Chapter 8
Economics

Working, Sharing, & Buying
Overview

- All economies are shaped by local social relationships, cultures, and moralities. Post-socialist Russia is a particularly good example of these processes in motion.

1. One strategy that persists from Russia’s socialist era is *blat*, the give and take of favors among personal contacts to obtain hard-to-find goods and services. It is based on long-term trust among family, friends, and neighbors.
2. **Bartering**, or exchanging, goods is another holdover of the Soviet period. Formal institutions and businesses, not just informal exchange between individuals, use the barter system.
   - Exchange includes trade in goods and services, as forms strands of social networks (allies one group with another).
   - Many of these transactions take place in deeply embedded components of social relationships.
3. Criminal **protection rackets** for small business owners have become part of everyday life and are evident in nearly every aspect of Russian society.
   - Most Western economists see systems like *blat*, barter, and protection rackets as counterproductive and corrupt. People in the former Soviet republics see this as doing what is necessary to survive, and they accept working within existing social hierarchies and relationships.
   - Robert McNamara wrote on a similar topic in his paper, *Learning how to bribe a policeman*, where he describes this norm in Bolivia; I say this “in action” in Indonesia.
   - Anthropologists have long debated the nature of the relationship between culture and economy. But the two clearly interpenetrate each other, and we cannot fully understand one without the other.
Many North Americans and Europeans are accustomed to the idea that money is the measure of all things—we tend to think in monetary values.

But we also understand that there are things that you can’t realistically put a “price” on: the original Declaration of Independence, childhood mementos, sacred religious sites or objects, family heirlooms.

To understand why there are certain things money can’t buy, we must understand that there is a difference between monetary price and value as defined in anthropology: the relative worth of an object or service that makes it desirable.

Culture, economics & value

Value is culturally constructed, and this is the focus of economic anthropology: The subdiscipline concerned with how people make, share, and buy things and services.

Anthropologists, like economists, have an interest in how economies work; but the anthropological emphasis is different.

Anthropologists are less concerned with predicting patterns and helping people earn and maintain wealth.

They are more concerned with the cross-cultural study of economic systems: The structured patterns and relationships through which people exchange goods and services—and understanding how culture and economy affect each other.

Cultural anthropology applies four major theoretical approaches to economic value: neoclassical economics, substantivism, Marxism, and cultural economics (see Table 9.1).
Is Money Really the Measure of All Things?

- The neoclassical perspective
  - Neoclassical economics: The study of how people make decisions to allocate resources like time, labor, and money in order to maximize their personal benefit.
  - This approach is reflected in Adam Smith’s influential book *The wealth of nations* (1776).
  - Like most scholars of his time, Smith ranked human societies along a scale of “civilization,” with the more civilized societies exhibiting division of labor: The cooperative organization of work into specialized tasks and roles.
  - Smith used a sewing pin to illustrate that mass-production by teams of specialists is better than the single person making the pin.
    - If a pin is manufactured by one person, it takes greater time and labor.
    - If mass-produced by teams of specialists the number of pins that can be made in a day increases exponentially.
    - The value of the pin is determined by its exchange (the transfer of objects and services between social actors) in a market (a social institution in which people come together to buy and sell goods and services).
  - To Smith, the “invisible hand” of the market economy channeled “natural” competitiveness and self-interest into wealth and human satisfaction. Smith’s formulation assumes that self-interest and unlimited desires are culturally universal. He also assumed that:
    - Certain persons had to exert demand and so needed money to do so.
    - Competition was needed as this promoted the best and most efficient system.
    - There had to be a means for enforcing contracts.
    - There are problems with the real market.
Is Money Really the Measure of All Things? 3

• The substantivist-formalist debate
  • The substantivist position
    • Economist **Karl Polanyi** addressed Smith’s assumption in *The great