been replaced by a concern to launch the comparative study of pre-industrial economies by anthropologists and historians. In 'Money objects and money uses' (1977: 97–121), his main point was that only national monopoly currencies combined the functions of payment, standard, store and exchange, and this gave them the capacity to sustain the set through a limited number of 'all-purpose' symbols. Primitive and archaic forms attach the separate functions to different symbolic objects, which should therefore be considered to be 'special-purpose' monies.

Polanyi's followers applied these insights to non-Western regions. The 'spheres of exchange' identified by Bohannan among the Tiv were arranged in a hierarchy; and like could normally only be exchanged with like within each sphere. The lowest consisted of subsistence items like foodstuffs and household goods traded in small amounts at local markets. Then came a limited range of prestige goods linked to long-distance trade and largely controlled by elders: cloth, cattle, slaves and copper bars, the last sometimes serving as a standard of value and means of exchange within this sphere. The highest category was rights in persons, above all women, ideally sisters, exchanged in marriage between male-dominated kin groups. The norm of exchanging only within each sphere was sometimes breached. Conversion upward was highly desirable, while its opposite was disgraceful. The absence of general-purpose money made both difficult. Subsistence goods are high in bulk and low in value; they do not transport easily and their storage is problematic. Prestige goods are the opposite on all counts. How many peas would it take to buy a slave? After the arrival of money, anyone could sell anything in small amounts, accumulate the money, buy prestige goods and enter the marriage circuit on their own terms, regardless of the elders. It is as if the technical properties of modern money alone were sufficient to undermine a way of life.

What if we applied the spheres of exchange concept to Western societies? As Alfred Marshall (1890) wrote in the book that launched modern economics, it is not uncommon for modern consumers to rank commodities according to a scale of cultural values. Other things being equal, we would prefer not to have to sell expensive consumer durables in order to pay the grocery bills. And we would like to acquire the symbols of elite status, such as a first-rate education. If you ask a British person how many toilet rolls a BMW is worth or how many oranges can buy an Eton education, they would think you were crazy. Yet all these things have been bought with money for longer than we can remember. So the universal exchangeability introduced by modern money is compatible with cultural values denying that all goods are commensurate. The gatekeepers of Britain's ancient universities insist that access to what they portray as an aristocracy of intelligence cannot be bought.

This gives us a clue to the logic of spheres of exchange. Ruling elites everywhere claim that you cannot buy class. Money and secular power are supposed to be subordinate to inherited position and spiritual leadership. In practice, we know that money and power have long secured entry into elites. One class above all others still resists this knowledge, the academic intellectuals. And so we line up with Tiv elders in bemoaning the corrosive power of modern money and vainly insist that traditional culture should prevail.

The last of the self-declared substantivists (but not easily typecast as a member of any school) was Marshall Sahlins, whose *Stone Age Economics* (1972) was a compilation of new essays and others produced in the 1960s. Sahlins had established his reputation with studies of Oceania framed by an evolutionist perspective on the emergence of 'big men' and chiefdoms (1958). He abandoned this to join the substantivist camp for a while, presenting readers of *Stone Age Economics* with a stark dichotomy in his opening remarks:

> 'Formalism versus substantivism' amounts to the following theoretical option: between the ready-made models of orthodox Economics, especially the 'microeconomics,' taken as universally valid and applicable *grosso modo* to the primitive societies, and the necessity – supposing this formalist position unfounded – of developing a new analysis more appropriate to the historical societies in question and to the intellectual history of Anthropology. Broadly speaking, it is a choice between the perspective of Business, for the formalist method must consider the primitive economies as underdeveloped versions of our own, and a culturalist study that as a matter of principle does honor to different societies for what they are. (Sahlins 1974: xi–xii)

The opening essay of this collection adapts a famous title of the last great American institutional economist, J. K. Galbraith, to argue that food collectors are the 'original affluent society' in that, far from living in penury and struggling to survive, they work less and enjoy greater security than most groups of cultivators. Several chapters deal with the gift, primitive trade and exchange in general. Sahlins offers a typology of reciprocity, from 'generalized' at one end (e.g. open-ended mutuality in the long run, as in families) to 'negative' at the other (e.g. theft). In the middle lay 'balanced' reciprocity, the type closest to the symmetrical relations that Karl Polanyi emphasizes in his own definition of reciprocity. This analysis has caused some confusion, in part because standard market exchange is also classified as a form of negative reciprocity. The longest essay, divided into two parts, addresses the 'domestic mode of production'. This is a Marxist-leaning variant of *oikos* theory, derived more from the works of Alexander Chayanov than from any of the Karls (Marx, Bücher or Polanyi). *Stone Age Economics* was the dazzling culmination of economic anthropology's golden age; its muddled message presaged the wilderness decades to come. In any case, Sahlins soon lost interest in the field as such. His later essays on the Western culture of consumption (1976) and the cosmological roots of Western economic ideas (1996) were framed by Claude Lévi-Strauss's structuralism rather than the formalist–substantivist debate.

The Formalists

If, in 1940, Melville Herskovits was hoping for a dialogue between anthropologists and economists, Frank Knight, author of a pioneering book on the economics of risk (1921), quickly disabused him in a review. Knight was sure that outsiders did not understand the principles of economics – or at least his branch of it. He began by attacking Ralph Linton's puff for the book:

> [When] Professor Linton says: '. . . the economic problems of "primitive" man are essentially the same as our own and many of them can be studied even better in "primitive" societies, because they manifest themselves in simpler form' . . . he simply doesn't know what he is talking about. (Knight 1999: 108)

Herskovits did in fact contrast 'machine and non-machine societies', but he also tried to show that the classical categories of economics should be extended to the latter and he criticized economists for failing to recognize their own cultural limitations. Knight claimed that 'buying and selling at a profit' was not the central feature of American 'business enterprise', as Herskovits seemed to think, but rather 'the impersonal attitude (which excludes bargaining!) and a labour market are really distinctive' (*ibid.*: 109). His main criticism, however, concerned epistemology. The other social sciences, including institutional economics, were empirical, and neoclassical economics alone

> effectively uses inference from clear and abstract principles, and especially intuitive knowledge, as a method. . . . [T]he conceptual ideal of economic behaviour is assumed to be, at least within limits, also a normative ideal, that men in general . . . wish to make their activities and organization more 'efficient' and less wasteful . . . [T]he anthropologist, sociologist, or historian seeking to discover or validate economic laws by inductive investigation has embarked on a 'wild goose chase'. Economic principles cannot be even approximately verified – as those of mathematics can be, by counting and measuring. (*ibid.*: 111–13)

The principles of economics are the same wherever they are applied, but economists should beware of professing to be anthropologists and the latter had better learn what economists know before they tick them off for cultural ignorance.

Herskovits included Knight's review along with his own rejoinder in the second edition of his book. He still argued that 'comparative economics' was a project to which the two disciplines should each contribute. He rejected the notion that any science could rely exclusively on deduction and intuition or could be indifferent to facts; and clearly did not feel that he had lost the argument. Nor did anthropologists stop indulging in the practices that Knight complained of. But in the meantime, economics was rapidly remaking itself as a positive science. The organizational demands of the war led to a mathematical revolution in the discipline during the 1940s, led by two Dutchmen, Jan Tinbergen and Tjalling Koopmans. The post-war rise of economists to a position of unprecedented intellectual hegemony was fuelled by these econometric methods and by information-processors of increasing sophistication. Knight's intuitive and normative approach to economic reasoning came to look rather quaint. It was displaced by an aspiration to model the real world; and economists asserted their new mastery of the public sphere with a dazzling repertoire of theorems, charts and numbers. The Second World War acted as an incubator for the dominant ideology of the post-war period. Operations research, developed in the war to fight on several fronts at once, evolved during the early days of the Cold War into a fusion of systems and game theories with the logic and rhetoric of neoclassical economics (Mirowski 2002). This synthesis underwrote the irreversible march of economics to the centre of Western, especially American, public discourse.

Unlike the substantivists, who took their lead from Polanyi, the economic anthropologists known as formalists were not led by a single seminal figure. Rather than chart a new paradigm, they generally saw themselves as applying the refined instruments of mainstream economics to unfamiliar settings. For them, the central concepts were in principle applicable everywhere, because they defined economics in terms of the choices made by individual actors under conditions of scarcity. They thus extended the logic of rational egoism to settings where the substantivists held this to be inappropriate, since reciprocity and redistribution were the dominant forms of integration there rather than impersonal markets. For example, Polanyi had made much use of Malinowski's Trobriand materials to show how the economy was substantively embedded in local social networks. But formalists could readily reinterpret these materials to confirm standard neoclassical assumptions. In the absence of advanced technologies and storage facilities, the accumulation of productive capital was not an option. Malinowski's demonstration that the Trobrianders produced many more yams than they were able to consume in order to display them to neighbours and fulfil obligations to matrilineages was consistent with the utility-maximizing assumptions of the modern economists. Following the tradition of neoclassical economics (Robbins 1932 in particular), Robbins Burling (1962) was adamant that anthropologists needed to acknowledge the universality of choice-making and maximization.

The non-industrial household was as good a site as any for exploring the different approaches. We have seen that Marshall Sahlins adapted the work of the Russian agrarian economist Alexander Chayanov (1925) to support his own notion of the domestic mode of production. Russian peasant households, who produced most of the food they needed for their subsistence and had little need to acquire other goods through the market, did not behave like profit-maximizing capitalist firms. When prices rose, capitalist firms had an incentive to increase production, but the peasant household was likely to reduce output since it could acquire the money it needed with less effort. When prices fell, however, the peasants might have to work harder than before in order to reach their target revenue. But these contrasting reactions to the signals of the market were still based on rational decisions concerning how much land to farm and how hard to work. Chayanov thought that this could generally be explained

by the balance between labourers and consumers within the household: the more young people and elderly dependents you had to feed, the harder the remaining members of the household would have to work. The whole approach contradicted Lenin's analysis (1899), when he insisted that differentiation in the Russian countryside was principally a result of the penetration of capitalism. Chayanov's approach was grounded rather in the assumptions and techniques of Austrian marginalism.

Of course, for the substantivists who emphasized the other meaning of economy identified by Polanyi, it was the formalists who were deluded. How could the assumption of scarcity be generalized to all human behaviour when it transpired that hunter-gatherers and others with very simple technologies tended not to work much, while many farmers knew only drudgery from dawn to dusk? Formalists could respond that members of original affluent societies were maximizing their leisure options, given the opportunities open to them. The neoclassical premise of 'revealed preferences' allowed them to claim that whatever consumer choices people made, they were surely maximizing their individual utility. Formalist approaches became somewhat more interesting when they led to model-building at higher levels. Here the issue was how a society could develop rules in which the rational actions of individuals favoured the reproduction of society. Yet this shift opened a Pandora's box that left even the more creative formalists baffled. When Allen Johnson (1980) examined agricultural decision-making from a formalist perspective, he found that even the most sophisticated mathematical models were unable to predict what it was exactly that farmers were maximizing; further ethnographic knowledge was indispensable.

The formalists did not lack polemicists of their own, the most memorable being Scott Cook, who parodied Polanyi's followers as the victims of an 'obsolete *anti-market* mentality' (Cook 1968). Harold Schneider produced his own synthesis of the formalist position in *Economic Man* (1974). His economic analysis rested ultimately on a generalized utilitarianism which at times descended to the level of hypothetical examples of teenage girls calculating whether or not to accept a kiss. A new strand of 'transactionalism', drawing its inspiration from Fredrik Barth (1966), flourished at this time, demonstrating (as Firth had, long before) that even complex institutional contexts could be analysed through a utilitarian framework; but this had more impact on studies of political action than on economic anthropology. Richard Salisbury's *From Stone to Steel* (1962), an account of economic transformation in New Guinea following the introduction of new technology, showed that a formalist premise was not incompatible with rich and nuanced ethnographic arguments.

Indeed, although some formalists sacrificed sensitivity to institutional context in order to promote a universalizing rhetoric of 'maximizing individuals', this was by no means always the case. While some American anthropologists working in Central and South America painted a picture of blanket peasant conservatism, as in George Foster's (1965) notion of 'limited good', it was formalists who drew attention to the importance of local social relations for understanding economic outcomes, including the reproduction of social inequality. Both Manning Nash and Frank Cancian worked among Indian communities in highland Mexico (Chiapas), where they documented economic aspects of a ritual system known as *cargo*. Participation in this system was essential to achieve high office and social prestige, but this required a substantial material outlay. The rituals therefore fulfilled a levelling function in the community and hindered individual accumulation of productive capital; but it was still possible to model how individual producers made choices in their specific social contexts, and how these were patterned among different groups. Nash (1961) found that Amatenango families with less land tended to put more effort into pottery production, which was particularly intense when cash was needed in preparation for a *fiesta*. He found Mexican peasants to be no less (and no more) rational than people everywhere. Moreover, as Malinowski and de la Fuente (1982) had

already discovered, they were acutely interested in market prices. If Mexican market economy differed from capitalist markets, that was a consequence of secondary differences in economic organization, such as the dominance of households over firms as the main economic actors.

Cancian (1965, 1972) found that the richest and the poorest strata of Zinacantan society confirmed stereotypical images of peasant conservatism, but those in between were much more willing to take on the risk of adopting innovative techniques to improve the standing of their family. Later, following criticism from neo-Marxists, he showed how changes in farming in this Mayan community reflected changes in wider social and political systems, and how these could induce a breakdown of the old *cargo* system. This widening of the framework did not lead him to retract his formalist approach, since in his view all decisions were still ultimately taken by maximizing individuals.

Work of this kind fitted well into the paradigm of modernization theory in the field of development studies, which we explore further in chapter 6. Harold Schneider (1970, 1974) did not underestimate the difficulties of modernizing the Tanzanian economy, but he was convinced that promoting the market and private property was desirable because people like the Turu were examples of 'economic man', who would be better able to take control of their lives if only cultural constraints on individual, goal-oriented action were removed. Some early adherents of the modernization paradigm soon moved away from it, notably Clifford Geertz. Others who continued to work as economic anthropologists found that a serious exposure to economics lent more weight to their efforts. Formalism gradually broke up into a number of specialist approaches drawing on information theory, game theory, cost–benefit analysis, rational choice, agricultural development and a host of other spin-offs from mainstream economics. By the 1980s many American universities were insisting that economic anthropologists should have a higher degree in economics rather than maintain the foolishness of the recent past.

Conclusion

Karl Polanyi's seminal essays in the 1957 volume sharpened the intellectual division he had first elaborated in *The Great Transformation*. Whereas pre-industrial societies were structured by institutions of reciprocity and redistribution guaranteeing the survival of the social order, industrial societies had a delocalized ('disembedded') economy dominated abstractly by 'the market', where individual decision-making ruled. Anthropologists and historians could study the first on concrete empirical grounds, while the methods of economists were better suited to the latter. In other words, economists could retain their commanding intellectual position in modern society, and the substantivists fought to establish the relevance of their approach to exotic or dead societies. The formalists preferred to see an abstract individualism everywhere.

It was of course the *Methodenstreit* all over again (chapter 3), with one side claiming that economy is always the same and the other that it is different. The ceasefire that emerged in the 1970s, predicated on general agreement that the birth of industrial society had indeed led to a Great Transformation, was never more than a temporary *modus vivendi*. By colluding in this division of labour, George Dalton, taking Polanyi's arguments to their logical conclusion, effectively conceded that anthropologists had no business studying the societies that were driving the modern world. Yet anthropologists since then have had a lot to say about how even the most sophisticated modern markets work, while formalist models of decision-making and rational choice theory are still applied to societies once known as 'primitive' or 'archaic'. In short, the compromise that ended the formalist–substantivist debate did not last.

What, then, is the current standing of Polanyi's scholarship? His reading of the literature on 'primitive economics' then available to him was selective. He emphasized passages where ethnographers like Malinowski and Thurnwald drew attention to non-utilitarian motives and community regulation, but neglected evidence of calculation and economizing of effort that could be taken to support the formalist posi-

tion. Polanyi certainly exaggerated the absence of markets in archaic societies. The 'fictitious commodities' of land and labour had plenty of antecedents in pre-industrial economies. Economists and formalist anthropologists might attribute all such distortions to a romantic or communitarian, even Manichean outlook that simply opposed 'society' to 'the market'. From another perspective, cultural relativists could fault Polanyi for offering only broad-brush typologies and failing to engage at the level of local particulars (though this could not be said of disciples like the Bohannans). Neo-Marxists pilloried him for privileging exchange and failing to get to grips with modes of production. It cannot be denied that Polanyi paid little attention to work and class conflict. His notion of reciprocity does not fit hunter-gatherer societies well: egalitarian societies lacking storage facilities seem to depend more on redistribution and *sharing* than on reciprocal exchange, though this is inconsistent with the implicit evolutionism of Polanyi's typology.

In spite of all these weaknesses, the pluralism of Karl Polanyi's institutional approach to the economy has proved to be durably attractive. He remains an influential, even inspirational, figure and the economic crisis which began in 2008 has lent his work a topicality it lacked half a century ago. This renewed appreciation by a wider public would surely have gratified someone who spent much of his career as an economic journalist. His work continues to shape large bodies of scholarship, from archaeology to sociology and social philosophy and from classical studies to international political economy. In economic anthropology, the field with which he was most closely identified in the 1960s, his name has become less prominent. In the next chapter, however, we show that, although the labels have changed, the fundamental positions taken by substantivists and formalists may be traced through to the present day. Now, as then, some scholars see possibilities for pragmatic compromise between polar positions, while others insist that the differences are paradigmatic, as incommensurable as pre-colonial spheres of exchange were alleged to be for the Tiv.

5

After the Formalist–Substantivist Debate

The debate between the formalists and the substantivists did not exhaust the field of economic anthropology in the post-war decades. A few major figures decided not to engage with these polemics. Mary Douglas's (1962) comparative analysis of work among the Lele and Bushong of Central Africa was invoked by Sahlins (1972) in support of his substantivist claims about underproduction in tribal societies; but she was already heading towards critical engagement with economics on her own terms (see chapter 8). Edmund Leach (1961) published a monograph on rural property arrangements in Sri Lanka that had a distinctly utilitarian argument; but he preferred to direct his materials to on-going debates about kinship rather than the controversy in economic anthropology. Like many others, both Douglas and Leach gave up on history in order to concentrate on Lévi-Strauss's structuralist theories.

Whenever anthropologists turn to studying world capitalism in the *longue durée* systematically, the example of a few pioneers will weigh heavily. The evolutionist legacy of the nineteenth century was carried forward in the United States by teams at Michigan and Columbia led by Leslie White and Julian Steward, including Marvin Harris, Eric Wolf and Marshall Sahlins. Sidney Mintz's methods were particularly innovative, ranging from his biography of a Puerto Rican plantation worker (1961) to a history of sugar production, trade and consumption in England, the cradle of modern capitalism (1986).

In France, Louis Dumont combined his work on India with historical researches into the emergence of political economy in early modern Europe that were influenced by his reading of Karl Polanyi (Dumont 1977). In Britain Jack Goody was less impressed, because he felt that Polanyi downplayed the importance of market exchanges in the ancient world. Whereas other historically inclined contemporaries generally went back at best to European overseas expansion in the sixteenth century, Goody drew on the Marxist prehistorian Gordon Childe's (1936) synthesis of the two great turning points – the 'neolithic (or agricultural) revolution' that began some 10,000 years ago (in which Africa participated) and the 'urban revolution' of the fourth millennium BCE (in which it did not). Childe got his basic framework from Morgan (1877) and Engels (1884) who, as we noted in chapter 1, drew in turn on Rousseau (1754). Goody's originality lay in his focus on the transmission of property, which he linked to kinship and the organization of the household. He showed how 'advanced agriculture' in Eurasia was associated with 'vertical' transfers to both male and female offspring, while sub-Saharan Africa was characterized by more collective forms of land tenure and 'horizontal' payments of bridewealth (Goody 1976; Goody and Tambiah 1973).

Despite the evident influence of historical materialism on anthropologists such as Goody, Mintz and Wolf, 'Marxism' remained a problematic label for most Anglophone anthropologists. The decisive role in the rediscovery of Marxism for economic anthropology was played by French writers, and we now turn to them.

Marxism

French Marxist anthropology enjoyed cult status in the Anglophone world during the 1970s. Its protagonists were familiar with the formalist-substantivist debate, but considered that both camps were tilting at windmills in the superstructure instead of analysing the economic base. The crucial text was Althusser and Balibar's *Reading Capital* (1965), which brought Marxist political economy into line with Lévi-Strauss's structuralist methodology and American systems theory. The human subject, dialectical reason and indeed history itself were in effect dropped from their scheme. A deep structure of the ideal mode of production was outlined, having three elements – producers, non-producers and means of production – whose variable combinations were realized as concrete modes of production. Much attention was paid to the relationship between economic, political and ideological levels of the mode of production and to the question of which was dominant and/or determinant in any given case. Althusser abandoned the ideological notion of 'society' in favour of 'social formations'. Any one social formation would normally combine (or 'articulate') several modes of production.

Among the anthropological contributions to this neo-Marxism, Maurice Godelier's *Rationality and Irrationality in Economics* (1966) was the first to cross the Channel. It offered a rather conventional treatment of the formalist–substantivist debate launched by Polanyi, while claiming to synthesize Marx and Lévi-Strauss. Godelier applied the notion of rationality not only to persons but to systems, thereby setting up a contradiction between structure and agency that he could not resolve. Marxism, said Godelier, could add a specific kind of function to Lévi-Strauss's structures, thereby allowing a complete anthropological analysis of social systems. The result, however, was closer to an ecological version of structural-functionalism than to Marxism. Whereas Malinowski's functionalism had focused on how institutions work for individuals, structural-functionalism (a term associated with Radcliffe-Brown and the American sociologist, Talcott Parsons) explained behaviour by its contribution to the maintenance of a social system. This differed greatly from the more processual understandings proposed by Marx and Mauss.

Claude Meillassoux, Emmanuel Terray and Pierre-Philippe

Rey all acknowledged their debt to Althusser, while debating ethnographic interpretations of their shared area, West/Central Africa. Meillassoux's *L'anthropologie économique des Gouro de Côte d'Ivoire* (1964) became the main point of common reference. A later synthetic study (Meillassoux 1981) was an ambitious attempt to compare the main means of accumulation (women, food and capital) in tribal, peasant and capitalist societies. In an essay reinterpreting the Guro ethnography, Terray (1972) argued that Marxist analysis is often too crude, labelling all primitive societies in much the same way, leaving non-Marxist ethnographers free to explain their specificity by reference to kinship structures and the like. Instead, emulating the approach of the British structural-functionalists, he laid out a method for classifying the material base of a society in great detail, so that its modes of production could be inferred empirically and concrete particulars incorporated into a materialist analysis. There is little history in this version of historical materialism, even though Terray went on to produce meticulous histories of a West African kingdom.

Pierre-Philippe Rey (1971) made an original contribution to the literature on matrilineal kinship, slavery and European penetration of the Congo, in contrast with the prevailing Marxist norm of merely restating what was already known in a new jargon. He outlined here his famous idea of a 'lineage mode of production'. Moreover, he spelled out the 'articulation of modes of production in a structure of dominance', showing concretely how colonial capitalism restructured the lineage and petty commodity modes of production in the interest of accumulation.

We are left with a mystery: how to account for the disproportionate influence of this small band of French Marxists on Anglophone anthropology in the 1970s? It cannot be that they clarified a number of concepts and wrote a few untranslated monographs. Their success may have had something to do with the explicitly synthetic position French structuralism occupied between German philosophy, including Marxism, and Anglophone scientific empiricism. The modernization of

Marx, by incorporating systems theory and dumping the dialectic, produced a version of structural-functionalism at once sufficiently different from the original to persuade English-speakers that they were learning Marxism and similar enough to allow them to retain their customary way of thinking, which had been temporarily discredited by its role in the administration of empire.

Meillassoux's Guro book became a mine of parables allowing rival political positions in France around 1968 to be expressed as interpretations of West African ethnography. Thus one issue was whether elders' disposal of young men's labour should be attributed to control of distribution through marriage exchange, as maintained by Rey, or rather to the organization of production, as held by Terray. This was in effect a replay of the argument between communist and ultra-left factions in Paris. There the question was whether the Soviet Union, in emphasizing state ownership of the means of production, was a genuine instance of socialism or rather a state capitalist society. Whereas the Stalinists held that it was indeed socialist, their opponents such as Charles Bettelheim (1963) claimed that property relations operated only at the level of distribution and a more thoroughgoing Marxist analysis would have to be based on the organization of production. Seen from the perspective of managerial control of the work process, Russian factories were no different from capitalist firms (see chapter 7). It is hardly surprising that these aspects of the debate within French Marxism were missed by their imitators.

For a period in the 1970s it looked as if these ideas would transform economic anthropology. Influenced by Godelier, but also by the 'world systems' analysis of Immanuel Wallerstein (1974), Jonathan Friedman (1975) offered a new interpretation of Leach's celebrated Highland Burma study based on a materialist analysis of the region's political cycles. Maurice Bloch (1975a) showed how neighbouring groups in Madagascar with different economic bases also had different ideas about property and correspondingly contrasting patterns of kinship and marriage. Bloch remained committed to a

Marxist approach for some time, but his interest in economy was never strong. He went on to produce influential work on how ideology and ritual served to reinforce political domination. Others who fell under the spell of French Marxism moved in a similar direction. Shying away from 'vulgar materialism', a label often pinned on Marvin Harris's 'cultural materialism', they ended up avoiding production altogether. By the end of the 1970s, when John Clammer (1979) published a collection of 'new economic anthropology', the promise of a Marxist synthesis was already gone.

The French Marxist bubble thus burst as suddenly as it had arrived on the Anglophone scene. It did not survive the great watershed of post-war history, when welfare-state democracy gave way to neoliberalism. In recent decades, the torch has been taken up by isolated individuals in the English-speaking countries, but their voices do not add up to an intellectual movement. The most impressive achievement was Eric Wolf's *Europe and the People without History* (1982). Against the prevailing norm of producing narrowly circumscribed ethnographies as stand-alone examples, Wolf placed a wide range of anthropological knowledge within a comprehensive history of Western capitalist expansion and local response since the sixteenth century. Rather than retain the conceptual vocabulary of historical materialism with its strong Eurocentric bias, he coined the new term 'tributary mode of production', thereby putting an end to increasingly sterile debates about whether the concept of feudalism could be applied to regions such as East Asia or Africa.

Marxism shaped much of the new work on peasants, which also reached a peak in the 1970s. Latin America remained a focus for research that now paid more attention to political aspects of the differentiation of peasant communities. Whereas the formalist Frank Cancian (1965) had shown that intermediate groups (those who were neither dominant nor struggling to survive) were more likely to be economic innovators, Wolf (1969) added that these same groups provided the vanguard of numerous revolutionary movements. The scholars of this generation not only showed that peasants were enmeshed in wider systems; they analysed in detail how rural production systems exploited the labour of the underdogs, whether they worked on large-scale plantations, smallholdings or some combination of the two (Wolf 1966). Where peasants still owned the means of production or flexible sharecropping arrangements prevailed, a class analysis appropriate to capitalist society could not be applied. When attention moved to how far cultivators were conscious of their alienation and exploitation, the analysis became more complicated still. Some Marxist anthropologists focused on the power of elite groups to dictate prices in local markets, some on the national and international terms of trade. Others examined the sphere of production, notably the erstwhile formalist Scott Cook in his work on Zapotec brickyards in the Oaxaca valley (1982). Cook had by this time become dissatisfied with neoclassical approaches and found that the Marxist concept of 'petty commodity production' allowed him to develop equally rigorous models with a very different political message. Marxist analyses of rural communities were also prominent in Europe, especially the Mediterranean. For a while it was even common to identify 'African peasantries'. Donald Donham's (1990, 1999) studies of the Maale of Southwest Ethiopia were a belated demonstration that Anglophone anthropologists could be as subtle and creative as their French predecessors in refining Marxist concepts for the purposes of fine-grained ethnography.

As we show in chapter 8, economic anthropologists have since the early 1980s turned for the first time to critical ethnographic study of Western capitalism, for which one might expect a Marxist approach to be highly relevant. But even when these anthropologists have acknowledged Marxist influences, like their predecessors in the 1970s revival, they have seldom adopted Marx's critical perspective on world history. If the latest crisis of capitalism provokes another revival of Marxist economic anthropology, we can only hope that Marx's own economic vision of human history might become more influential than it has been in the last half-century.

Feminism

In the last decades of the twentieth century, feminism was at the forefront of cultural critique. It was after all the women's movement that declared in the 1960s that 'the personal is political' and launched a devastating critique of Western institutions on grounds of the invisibility, exclusion and exploitation of women. These broader criticisms fell on fertile ground in anthropology. First, early feminists rediscovered Engels (1884) and the historical materialist argument that women were not 'naturally' subordinate. Patriarchal domination set in only with the dissolution of primitive communism and the rise of private property and class conflict. Hunter-gatherer specialists showed that female collectors often contributed more than male hunters to food supply. Their autonomy in production was reflected in a more general parity of status (Leacock 1978). Second, scholars such as Eleanor Leacock, Margaret Mead and Ruth Benedict were proof that women had long achieved parity inside the discipline of anthropology. The contrast with most other social sciences is striking. British female anthropologists such as Audrey Richards, Lucy Mair and Rosemary Firth all paid close attention to economic activities, including the work of women both inside and outside the household. In some parts of the world, such as West Africa, women were prominent as market traders. But even where they were less visible, for example in Islamic Northern Nigeria, they could play a significant role in the circulation of goods without leaving their households (Hill 1972).

The 1980s were a decade of deconstruction in which the conventional categories of modernity became confused and discredited. Both inside and outside the academy, this task was performed to a disproportionate extent by women scholars. At first feminists pointed out the consequences of omitting women from conventional descriptions of society. Their work in the home was treated as being insignificant when compared with working for wages. This led to a critique of the valorization of production for the market at the expense of domestic reproduction. So the initial phase of the movement emphasized the need to bring women into view when discussing the economy, to grant them an explicit equality with men.

Marilyn Strathern (1972) insisted on the inapplicability of Western gender stereotypes to Melanesian cultures, and from this point of departure developed a sophisticated critique of such core conceptual pairs as individual/society and nature/culture. Some feminists went beyond the demand for inclusion as equals and claimed the right to develop separately on their own terms. The exploitation of women by men could best be resisted by going it alone. Lisette Josephides (1985) challenged Strathern's earlier account of the same New Guinea Highlands society on grounds that reflect the general shift in feminist thinking from the 1970s onwards. In the 1980s, the presumption of women's unity as a class was broken by the emergence of powerful internal differences – between black and white women, lesbians and straight women, and so on. Sarah Green's (1997) study of lesbian communes in London vividly highlights this development. Marilyn Strathern (1988) eventually questioned her own attachment to feminism, thereby opening up a division between the movement and anthropology. In all this, feminists have remained at the cutting edge of critical economic anthropology. Above all, they have pioneered the reflexive critique of capitalist economy through theoretically informed ethnography of the highest standard.

The feminist movement thus rejuvenated earlier traditions and took them in new directions. Women's work in the household and domestic reproduction had to be taken as seriously as men's wage-labour outside the household, even when women themselves colluded in restricting the term 'work' to what the men were doing. Sociologists explored these dynamics in industrial societies, but feminist anthropologists took the lead everywhere else, notably in the study of peasants. Chayanov (1925) had left the household as a black box, implying that decisions concerning the allocation of labour ('drudgery') were taken by consensus. Feminists

had no trouble in exposing this household as a patriarchal institution. Ethnographers of all theoretical persuasions took up these questions with renewed vigour, finding nuances that complicated the general paradigm. For example, in Aegean Turkey where cotton is grown by smallholders, the harvest may be protracted; diminishing returns set in as farmers try to maximize their incomes; the decision to send female family members to the plots again and again for tedious, back-breaking toil is not taken collectively; it is taken by the male head of the household (Sirman 1990). When the Turkish state introduced policies to increase rural incomes, e.g. through new seed varieties or production techniques, the additional burden of labour usually fell disproportionately on women. Some feminist scholars related this to cosmological beliefs found throughout Anatolia and perhaps the entire Muslim world. Closer investigation showed, however, that there was more to rural inequality than just patriarchy.

Lazi women in North-East Anatolia are commonly held to be harshly treated by their husbands. High rates of male emigration dating back to the Ottoman Empire left women in charge of the small farms the men abandoned. Their prominence in production outside the house caused Anatolian Turks to see the women of this region as uniquely exploited; but such work could be taken as a sign of gender balance rather than its opposite. When tea was introduced as a new cash crop in the second half of the twentieth century, most of the labour-intensive plucking of the leaves was carried out by women. But patriarchy was more conspicuous not among the Lazi, but among local sharecroppers and wage-labourers who came from elsewhere in Anatolia. Among these strangers, control of labour and the household purse lay with the male head. Gender relations within the Lazi population were more balanced, suggesting that a general rise in living standards, to which tea production had contributed, had directly benefited women. The problem is that the improved situation of Lazi rural women depended in part on the supply of cheap female labour by strangers. Similarly, urban middle-class women often pursue successful careers by exploiting the domestic labour of poorer women; and this pattern is by no means restricted to Turkey (Bellér-Hann and Hann 2000).

Migrant women who work in the wealthy households and small-scale ateliers of Istanbul, while contributing to the maintenance of much wider economic networks, tend to think of their employers as being like kin. The entrepreneurs encourage such personal relationships with the women in their workshops or with those who weave carpets individually on a piece-rate basis in their own homes. 'Money makes us relatives', they said to the American ethnographer Jenny White (1994). Exploitation in the eyes of the observer is not always perceived as such by those involved, which was Strathern's (1972) original point in her ethnography of Mount Hagen women.

The feminist revolution in anthropology has gender at its core; but it has also spawned a new focus on the place of sex in society, especially in capitalist societies. Hart recalls a conversation long ago with a Ghanaian student about money and sex in cross-cultural perspective. The student met a young American woman at a party in his country and they spent the night together afterwards at her place. When he was leaving in the morning, he put some money on the dressing table as a token of his affection, quite unprepared for the explosion this gesture provoked: 'Do you think I am a prostitute?!!' As far as he was concerned, cash was no different from a gift in kind and much more useful. He did not know that the payment of money is supposed to transform a relationship into something impersonal. Money in capitalist societies stands for alienation, detachment, impersonal society, the outside; its origins lie beyond our control (the *market*). Relations marked by the absence of money are the model of personal integration and free association, of what we take to be familiar, the inside (*home*). In practice, the separation of these two spheres was never completed and the fact that household consumption relies on spending money adds endless complications.

Sophie Day (2007) explains why and how the sale of sex in public contradicts this moral economy of capitalist societies. In the world of work, we submit to impersonal organization in exchange for money payment; at home, we express

ourselves through intimate relations sustained by unpaid services. If modern capitalist societies encourage individuals to cultivate an integrated self, this daily oscillation between ideal-typical extremes poses severe existential problems. No wonder that 'working girls' who shamelessly trade sexual intimacy for money outside the home are often the object of moral panics. This blatant confusion of cultural categories undermines the huge institutional effort to keep women, sex and money in their proper place. Day shows how individual women reconcile the public and private dimensions of their lives. The core of the ethnography addresses their strategies for coping with the personal/impersonal divide. The women were inevitably critical of public institutions whose flaws and confusions were on daily view, but they also reproduced societal norms of division in highly inventive ways. They were at pains to circumscribe impersonal sexual encounters, leaving their personal lives in separate compartments. But, as with everyone else, these efforts were often contradictory and the lines of division blurred.

If the economic crisis of the early twenty-first century has revealed the risks entailed in attempts to reduce 'public' society to 'private' economy, Day's ethnography, informed by the feminist tradition and by much else, shows how much anthropologists can contribute to a renewed theoretical engagement with the conceptual and practical contradictions of capitalism.

The Cultural Turn

By the 1980s, the Polanyi school had dissolved and many anthropologists who were less than thrilled by mainstream economics were quick to abandon the field to its own entropy. Clifford Geertz's (1979) essay on the Moroccan *suq* is an extended reflection on the economy of Islamic civilization (the bazaar as forerunner of the informal economy – see chapter 6), but it was not written with the field of economic anthropology in mind. Marshall Sahlins, after publishing

Stone Age Economics, denied the very possibility of a comparative 'anthropological economics', since material life everywhere was structured by incommensurate local symbolic orders, of which bourgeois economics was just one (Sahlins 1976). These two giants exemplify the impact of the 'cultural turn' on economic anthropology during recent decades.

While both Geertz and Sahlins moved in other directions, the project of 'anthropological economics' was continued by Stephen Gudeman. In *Economics as Culture* (1986), Gudeman applied his 'local models' perspective, originally worked out with materials from his fieldwork in Panama (Gudeman 1978), to the discipline of economics itself as well as to peasant economies elsewhere in Latin America, Africa and the Pacific region. He pays particular attention to the house and its practices of thrift, distinguishing the motivation to set aside a reserve for the future from the motivation to maximize profit. In a later collaborative work (Gudeman and Rivera 1990), he made a sophisticated argument for treating contemporary societies made accessible through ethnographic fieldwork as living examples of the historical forces that had engaged the classical economists. Gudeman has consistently challenged anthropologists to combine the standard tools of our trade with serious exposure to the history of economic ideas; although he has not established a school, his influence has been considerable.

The cultural turn contributed, for example, to hunter-gatherer studies, a field that expanded significantly from the 1960s onwards. When Sahlins wrote his famous essay on original affluence (first published in 1968), he supported his argument that peoples with very simple technology had more time available for activities beyond their subsistence needs primarily with quantitative data. Later studies, especially in the Kalahari desert, provided support for viewing these people in Marxist terms as 'primitive communists' (Lee 1979). Data gathered over decades on intra-group exchanges and 'optimal foraging strategies' were used by some to make evolutionary inferences, while others insisted that the economies of contemporary hunter-gatherers were the product of historical interactions with other groups and could not be taken as evi-

dence of a pristine condition. James Woodburn (1982) drew a distinction between 'immediate return' economies, such as those of the !Kung San of the Kalahari and the Hadza whom he himself had studied in Tanzania, and 'delayed return' economies where storage facilities existed and social relations were less egalitarian. But the cultural turn is best illustrated in the work of Nurit Bird-David (1992), who drew on her Indian ethnography to argue that the work ethic and time orientation of hunter-gatherers continued to shape their social relations long after most of them had become factory workers. She extended Sahlins's arguments by delving deeper into a cosmology based on the idea of a 'giving environment'; her work has provoked some prehistorians to rethink their basic assumptions about early human social relations (Gamble 2007).

As with feminist studies of women's work, this cultural turn was not entirely unprecedented. The German pioneers of 'primitive economics' had also aspired to grasp the native point of view, as had Malinowski. Later investigators of peasant societies, such as George Foster, had emphasized their cultural aspects: the notion of 'limited good' was alleged to be a major cultural obstacle to accumulation. Many rural communities were demonstrably averse to risk and 'inelastic' in their responses to market signals. The most persuasive attempt to summarize this ethic was James Scott's (1976) 'moral economy' thesis. Adapting a concept originally applied by the Marxist historian E. P. Thompson (1991) to the eighteenth-century English urban crowd, Scott argued that villagers in South-East Asia were motivated by safety-first principles and a subsistence ethic, rather than profit. Samuel Popkin (1979) soon launched an attack along lines resembling the formalist critique of Karl Polanyi's school, accusing Scott of romanticizing community by denying the rational individualism of peasant decision-makers.

We would suggest that self-interested calculation *and* moral norms are present in all economies; what matters is their variable interplay. When Adam Smith pointed out that butchers, brewers and bakers acted out of self-interest rather than benevolence, he still took it for granted that each tradesman would serve his customers a fair measure of a product fit for human consumption. But why should an opportunistic profit-maximizer respect such norms? A recent researcher has argued that the neoliberal fetish of free markets has led to basic moral norms being undermined in Uganda (Wiegratz 2010). Yet it is difficult to be certain that any radical change has taken place. If the early substantivists did not report systematic malpractice in local markets, this is perhaps due in part to the romantic streak alleged by critics such as the early Scott Cook. After all, traders have been accused of using false scales and measuring rods ever since ancient Mesopotamia.

The rise of 'culture' and 'morality' at the expense of notions of 'class' and even of 'society' is related to wider intellectual trends. Just how is this cultural turn connected to neoliberal dominance from the 1980s onwards? The defeat of organized labour, deregulation and the invasion of public and domestic life by markets all contributed to the new focus on meaning and subjectivity. If Marxists and feminists gave priority to production and reproduction, Arjun Appadurai (1986) inspired a generation of ethnographers to explore subject–object relations in what had previously been taken to be the anonymous sphere of capitalist commerce. Along with Igor Kopytoff (1986), he drew attention to how some goods, perhaps even most of the things consumers value, have very complex 'biographies'. They might acquire a commodity form, but objects may also leave that sphere, as when they become heirlooms or the sacra of a cultural community. The bourgeois separation of persons (subjects) and things (objects) was deconstructed by new work on personhood, with Strathern again at the forefront. However, as with the mature Sahlins, these erudite approaches to emerging forms of subjectification in specific cultures diverted attention from the established concerns of economic anthropology.

The substantivist division between capitalist and non-capitalist economies has proven tenacious. The opposition between 'commodities' and 'gifts' has been taken in recent decades to represent a contrast between exchange in the capitalist West and in the rest of the world – or, as Strathern

(1988) puts it, Euroamerica and Melanesia. Chris Gregory (1982) launched this opposition, even though he never intended the logical contrast to stand for ethnographic separation of whole societies and emphasized their practical combination in Papua New Guinea (Gregory 1997: chapter 2). As we saw in chapter 3, Mauss wrote his essay (1925) to refute the bourgeois opposition of commercial self-interest to the altruism of the gift. For him, the archaic gift was a hybrid of the two extremes and the problem is to understand how we have come to separate them (Parry 1986). Somehow a market ideology that represents Christmas presents as pure gifts was projected onto Mauss's text as a basis for contrasting whole economies, 'ours' with 'theirs'.

Several former Marxists have been significantly influenced by the cultural turn in their later work. Maurice Godelier, in *The Enigma of the Gift* (1999), took up and expanded Annette Weiner's (1992) notions of inalienable valuables. Donald Donham's (1999) analysis of Ethiopia's socialist revolution shifts away from his earlier focus on production to address the impact of new religious beliefs on the Maale. Jonathan Friedman (1994) has moved from a classical Marxist focus on modes of production to a broader interest in social reproduction and the role of the state in transformation. This includes the study of modern cultural flows, how ideas about fashion in Paris, for example, reproduce transnational social order through the migrant workers who transmit these ideas to their homelands in Africa. Friedman has been concerned to engage with structural transformation at a very inclusive level; but he too has chosen not to locate his work within economic anthropology as such.

Daniel Miller has assiduously built up his 'material culture' project as an extension of economic anthropology (1987, 1996). Explicitly embracing an ethnographic method, unlike Friedman, he has championed empiricism in debates with the French sociologist Michel Callon, who holds that the ideas of economists have shaped the functioning of markets in capitalist societies (Callon 1998). Successive monographs on Trinidad have explored the local meanings given to capitalism and the internet there, leading to a theoretical concern with 'virtualism' (Carrier and Miller 1998) as a complement to his focus on the acquisition and use of material objects. Miller's project builds bridges to art history, archaeology, design and cultural studies of consumption, but quite deliberately not to economic anthropology, despite the considerable thematic overlap. We return to this point in chapter 8.

The dangers of a culturalist approach are twofold: first, the tendency to neglect history and political economy; second, immersion in the local cosmology is pushed to such an extreme that comparison and generalization come to seem impossible. Stephen Gudeman may certainly be exempted from the second criticism. His recent overviews of 'anthropological economics' (Gudeman 2001, 2008) are built on a dialectical opposition between the concepts of 'community' and 'market', identifying the former with what he calls the 'base' or 'commons' – activities performed and valued for their own sake, primarily within the framework of a house – and the latter with the 'calculating reason' of means–ends relations typically found in trade. This is one solution to the problem we posed in chapter 2 of how to reconcile the poles of household and market. Gudeman depicts neoliberalism as a 'cascading' of markets into realms previously regulated by the norm which he calls mutuality. This dialectical framework may in principle be applied to the human economy anywhere. One recent critic (see Löfving 2005) has argued that Gudeman has shifted away from privileging local models towards a universalism that is inspired more by the method of economics than anthropology. Another critic claims that he has become a slippery post-modernist without a 'realist' epistemology. Gudeman's spirited response in the same volume recalls the polemics of the 1960s: now as then, the protagonists sometimes seem to be talking past each other.

Hard Science

As the twentieth century drew to a close, intellectual continuity with the formalist side of the previous generation's great

debate was more strongly in evidence than the continuities on the substantivist side. The anthropologists who eventually came together under the banner of the New Institutional Economics (NIE) did not always see themselves as latter-day formalists, but they did share a commitment to 'hard science', aspiring to predictive models of economic behaviour. Whereas Veblen and Polanyi regarded markets as one kind of economic institution among several, NIE could be said to view all economic institutions as markets. The new institutionalists set themselves the goal of incorporating all of them into their formal models. Rather than merely shaping economic activity exogenously, they now claimed that the institutions themselves evolve through an underlying logic of rational choice consistent with neoclassical economics.

What is meant by 'institution' in this context? The NIE approach, as practised by economists such as Douglass North and Oliver Williamson and their anthropological followers Jean Ensminger and James Acheson, defines institutions as 'the rules of the game'. Their favourite example is property, which is often taken (by Friedrich Hayek, for example) to provide the fundamental incentive structure for all economies. In an early study, economist Harold Demsetz (1967) drew on ethnographic and ethno-historical data to argue that the emergence of private property rights could be explained as internalization of externalities by individual choice-making actors. In other words, you would take the trouble to construct a fence when the anticipated benefits of doing so exceed the costs. At much the same time, Garret Hardin (1968) claimed in his essay on the 'tragedy of the commons' that systems of open access were bound to lead to degradation of the environment. The methodological individualism underpinning these claims has since been refuted. Elinor Ostrom (1990), primarily a political scientist, won a Nobel prize in economics for showing that local communities are perfectly capable of governing the commons efficiently when given a chance to do so.

Property attracted a lot of attention around the turn of the new millennium. It is a highly contested field in which there is disagreement over even the most basic concepts. While economists like North and Demsetz assume that the efficiency of economic organization must be decisive, legal scholars point out that property systems have many other social functions that are not reducible to economic efficiency. For some anthropologists, the very concept of property is irreducibly Eurocentric and therefore inappropriate for studying regions such as Melanesia. Economic anthropologists generally occupy the middle ground in these debates. How people hold objects of various kinds varies greatly, but property rules are everywhere significant in constraining production and consumption. Much depends on the object itself. Most people would be happier to lend you their bicycle, or even their computer, than they would their toothbrush. Most field crops may be efficiently cultivated by household units, which tend to perform and look after their resources better if they can pass the fields on as private property to their children and grandchildren. On the other hand, both efficiency and equity often make some form of collective ownership optimal for the exploitation of forests. In any case, the common property solutions analysed by Ostrom will only work if the rules are carefully specified and respected on all sides.

New institutionalists have addressed many themes other than property, with varying degrees of sophistication. Jean Ensminger (1992) showed in her influential study of Northern Kenyan pastoralists how the impact of markets transformed local lives within a few decades, mainly for the better. New institutions emerged to reduce actors' uncertainty as well as their 'transaction costs'. These include the costs of gathering information before a purchase is made, and those involved in bargaining before a contract is signed. Economists define transaction costs as the consequence of opting for the market in the first place, instead of producing the good yourself. In Ensminger's Kenyan case, considerable benefits accrued to individuals as a result of the breakdown of collective land tenure. Although the language has changed, her analysis has much in common with Schneider's (1974) formalist case for the benefits of modern commerce

in Africa, as opposed to Bohannan's more catastrophic view, discussed in chapter 4.

Janet Tai Landa (1994) has been less convincing in rewriting Malinowski's classic *kula* study. As an economist, she holds that the Trobrianders' ceremonial exchanges are really just devices to facilitate utilitarian trade or *gimwali*, which would otherwise be too risky to pursue in an environment that lacks central political and legal institutions. Similar arguments have been made before by anthropologists such as J. Singh Uberoi (1962). That individual actors make rational calculations when they conduct exchanges was clear enough from Malinowski's original descriptions, although these implied more complex political and social deliberations than could be embraced by a narrow economic analysis. Landa identifies a second order of rationality: the islanders' participation in *kula* expeditions depends on the benefits exceeding the costs. In this way, an NIE approach moves beyond mere ethnographic description, allowing practitioners to link rational choice at the micro level to evolutionary theories. But its flaws are obvious. Identifying the 'rules of the game' is not enough to predict economic outcomes. We also need to understand how the rules are implemented in different social contexts, as well as the beliefs and values of the economic actors. Just as with the formalists, in the absence of contextual ethnography it turns out that NIE models have little if any predictive power.

A hankering after science is also evident in fields such as experimental economics and neuro-economics. Game theory and the invention of the brain scanner raised hopes in some quarters that the questions that have driven economic anthropology since its nineteenth-century origins could at last be resolved. One impetus came when economists and psychologists had students play the 'ultimatum game' in laboratory experiments on American university campuses. In this game, one person is given a sum of money and instructed to make an offer to the other player. If the latter accepts, they will both walk away with their proceeds. A rejection leaves both players without gain. The results showed that considerations of fairness lead actors to deviate from the model of *Homo economicus*. Joseph Henrich saw the potential to carry out the same game in different parts of the world, to see if 'culture' made a difference. As one would expect, people who are well familiar with the workings of a market economy tend to behave in more 'selfish' ways, while those who live in an economy that depends on cooperation tend to make more generous offers when playing this game (Henrich 2004).

But, it is hard to ensure that such experiments are carried out under comparable conditions. Beyond that, it is not clear what is being measured when this game is played in small-scale remote societies, under the control of the Western social scientists. The reader is given only minimal information about the economic context of the group being researched or on the everyday routines to which the game players must return once the researchers have departed. Henrich has tried to build bridges to economists and, like Malinowski, he has published his results in a leading economics journal. He has also sought to engage with biological anthropologists and other evolutionists. His attempt to renew a nineteenth-century agenda forms part of a new rapprochement between economics and psychology; but it has not yet had a significant impact on economic anthropologists.

Early results in the fast-growing field of neuroeconomics, where the principal technique is the application of brain imaging to analyse decision-taking, have also posed problems for the basic assumptions of neoclassical economics. For example, observed neural activity seems to show that many people obtain *direct* utility from their monetary gains, though according to the pure theory money is supposed to be wanted *indirectly*, in order to satisfy other wants. The premise of *Homo economicus* is seriously undermined when neuroscientists show calculating reason to be limited to one small section of the brain (the front). Rational choice theories may work well enough for relatively simple, pragmatic short-term choices, but the decisions which matter in life are determined elsewhere (even if some persons, and the social scientists studying them, may provide spurious retrospective

rationalizations). Since emotional factors intrude in unpredictable ways to distort our conscious, cognitive processes, economic theory has no predictive power even in this domain. Thus the maximizing precepts of game theory are frequently breached; trust and credit are readily extended when a prospective partner is thought to have a good reputation. Anthropologists can take up the story by analysing the real-life determinants of reputation and the social relations which condition powerful emotional drives such as greed and prejudice. We can expect to find considerable variation within as well as between societies. For example, professionals such as medical practitioners like to think that their decisions are supremely rational, based only on the needs of their patients. But with the help of a brain scanner it can be shown that their prescriptions are in fact susceptible to influence by the gifts they receive from pharmaceutical corporations, thereby confirming the rationality of the companies' promotional activities. If the doctors in this study imagined they were immune to external influence, they were deluding themselves (Zaloom 2008).

The Anthropology of Money

If graduates of the elite universities tended to choose banking as a career during the decades of the credit boom, the anthropology of money too has enjoyed a revival of late. We have become less willing to inhabit one half of the divide between modern and traditional economies. Not coincidentally perhaps, anthropologists' traditional aversion to money has shifted towards recognizing some of its positive features for ordinary people. Anthropologists and sociologists have long rejected the impersonal approach to money and markets offered by mainstream economics. Normal people refuse to treat the cash in their possession as an undifferentiated thing, choosing rather to 'earmark' it – reserving some for food bills, some as holiday savings and so on (Zelizer 1994). This is particularly the case in areas that remain largely invisible to the economists' gaze, especially domestic life. People everywhere personalize money, bending it to their own purposes through a variety of social instruments. This was the message too of Jonathan Parry and Maurice Bloch's influential *Money and the Morality of Exchange* (1989).

The contributors to this collection of small-scale case studies in non-Western societies share the view that indigenous societies take modern money in their stride rather than being subject to its impersonal logic. The underlying theory is familiar from Durkheim. There are two circuits of social life: one, the everyday, is short-term, individuated and materialistic; the other, the social, is long-term, collective and idealized, even spiritual. Market transactions fall into the first category, but all societies seek to subordinate them to the conditions of their own reproduction, the second. For some reason, which the authors do not investigate, money has acquired in Western economies a social force all of its own, whereas the rest of the world retains the ability to keep it in its place. So here too we have a hierarchy of value where modern money comes second to the institutions that secure society's continuity. When money and markets are understood exclusively through impersonal and asocial models, awareness of this neglected dimension is surely significant. But the economy exists at more inclusive levels than the person, the family or local groups, and this would not be possible without the impersonality of money and markets. Money, much as Durkheim (1912) argued for religion, is the principal means for us all to bridge the gap between everyday personal experience and a society whose wider reaches are impersonal.

Money, as a token of society, must be impersonal in order to connect individuals to the universe of relations to which they belong. But people make everything personal, including their relations with society. This two-sided relationship is universal, but its incidence is highly variable. That is why money must be central to any attempt to humanize society. It is both the principal source of our vulnerability in society and the main practical symbol allowing each of us to make an impersonal world meaningful.

Malinowski set a trend for anthropologists to dispute economic universals in polarized terms, juxtaposing exotic facts and Western folk theories, without acknowledging the influence of contemporary history on their own ideas. Hart (1986), echoing Polanyi (1944), identified two strands of Western monetary theory: money is a *token* of authority issued by states or it is a *commodity* made by markets. He saw the coin as a metaphor for the two sides of money. One carries the virtual authority of the state; it is a *token* of society, the money of account (*heads*). The other says that money proper is itself a *commodity*, lending precision to trade; it is a real thing (*tails*). The two sides are related to each other as top to bottom; but, rather than acknowledge the interdependence of top-down and bottom-up social organization ('heads *and* tails'), economic policy in the Anglophone countries swings wildly between the two extremes ('heads *or* tails?').

> Anthropologists have to be capable of comparing their exotica with a more profound picture of ideas and realities in the industrial world that sustains us. Conventional economic reasoning fails to enlighten us because it is so unremittingly one-dimensional. The coin has two sides for a good reason – both are indispensable. Money is at the same time an aspect of relations between persons and a thing detached from persons. (Hart 1986: 638)

The dominant view holds that money, especially in the form of precious metals, is just a convenient means of exchange or barter between individuals who hold private property in what they buy and sell. A minority view argues that the state has always underwritten the issue of money, mainly as a way of guaranteeing payment of taxes. The bureaucratic power of states rests on coercion. Revenue collection depends on the authorities being able to force people to pay through the threat of punishment; and 'sovereignty' is indispensable to this. But what if money came from the people instead? The German romantic tradition holds that money expresses the customs of a nation (*Volk*). Various English liberals too have considered bank money to be an expression of trust within communities, locating value in institutional guarantees for personal management of credit and debt. Anthropologists, in clinging to oversimplified notions of Western economic ideas, have failed to learn from complex intellectual traditions that long predate their entry into this field.

In recent years there has been a veritable deluge of anthropological work on money, including a spate of studies of financial institutions. This work aims to humanize the anonymous institutions that govern our lives; and some of it does begin to bridge the gap between readers' everyday experience and the global economy. Jane Guyer's extensive research on money has culminated in *Marginal Gains: Monetary Transactions in Atlantic Africa* (2004). Her study epitomizes the course we chart for economic anthropology in this book. Starting from a foundation of prolonged ethnographic research in Cameroon and Nigeria, she identifies here an indigenous commercial civilization in the West/Central African region that is at least three centuries old. It is based on manipulation of multiple ordinal scales according to status differences. This distinctive approach to commerce has eluded not only the historians of European mercantilist expansion, but also the ethnographers whose narrow particularism and lack of historical depth made them as ignorant as foreign traders of the regional economic system they were encountering. Guyer rejects Bohannan's discourse of 'spheres of exchange' (chapter 4) and has subsequently taken her African discoveries to a wide-ranging analysis of economic institutions in countries like the United States and Britain, where she has lived.

Money is also a 'memory bank' (Hart 2000), a store allowing individuals to keep track of those exchanges they wish to calculate and, beyond that, a source of economic memory for the community. The modern system of money provides people with a wide repertoire of instruments to keep track of their exchanges with the world and to calculate the current balance of their worth in the community. In this sense, one of money's chief functions is *remembering*. If the proliferation of personal credit today could be seen as a step towards

greater humanism in economic life, this also entails increased dependence on impersonal governments and corporations, on impersonal abstraction of the sort associated with computing operations, and on impersonal standards and social guarantees for contractual exchange. If persons are to make a comeback in the post-modern economy, it will be less on a face-to-face basis than as bits on a screen which sometimes materialize as living people in the present. We may become less weighed down by money as an objective force, more open to the idea that it is a way of keeping track of complex social networks that we each generate. Then money could take a variety of forms compatible with both personal agency and human interdependence at every level from the local to the global.

It is not enough for economic anthropologists to emphasize the controls that people already impose on money and exchange as part of their personal practice. That is the everyday world as most of us know it. We also need ways of reaching the parts of the macro economy that we don't know, if we wish to avert the ruin they could bring down on us. This was what Georg Simmel (1900) had in mind when he said that money is the concrete symbol of our human potential to make universal society.

Conclusion

The great debate of economic anthropology's 'golden age' gave way to critical approaches in the 1970s, of which Marxism and feminism were the most prominent strands. Formalism lived on principally as New Institutional Economics (NIE). This institutionalism consists mainly in extending market models and rational choice approaches into new areas, while relying heavily on the concept of 'transaction costs'. It is far removed from the older institutional economics of Veblen and Polanyi and is perhaps best seen as a variant of the 'business' paradigm whose standard-bearer in the academy has long been neoclassical economics. Jean Ensminger represents

NIE as a heroic battle to keep the ship of science on course against the raging tide of post-modernism. But her work is better seen as an extension of the line from Raymond Firth, through Schneider's formalism and Barth's transactionalism, that encourages ethnographers to employ the rhetoric of rational choice while addressing the institutional complexity of concrete ethnographic situations. Cross-cultural applications of game theory aim to establish systematic links between cultural and biological evolution; but the results to date have been unimpressive. *Homo economicus* has once more been shown to be inadequate, but the attribution of observed economic variations to 'culture' seems rather vacuous.

Many anthropologists have tried to open up the black box of 'culture' as a window on economy, with varying results. The best studies manage to combine an ethnographic sensitivity to the 'social life of things' with recognition that cultural valuation itself is shaped by inequalities of wealth, power and status reproduced by economic processes. Economic anthropologists have largely dropped the causal links postulated by Marxists; they have abandoned the toolkits of both formalists and substantivists; and they have practically ceased to exist as an intellectual community. Taking a more positive view, however, we could claim that the cultural turn has fulfilled the substantivists' aspiration to transcend the pseudo-universalism of bourgeois economic categories by demonstrating through ethnography that they constitute just another local model and an unattractive one at that. From this perspective, the renewed focus on money and everyday morality seems especially promising. The technology of brain scanning allows the investigator to explore domains not available to ordinary human subjects, but it cannot substitute for investigations of actual economic behaviour. The moral norms that condition all our activities are not 'hard-wired', but rather respond to changing political and ideological contexts.

It was clear even at the time that the 1970s were a watershed. The following decade saw the first applications of a neoliberal ideology that had been threatening Keynesian

hegemony for some time (not least inside economics itself, where Chicago's Milton Friedman was the chief apostle of 'monetarism' and 'the free market'). Margaret Thatcher led the drive for ever more privatization. This was primarily a response to crisis in the advanced Anglophone countries, but, although the era of colonialism was formally over, the new policies were first tested on developing countries, under the label of 'structural adjustment'. The *annus mirabilis* of 1989 brought, if not the 'end of history' (Fukuyama 1992), at least the end of COMECON's attempt to offer a viable alternative to the capitalist world market. This is the wider context within which we need to place recent developments in economic anthropology. Any revitalization of the field depends on our being able to engage directly with processes of world-historical transformation at many levels. In the next three chapters we examine how economic anthropology has engaged critically with the great questions of our moment in world history: unequal development, the socialist alternative and global capitalism.

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Unequal Development

The Victorians who launched modern anthropology could not help but notice that the world around them was changing rapidly. We now know that this was as a result of the machine revolution unleashed by industrial capitalism, but for them the question was rather how to explain the relative ease with which people of European descent had taken over the world. They found world society to be a racial hierarchy with peoples of different colour ranked by their cultural competence; and anthropology was a way of understanding how this came about. Hence the main concern of nineteenth-century anthropology was not with the universal properties of human nature, but with 'evolution', a process that could only be approached by considering world history as a whole. This method was discredited by its obvious association with racist imperialism. Anthropology's turn to ethnography in the last century was linked to the replacement of empire with a world system of independent nation-states based on the right of people everywhere to defend their own way of life. One consequence was that anthropologists lost the global outlook of their eighteenth- and nineteenth-century predecessors and, for the most part, the critical ability to understand the present as transitional to a better future.

To some extent, the anthropological study of 'development' in the last half-century has been an exception to this trend. Like the other questions of modern economic history to which we now turn, the study of development has required

anthropologists to engage with social change at a more inclusive level. Not everything carried out in its name could be understood as economic anthropology; but once anthropologists abandoned the premise that the peoples we studied were somehow separate from world society in the making, the development of the former colonial world came to occupy a central position in our discipline. We have noted in chapter 5 that Eric Wolf, Sidney Mintz and Jack Goody, in their very different ways, stand out for having devised projects of anthropological history capable of addressing how our world became so unequal. The radical critiques launched by Marxists and feminists contributed in their own way, but they lacked Marx and Engels's world-historical vision.

The ultimate goal of the drive for 'development' in the postwar decades was a better world in which the rich might join poor countries to seek ways of improving the latter's economic prospects. Seen in this light, 'development' could be seen as a revival of Victorian evolutionism. In what follows, we first ask what the term 'development' means, then how we might approach our unequal world as an object of study. We sketch anthropology's place in development studies and the development industry more generally, before looking in more detail at Africa and the idea of an 'informal economy', which has been anthropologists' most influential contribution in this field. Finally, we ask if the world has moved 'beyond development'.

Development in an Unequal World

In 1800 the world's population was around 1 billion. At that time only one in forty people lived in towns and cities. The rest lived by extracting a livelihood from the land. Animals and plants were responsible for almost all the energy produced and consumed by human beings. Two centuries later, world population had reached 6 billion. The proportion living in cities was close to a half. Inanimate energy sources converted by machines now accounted for the bulk of production and consumption. For most of this period, the human population has been growing at an average annual rate of 1.5 per cent; cities at 2 per cent a year; and energy production at around 3 per cent. This last figure is double the rate of population increase, a powerful index of the economic expansion of the last 200 years. Many people live longer, work less and spend more than they did before. But the distribution of all this extra energy has been grossly unequal. A third of all human beings still work in the fields with their hands. Americans each consume 400 times more energy than the average Ugandan, for example.

'Development' thus refers in the first instance to this hectic dash of humanity from the village to the city. It is widely assumed that the engine driving this economic growth and the inequality it entails is 'capitalism', which we examine more carefully in chapter 8. 'Development' then comes to mean trying to understand both how capitalist growth is generated and how to make good the damage capitalism causes in repeated cycles of creation and destruction ('creative destruction', as Joseph Schumpeter put it). A third meaning refers to the *developmental state* of the mid twentieth century: the idea that governments are best placed to engineer sustained economic growth with redistribution. Pioneered by fascist and communist states, this model took root in the late colonial empires around the Second World War and became the norm for developed and newly independent countries afterwards, at least until the 1970s.

The most common usage of 'development' over the last half-century, however, refers to the commitment of rich countries to help poor countries become richer. In the wake of the anti-colonial revolution, such a commitment was real enough, even if the recipes chosen were often flawed. But after the watershed of the 1970s, this commitment has faded. If, in the 1950s and 1960s, the rapid growth of the world economy encouraged a belief that poor countries too could embark on their own enrichment, from the 1980s onwards 'development' has more often meant freeing up global markets and applying sticking plaster to the wounds inflicted by exploi-

tation and neglect. Development has thus been a label for political relations between rich and poor countries after colonial empire; for some decades it went in tandem with 'aid' but the preferred term nowadays is 'partnership'.

There are massive regional discrepancies in experiences of development since the collapse of European empires. After the anti-colonial revolution unleashed by the Second World War, many Asian countries installed successful capitalist economies, with and without Western help, eventually bringing about the eastward shift in the balance of global economic power that has accelerated in recent years. But other regions, especially Africa, the Middle East and much of Latin America, have stagnated or declined since the 1970s. These divergent paths have led to the circulation of a variety of development models, with an Asian emphasis on authoritarian states (notably China's, see chapter 7) being opposed to Western liberalism, and radical political alternatives coming out of Latin America in particular.

After the Second World War, there were two decades of general economic growth and relatively strong states (the 1950s and 1960s), followed later by decades of economic stagnation and weakened states. By the 1980s, in the aftermath of the oil shocks and 'stagflation' of the 1970s and with neoliberal conservatives in power, development was no longer seriously on the agenda. Instead the drive was to open up the world's economies to capital flows ('structural adjustment'), if necessary at the expense of states' ability to govern; and debt interest payments became a huge income drain from the poor countries.

Since the formation of the United Nations in 1945, it has become normal to collect statistics on the world population; but thinking about humanity as a single entity has not yet taken hold. It is about time that it did. World society today is like the advanced centres of agrarian civilization before the modern revolutions swept them away (Hart 2002). More than two centuries of political struggle and economic development have left the world in a condition similar to France's Old Regime when Jean-Jacques Rousseau wrote his discourse on inequality (chapter 1). How else can one describe a situation in which a socially exclusive minority controls an impoverished mass whose powerlessness is now measured by how little money they have to spend? The latest wave of the machine revolution has granted one man a net worth of $40 billion and dominance of the global information industry, while billions of people lack material essentials, not to mention access to the internet.

There are two pressing features of our world: the unprecedented expansion of markets since the Second World War and massive economic inequality between rich and poor nations. Becoming closer and more unequal at the same time is an explosive combination. *Forbes* magazine reported in March 2009 that the top ten richest individuals had a net worth between them of $250 billion, roughly the annual income of Finland (population 5 million) or of middle-ranking regional powers such as Venezuela (28 million), South Africa (49 million) and Iran (72 million). The same sum of a quarter of a trillion dollars equals the total annual income of twenty-six sub-Saharan African countries with a combined population of almost half a billion, or one in twelve of all those alive today.

Providing adequate food, clean water and basic education for the world's poorest people could be achieved for less than the West spends annually on make-up, ice cream and pet food. Car ownership in developed countries is 400 per 1,000 persons, while in the developing countries it is below 20. The rich pollute the world fifty times more than the poor; but the latter are more likely to die from the pollution. A United Nations Development Program *Human Development Report* (1998) claimed that world consumption has increased sixfold in the previous two decades; but the richest 20 per cent accounted for 86 per cent of private expenditure, the poorest 20 per cent for only 1.3 per cent. Africa, with a seventh of the world's population, has 2 per cent of global purchasing power.

The apartheid principle of separating rich and poor spatially is to be found everywhere in local systems of discrimination,

more or less blatant. But the Caribbean Nobel-prizewinning economist Arthur Lewis (1978) made a plausible case that twentieth-century world society was constructed along racial lines at a particular historical conjuncture. In three decades leading up to the First World War, 50 million Europeans left home for temperate lands of new settlement (three-quarters of them for the United States); the same number of Indians and Chinese ('coolies') were shipped to the colonies as indentured labourers. These two streams of migrants had to be kept apart since, although their work and skill-level were often similar, whites were paid on average 9 shillings a day, while Asians received 1 shilling a day. In those areas where Asian workers were allowed to settle, the price of local wage-labour was driven down to their level. Western imperialism's division of the world into countries of dear and cheap labour at this time had profound consequences for their subsequent economic development. Demand in high-wage economies is stronger than in their low-wage counterparts. World trade has been organized ever since in the interests of the better-paid, with tax-rich states subsidizing their farmers to dump cheap food overseas at the expense of local agricultural development, while preventing poorer countries' manufactures from undermining the wages of industrial workers at home.

Anthropologists and Development

For a half-century now, Development Studies has offered an interdisciplinary space within an increasingly formalized academic division of labour. The theories animating this field have shifted along with world history. In the 1950s and 1960s, the dominant approach was *modernization*, the idea that poor people should become more like the rich. This meant replacing 'traditional' institutions with 'modern' ones, adopting a 'bourgeois package' that consisted of cities, capital, science and technology, democracy, the rule of law and education for all. Increased inequalities were held to be acceptable, since the benefits of progress would eventually 'trickle down' to improve general living standards. Around 1970, it became clear that this wasn't working and Marxist theories became more widely accepted. These took the view that *underdevelopment* and *dependency* were caused by poor countries participating in a *world system* controlled by and for the rich capitalist countries. Development under these circumstances required them to withdraw from what was essentially a zero sum game, redistributing the wealth of the periphery to the core. This theory has echoes of Foster's (1965) peasant image of limited good.

From the 1980s, with the rise of neoliberalism, the focus of development theory moved away from the state's role in engineering national capitalism, the attempt to control markets, money and accumulation through central bureaucracy for the benefit of all citizens (see chapter 2). Now the focus was on making markets work and getting prices right. This emphasis signalled the growing power of economics in contrast to an earlier inter- and multi-disciplinary approach to development thinking and practice. The development industry was controlled in the 1950s by engineering firms, since it was assumed that development meant blowing a hole in the rock and filling it with water. Around the 1960s economists, largely in an accountancy role, pointed out that development costs money and is supposed to yield economic returns, so cost–benefit analysis was introduced. Then it was discovered that the supposed beneficiaries of development – and the likely cause of planning failures – were people; so, from the 1970s, anthropologists and other 'soft' social scientists were recruited to monitor 'the human factor'. The neoliberal revolution of the 1980s installed the economists in full command and Development Studies' interdisciplinary ethos was effectively sidelined. The rationale for a separate area of academic study labelled 'development' was called into question.

This was the triumph of neoclassical economics, a version moreover that insisted on the totalizing primacy of mathematical modelling and econometrics, as well as on a highly technical concern with measurement, often directed to quantifying 'poverty'. Ever since the industrial revolu-

tion, elites had been concerned to measure the material progress and deterioration of the poor urban masses. This concern now took a specific technical form. While mathematics, modelling and measurement all have their uses, we should also recognize their limitations. Another Nobel Prizewinning economist, Wassily Leontief, complained that 'uncritical enthusiasm for mathematical formulation tends often to conceal the ephemeral content of the argument' (1977: 25).

It would be no exaggeration to say that the development industry has been a site of class struggle between the bureaucracy, both national and international, and the people, however they are classified. Human lives were overridden by bureaucratic planning recipes that could not accommodate people's real interests and practices. In a neoliberal climate this observation could be assimilated to a critique of the state, the core of bureaucratic order. Consequently, states were bypassed as corrupt and ineffective, their place taken by NGOs, which are of course bureaucracies in addition to not being governments. The multilateral agencies too, who took it on themselves to coordinate development, have constantly struggled with the contradiction between their bureaucratic nature and the desire to stimulate self-organized human initiatives on the ground that are usually stifled by rational controls.

Anthropologists' role in all this changed as the world changed. Malinowski had encouraged members of his LSE seminar to take up applied anthropology. Some British anthropologists played a significant role in colonial administration; but in the heyday of independence, any collaboration with empire became something of an embarrassment and anthropologists were generally excluded from the development business. This began to change in the 1960s, when scholars like Raymond Apthorpe (1970) pioneered anthropologists' re-entry as applied social scientists. They brought with them a method of long-term immersion in fieldwork, an ideology of joining the people where they live, concepts drawn from ethnographies around the world and a general indifference or hostility to numeracy, literate records and all the techniques of bureaucracy. They were asked to fill in the human dimension of development as a complement to the dominant work of the economists and the engineers, usually at short notice, for curtailed periods and with the expectation of meeting standards of presentation they had never known before. But they had the people card to play ('I have been there and you have not'). Sometimes they were able to make short visits to places they already knew well, which mitigated the inadequacies of short-term commissions. This later became commonplace, as senior academics with a long record of involvement in a region have been drawn upon for their accumulated expertise rather than for some quick fieldwork exercise.

The anthropologists soon found out that they were in the middle of a class war. They could take up one of three positions. They could inform on the people for the benefit of the bureaucracy. They could take the people's side as advocates for their interests. Or they could try to sit on the fence as mediators, offering interpretations of the people to the bureaucracy and of the bureaucracy to the people. The option most frequently chosen was the last, the one most compatible with anthropologists' romantic penchant for the lone-ranger role. As individualists, their natural position was in the gaps between all and sundry.

Apart from this political bind, there was the sheer contradiction between the ethnographic paradigm and the development process itself. Development was after all a revival of that Victorian evolutionism that ethnographers had flatly rejected at the turn of the twentieth century. It is not easy to devise a way of studying the world that might help people to realize new possibilities from actual social conditions. In the postcolonial decades, many anthropologists struggled with trying to incorporate the history of nation-states and capitalism into their local inquiries. But this encouraged a critical perspective on contemporary society that made the world of development institutions seem even more alien. An awkward situation resulted: traditional ethnographers lacked the means of engaging with development problems, and

critical anthropologists who were open to historical materialism and related dialectical methods were often too suspicious of the development industry to consider joining it.

The situation from the 1980s onward was different again. Anthropologists with experience of doing fieldwork in exotic places (or just trained for that possibility) were now seen as suitable personnel for the administration of development worldwide. This went along with a reduction in the scale of development programmes to quite specialized local projects, since serious commitment to reducing the gap between rich and poor had by then long been abandoned. A new specialization called the 'anthropology of development' arose, seeking to formalize the involvement of anthropologists in development bureaucracies. Techniques like Rapid Rural Appraisal were embraced, whatever violence they did to fieldwork traditions. Under headings such as 'participatory development', anthropologists did their best to enable local people to have a say in the projects that would transform their communities. Particular attention was paid to the needs of poor and marginalized groups, and of course to women.

The Anthropology of Development in Africa

The project of developing Africa took hold in the late colonial period, around the time of the Second World War and immediately after. But independence from colonial rule brought a new dimension to the search for economic development there. In 1960 Ghana had a bigger economy than Indonesia's and per capita income on a par with South Korea. But the economic failures of subsequent decades led to the situation today in which Africa is the prime symbol of poverty and disorder in our world.

West Africa offers one of the most striking examples of indigenous capitalism in modern economic history. The period from the 1880s to the First World War saw an explosion in the mass production and consumption of commodities, much of it based on raw materials located in territories that were rapidly being acquired as colonies. This usually meant European-owned mines (gold, copper, bauxite) and plantations (tea, rubber, oil palm) employing a mixture of local and indentured Asian labour. The cocoa industry was an exception. It arose in the rainforests of the Gold Coast (now Ghana) without the help or knowledge of the colonial regime. Although many other countries joined in later, Ghana still supplied almost half of the world market at the time of independence.

Despite this, little was known about the indigenous producers. They were assumed to be African 'peasants' earning a little extra by adding cocoa to their subsistence farms. Polly Hill, in *Migrant Cocoa-Farmers of Southern Ghana* (1963), traced the industry to its origins at the turn of the century. She was able to show that the cocoa farmers were an authentic modern class, migrant entrepreneurs opening up virgin forest in companies capable of hiring Swiss construction firms to develop the infrastructure that they needed and that the colonial authorities could not provide. Her study, combining historical records with fieldwork, documented the complexity of the social organization involved. All of the new farmers were migrants; most of them came from families that had accumulated wealth from earlier export trades, such as slavery and rubber; their level of education was often high. They invented a new institution, *abusa*, a means of recruiting migrant labourers to work on the basis of a one-third: two-thirds division of the crop. Mainstream economists have struggled to explain sharecropping, which according to their simplified models leads to less efficient outcomes than a 'free' labour market. Anthropologists on the other hand have shown why, for vulnerable, risk-averse cultivators who place a high value on equitable solutions, it can be economically as well as socially advantageous (Robertson 1987). In this Ghanaian case, Hill was sure that the cocoa industry was capitalist from the beginning; but this capitalist class did not capture the state. The first post-independence government, led by Kwame Nkrumah, was based on a coalition of interests opposed to the Ashanti region where the majority

of cocoa farmers lived. Their wealth was squandered by this new ruling class, the industry declined and Ghana's economy suffered a reverse from which it is only now re-emerging.

It would be hard to exaggerate the contrast between Hill's discovery and the conventional thinking of development economists and administrators at the time (and since). She summed this up in *Development Economics on Trial* (1986). Her work has barely been absorbed by anthropologists because it contradicts deep-seated racist convictions about Western economic leadership and African backwardness that have proved harder to discard than the more overt forms of evolutionist theory.

Polly Hill's example was taken up by younger anthropologists who were also concerned to explore the roots of stagnation and dynamism in West African agriculture. Hart (1982) argued that independence from colonial rule was based on a contradictory premise, namely that modern states could be built on the back of traditional small-scale agriculture adapted to producing for the world market. Either capitalism would grow sufficiently in key agricultural and industrial sectors to support these new states or the latter would sink to a level compatible with the economy, much as Haiti had after its revolution two centuries before. What happened subsequently confirmed the pessimistic scenario.

Paul Richards (1985) drew on ecology and geography more than on political economy. He took a more positive view of West African farmers' ability to overcome problems of production by using their own knowledge systems and experimental methods, as opposed to the ready-made external solutions proffered by the technocrats of the 'green revolution'. Unfortunately, Sierra Leone, the country in which he carried out field research, soon became a 'failed state' and indigenous science was not of much use to people whose fields were overrun by a vicious civil war.

From the beginning there was a tendency to cleanse development bureaucracy of considerations of power, class and politics. Overlooking the violent social upheavals and struggles that characterize development makes it harder to understand the savage inequality typical of the South, not least in Africa. James Ferguson (1990) coined the apt phrase 'anti-politics machine' to describe this tendency. Based on anthropological research in the landlocked enclave of Lesotho, Ferguson argued that the World Bank's profile of that small country represented it as remote and isolated, a hopeless place cut off from the rest of the world by mountains and cultural tradition. In contrast, he demonstrated Lesotho's strong links to South Africa, especially as a migrant labour reserve for the mines (cf. Schapera 1947). In the Bank's sanitized version of development, the same policies devised for Sri Lanka or Peru should apply in Lesotho. It is politics that makes these countries different and that dimension is normatively excluded by a narrow focus on poverty alleviation.

Africa appears in the Western media as little more than a playground for the four horsemen of the apocalypse: pestilence, war, famine and death. Yet the continent's population is growing at 2.5 per cent a year and is projected to reach 1.8 billion by 2050, about a quarter of humanity. Starting the twentieth century as the least densely populated and urbanized major region in the world, Africa is now close to the global average on both counts, having experienced a population explosion and urban revolution of unprecedented speed and size. The Asian manufacturing exporters have been quicker than the West to grasp the significance of Africa's potential share of the world market. The continent's development prospects could improve considerably in the coming half-century, with the region's sole capitalist power, South Africa, and newcomers like China playing major roles.

The Informal Economy

Anyone who visits the sprawling cities of what was once called 'the Third World', which have accounted for the bulk of global urbanization since 1945, will get a vivid impression of what Mike Davis (2006) calls 'a planet of slums'. Their streets are teeming with life, a constantly shifting crowd of

hawkers, porters, taxi-drivers, beggars, pimps, pickpockets, hustlers – all of them getting by without the benefit of a 'real job'. There is no shortage of names for this kind of early modern street economy with which readers of Dickens have long been familiar. Terms like 'underground', 'unregulated', 'hidden', 'black' and 'second' economies abound. If anthropologists' engagement with development has been an uneasy compromise between bureaucratic employment, ethnography and critique, the profession has contributed at least one idea to the theory and practice of development: the idea of an informal economy.

Before he launched the 'cultural turn' in anthropology, Clifford Geertz wrote four books in the 1950s and 1960s on economic development, the most important of them being *Peddlers and Princes* (1963), an examination of two faces of Indonesian entrepreneurship. The majority of a Javanese town's inhabitants were occupied in a street economy that he labelled 'bazaar-type' after the dominant local economic institution, the *suq*. The 'firm-type' economy consisted largely of Western corporations who benefited from the protection of state law. These had *form* in Weber's (1922a) sense of 'rational enterprise', being based on rules, calculation and the avoidance of risk. National bureaucracy lent these firms a measure of protection from competition, thereby allowing the systematic accumulation of capital. The 'bazaar' on the other hand was individualistic and competitive, so that accumulation was well-nigh impossible. Geertz identified a group of Reform Moslem entrepreneurs who were rational and calculating enough to satisfy Max Weber on ideological grounds; but they were denied the institutional protection of state bureaucracy granted to the existing corporations and so their version of capitalism remained stunted at birth. Here and in his later work on the Moroccan *suq* (1979), Geertz pointed out that modern economics uses the bazaar model to study the decisions of individuals in competitive markets, while treating as anomalous the dominant monopolies protected by state bureaucracy. Economists found this model in the late nineteenth century, just when a bureaucratic revolution was transforming mass production and consumption along corporate lines and the more powerful states were consolidating national capitalism.

Geertz's Javanese bazaar essay was twinned with another on Bali. There, some members of a caste of royal princes had taken up owning factories, the main point of which was to keep an army of political supporters employed. Their management of these enterprises owed little or nothing to the principles of economics. They kept their workers on under all circumstances, regardless of profit, since what mattered was maintaining followers. This story could be seen as an ironic allegory of socialism, the other side in the Cold War and the subject of the next chapter.

Most readers of this book live substantially inside what we may call the formal economy. This is a world of salaries or grants, payments of rent or towards a mortgage, clean credit ratings, fear of the tax authorities, regular meals, moderate use of stimulants and good health cover. Of course households suffer economic crises from time to time and some people feel permanently vulnerable, not least students. But what makes this lifestyle 'formal' is the regularity of its order, a predictable rhythm and sense of control that we often take for granted.

After completing a doctorate based on field research in a West African city slum, where he found this implicit approach to the economy highly inappropriate, Hart (1973) tried to communicate his ethnographic experience to development economists. Lewis's (1978) dualistic model of developing economies was very influential at the time and the conceptual pair 'formal/informal' grew out of an attempt to figure out what happened to agricultural labour when it migrated to cities whose markets were only weakly organized by industrial capitalism. The formal and informal aspects of an economy are linked of course, since the idea of 'informality' is entailed by the institutional effort to organize society along formal lines. As we noted when discussing formalism in chapter 4, 'form' is *the rule*, an idea of what ought to be universal in social life; and for most of the twentieth century the

dominant forms have been those of bureaucracy, particularly of national bureaucracy, since society has become identified to a large extent with nation-states.

In development policy-making circles, the global crisis of the early 1970s manifested itself as fear of 'Third World urban unemployment'. Cities there were growing rapidly, but without comparable growth in 'jobs', conceived of as regular employment by government and the corporations. It was held by Keynesians and Marxists alike that only the state could lead an economy towards development and growth. The question was therefore: how are 'we' (the bureaucracy and its academic advisors) going to provide the people with the jobs, health, housing etc. that they need? And what will happen if we don't? The spectre of urban riots and even revolution raised its head. 'Unemployment' evoked images of the Great Depression, of crowds of broken men huddling on street corners.

This whole story didn't square with Hart's fieldwork experience over two years in the slums of Accra. He wanted to persuade development economists to abandon the 'unemployment' model and embrace the idea that there was more going on in the grassroots economy than their bureaucratic imagination allowed for. He had no ambition to coin a concept, just to insert a particular ethnographic vision of irregular economic activity into the on-going debates in the development industry. But a report on Kenya for the International Labour Office (1972) did want to coin a concept – 'the informal sector' – and that is what it has subsequently become, a keyword helping to organize a segment of the academic and policy-making bureaucracy. So it would be fair to say that the idea of an 'informal economy' has a double provenance reflecting the two sides of development: bureaucracy (the ILO) and the people (ethnography).

No one could have anticipated what happened next: under a neoliberal imperative to reduce the state's grip on 'the free market', national economies and the world economy itself were radically informalized. Not only did the management of money go offshore, but corporations outsourced, downsized and casualized their labour forces; public functions were privatized, often corruptly; the drugs and illicit arms trades took off; the global war over 'intellectual property' assumed central place in the drive for profits; and whole countries, such as Mobutu's Zaire, abandoned any pretence of formality in their economic affairs. Here then was no 'hole-in-the-wall' operation living in the cracks of the law. The market frenzy led to the 'commanding heights' of the informal economy taking over the state-made bureaucracy. So 70–90 per cent of African national economies are now said to be 'informal' and the convergence of legal and illegal forms of capitalism has reached the point where it is hard to tell them apart. In 2006, the Japanese electronics firm NEC discovered a criminal counterpart of itself, operating on a similar scale under the same name and more profitably because it was wholly outside the law (Johns 2009).

The informal economy has come a long way as a result of neoliberal globalization. Perhaps it is time to be more discriminating in our approach to unregulated economic activities. Even so, if 'development' is the aspiration to raise living standards around the world, some attempt must be made to harness the co-ordinating power of bureaucracy to the self-organized energies of the people (Guha-Khasnobis et al. 2006).

Beyond Development?

The premise of rich countries helping the poor to 'develop', first in their capacity as colonial masters and then within a framework of national independence, did have some force in the immediate post-war decades. But three decades of neoliberal globalization have undermined all that. When debt repayments have drained income from the poor countries, governments' ability to protect their citizens has been undermined by structural adjustment and aid levels have shrunk to the point of being merely symbolic, it is not surprising that many now see *development* as a hypocritical claim to moral

superiority on the part of the rich that obscures the economic realities of our world. So advocates of a 'post-development' approach have suggested that development is now over (Rahnema and Bawtree 1997). They prefer to focus on social movements, such as those brought together by a series of World Social Forums over the last decade, that challenge the premises and practices of neoliberal globalization. Critical anthropologists like Ferguson (1990) and Arturo Escobar (1996) claim that 'development' is just a way of talking ('discourse') without any real impact on actual societies, beyond cynical maintenance of a status quo in which some of the rich are getting very much richer, while the poor are definitely not getting any less poor.

In the Great Depression, Keynes (1936) offered a practical solution to national elites concerned that their governments would be overwhelmed by the poverty and unemployment generated by the economic collapse: increase the purchasing power of the masses. The rich countries today are similarly cast adrift in a sea of human misery that includes most people alive. Marx argued that the social relations of production act as so many fetters on the development of the productive forces, by which he meant that capitalist markets could not organize machine production for the benefit of society as a whole. The main fetter on developing the human economy today is the administrative power of nation-states, which prevent the emergence of new forms of world economy more appropriate to the conditions of global integration that have arisen so recently. This also prevents implementation of a Keynesian programme that would alleviate world poverty by transnational redistribution of purchasing power.

There is a great lie at the heart of modern political economy. We live in self-proclaimed democracies where all are equally free as a universal principle. Yet we must justify granting some people inferior rights; otherwise functional economic inequalities would be threatened. This doublethink is inscribed in the DNA of the modern nation-state. Nationalism is racism without the pretension to being as systematic or global. So-called nations, themselves often the outcome of centuries of unequal struggle, link cultural difference to birth and define citizens' rights in opposition to all-comers. The resulting identity, built on territorial segmentation and regulation of movement across borders, justifies the unfair treatment of non-citizens and makes people blind to the common interests of humanity.

The pervasive dualism of modern economies derives from the need to keep apart people whose life-chances are profoundly unequal. When Engels (1845) came to Manchester, he noticed that the rich lived in the suburbs and worked in the city centre; and they rode to and from their businesses along avenues whose façade of shops concealed the terrible housing conditions of the slums behind. Post-apartheid Johannesburg takes this to extremes, with the gated communities of its rich white Northern suburbs policed by private security firms, while poor blacks still crowd in monochrome townships. The apartheid principle is now to be found everywhere in local systems of discrimination, more or less blatant.

The historical relationship between the peoples of rich and poor countries is one of movement in both directions. If the decades before the First World War were an era of 'globalization' marked by mass migration of Europeans to temperate lands of new settlement and of Asian 'coolies' to tropical colonies, our own period has seen migration of the inhabitants of poor countries to the main Western centres. Western capital unified the world economy and the rise of large-scale machine industry encouraged the emergence of a high-wage economy at home separated from the cheap labour of the colonies. Now the cheapest agricultural products come from Brazil, the cheapest manufactures from China, the cheapest information services from India, and the cheapest educated migrant labour from the ruins of the Soviet empire. Following a wave of immigration from poor countries encouraged by three decades of neoliberal economic policies, Western workers are facing increased competition both at home and abroad, just as capital has become truly global for the first time by diffusing to new zones of production and accumulation, notably in Asia. Keeping high- and low-wage labour streams apart

through systematic racial discrimination has been elevated to a universal principle of world society, replicated at all levels more or less overtly.

Conclusion

Sooner or later, economic and political crises will force a reconsideration of the principles organizing the world's human economy. Anthropologists need to show not only how people organize themselves locally in the face of global inequality today, but also how society might be made more just. This involves a fundamental critique of current ideas and practices carried out in the name of 'development'. Lately there has been growing insistence in the rich countries on ecological or environmental imperatives, usually referred to as 'sustainable development'. The premise here is that the poor cannot become like the rich since there is not enough of everything to go around. Making a virtue of their own economic and demographic decline, Western (and some Asian) countries have revived a 'limits to growth' argument that was first aired in the 1970s (Meadows et al. 1972). Elites have always been concerned that unchecked population expansion by the poor was a threat to their own security and this has now reached global proportions.

The rich countries propose to cap the greenhouse gas emissions of developing countries at a lower level than those of the United States and the European Union. Brazil, India, China, South Africa and the other major players in the global restructuring of capitalism today object, not unreasonably since the West is responsible for the great bulk of the carbon dioxide already in the atmosphere. Both the Brazilian and Chinese leaders joked at the 2009 Copenhagen summit on 'global warming' that the United States is like a rich man who, after gorging himself at a banquet, then invites the neighbours in for coffee and asks them to split the bill. Imagine how Germany and the United States would have reacted if Britain, on losing its commanding position in the world economy, had suggested that they curb their development in the name of 'sustainability'.

The old premise of development still holds true for the vast majority of people alive. They want to be full citizens of a world whose privileges they can see on television. They want more than they have already, not to be told that it is time to tighten their belts. Africans still have lots of children because they lose them more often. If their population doubles every three decades, this reflects the limited improvements made in protecting them from war, disease and famine. But they know they have a long way to go before they will enjoy the modern economic benefits that are taken for granted in the West (where they may not last forever). Until then, the drive for development will continue to drown voices urging limitation for the environment's sake.

7

The Socialist Alternative

We have noted that the socialist critique of capitalist market economy was influential in shaping economic anthropology, from its beginnings in the nineteenth century to the Western Marxists of the 1960s and 1970s. This mostly took the form of applying the concepts of socialism and related currents in Western thought to a range of non-Western societies. Was there an Asiatic mode of production? Was there a feudal mode of production in Africa? Could Prince Peter Kropotkin's (1902) theories of mutual aid illuminate mutual exchange among Bushmen? Could contemporary peasants be theorized as 'petty commodity producers'?

In contrast, the questions we pose in this chapter concern countries that have sought more or less systematically to create socialist forms of society and economy as alternatives to those of market capitalism. From the Russian Revolution of 1917 onwards, the everyday human economies of 'actually existing socialism' were effectively closed to social science investigators, so that both Cold War political invective and the sectarian struggles within Western Marxism proceeded in ignorance of what was actually unfolding in the largest state in the world. Following the Second World War the USSR was the unchallenged leader of an international alliance. The golden age of economic anthropology coincided not only with the protracted boom generated in the West by 'embedded liberalism' (Ruggie 1982), but also with the apogee of the socialist alternative, which was dominant across the northern

Eurasian land mass. By the 1960s Moscow was able to boast of success in raising living standards, in competing with the United States in the 'space race', and in sharing its resources and technologies with newly independent states in Africa and elsewhere.

Economic development in most regions of this 'second world' had to address the same basic issues we discussed in the last chapter, but the paradigm of capitalist modernization was rejected. Instead, trade and money were viewed with all the suspicion of the agrarian age. The means of production passed into collective ownership. This took two main forms, with state ownership being considered ideologically superior to the cooperative ownership of farms and factories by their workers. The industrial economy that emerged at breakneck speed in the Soviet Union clearly differed in many ways from its Western counterpart, not least in the way it drew women into the labour force and transformed domestic relations. Western social scientists came up with a variety of theories for grasping this form of socialism, the most popular being 'totalitarianism'. The contrast between socialist planning and capitalist forms of production was evidently stronger in the countryside than in urban factories, but there was little evidence anywhere that the socialist authorities succeeded in even approximating their ideal of the 'new Soviet man'. On the contrary, the inefficiencies of central planning encouraged economistic behaviour within the limits of the system: *Homo economicus*, now appearing in the guise of *Homo sovieticus*, seemed to be a perversely realistic approximation of everyday realities.

After reviewing the literature on socialism we go on to consider the transformation of the Soviet bloc over the last two decades, paying particular attention to property relations. Finally, we turn to the mixed forms of contemporary East Asia, where one-party rule has been successfully combined with extensive reliance on markets; we ask whether this spells the definitive end of a socialist alternative or a possible renewal viable for the twenty-first century.

Socialism

Almost without exception, the socialist countries had their own academic traditions in anthropology from their pre-socialist past, but these tended to focus on exotic minorities (in the case of Russia and China) or on the preindustrial folk culture of the peasantry, who were taken to preserve the essence of the nation in the 'national ethnography' of Eastern Europe. Neither of these orientations gave a high priority to economic anthropology or was in a position to investigate the impact of socialist transformation. National ethnography proved surprisingly durable in Eastern Europe, though in Russia and China the discipline was more rigorously refashioned to conform to Marxist historical materialism. Anthropology was usually known as ethnology and it was associated with the study of the primitive and backward: that which had to be overcome by the march of socialist progress. There could be no question of anthropologists addressing socialism itself, except perhaps via ironic commentaries in works ostensibly devoted to quite different topics. Apart from a handful of colleagues, these subversive parables were comprehensible only to Ernest Gellner, a keen follower of Soviet anthropological literature in England (Gellner 1988). The Russian scholarly tradition that had most to offer economic anthropology was rural agrarian statistics. However, this had been extinguished even before the execution in 1937 of its outstanding figure, Alexander Chayanov.

Early studies by Western scholars were undertaken in the remote rural areas which were assumed to be the anthropologist's natural habitat. The most detailed study of a Soviet collective farm (*kolkhoz*) was Caroline Humphrey's (1983) in Buriatia, based on fieldwork carried out in the 1960s, only a generation after collectivization. She showed how farm officials were able to find space to negotiate the plan targets they received from above and, more generally, how the modernist bureaucratic institutions of the farm called Karl Marx Collective were suffused by local kinship and religious practices. Later studies of collectivized agricultural institutions in Eastern Europe paid more attention to the strategies of ordinary villagers and their considerable success in pursuing personal interests, sometimes in fruitful collaboration with the collective's management, sometimes subverting the planners' goals. The 'cotton scandal' in Soviet Uzbekistan in the 1980s was an extreme instance. While some observers and many Central Asian scholars themselves argued that Moscow was a colonial power in the region, collusion at multiple levels in falsifying plan statistics allowed significant resources to flow from the centre to the periphery. Here, as so often, central planning was an environmental disaster, but the trickle down of resources did bring substantial benefits to local communities.

The Stalinist vision of 'factories in the countryside' gave way in Eastern Europe to modernization processes that were not so different from what other anthropologists were documenting in Western and Southern Europe, such as the 'individualization' of marriage choices and rural exodus. After initial convulsions involving the appropriation of land from the old elites, the socialist revolution was 'domesticated' (Creed 1998). Surprisingly, the new system brought disproportionate prosperity to the countryside. According to socialist ideology, even peasants who had been collectivized remained at best the junior partners in a class alliance with the industrial proletariat. In practice, however, the members of cooperative farms could usually find some scope to pursue private commercial activities. Governments could not afford to risk closing down marketing channels outside the central plan, since to do so would have jeopardized food supplies for the rapidly expanding urban population. Even the less urbanized socialist countries allowed more room for private economic initiative than was commonly supposed in the West, e.g. in house-building and access to luxury goods.

The domestication of the socialist revolution took longer in China, but here too rural living standards eventually began to rise rapidly after 1979 with the introduction of the 'household responsibility system' in place of collective production. The human economy was revitalized only when the original socialist goals of eliminating the household from production, remunerating labour through 'work points' and abolishing markets, had all been abandoned.

The literature for the last decades of Hungarian socialism is exceptionally rich, since it was easier for foreigners to gain access there than to most other parts of the second world. Hungarian ethnographers themselves were also relatively free to document the drama of socialist rural transformation. Little more than a decade after the repression of an anti-socialist 'counter-revolution' in 1956, power holders in Budapest began in 1968 to implement reforms that had their most dramatic impact in the countryside. The incentives offered to households after 1968 led to high rates of 'self-exploitation' (Chayanov 1925). Economistic behaviour among the former peasants was despised by urban snobs, but soon large swathes of the intelligentsia showed themselves similarly keen to take advantage of the new opportunities for private accumulation. The evidence from late socialist Hungary refutes the claim (taken for granted by mainstream economists) that only secure property rights can provide incentives for a more efficient productive system. Hungarian villagers lacked clearly specified rights to land, even to their 'household plot', but this had no visible impact on their work ethic. Their labour power was available for harnessing by socialist institutions. The exemplary chain was as follows: the collective farm produced grain efficiently on collectivized fields using modern technologies, sold a proportion of it to households, who used it as fodder for the labour-intensive raising of animals, which the socialist institution then bought from them or helped them to market privately. This 'symbiosis' of socialist economy and peasant household economy did not depend on the ownership of the means of production: hyper-activity in the late socialist countryside was motivated by burgeoning opportunities to acquire consumer goods, above all houses and cars (Hann 1980; Lampland 1995).

By the time the first Western ethnographies of Eastern Europe were published, Karl Polanyi's conceptual framework had already gone out of fashion. Yet the Polanyian categories are eminently suited to describing these socialist rural economies. *Redistribution* was the most salient 'mode of integration': socialist officials formed a new class, although low-level bureaucrats in enterprises and farms who tended their own gardens were obviously a different stratum from the all-powerful *nomenklatura* at higher levels. But socialist redistribution was tempered over the years by elements of the *market*: work points were replaced by salaries and wages and private access to markets expanded. Thanks to the generous allocation of plots and gardens, the *household* remained a vital unit of production as well as consumption. Finally, complex patterns of *reciprocity* linked households both to each other in patterns of mutual aid that predated the socialist period and to socialist office-holders through the 'second' or 'shadow' economy. The latter fed back into the redistribution mode and constituted a key feature of the socialist variant of what was elsewhere called the 'informal economy'. Its forms were everywhere shaped by local norms of how to get things done through connections, often encapsulated in untranslatable concepts such as *guanxi* (China) and *blat* (Russia).

In urban industrial contexts, socialist work generally remained more clearly demarcated from domestic life. However, networks of reciprocity were no less significant here, if only because shortages of consumer goods, including food products, were commonplace. In some countries (e.g. Czechoslovakia) ethnographers were required to study the 'folk culture' of working-class groups such as miners, but they did not do fieldwork in factories. The most revealing account of conditions in a socialist factory was written not by an anthropologist, local or foreign, but by the Maoist dissident Miklós Haraszti (1977), who worked at the Red Star Tractor Factory in Budapest during the late 1960s. Conditions were inhumane in almost every respect. However, since workers were paid not for the time they

spent at their machines but according to the items they completed, they could at least retain an element of control over their labour. In Marxist terms, although the rate of exploitation might be higher in such a 'piece-rate' system, alienation was reduced in that workers retained a degree of autonomy in relation to their machines. This included the possibility of using the equipment to manufacture 'homers', which were smuggled out of the factory. Homers either had some private practical utility or they might simply be items crafted for aesthetic pleasure. Haraszti indulges a utopian fantasy: what if the whole economy of Hungary could be organized to supply the satisfactions met by producing homers?

The reality of factory life in the centrally planned economies was very different from Haraszti's dream of the Great Homer and not so different from what we know about factory life in other parts of the world. These factory jobs, however, were highly attractive to migrants from the countryside. Studies carried out after the collapse of socialism confirm that large sections of the workforce enjoyed satisfying social relations with their fellow workers. The brigade was a source of solidarity, often more important than any residential group. In parts of the socialist world the two coincided, notably in the Chinese *danwei* (work-unit), which bore a close resemblance to the Japanese factory-community and guaranteed lifetime job security.

The 'shortage economy' of socialism was the subject of a classical study by the Hungarian economist János Kornai (1980). Kornai had helped to theorize the reform of an over-centralized economy in the 1960s. His prime goal was to understand the institutional contrasts between socialist central planning and capitalist market economies. Initially a loyal member of the Communist Party, he became increasingly critical of socialism, drawing attention to the tendency of socialist enterprises to hoard labour and to the 'soft budget constraint' that rendered bankruptcy almost impossible. This softness resulted from being regulated not by the discipline of the market but by bureaucrats for whom economic efficiency was at best a remote aspiration. Shortages of everyday goods undoubtedly had an impact on social networks. Contacts originating in economic need and mutual advantage could lead to more disinterested forms of friendship, but the opposite could also be the case: *blat* payments in Russia could become a barrier to any genuine intimacy between giver and receiver. Some people withdrew from the network system as far as they could, to lead the frugal life of an 'internal emigrant'. Arguably, even such deviants benefited from the intensive networking going on all around them, just as some individuals in Western societies benefit from high rates of civic participation without themselves belonging to an association. In any case, the high transaction costs of everyday consumption under socialism had political consequences. They encouraged sentiments of solidarity, which could readily be directed against elites for whom goods were imagined to be abundantly available. The revolutions of 1989–91 had many causes, among them the courageous activities of idealistic advocates of human rights. But there is little doubt that the main motivation of many of those whose protests helped bring down the Berlin Wall was the prospect of freedom to buy more and better-quality consumer goods.

It is ironic that Hungary, the country where the Maoist dissident Haraszti and the market fundamentalist Kornai developed contrasting critiques of socialism, in fact did more to open up the market sphere and promote new patterns of consumption than any other socialist state. In the classical model of central planning, where goods in short supply were commonly bartered for other goods, both among producers and among consumers, possession of currency might not help you very much. In some countries a foreign currency, usually the US dollar or the Deutschmark, took over more of the functions of an 'all-purpose money', while the local currency had a very restricted range. Under Hungarian market socialism, however, the black market for dollars declined and consumers accumulated their own forints, a national currency that from 1968 onwards commanded an array of goods

and services that was not substantively different from what was to be found in capitalist societies.

Indeed this array sometimes seemed to be greater than in the West, as money penetrated into sectors from which it had formerly been excluded. The most notorious example in late socialist Hungary was the health service. Many hospital doctors also ran private clinics, to which wealthier patients would turn for faster, perhaps better treatment. But even within the state hospitals it became customary to offer doctors and nurses cash (forint banknotes, usually handed over in a plain envelope) which was called *hálapénz*, literally 'gratitude money'. This payment was of course morally dubious. Some found the practice repugnant and contrary to all socialist principles (though this would seldom deter them from offering the appropriate payment when a member of their own family needed medical attention). Others pointed out that socialist salaries in the healthcare field were relatively low in comparison with other branches of the socialist economy, so that these informal payments could be viewed as a legitimate supplement.

Practices such as *hálapénz* were seized on by critics of market socialism like János Kornai to argue that this path was fundamentally unviable. Corrupt practices in the centrally planned economy might be defended as an essential lubrication without which the system would not work at all. But with the expansion of market socialism, it seemed that a proliferation of money bribes was the inevitable concomitant of continued regulation of some markets and limitations on property rights. Kornai (2001) was confident that true capitalism would put an end to such abuses; indeed, this would be the litmus test of a transition.

Katherine Verdery (1996) was the only Western anthropologist to attempt a more general theory of socialism. She drew on Kornai and other critical Eastern European intellectuals as well as her own fieldwork in Romania to argue that the entire system was driven by an impulse to maximize not money or capital, as a Western firm would, but what she termed the 'allocative power' of state officials. In this way she held on to an axiom of formalist economic anthropology in a system that was the antithesis of a free market. It is an elegant analysis, although it works better for Ceauşescu's Romania than for those socialist states which, by opening up the market in the 1970s and 1980s, had largely overcome the problem of chronic shortages of basic consumer goods. We return to the possibilities of a 'socialist mixed economy' below in the East Asian context. But first let us examine the experience of postsocialism in the Soviet bloc, where the Old Regime collapsed so dramatically between 1989 and 1991.

Postsocialist Transformation

By the 1990s the field of economic anthropology was no longer characterized by heated debates between opposing theoretical schools. Research in the former Soviet bloc, now considerably easier for Westerners to undertake than it had been in the past, reflected trends in the discipline as a whole. Here too more attention was paid to new forms of consumption than to dramatic changes in the labour market, but markets, property relations and individual coping strategies were all studied intensively. Alongside the introduction of multiparty democracy and the expansion of civil society, the schism with socialism was held to hinge on the shift from central planning to market economy and from collective to private property. In line with neoliberalism in the West, market thinking was extended into spheres that had nothing to do with economy in the usual sense. Many Western advisors (sometimes drawing on a rhetoric of human rights) attached great importance to opening up the 'market for souls', by allowing foreign-based religious organizations to spread their gospel. And under conditions of job insecurity and general disintegration, the message of Protestant evangelical groups often fell on fertile ground (Pelkmans 2009).

Early analysts distinguished two alternative paths to the postsocialist market economy. One, epitomized by the American economist Jeffrey Sachs's advice to Poland in

1989, was 'shock therapy' (Lipton and Sachs 1990). Sachs recommended no half measures or prevarication: the benefits of the market would be forfeited unless there was full and immediate privatization of state assets and the imposition of 'hard' budgets for all economic actors. Poland paid a high price for taking this advice literally, but eventually production did recover and growth rates in the second postsocialist decade were relatively high. The other path was known as 'gradualism'. Its advocates favoured allowing the state to dispose of its property more slowly, to intervene to maintain employment levels and to restrict or delay the influx of foreign capital. In practice, the differences between the two paths were soon hard to discern; attention came to focus on technical issues of sequencing reforms, and all countries in the region were compelled to adjust to the discipline of the world markets into which they had been inserted.

The process of 'transition' tended to be more brutally disruptive in those countries where the principle of the market had been more consistently repressed over a longer period. Thus the Soviet Union in the 1990s seemed to some commentators to be moving towards feudalism rather than capitalism: socialist managers became *de iure* or at least *de facto* private owners, but they found themselves compelled to operate more like mafia bosses. Central planning was replaced not by a market mechanism oiled by money, but by barter transactions mediated by new forms of patronage and corruption. Anthropologists documented these processes in a variety of ways. Janine Wedel (1999) focused on the inter-state level by following flows of aid and policy advice from the West to Russia and Poland. She documented a continuous disconnect between donors and recipients, and extensive American complicity in the misuse of funds by local bureaucrats. Cultural misunderstandings rooted in different values were one element in the story. Another was individual abuse of the possibilities opened up by the ideological requirement to channel aid through non-state organizations.

More often anthropologists concentrated on documenting and theorizing market operations at lower levels. The substantivists had argued that the market place, which was such a central institution in preindustrial societies, tended to lose its significance with the rise of a dominant market principle in industrial societies. But the former Soviet sphere saw an enormous expansion of petty markets and even foreign trading expeditions in the 1990s, as when Georgians and Bulgarians chartered buses to travel to capitalist Turkey. Many of these 'trader tourists' were the victims of decollectivization and factory closures, who sold whatever they could lay their hands on in the workplace and even in their apartment to meet basic subsistence needs (Konstantinov 1997). Small-scale marketing was a survival strategy. Another, which became important even for sections of the urban population, was to intensify subsistence production on one's household plot or urban allotment. As in the Zambian Copperbelt (see chapter 8), these developments gave millions the troubling sense that everything they had come to experience as modern and progressive was now slipping inexorably away from them.

Markets and money had of course been the target of negative socialist propaganda for decades, building on much older traditions of disparaging wealth gained by means other than honest labour. Ethnographers documented the emergence of new *biznismen* who were able to profit from the new conjuncture, but also the continued force of the moral critique of speculation (*spekulatsiia*). They found that new patterns of stratification often led to a positive reassessment of the old socialist institutions. This was particularly clear when firms were taken over by Western companies, who then introduced new management practices which conflicted with local values affecting the family (Dunn 2004). East German workers quickly came to feel 'disenchanted' with the new market economy, in which their workplace (if they had one at all) offered none of the cosy collegiality of the socialist brigade (Müller 2007). The phenomenon of *Ostalgie* (nostalgia for the era when East Germany was a separate country, with its distinctive products such as the Trabant automobile) has been evident in a range of consumer tastes and artistic expressions. This does not mean that people would prefer to live in the old

version of socialism if they could, but rather reflects resistance to the dominance of new elites and Western products (Berdahl 1999). The East German case is extreme in that the state itself disappeared, but similar sentiments of nostalgia and resistance to neoliberal capitalism have been widely documented elsewhere.

The new market economy was boosted by the more or less rapid privatization of assets previously owned by the state or by some lower form of collective. The gap between expectations and realities was often very great here. Anthropologists concentrated on the countryside and several returned to the villages and collective farms they had studied in the socialist era. Privatization in the rural sector took many forms. Bulgaria and Romania respected the original boundaries when they privatized the land to presocialist owners, whereas Hungary modified this principle to avoid the negative economic consequences of splitting up all the large fields that had been consolidated in that country's relatively successful collectivization. In most parts of the former Soviet Union, by contrast, land was divided into equal shares among the cooperative members and workers who had been using it. In much of Eastern Europe the new owners assumed responsibility for production, usually on a family basis; but in the former Soviet Union the unit of production did not generally change. Although the Russian government sought to encourage family farming, few of the new landowners attempted to withdraw their land shares from their postsocialist enterprises. The sanctions of the community seemed to be motivated by emotions of envy and even ideas of 'limited good'; entrepreneurialism was inhibited, and only those who had political connections could afford to risk trying their luck as 'private' farmers (*fermery*).

Rural production levels and the productivity of land declined almost everywhere. Eastern farmers could not compete with heavily subsidized farm production in the EU. With the ending of socialist subsidies, many could not afford to purchase fertilizer or to maintain their machinery. Large areas of cultivated land fell out of production as the new owners failed to use the parcels allotted to them. At first glance, they were behaving irrationally when they failed to make full economic use of their new asset and preferred instead to limit their activities to their household plots, or to take a chance as a care provider somewhere in the West. Yet those who did not take out their share (some did not even take the trouble to find out where it was located) were only being realistic, given the high price of farm inputs and their own inadequate capital and labour resources.

Neoliberal commentary on such developments typically bemoaned the authorities' failure to create the *preconditions* for markets to function properly. For example, an efficient cadastral survey would have measured the land more effectively, an efficient legal system would have registered ownership rights and an efficient banking system would have enabled the new owners to obtain the credits they needed to begin commercial farming. These are all valid points, but they leave out something more important, the rural community's moral values. Land and labour were two of Karl Polanyi's 'fictitious commodities' and his insights have been confirmed over and over again in the postsocialist countryside. For example, many of the Hungarians who sought to become landowners were elderly villagers who felt obliged to register claims out of respect for their forefathers, regardless of whether that land offered any prospect of an economic return. In many places agricultural land turned out to be a liability rather than an asset. The idea of a free market for farm labour was no less foreign to the moral community (here we should remember that unpaid family labour continues to play a pivotal role in the agricultural sectors of the most advanced capitalist economies).

Amid the ruins of the old system, new elites soon began to emerge, sometimes recognized as a new class by ordinary people as well as by academic observers. The most lucrative assets were often acquired by former communists, who had the information and the 'social capital' to make profitable use of their new property. In Hungary's rural sector a key role was played by the 'Green Barons', the well-educated man-

agers of the socialist institutions that they were now called upon to dissolve. The relatively smooth rural transition in Hungary was due in part to the new entrepreneurs having received useful training for their new role in the last decades of socialism. But decollectivization and private property legislation in rural Eurasia have on the whole not been conducive either to more efficient economic organization or to more attractive forms of community life. Particularly in Central Asia, the new forms of patronage are far more repressive than the old socialist bureaucracy, while fewer resources than before trickle down to local people (Trevisani 2010).

In both town and countryside, as postsocialist citizens themselves wryly remark, most goods are indeed more readily available, but only to those who can pay for them. Having the right networks is no longer enough to gain access to that new car or tractor or to enjoy a holiday on Lake Balaton or the Red Sea; only money can command the goods. For many households, survival has become a real challenge. Even where absolute poverty has not increased, observation of the villas built by the *nouveaux riches* and the new urban shopping malls in which few local people can afford to shop leads to a bitter sense of exclusion and relative deprivation. The collapse of the Federal Republic of Yugoslavia provides poignant examples of the transformation of shopping. Under socialism women were accustomed to shopping in reasonably well-stocked department stores, but in recent years these have been replaced by luxurious new malls on the one hand and petty traders and flea markets on the other. One Bosnian woman bluntly told anthropologist Larisa Jasarevic (2009): 'I do not desire a pair of stockings if I find them in a grocery store!'

Numerous ethnographic studies suggest that the nature of the family and of social networks has changed considerably since the socialist era, if only as a result of temporary labour migration, the full extent of which is seldom captured in official statistics; yet there remain significant differences from the dominant pattern of the more wealthy capitalist economies. In the old shortage economy, information about the availability of goods was a crucial resource. Nowadays information about jobs and temporary accommodation in a Western metropolis is just as critical. Now as then, many people feel resentment towards the elite for whom luxury goods seem to be available in abundance. But the sources of this new wealth are *less* transparent than the privileges enjoyed by the socialist *nomenklatura*.

Anthropologists were among the first to challenge simplistic expectations that the former socialist countries would rapidly converge with the norms of the advanced Western democracies. We preferred to speak of transformation rather than of transition, a term which implied a new stable condition. Two decades later, that stability is still nowhere in sight. Other disciplines have developed the conceptual tool of 'path dependency' to explain increasingly divergent trajectories. Anthropologists have yet to come up with a key concept of their own. In line with the cultural turn noted in chapter 5, they have focused on particular symbolic orders; and, even when they have addressed urgent problems of poverty and marginality, they have rarely penetrated beyond local details. Perhaps their major achievement has been to document *resilience*, to probe continuities neglected by other disciplines, including the residual strength of normative aspirations that still bear the imprint of socialism. Like its predecessor, the postsocialist economy is a mixed, complex whole, within which each one of Karl Polanyi's forms of integration has relevance. Impersonal markets and the moral norms associated with them have expanded greatly at the expense of other forms. This is experienced by many as a form of that disembedding which Polanyi identified in nineteenth-century England. Unfortunately the responses of populations to multiple forms of dispossession, from the material to the socio-cultural and the moral, are not always benign. Thus a Polanyian 'double movement' in the former second world is frequently marked by populist reaction and xenophobia.

What about János Kornai's litmus test of a successful transition, the question of gratuities to medical professionals in Hungary? Two decades after the collapse of socialism, despite significant improvement in wages and salaries for

doctors and nurses, hospitalized Hungarians continue to pay *hálapénz*. The recipients insist that it has no bearing on the care they give their patients, but the latter prefer not to take the risk. Some of the money that changes hands is invested by highly qualified young doctors in Scandinavian language courses, for many are tempted by the higher salaries they can command in healthcare markets in Northern Europe.

Reform Socialism

If the demise of socialism in the former Soviet bloc poses one set of challenges to anthropologists, the persistence of socialism elsewhere poses another. Cuba is one fascinating case: since the end of Soviet aid, the island has been obliged to extend the scope of the market in many domains. China and Vietnam are of even greater interest, given their size and extraordinary economic growth in recent decades. In the eyes of some observers, the far-reaching reforms launched in China in 1979, only three years after the death of Chairman Mao, and taken up with similar vigour in Vietnam during the 1980s, have long since stripped these states of their socialist character. But this seems too hasty a diagnosis, given that communist parties retain a monopoly of state power, most productive resources are owned collectively rather than privately, and central planners can still shape economic activity at all levels. Moreover, these societies are generally understood by their members to be socialist, rather than state capitalist or any similar label. In China, 'reform socialist' is the preferred label in the last three decades, and so it is ours too.

What has been reformed? The first decades of socialist rule in China and Vietnam were marked, as in the Soviet Union before, by a massive consolidation of redistributive power and repression of markets. The state sought to control every sphere of social life: it was not just markets that were suppressed, but religious congregations, voluntary associations and much else besides. Moreover, both states became embroiled in violent conflicts. In Vietnam, the war against the United States was a continuation of the struggle against French colonialism. In China, the Great Leap Forward (1958) and Cultural Revolution (1966) were unleashed by Mao Tse Tung in order to maintain revolutionary fervour and hold on to power. Many millions died as a result of these measures, all taken in the name of socialism. To build a 'socialist commodity economy' after this catastrophe was an extraordinary undertaking. The political apparatus remains vast. Yet instead of maximizing their 'allocative power', as suggested by Verdery, the cadres of the reform era are taught to respect the autonomy and rights of entrepreneurs and citizen consumers. Many cadres have meanwhile become entrepreneurs themselves. The resulting corruption and other unappealing aspects of China's new consumerism have been documented by many observers. Jean-Jacques Rousseau and Karl Polanyi would not have sympathized with the enormous widening of inequality.

Yet we should also recognize that these policies have raised millions of people out of their previous condition of absolute poverty (the poverty documented by Malinowski's student Fei in the 1930s). The market principle is not allowed to dominate in all spheres, privatization has been slow, and the largest firms in key sectors of public interest such as energy remain state-owned. The state has introduced social security schemes which guarantee a 'minimal' living standard for the urban employed. Above all, agricultural land is still owned by local communities. It is farmed by households, since experience has proved that the household is the most efficient unit of production in this sector; but land is held on long-term leases and in many regions actual subsistence needs are still respected by careful periodic redistribution of parcels to maintain equality. The economic and demographic challenges facing the Chinese countryside remain enormous. But the fact is that significant steps towards its modernization have been taken without the wholesale commoditization of land and labour.

One crucial feature of rural transformation is the massive exodus of labour to form the 'floating' population in the cities. Like migrants everywhere in the Global South, newcomers to Beijing rely on their informal networks; they are not included

in the official social security schemes and remain vulnerable to repression by local state cadres (Zhang 2001). But millions of newcomers have obtained jobs in new factories, many of them foreign-owned and producing for the world market, whose competitive pressures are routinely invoked to justify the harsh working conditions. Many will eventually return to their villages, often taking at least a small pension with them. Urban social security is no longer the responsibility of the *danwei*. The housing stock has been privatized and job turnover has greatly increased. New consumption habits have made the reform socialist city look much more like its Western counterparts. David Harvey (2005) writes of 'neoliberalism with Chinese characteristics'.

Yet this is not the only diagnosis possible. In Marxist terms, the majority of China's producers have not yet been dispossessed. Although the market is clearly dominant, it might be argued that its prime function is to facilitate a division of labour in the sense of Smith and Ricardo, and that this serves the well-being of all citizens. Evidently the gradualist strategies enjoy considerable popular support and the Communist Party probably enjoys more respect today than it had following the calamities of the Maoist era. We might theorize this path in Polanyian terms as a form of re-embedding peculiar to the experience of revolutionary socialism (Hann 2009). Whereas the advanced capitalist countries reined in the market after 1945 in order to promote social democracy, at the end of the century the East Asian socialist countries opted to rein in the principle of radical redistribution. After violent experiences of extreme 'disembedding', East and West alike had to strike a new balance. Inevitably this has brought a considerable measure of convergence; but it would be premature to conclude that they have become one and the same thing.

Conclusion

The economic anthropologists of the second world have not come up with a concept comparable to the 'informal economy', but Gerald Creed's notion of 'domesticating revolution' drew attention to the inadequacies of standard models of totalitarianism and to the resilience of the household. The economies of actually existing socialism varied greatly but most of them were complex, mixed forms. Central planning dogmas and a binary opposition of socialism and collective property versus capitalism and private property never conveyed more than a part of the full picture. The designation 'market socialism' was closer to the mark in cases such as Hungary after 1968, but even this label concealed the crucial role of the household and the distinctive aspects of social networks and spontaneous cooperation.

The revolutions that broke out in 1989 were caused in part by the unfavourable comparisons made by many citizens between their own economies' inefficient performance and the more abundant supplies of consumer goods available on Western markets. Yet in some ways it has proved just as hard, if not harder, to domesticate the neoliberal revolution. The same citizens soon became disillusioned with their 'transition' and two decades later the phenomenon of *Ostalgie* is by no means restricted to eastern Germany. Both phases, the failed socialist experiment of the Soviet bloc and the massive exercise in social engineering required to set up market capitalism, offer insight into the complex nature of the human economy and the perils of utopianism. Meanwhile the communist rulers of China and Vietnam have held on to power, while expanding the scope of the market to a much greater extent than Hungary's pioneering experiment in market socialism after 1968. These reforms add up to an 'embedding' of socialism analogous to the re-embedding of capitalist economies in the West after the Second World War. In both cases, as Karl Polanyi would have said, it was a question of establishing a new balance between the principles of market exchange and redistribution.

But the embedded liberalism of the West's experiment with social democracy proved to be short-lived. It was followed by a neoliberal reaction, which led eventually to an economic crisis that also affects the postsocialist and reform socialist

countries, all of which are now fully integrated into the global economy. As the Soviet and Maoist models of socialism recede into the past, anthropologists have moved away from the term 'postsocialism'. Some have applied a Marxist analysis of 'dispossession' to explain reactionary political views in both cities and villages. Others have taken up comparisons with 'post-colonialism' and stressed that all parts of the world have been affected by socialism, just as they have by Western imperialism. Since the end of the Cold War it has become easier to see that the image we had of a 'second world' was in large part an illusion sustained by a Western imperialism that never conceded genuine parity.

For many citizens of that world, however, it was more than an appearance. They valued some of its achievements positively and rued their losses when the socialist economy disintegrated. The dramatic recent history of the Soviet bloc may be interpreted in terms of what Stephen Gudeman (2008) calls a 'cascading' of the market into domains previously characterized by mutuality or, in the economists' more prosaic vocabulary, as a particular form of 'collective action problem'. When citizens were given the opportunity to exercise individual choice, large majorities voted to abandon one-party rule. They did not confuse central planning with an illusory mutuality. But then in their new situation they found it even harder to create viable collective institutions consistent with their deepest values than did their counterparts in long-established Western democracies. From this point of view, the non-democratic East Asian path today represents a defensible and even hopeful alternative.

8

One-world Capitalism

Since the 1980s, anthropologists have finally shed their pre-occupation with 'primitive' – later 'non-industrial' – societies. We all seem to be living in one world unified by capitalism, so anthropologists now study that. There has been a marked shift in the location of research back home to the Western heartlands of the discipline; but at the same time the palpable sense of a shrinking world encouraged some anthropologists to develop new ways of studying 'globalization' everywhere. Three historical developments underpinned this shift: the end of the Cold War which was greeted by some on the winning side as 'the end of history' (Fukuyama 1992); the rise of China and India as capitalist powers, introducing a serious Asian challenge to Western hegemony (Frank 1998); and the digital revolution in communications, whose most visible symbol is the internet (Castells 1996).

There has been a rash of what Marshall Sahlins (2002) calls 'afterology': post-modernism, post-structuralism, post-Fordism, post-socialism, post-colonialism, post-development. This was linked to the possibility of moving 'beyond development'. In the context of capitalism, it was asserted that the class system of the industrial era had disappeared. People in the rich countries no longer served capitalism as workers, but through their purchasing power as consumers. Here the old question of value now became: why do people spend their money as they do? This led one strand of economic anthropology towards studying the material culture of consumption

at home. At the same time capitalism's global labour force has continued to expand; anthropologists have analysed these trends and contributed some excellent ethnographies of industrial and other forms of work. In chapter 2, we pointed out that the idea of economy has moved historically between domestic and public referents, countryside and town, house and market. The relationship between these poles is still contested and indeterminate in capitalism's latest incarnation. It is time for economic anthropology to attempt a synthesis rather than swing between extremes. Accordingly in this chapter we start by outlining the traditional theory and ethnography of capitalist development, before considering industrial work and consumption. We then examine corporate capitalism and finance, and conclude with brief reflections on the global economic crisis that erupted while we were writing this book.

The Development of Capitalism

What are the forms of society and technology organizing our hectic march from the village to the city and to a world economy that for many is already a reality? The favourite name for this economic dynamism, at once a description and an explanation, is 'capitalism', a term that was in public circulation by the 1850s, but was not used by Marx and Engels and entered social theory a century ago through Werner Sombart (1902) and Max Weber (1904–5). This combination of money and machines is often taken to underlie the polarizing tendencies of our world.

Capital is wealth used to make more wealth. *Wealth* is all resources having economic value. What people hold in high esteem has *value* (Graeber 2001), but in economics it usually refers to the sum of everything that can be measured by a universal equivalent, that is, *money*. So the essence of capital is that it is wealth (usually money in some form) capable of *increasing* its value. In both popular and scientific usage, the meaning of 'capital' shifts uneasily between a material or technical emphasis on *stock* (produced means of production, physical equipment, notably machines) and identification with the kind of money prevailing in the modern economy. The analogy between capital increase and the natural reproduction of livestock is indicated by the etymology of *cattle* which suggests an ancient link between the two terms (Hart and Sperling 1987). *Capitalis* (literally 'of the head') meant 'important', 'chief', 'primary'. The neuter form *capitale* referred to significant material property, such as chattels and cattle. In this broad sense then, capital, like the head, is vital to sustaining life. The modern term 'capital', however, derives more specifically from a medieval banking expression, similar to the notion of 'principal', denoting an amount of money that grows through accumulating interest. There are thus two opposing camps, one of which would assimilate capitalism into a wide, natural category implying a basis in the domestication of plants and animals, while the other sees capitalism as a more recent and probably ephemeral social arrangement devoted to making money with money.

As a keyword of our civilization, capital reflects the contrasting ideologies that have arisen to represent it. Most economists equate capital with the stock of goods that are used in production and are themselves produced, whereas Karl Marx and his followers consistently restrict the definition of capital to its form as money. Marx (1867) viewed the piling up of riches by businessmen as a social relationship of exploitation that was mystified by equating capital with physical plant and profit with the reasonable income of its owners. For him, as for John Locke (1690), human labour was the source of wealth and the addition of machines to that labour merely made it more productive. Economists, however, tend to stress the withdrawal of goods from immediate consumption and the enhanced productivity of factors other than labour in which the capitalist has invested. The ensuing increase constitutes the reward for making that sacrifice. This argument makes sense in an industrial economy where money wealth flows most predictably if it is invested in mechanizing production. But many forms of capital accumulation do not involve physical plant to the same degree (banking and

trade, for example) and the broader usage tends to confuse money with machines by representing capital as a thing (that is, as *real*) and mystifying the social relations involved. The problem with the economists' definition is that it cannot deal with historical change in the relationship between production and the circuit of money, as Marx's dialectic can. Certainly it cannot cope with the financial crisis of our day to which we turn shortly.

We take capitalism to be that form of market economy in which the owners of large amounts of money direct the most significant sectors of production with a view to increasing the money they already have. For a time, and perhaps still, the most reliable way of making money with money was to raise the productivity of labour through investment in machines. This is Marx's position. For him, modern capitalism was that form of making money with money in which free capital was exchanged with free wage labour. He sought, therefore, to account for the processes whereby people's capacity to work was freed from the legal encumbrances of feudal agriculture and funds were released for investment in new forms of production. He discusses this process of 'primitive accumulation' at the end of the first volume of *Capital*. Adam Smith (1776) had related profit levels to reduced costs achieved through increasing the efficiency of workers; he identified specialization and division of labour as the best way of doing this. Marx's great discovery was that this logic led to the introduction of more and better machines to the production process. He demonstrated that wage slavery under capitalism was fundamentally similar to feudal serfdom. The most primitive type of industrial capitalism, therefore, is one in which the feudal approach is transferred to the industrial system of wage labour. This is sometimes called 'sweatshop capitalism'.

Max Weber (1922a) did not disagree with Marx's account, although for him property relations ('ownership of the means of production') were less important than the Marxists believed. For Weber, the Marxists did not dig deep enough in their explanations of the transformation. Agrarian societies and their urban enclaves had always relied on traditional certainties when organizing their economies – that is, they tended to repeat what they had done in the past. Hence society and technology were relatively stagnant during the agricultural phase of human history. Weber surmised that a massive cultural revolution must have been necessary to persuade people to place their economic lives in the hands of capitalists whose principal orientation was to uncertain future profits. It followed that capitalism should be conceived of in terms that were not just narrowly economic, but political and even religious as well. For Weber, capitalism was an economic system based on *rational enterprise*. Each of these words was carefully chosen.

Enterprise is something undertaken with a view to future profit. How could whole societies commit their livelihood to the uncertainties of enterprise? Enterprise commonly takes two forms. The first is speculative and involves people gambling on a hunch that they will win. Keynes (1936) saw these 'animal spirits' as central to the dynamism of capitalist markets, leading to a cycle of booms and busts as herds of investors chase the latest chance for windfall profit. Weber was interested in the second form of enterprise, one driven by a compulsion to eliminate the risks entailed in relying on uncertain futures. Rationality is the calculated pursuit of explicit ends by chosen means. Rational enterprise, according to Weber, rests above all on the entrepreneur's ability to calculate outcomes. For capitalism to take root, uncertainty has to be replaced, if not with certain knowledge, then with reliable calculation of the probabilities. This helps us to grasp the paradox that, while capitalists celebrate the risks of competition in their self-promoting ideologies, they will do everything in their power to avoid it in practice. Weber shows how the fledgling capitalist economy progressed by instituting the means of more reliable calculation. This meant improvements in book-keeping, working practices and technology. Above all the state had to be alert to the needs of enterprises, securing their property and profits in law and stabilizing the conditions of market economy. Weber did not think that mercantile colonialism was a sufficient explanation for the accumulation of a European capitalist fund, since several commercial empires (such as the Phoenicians) had long developed similar systems without spawning modern industrial capitalism. Rather, he believed that capitalism owed its specificity to developments in the sphere of religion. In *The Protestant Ethic and the Spirit of Capitalism* (1904–5) he addresses this 'elective affinity' between protestant religion and rational enterprise. If Marx successfully linked capital accumulation to machines and the wage-labour system, Weber's emphasis on rationality and religion helps us to see developments in the system of money and markets as a cultural revolution. Both approaches have had a profound influence on economic anthropology.

Capitalism is always modified by the specific conditions in which it grows. Italian capitalism is not Japanese capitalism; Brazilian capitalism is different again, and so on. The particular social realities revealed by ethnography can and should inform the search for general principles of economic organization in our world, for we need to explain not only the common form, but also its infinite variation. Anthropologists recorded a decisive moment in history, when non-Western peoples were drawn into new systems of exploitation, and eventually began to participate in the world economy on their own terms. An East African case study illustrates this general point in ways that evoke both Marx and Weber.

The Giriama are a people living on the East coast of Kenya who were studied by David Parkin (1972). They once kept cattle and, in the colonial period, often worked as migrant labourers. During this era an export market for copra (coconuts) had arisen which attracted a new class of entrepreneurs. Palm trees had been used before principally to make wine and this was drunk on many social occasions, especially at marriages and funerals. People worked for each other on the basis of reciprocity and need, paying close attention to the kinship ties between them. Extraction of copra required the acquisition of property in coconut trees and control of an adequate labour supply. For the first, entrepreneurs had to win the support of elders as witnesses to the land transactions involved. Traditional sources of authority had to support this incipient process of capital accumulation. Labour was problematic, since kin relations did not usually involve handing over profits to an owner; and the community expected such profits to be spent on public ceremony, which was of course generously lubricated with the consumption of palm wine.

So far, the story upholds Marx's focus on the exchange of money for land and labour. But there is a Weberian element too. Some entrepreneurs sought to extricate themselves from the entanglements of traditional institutions by embracing a new religion, often after consulting a diviner about dreams that revealed a calling to join Islam, a religion which prohibited drinking at marriages and funerals. Such an analysis may not have the force of the Protestant ethic thesis; but emancipation from diffuse community ties in this way was compatible with more reliable calculation of capitalist profit. Parkin's Giriama ethnography belongs to a period when Kenya was seeking to establish itself as one of Africa's leading capitalist economies. For a time, redistribution of wealth and power towards some Africans induced an atmosphere of commercial prosperity. The world economy in the 1960s and early 1970s was also favourable. This climate did not last, however, and for some decades now economic conditions have deteriorated in Kenya. For the Giriama, the forces of nascent capitalism could not yet be said to have banished traditional norms of rural self-sufficiency.

Pierre-Philippe Rey (whom we encountered in chapter 5) sought to bring the West African colonial experience of capitalism and the original British case within the scope of a single theory. He argued (Rey 1973) that, wherever capitalism developed, the new class was forced to make compromises with the old property-owning classes in ways that made the resulting hybrid something specific to that society. Thus the British industrialists had to make an alliance with the land-owning aristocracy in order for the factory system to replace feudal agriculture. Similarly, in West Africa the indigenous lineage elders made an alliance with the colonial authorities to supply the labour of young men to plantations and mines.

This kind of class alliance is depressingly familiar in the transition to capitalism. It is an example of the sociological and institutional complexity that more abstract economic theories tend to ignore.

Industrial Work

Descriptive anthropology of urban industrial settings was pioneered by Friedrich Engels's study of Manchester (1845; see chapter 6). Novelists like Charles Dickens and Émile Zola also provided rich materials for later scholarship, as did the journalist Henry Mayhew (1861–2) with his compendious study, *London Labour and the London Poor*. Anthropologists were slow to take up the study of work in any environment. The efforts of pioneers such as Malinowski and Richards in tribal contexts were followed up with investigations of the labour process of peasant households, in the tradition established by Bücher and Chayanov. But even in countries where much of the work in the agricultural sector was performed by wage-labourers, anthropologists did not see it as their job to study capitalist agribusiness.

In Britain from the 1950s, a substantial body of ethnographic work was carried out in rural and urban areas, much of it under of the auspices of Max Gluckman's Department of Social Anthropology at Manchester. This research programme focused initially on the Celtic fringe, but a famous interdisciplinary study provided a rich description and analysis of a mining community in Yorkshire (Dennis et al. 1956). Through the lens of small-scale 'communities', researchers sought to capture larger trends in post-war British society, particularly the effects of deindustrialization and changing gender roles (Frankenberg 1966).

These early contributions apart, a critical economic anthropology of industrial work and unemployment must rely heavily on non-anthropological sources. Sociologists have done the most, although the psychologist Marie Jahoda played a leading part in an early interdisciplinary study of the impact of the Great Depression on an industrial community in Austria (Jahoda et al. 2002). This study found that, when they lost their jobs, the male breadwinners of Marienfeld were deprived of their normal daily routines and became disoriented. Women faced greatly increased burdens, but they coped much better. Anthropologist Leo Howe (1990) reported a similar pattern more than half a century later among the unemployed in Belfast. When the labour market fails them, men and women take up alternative forms of work, often by intensifying self-provisioning and do-it-yourself activities in their household, as sociologist Ray Pahl (1984) documented for the informal economy in Kent.

Harry Braverman (1974) and Michael Burawoy (1979), sociologists who were inspired by Marxism, have greatly expanded our knowledge of capitalist labour processes. To the former we owe the concept of 'deskilling', the process whereby artisans are reduced to tending machines that require little of their traditional craft. The latter has produced a series of ethnographic studies of manufacturing around the world that tackle fundamental conceptual issues, notably how 'consent' to inequality is achieved on the shop floor. Huw Beynon (1973), who was similarly influenced by a Marxist concern with alienation, produced an outstanding British study on the basis of fieldwork at a Ford car plant. These car workers were certainly victims of a deskilling process, but this did not mean they constituted a passive, docile workforce. On the contrary, they *hated* their jobs, in ways that miners seldom hate the pit. But the job was appreciated, even desired, because their wages allowed workers to plunge into the enchantment of capitalist consumption outside working hours. Work in the Ford plant, unlike the norm in tribal and peasant societies, was fully detached from the domestic group; but it nonetheless had direct implications for changing gender roles and family life.

Post-Fordism has brought much more variety. In *Made in Sheffield* (2009), anthropologist Massimiliano Mollona shows that division of this Northern English steel city's economic history into discrete stages misses how different

styles of capitalist organization have co-existed since the eighteenth century, making for flexible and resourceful work strategies as well as for their close integration into the informal economy linking households to the wider community. Mollona offers a critical analysis of the shift to 'community unions', arguing that economic relations formed through work remain the most effective basis for collective resistance. Elsewhere, anthropologists have shown how such forms of resistance, for example in Bolivian tin mines (Nash 1979) or Malaysian factories (Ong 1987), have been profoundly shaped by local cosmologies.

Jonathan Parry (2008, 2009) has carried out long-term fieldwork in another steel city, Bhilai in India, where a cosmopolitan industrial community was formed in the new spirit of modernity following Independence. Peasants from all over India were drawn to work in the Soviet-built plant, but local people had to be displaced to make room for it. A complex pattern of class divisions emerged in which a complacent labour aristocracy served by a corrupt union found its interests fundamentally opposed to the army of informal and self-organized temporary workers whose labour was equally necessary to the plant's functioning. This hierarchical pattern of industrialization confirmed Mark Holmstrom's (1976) conclusions in a study of Bangalore. Holmstrom at first proposed a starkly dualist model of the labour process, but he later (1984) recognized complex links between the 'citadel' occupied by the labour aristocracy and the huge numbers of temporary workers and migrants clamouring to gain entry. The neoliberal decades have blurred this picture further through an expansion of subcontracting ('outsourcing') and weak enforcement of labour protection legislation.

Industrial labour in the Zambian Copperbelt has been studied by anthropologists since the 1930s, when Audrey Richards (1939) showed how male absenteeism from the farms caused great hardship in the rural areas. The ethnographers brought together by Max Gluckman in the Rhodes–Livingstone Institute during the 1950s reacted against a colonial policy of segregation that restricted Africans to their rural homelands and granted them only temporary residence in 'white' urban areas. They insisted that African workers belonged in the city when they took up modern jobs, whether as miners, factory workers or railwaymen, and had acquired working-class identities that deserved to be expressed through unions and political parties ('a townsman is a townsman, a miner is a miner'). At the same time, some of them painted a more optimistic picture of relations between rural and urban areas, claiming that labour migration was now positively integrated into a more prosperous village life. These workers took it for granted that, with the transition to urban life, progress was irreversible. Gluckman's Manchester school broadly endorsed this picture. But the collapse in copper prices in the 1970s destroyed the material basis for modernity. Many workers were forced to return to the countryside and re-learn how to produce food (Ferguson 1999). The pendulum of world mineral prices is now once more swinging upwards, for copper at any rate. Zambian miners have had to emulate the flexible survival techniques of Sheffield's steel workers. This illustrates the value of combining ethnography with a long-run historical perspective. Even if the Fordist model temporarily disguised the interdependence of the public and the private/domestic spheres, it is always necessary to situate the formal workplace in a local context of households and family life, informal economy and community, as well as within the larger framework of relations between city and countryside.

Consumption

The shift of industrial production to countries with cheaper labour and, in the case of China, India and Brazil, increasingly sophisticated commercial organization, has been a consistent feature of recent decades. In the neoliberal homelands, a wave of outsourcing, downsizing and casualization of the labour force undercut the political power of the unions and appeared to support the view that the Western masses

now participate in capitalism primarily as consumers rather than producers. Anthropologists, again taking their lead from sociologists and historians, have consequently flocked to the study of consumption. The challenge here is to explain why people in modern economies buy the things they do, sometimes going to great trouble and making heavy sacrifices in order to consume objects that in no sense qualify as physical necessities. Again, sociologists, notably Thorstein Veblen (1899), got there first.

Some anthropologists have developed a distinctive perspective by drawing on their traditional expertise in material culture and keeping their distance from the main debates of economic anthropology. The interest of such a focus on material culture lies in its treatment of subject–object relations, of the way we mediate our relationships with others and the world through objects. This mediation has practical, social and symbolic dimensions everywhere. Earlier material culture studies described the home decorations of narrowly circumscribed local peasantries whose artefacts were mostly made by hand. It was not easy to apply this approach to contemporary urban decor, since domestic interiors there are often furnished and decorated with artefacts of similar function and only minor formal differences. This situation was first studied in the 1970s and 1980s by French sociologists applying post-Marxist and post-structuralist perspectives. They claimed that it was difficult for consumers to express a distinctive identity through mass-produced commodities. These could only give expression to people's social position using a grammar imposed on them by the consumer society that was necessarily external to the individual. The only meanings that objects could convey in such a system were signs of social recognition, not of personality.

Jean Baudrillard (1975), taking his inspiration from semiotics, saw consumption as the manipulation of signs. He argued that formal differences between objects performing the same function could be understood in terms of their possessors' relative positions in the social system. The behavioural norms of consumers are concerned with both distinction and conformity: they try to conform to the behaviour of the social group they belong to while seeking to differentiate themselves from other groups at the same time. In this way models of consumption help to construct social and cultural identity. A more sociological approach to French society was developed by Pierre Bourdieu (1984), who tried to reconcile objectivity and subjectivity in his approach. Consumer behaviour may be seen as an expression of *habitus*, his key concept, and the things people own, whatever they may be, are in fact the incarnation of objectified social relations. Differences in the goods we possess become a social language. Difference only signifies distinction if individuals have incorporated this structure of outward appearances, with its hierarchy of practices and objects, into how they habitually represent the world. While Bourdieu grants consumers individual choice as actors, he links consumption to their social position by assuming that every individual shares the same code of meaning for these object-signs; this code is somehow imposed abstractly from the outside.

In Britain, Mary Douglas proposed a similarly over-socialized view of consumption in *The World of Goods* (1979, written with Baron Isherwood). Her target was the economists who, if they were serious about consumer choice as the engine of the capitalist economy, should turn to anthropologists for advice on 'consumption classes' in countries like modern Britain. In fact the corporate marketing professionals had already made a science of just that. A later generation of Anglophone anthropologists was keen to grant consumers of mass-produced objects more say over their actions. They took up the idea of a system of objects, but showed also that actors build up a private universe that has personal imaginative meaning beyond serving to position them in society. The central term for understanding this process of identity formation is the Hegelian concept of 'appropriation' (Miller 1987). In essence, the term seeks to capture a process whereby a domestic environment is built through mass-produced commodities made personal by belonging to a specific way of life. The home may thus be seen as a construction site made up

of objects bought in a store, many of them of the same type, and then made into inalienable property by being placed in a personal universe unique to their owner. People express collective as well as individual identities through these objects. They personalize their material environment rather than succumb to a world of objects that is resistant to their influence.

Daniel Miller has published a series of books, notably *A Theory of Shopping* (1998), taking the theory of consumption to the internet and mobile phones, as well as into more conventional areas like clothing, from blue jeans in London to saris in India. In a review of the literature on domestic material culture, Sophie Chevalier (who has been strongly influenced by Miller) argues that the public and private spheres interact through objects that enter and circulate within the home while securing its development and reproduction (Chevalier 2010). Social structure and organization make their appearance in the private sphere through home decoration. This process of internalization is more a matter of reconstruction and reinterpretation than a simple mirror. Collective existence does not lie outside individuals, nor is private life simply an expression of the collective. People create and reproduce the public sphere through consumption practices that combine the public and the private, the collective and the individual. This conclusion from the anthropology of consumption echoes what we discovered from the study of industrial work. It confirms a precept of Marcel Mauss that anthropologists should examine how the many elements of the human economy fit together as a whole, rather than fixing our attention on one pole to the exclusion of the rest.

Corporate Capitalism

The basic institution of capitalism is the firm. Small businesses that rely on the labour of family members often remain extremely important; and the role of kinship in facilitating and frustrating rational enterprise remains under-researched

(Stewart 2010). But politically as well as economically, family firms have long been overshadowed by organizations that are global in their reach. Of the 100 largest economic entities on earth, corporations now outnumber nations by more than 2 to 1. Their organization is extremely flexible and overlaps with those of governments. Oliver Williamson won a Nobel prize for clarifying when a corporation should produce inputs itself, rather than purchasing them from other producers and incurring the transaction costs involved in seeking them out and drawing up contracts. The costs of internalized production are likely to include problems of managerial control and corruption. Dynastic families still play a significant role in some large corporations; but in practice control has passed to a new class of directors, lawyers and accountants (Marcus with Hall 1992).

One particularly contentious issue is the distribution of wealth between shareholders and managers of corporations. Having earlier produced an exemplary ethnographic study of a multi-national corporation in Northern England (Ouroussoff 1993), Alexandra Ouroussoff (2010) carried out an extended series of interviews about risk after the millennium with senior corporate actors in London, Paris and New York. Her method is ethnographic, although her style is sometimes quite confrontational. Since the 1980s, the world economy has been in the grip of ratings agencies such as Moody's, who supervise what they take to be investment risk on shareholders' behalf. They imagine that they can calculate and minimize future losses. Corporate executives, Ouroussoff found, have an opposed economic philosophy that holds profit and loss to be subject to unpredictable contingency. They have muted their public criticism of the ratings agencies because of their need for investment capital; and their reports of company activities have become devious as a result. The resulting capitalist regime, Ouroussoff claims, has both stifled entrepreneurial growth and contributed to a systemic collapse of the economy. Yet academics, politicians and journalists persist in treating the financial crisis as a result of personal moral failure rather than of institutional contradictions.

If a business owes more money than its assets are worth, the original investors were once personally responsible for the debt. In 1580, Queen Elizabeth I granted 'limited freedom from liability' to *The Golden Hinde*, a ship owned by Sir Francis Drake in which she was the largest shareholder. This meant that, if the enterprise incurred large debts, investors were limited in their liability only to the amount of their initial investment, leaving creditors to pick up the rest. In fact, the returns on this low-risk investment were 5,000 per cent and the Queen was well pleased. The business model of the modern corporation works in essentially the same way.

Thomas Jefferson saw three main threats to democracy – governing elites, organized religion and commercial monopolists (whom he referred to as 'pseudo-aristocrats'). He was keen to include freedom from monopoly in the Bill of Rights; but that particular clause slipped through the cracks of the US constitution. From then on, corporations, which were treated as artificial persons in law – like churches and political parties – sought to win the constitutional rights of individual citizens for their businesses. After the Civil War, the Fourteenth Amendment sought to guarantee to former slaves equal protection under the law, by making discriminatory provision of public services illegal. The railroads began suing states and local authorities for enacting regulations designed specifically to control them, on the grounds that this created 'different classes of persons'. The corporations could afford to keep coming back to the courts until they won. And eventually they did, in 1886. Today, if a town wants to protect its small shopkeepers by denying Walmart the right to open a superstore there, it will risk facing an expensive lawsuit brought to defend the corporation's legal rights. A divided US Supreme Court confirmed (*New York Times* 2010) that corporations should be allowed to exercise their human right of free speech by using their vast resources to support political candidates that toe their line. So, from corporations being granted the legal rights of individual citizens, we have now reached the point where most ordinary citizens cannot compete with them on an equal footing in law or politics, never mind in the market. The corporations have become an elite citizen body in the global economy they have created; and the rest of us are for the most part just passive onlookers.

We still think of private property as belonging to living persons and oppose private and public spheres on that basis. But abstract entities like governments and corporations can also hold exclusive rights in something against the world. At the same time corporations have retained their special legal privileges, such as limited liability for bad debts. We are understandably confused that General Motors can have the same rights as any living person, while being exempted from responsibilities imposed on the rest of us. This constitutes a major obstacle not only to the practice of economic democracy, but also to thinking about it, especially when most intellectuals uncritically reproduce this very confusion. Not only has private property evolved from individual ownership to corporate forms, but its focus has also shifted from 'real' to 'intellectual' property, from material objects to ideas. This is partly because the digital revolution has led to the economic preponderance of information services whose reproduction and transmission is often costless. Radical reductions in the cost of transferring information through machines have injected a new dynamic into the conduct of business. Modern corporations rely on extracting rents from property as much as on profits from direct sales; and, as the saying goes, 'information wants to be free', meaning that there is consistent downward pressure on prices for information-based goods and services. The social effort needed to maintain high prices in a world of increasingly free production and reproduction is what drives the central conflict in capitalism today.

As with corporate personhood, there is sleight of hand involved. If I steal your cow, its loss is material, since only one of us can benefit from its milk. But if I copy a CD or DVD, I am denying no-one access to it. It is in essence a 'public good' whose use does not reduce the available supply. Yet corporate lobbyists use this misleading analogy to influence courts and legislators to treat duplication of their 'property' as 'theft' or even 'piracy'. Inevitably the world has become polarized

between the corporations' drive to privatize the cultural commons and a vast resistance to that drive. This conflict has a long history, but the conditions of the digital revolution have taken it to an unprecedented level (Johns 2009). This situation is far removed from the car factories that still shaped capitalism's self-image in the mid twentieth century.

There is a lot to play for if economic anthropologists can raise their game to this level, by taking a political stance, for example, when the pursuit of private profits by corporations stands in obvious conflict with public welfare. Tobacco giants and international mining companies are currently very successful in disseminating a 'politics of resignation' among those who suffer harm from their products and by-products (Benson and Kirsch 2010). In neoliberal governance, the role of corporations in producing new subjects and sensibilities is as significant as the role of the state. If a critical economic anthropology is to get to grips effectively with corporate capitalism, these insights need to be linked both to world history and to ethnographic work inside the corporations, of the kind undertaken by Ouroussoff.

Money and the Financial Crisis

The process of getting people to spend their money on consumption – the art or science of selling – is also a rapidly expanding field. Corporate marketing is an expert system of shared, specialized knowledge, a 'disembedding mechanism' that operates on a global level (Lien 1997). From its origins in eighteenth-century England to its culmination in twentieth-century America, marketing has absorbed moral criticism into its own quasi-religious system (Applbaum 2003). Whereas an earlier generation of ethnographers highlighted the devastating consequences of capitalist development for local cultures, Applbaum shifts the culture contact model to one more suited to the globalizing present. He emphasizes the emergence of shared meanings and goals in economic action (why articulation often appears to be consensual) and attributes this to the corporations' success in controlling every aspect of the social life of the commodities they sell. It is true that advertising agencies often seek to impart a local gloss on universal themes (see Mazzarella 2003 for the case of Mumbai). Consumers' experience of McDonalds in East Asia differs significantly from what is offered by the same firm in North America and Europe (Watson 1997). But Applbaum is right to maintain that marketing paradigms that originated in the United States are fast becoming universal.

There has been a spate of work on the anthropology of finance in the last decade or so. The doyen of this field is Bill Maurer, who has investigated Islamic and other variants of contemporary finance (2005a), as well as carrying out research on offshore banking and the use of mobile phones for banking purposes by the poor in East Africa and elsewhere. Maurer recommends a sceptical, pragmatic approach to money and is thus more interested in what people can do with money than what it 'means' to them. Like Jane Guyer (see chapter 5), he believes that anthropologists have bought too easily into the liberal economists' idea of money as a medium of exchange rather than as a means of payment.

It has now become almost commonplace for anthropologists to work in financial centres. Ellen Hertz (1998) was prescient in carrying out field research on the Shanghai stock market. Caitlin Zaloom (2006) focused on how financial traders adjusted to new information technology. Both of these studies, however, are quite traditional in their focus, being concerned with the traders' local practices and point of view, even if their business is global at another level. Karen Ho (2009) goes further by linking her ethnography to a broader analysis of political economy. Based on interviews with employees of Goldman Sachs, Morgan Stanley and other great finance houses, *Liquidated: An Ethnography of Wall Street* explicitly engages with larger distributional questions, such as those involved in the system of granting bank staff large bonuses. She has used her public platform to argue for bonuses to be linked to corporate productivity and shareholder value in the long term and has advocated the return

of something like the Glass–Steagall Act that once separated investment and commercial banking.

The failure of the New York investment bank, Lehman Brothers, in September 2008 triggered a financial collapse whose ramifications are still with us. Predictions of the outcome of the ensuing global economic crisis vary widely. Economic growth can now be seen to have been sustained by a regime of cheap consumer credit, especially in the United States; many financial houses exposed themselves to unacceptable levels of risk, particularly in the new market for credit derivatives. These became 'toxic assets', which were bought by taxpayers at huge cost in order to preserve the banking system as a whole. The leading exporters of manufactures, such as China, Germany and Japan, suffered massive reductions in demand for their products. The economy, which had been understood as an eternally benevolent machine for growth, was suddenly pitch-forked into the turmoil of history. The market was now seen to require massive state intervention if it were to have any chance of surviving. The global shift of economic power from the West to the major creditor nations in Asia has probably been accelerated by these events. It is all rather murky, but even at the best of times the present is like that. Some commentators have suggested a parallel to the abuses of central planning: like the falsification of the figures for cotton production in late socialist Central Asia, the financial bubble created a massive 'virtual economy' (Visser and Kalb 2010). But the state bailouts of the banks under neoliberalism have had the opposite effect on income distribution, reinforcing inequalities rather than mitigating them.

Conclusion

Whatever place these events eventually find in economic history, one certain victim of the crisis has been free market economics. It is impossible any more to hold that economies will prosper only if markets are freed from political bondage. Attacks on the economists by politicians and journalists have become commonplace. Even the Queen of England asked publicly why none of them saw it all coming. The ideological hegemony of mainstream economics, especially since the 1980s, has been holed below the water. It has become commonplace to read attacks by journalists and other academics on the economists' pretension to practise a predictive science. This is not to say that neoliberalism has been defeated, but the terms for opposing it with alternative approaches to the economy are now much more favourable than before.

The *Financial Times* journalist Gillian Tett has a doctorate in social anthropology, which she credits with having taught her to examine the economic scene more holistically and critically than most of her journalist colleagues. Soon after the financial collapse, Tett (2009) published a best-seller on the market for credit derivatives, which she had begun to study long before the crisis broke. Like her and other commentators, we conclude that our times seem ripe for a new synthesis of anthropology, history and economics. The project of economics needs to be rescued from the economists. Economic anthropology, in dialogue with neighbouring disciplines, as well as with more flexible economists, could be part of that process of intellectual reconstruction. We sketch the possibilities in our final chapter.

9

Where Do We Go From Here?

It is time to draw the threads of our argument together, to assess where economic anthropology has been and where it might go next. The early ethnographers hoped to engage the economists with their findings, but they did not understand the aims and methods of economics and restricted themselves to sometimes ill-informed commentary for and against the universality of *Homo economicus*. Basic issues concerning the definition of economy and the theories and methods that anthropologists should use to investigate it were never resolved. Only during the debate between the formalists and substantivists were these issues drawn vigorously to the attention of other anthropologists. But this debate went unnoticed by economists and it did not leave behind a robust intellectual community of economic anthropologists. We can see echoes of formalism and substantivism in the positions subsequently taken by neo-institutional and cultural anthropologists respectively (chapter 5), but recent writers have not paid much attention to their forefathers, nor have they engaged in dialogue or debate with each other. It is therefore unsurprising that economists, policy-makers and the media have largely ignored what anthropologists have to say about the economy. We have written our book in the belief that it is time to change this state of affairs by taking economic anthropology to another level.

After several decades when the self-regulating markets promoted by neoliberal globalization seemed unassailable, even eternal, the financial crisis of 2008 has made everyone aware of how precarious the world economy really is. This has opened up a new space for an economic anthropology with a critical agenda. We conclude our short history by arguing that economic anthropology has the potential to become a true *discipline*, with its own objects, theories and methods, taking its place confidently alongside siblings like political anthropology and the anthropology of development, and cousins such as economic sociology, institutional economics, economic history, political economy, economic geography, archaeology and critical philosophy. Anthropology is uniquely open to the whole range of human sciences and so we need to undermine, not reinforce, the barriers that fragment them. In the end we are less interested in labels and demarcation lines than in developing new strategies for addressing the predicament of the planet we all share.

History, Ethnography, Critique

Our *leitmotiv* has been the need to situate economic anthropology within a self-conscious intellectual history of its antecedents and to draw from this history lessons for the future. Such a history must be focused, but not too narrowly. So throughout our account we have embedded the story of economic anthropology within larger histories: of anthropology, of economics, of a Western social philosophy that encompasses both, and above all within world history. This last was anthropology's prime concern when it was first given institutional form in the nineteenth century. The anthropologists (and also the economists) of that era, whether or not they signed up for a version of historical materialism, took it for granted that the industrial revolution had opened up a new stage in the evolution of our species. But for about a century now, anthropologists' preoccupation with fieldwork-based ethnography has led them to focus on present time within narrow spaces; and that earlier agenda has largely slipped from view.

We do not belittle the achievements of the twentieth-century ethnographers. Bronislaw Malinowski, Raymond Firth and their followers rejected 'conjectural history' because joining people where they live allowed them to focus on their contemporary behaviour in all its rich complexity. Their monographs on tribal economies in Oceania and elsewhere remain classics. But we have deliberately emphasized broader regional and global perspectives. Where the historical records for earlier centuries are negligible, archaeologists, historians and other specialists can help to fill the gaps. It is essential for economic anthropologists to place their local knowledge within a larger historical vision. The Columbia Project of the 1950s, when Karl Polanyi's vision led a team of ethnographers, archaeologists and historians, provides ample evidence of the potential dividends of such a strategy (see chapter 4).

It is true that academic institutions as presently structured do not favour this approach. It is usually compulsory in social or cultural anthropology departments for doctoral students to spend at least a year in the field and learn a local language; and this investment may deter them from branching out. But the situation is slowly changing, as more anthropologists acquire complementary knowledge from outside their discipline and indeed often work within a multi- or interdisciplinary framework. A greater obstacle is that historical breadth can only come with experience and young academics need something they can call their own at an early stage. The pressure to publish fast is accentuated by the increasing tyranny of market discipline within the academy itself.

Most anthropologists trace their subject back to the nineteenth century, even if they reject the substance and method of that period. We have argued that, in order to face the challenges of the coming century, we should also be ready to learn from predecessors such as Rousseau and Kant, whose eighteenth-century project was linked to the drive for universal human emancipation. To this end we have evoked the notion of a human economy, which we conceive of as being continuously remade by people in their everyday lives while it concerns the interests of humanity as a whole. A critical engagement with global history is essential when a world economy that works for everyone and not just a few is at stake. Seen in this light, the twentieth-century effort to match the findings of exotic ethnography to a narrow utilitarian creed was bound to fail. Both the anthropology and the economics were inadequate to our common human purposes. Economic anthropologists still struggle to break out of that straitjacket.

In the search for alternative approaches, we can do no better than renew our engagement with the writings of Marcel Mauss (chapter 3) and Karl Polanyi (chapter 4). The two authors complement each other in several ways. One of Mauss's key modifications to Durkheim's legacy was to conceive of society as a historical project of humanity whose limits were continuously being extended to become ever more inclusive. The point of *The Gift* is that society cannot be taken for granted as a pre-existent form. It must be made and remade, sometimes from scratch. Heroic gift-exchange is designed to push the limits of society outwards. It is 'liberal' as in the 'free market'. The exchange is powered by generosity: self-interested for sure, but not in the way associated with *Homo economicus*. Malinowski's account of the *kula* ring is the contested origin for Mauss's discussion: 'The whole intertribal *kula* is merely the extreme case . . . of a more general system. This takes the tribe itself in its entirety out of the narrow sphere of its physical boundaries and even of its interests and rights' (Mauss 1990: 36). No society is ever economically self-sufficient, least of all these Melanesian islands. So to the need for establishing local limits on social action must always be added the means of extending a community's reach abroad. This is why markets and money in some form are universal, and why any attempt to abolish them must end in catastrophe.

Polanyi drew attention to how economic institutions organize and are in turn organized by a plurality of distribution mechanisms that, in the modern world, affect the lives of millions of people who participate in them without being granted any measure of control. This led him to highlight the inequality created by these institutions, as they swing between the poles

of market and state, of society's external and internal relations. In the current crisis, the immediate reaction is to turn to a variety of government institutions, flipping the coin from tails to heads as it were, instead of insisting that states and markets have to work together in less one-sided ways than before. To this end, Polanyi's call for a return to social solidarity, drawing especially on the voluntary reciprocity of associations, reminds us of the need to mobilize ordinary persons to contribute their energies to the renewal of the human economy. It is not enough to rely on impersonal states and markets.

Polanyi and Mauss made sure that their more abstract understandings of political economy were grounded in the everyday lives of concrete persons, thereby lending to field research the power of general ideas. We have seen in chapter 8 the sharp increase in anthropological research on capitalism, ranging from industrial work to the new economy. Anthropologists have done a good job of showing that 'free' labour is always embedded in many kinds of identity outside the work place, and that even the most impersonal financial markets are in fact mediated by particular groups of people. Some of these people are greedy, for sure, but not necessarily any more so than others; and they can change. A ruthless hedge fund manager like George Soros may become a philanthropist and critic of capitalism, for instance. So the main issue is not self-enrichment. The problem is that anthropologists have largely left the wider social consequences of an unequal distribution of money, the class conflict between rich and poor everywhere, to other branches of the academic division of labour, especially to economists of various political persuasions.

The missing link between the everyday and the world at large may be found in the work of Mauss and Polanyi. An unblinking focus on distribution at every level from the global to the local reveals how the social consequences of political economy and the way it is understood by those who make it are all part of one and the same social process. The current crisis renders this insight particularly visible, since it challenges contemporary financial ideas, while its tangible distributive effects are felt and feared throughout the world. We are witnessing a power struggle of potentially awesome consequences. Each political response to the latest economic calamity evokes the spectre of the Great Depression and its bloody aftermath.

There is a tension between the impersonal conditions of social life and the persons who inevitably carry it out. This relationship is poorly understood, perhaps never more than now, when the difference between individual citizens and business corporations operating on a scale larger than some countries has become obscured. Ideas are impersonal, human life is not. So, at one level, the issue is the relative priority to be accorded to life and ideas. At the heart of our public culture lies an impenetrable confusion of people, things and ideas. The feminists were right to insist that the personal is political. By the same token, the political is often personal. But, if we relied on persons alone to make society, we would be back to feudalism or its modern equivalent, criminal mafias. There must be impersonal institutions that, at least in principle, work for everyone, regardless of who they are or whom they know. What place is there for the humanity of individual persons in the dehumanized social frameworks we live by? What can be done to improve the chances of those whose participation in the world economy is blighted from birth? This is the conundrum at the heart of the human economy. The main obstacle to an effective solution is the corporation, wielding the power of its wealth, size and longevity, while claiming the rights of ordinary citizens.

The twentieth century was built on a universal social experiment. Society was conceived of as an impersonal mechanism defined by international division of labour, national bureaucracy and scientific laws understood only by experts. Not surprisingly, most people feel ignorant and impotent in the face of such a society. Yet, we have never been more conscious of ourselves as unique personalities who make a difference. So we experience society as personal and impersonal at once, despite the huge cultural effort that seeks to separate the two. We have noted at several points a pervasive

opposition between the *market* and households or *home*. The market is unbounded and unknowable, whereas the bounds of domestic life are known only too well. This duality is the moral and practical foundation of capitalist economy (see chapter 5). It has been placed under considerable strain by the rise of the modern corporation to its current position of economic dominance.

Economic Anthropology as a Discipline

Anthropology has never been a discipline in the sense that economics has long been. Michel Foucault (1973) ends his 'archaeology of the human sciences' by pointing out that 'ethnology' has a privileged position within those sciences because it spans their whole range, 'forming a treasure-hoard of experiences and concepts, and above all a perpetual principle of dissatisfaction, of calling into question what may seem, in other respects, to be established' (1973: 373). He called anthropology a 'counter-science', not because it was less rational, but because it flows in the opposite direction, always trying to 'unmake' the versions of man that human sciences like economics insist on making. Ethnography is the essence of this counter-science. The anthropologist Max Gluckman (1964) argued that ethnographers, given their aspiration to address humanity as a whole, are obliged to open themselves up to the full complexity of social reality. Fieldwork means following up whatever seems important as it happens. At some stage though, the ethnographer must seek analytical closure in order to draw simple patterns from these open-ended inquiries; and these abstractions may sometimes seem to be naïve from the perspective of other disciplines. It is likely to be the same if we embrace world history: there will always be a specialist to point out our mistakes. Anthropologists have long enjoyed a certain intellectual freedom and, as Foucault says, this can be invigorating for the more conventional sciences. But we need to be more explicit about how the dialectic of being open and closed at different times comes about. In this sense, economic anthropology might have much to gain from becoming a relatively disciplined branch of the broader 'anti-discipline'.

In chapter 2 we traced the unfinished history of the idea of economy, which started out as a domestic function and is now expressed through world markets of many kinds. We could not settle on a definition, but we did suggest that economy might be seen as a local political order based initially on the 'house' and extended into the world through the 'market'. Polanyi linked the internal and external dimensions of economy through conceiving of money as a 'token' and as a 'commodity'; and we have found that fruitful in seeking to understand the world economy today (chapters 4 and 5). This world economy is a human economy. Why 'human'? Because our focus is on what people actually do and think; economic action is directed towards the well-being of whole persons and communities, not a mechanical and one-sided individualism. We emphasize the local particulars of economic institutions in all their variety; and our horizon is humanity's historical project to achieve stewardship of life on this planet. In the end everyone should feel 'at home' in a world that has been made by markets, but we cannot survive on the basis of market economy alone.

The cultural turn of the neoliberal era has tended to bury the economy from view or allows it to appear only as consumption or circulation. Even in a post-Fordist, post-modern age, most people still have to work for a living. The conditions of the labour process in the new 'knowledge economy' are evidently different from those of peasant households or large factories, but the need to transcend alienation and achieve economic solidarity is common to all these settings. Feminists have reminded us that production is not restricted to what takes place outside the home, just as Marx (1859) insisted that production and consumption are inextricably linked within a single economic totality. The human economy has been occluded from view by dominant ideology, but an anthropological approach invariably highlights the significance of people's domestic and informal economic strategies.

This applies as much to the individuals, networks and groups who mediate financial markets as to everyone else.

As we pointed out in chapter 5, money in capitalist societies stands for alienation, detachment, impersonal society; its origins lie beyond our control (*the market*). Relations marked by the absence of money are the model of personal integration and free association, of what we take to be familiar (*home*). This institutional dualism, forcing individuals to divide themselves every day between production outside and consumption inside, asks too much of us. People want to integrate division, to make some meaningful connection between their own subjectivity and society as an object. It helps that money, as well as being the means of separating public and domestic life, was always the main bridge between the two. We have identified a cumulative tradition of work in economic anthropology on money, starting with Mauss and Polanyi and now a flood of ethnographic investigations into the workings of capitalism at its institutional core. But none of this recent work on Western capitalism matches the discoveries of Jane Guyer (2004), patiently excavating from three centuries of African history and decades of intermittent fieldwork a model of indigenous commercial civilization that alters how we think of money everywhere. Now that we are more used to working in the capitalist heartlands, it remains imperative for economic anthropologists to maintain the comprehensive geographical range of our knowledge. If some anthropologists have focused on commerce *sui generis*, with its own specialist middlemen and advertising agencies, others have shown that modern corporations have gone far beyond such specialized compartments in their drive to control all stages of the economic process from research and development, through production, regulation, distribution and marketing to household consumption. An economic anthropology that limits itself to ethnographic studies of stockbrokers or traders will never grasp this level of our shared economic predicament.

As Marx (1859) showed, liberal economics has sidelined 'distribution', the question of who gets what share of society's product, by collapsing it into 'exchange', conceived of as spot market contracts. By focusing on one kind of property, exclusive private ownership by individuals, the economists have obscured the economic role of governments and corporations, not to mention the many concrete ways that ordinary people make economic life their own. Economic anthropology must therefore take property and its consequences for distribution very seriously. The discipline's history offers ample material for such a programme. Socialist societies in the twentieth century paid a high price for the ideological imposition of a mechanical reading of the evolution of property relations. We have insisted that any attempt to build society exclusively on the basis of either private property or egalitarian communism is doomed to fail, since human beings must at the same time be individually self-reliant and belong to each other in society. Ethnographers of tribal societies have shown this over and over again; but their preoccupation with local complexity encouraged myopia when it came to larger questions of world history. Jack Goody is the outstanding exception to this rule, having extended a detailed ethnographic analysis of property relations in Northern Ghana to comparative sociology and then to world-historical comparison between Africa and Eurasia, and finally between West and East (Goody 2010). The on-going drama of the interaction between capitalism and socialism, notably in East Asia, offers fertile ground for the exploration of property, while world society as a whole poses issues of distribution to which economic anthropologists cannot afford to be indifferent.

Farewell to Homo Economicus

In conclusion, let us return to the methodological individualism of the dominant economic model. It seems to be taking longer than might have been expected to bury *Homo economicus*, that implausible creature whose activities are motivated solely by individual self-interest. Many anthropologists have long rejected the utilitarian tradition, which

cannot grasp how the 'preferences' that shape economic behaviour are formed in society and are necessarily subject to normative regulation designed to modify rational egoism. At the same time, the ethnographic record finds little support for the idea (laid out more fully in the utopian works of William Morris than in Marx's writings) that whole societies have ever been or might become purely communist and thereby free of alienation.

Recent works in behavioural economics and cross-cultural experiments have tried to dig deeper into these issues. Some researchers believe they have already found solutions. Anthropologists who master the basics of game theory and have access to a brain scanner may once again be granted space in economics journals for an elegant demonstration that 'culture matters' in the economy. We have rejected such approaches in favour of working with the corpus of ethnographic and historical research. The method of controlled experiment is unlikely to reveal the values and motivations of the human economy, which are best studied in the flesh-and-blood contexts of living society.

Economic action may be defined by *fiat* as the calculated pursuit of individual interests, with other forms of action thereby excluded from 'the economy'. But even within economics and evolutionary biology, to insist on re-interpreting cooperative and altruistic behaviour as being at some deeper level self-interested is increasingly seen to be sterile, while the rest of us can only note what seems to be blatant disregard for common sense. Longstanding advocates of rational choice theory in effect concede this point when they shift to a concept of rationality detached from any notion of self-interested calculation. But nothing is gained by insisting that our anonymous donations to charities or bequests to our children are all somehow 'rational'. As Mauss insisted almost a century ago, we are all both individual and social; economic action is always in varying degree interested and disinterested. If we aspire to being human, it will not do to hang on to one pole of this dialectic at the expense of the other.

The idea of economy started out more than 2,000 years ago as a Greek principle of rural household management. This remained its prime referent for as long as Eurasia was dominated by agrarian civilizations. In the last 200 years or so since the industrial revolution, English-speakers came up with a liberal successor whose purpose was to rationalize markets that were pulling a rapidly urbanizing world into ever closer association. In this book we have sought to expand this tradition, primarily by drawing on a range of sources from Continental Europe. But we do not imagine that the prospects for a human economy rest exclusively with the West. Indeed, the focus of world society now seems to be moving inexorably back to where most of the people are: Asia. Economic anthropology has the potential to offer a disciplined approach to questions of overwhelming significance for our species' stewardship of the planet. Its Western roots must be cross-fertilized with other intellectual traditions if it is to fulfil its global mission and contribute to a more inclusive human future.

Notes on Further Reading

Apart from indicating additional sources for arguments made in the text, these notes offer suggestions for further reading, including textbooks, surveys and other secondary literature.

1 Introduction: Economic Anthropology

The idea of a 'human economy' is explored through some thirty essays from around the world in Hart, Laville and Cattani (2010). James Carrier (2005) has edited a *Handbook of Economic Anthropology* which is being revised for a new edition as we write. This is the best single source for current work in the field. The journal *Research in Economic Anthropology* has published original work on behalf of the Society for Economic Anthropology since the 1970s. Among recent textbooks, Wilk and Cliggett (2007) has a wider coverage than Narotsky (1997), which focuses on neo-Marxist approaches. For innovative archaeological approaches to early economies, see Sherratt (1997). Rousseau (1754) has inspired the authors of this book and many before us, especially in the nineteenth century. Zammito (2002) is the best introduction to Kant and Herder.

2 Economy from the Ancient World to the Age of the Internet

For a broad perspective on world economic history in the agrarian age, see Hart (2006) and Graeber (2011). Polanyi (1957a) is still a brilliant introduction to Aristotle and the theory of *oikonomia*. Mandel (1974) provides a partisan overview of the history of economic thought; Schumpeter (1954) is an indispensable guide for serious readers. Wallerstein (1974) outlines the development of the 'world system' since the sixteenth century. On Adam Smith's 'invisible hand', see Lubasz (1992). On Karl Marx, see Bloch

(1983) and Patterson (2009). Hart (2000) discusses the consequences of the digital revolution for national capitalism.

3 The Rise of Modern Economics and Anthropology

Hutchinson (1978) is an accessible introduction to the marginalist revolution in economics. Heath Pearson (2000) provides the best coverage of the relationship between economics and anthropology in the period covered in this chapter. For the German tradition see Spittler (2008) and Backhaus (2000); the significance of the German Historical School for anthropology is reviewed by Kahn (1990). Stocking (1996) is a comprehensive account of the British school from the 1880s to the 1950s. The history of economics in the USA between the wars is explored by Yonay (1998). The American anthropologists of this period are admirably dealt with by Silverman (2004: 257–74). Cook (2004) outlines American economic anthropology of Mexico from the pioneers to the present. Sigaud (2002) traces the complex reception of Mauss's masterpiece; see also Hart (2007).

4 The Golden Age of Economic Anthropology

The collections edited by Leclair and Schneider (1968) and Firth (1967) are still useful for the key articles of the great debate. Bohannan and Dalton (1962) remains a good collection on markets seen from a substantivist point of view. On Karl Polanyi's life and work, see Dale (2010). Hann and Hart (2009) contains essays assessing his contemporary relevance. On the making of the economics profession following the Second World War, see Mirowski (2002). For more on Chayanov see Durrenberger (1984).

5 After the Formalist–Substantivist Debate

On neo-Marxist approaches, see Bloch (1975b, 1983); Hart (1983). Seddon (1978) provides English translations of the leading articles from French Marxist anthropology in the 1960s and 1970s. Moore (1988) offers a synoptic survey of feminist contributions to anthropology; see Seligmann (2001) for more on female traders and Stirling (1993) for more on Turkey. Breidenbach and Nyíri (2009) explain why we 'see culture everywhere' these days. Miller (2010) contains an engaging account of his approach to 'material culture'. For discussion of Stephen Gudeman's important contributions, see Löfving (2005). The work of the new institutionalists is presented in Acheson (1994). Recent anthropological compilations concerning property include Hann (1998) and Hunt and Gilman (1998). Harvey (2005) provides a brief critical introduction to neoliberalism; for earlier criticism, see Friedland and Robertson (1990).

6 Unequal Development

Eric Wolf's (1982) anthropological history of uneven development as seen from the periphery is indispensable. Lewis (1978) provides an accessible overview of global development in the twentieth century. The World Bank and United Nations Development Program both publish annual reports full of useful comparative statistics. For general introductions to the role of anthropologists in this field, see Gardner and Lewis (1996); political and institutional problems are examined in Robertson (1984), with a particular focus on Malaysia; David Mosse (2004) provides an ethnography of the aid business. The most influential pioneer of participatory methods was Robert Chambers (1983); see also Harriss (1982, 2001). Padayachee (2010) contains a range of interesting essays on African development; Guha-Khasnobis et al. (2006) is an interdisciplinary introduction to relations between the formal and informal economies. Escobar (1996) and Ferguson (1990, 2006) have been the most prominent anthropological critics of development; while Rahnema and Bawtree (1997) have assembled a *Post-Development Reader*.

7 The Socialist Alternative

Hann (1991, 2002) has edited anthropological collections exploring socialism and postsocialism. The disintegration of the Soviet economy is documented from many angles in Humphrey (2002). For the pre-reform era in rural China, see Parish and Whyte (1978), and for urban life Whyte and Parish (1984). For the impact of neoliberalism there, see Fleischer (2010), Kipnis (2008), Rofel (1999); Arrighi (2007) argues that it is too soon to call China 'capitalist'. On the privatization of farmland in Eastern Europe, see Hann (1993), Hann and the 'Property Relations' Group (2003) and Verdery (2003). Postsocialist dispossession and its consequences for the working classes are analysed in Kalb and Halmai (forthcoming); Creed (2010) analyses socio-cultural dispossession among Bulgarian villagers. West and Raman (2009) explores the global legacy of socialism. For a comparison between postsocialism and post-colonialism, see Chari and Verdery (2009).

8 One-world Capitalism

George Marcus, who co-authored key texts on the cultural turn during the 1980s, is famous for advocating multi-sited ethnography (Marcus 1998) and has contributed several original studies of capitalism, including the Hunt family's attempt to corner the world market for silver (Marcus with Hall 1992). Thomas Hylland Eriksen (2007) has provided a searching review of the issues raised by 'globalization', with a further summary

(Eriksen 2010) more concerned with economic questions. Fordism and post-Fordism are placed in the wider context of 'afterologies' by Kumar (1995). For industrial work, Mollona et al. (2009) combine classical studies by sociologists and historians with work by contemporary anthropologists. The field of consumption is surveyed in Miller (1996). Intellectual and cultural property issues around the world are explored in Verdery and Humphrey (2004) and Strang and Busse (2011). Maurer (2005b, 2006) has provided synoptic reviews of the burgeoning literature on money. For anthropological insights into the financial crisis that erupted in 2008, see Hart and Ortiz (2008), Gudeman (2010) and Visser and Kalb (2010).

9 Where Do We Go From Here?

Robotham (2005) makes a powerful argument for the need to redress the legacy of the 'cultural turn' in favour of production. Hart (2005) deals in greater depth with the central challenge of how human beings can cope with the increasingly *impersonal* conditions of social existence while remaining *persons*.

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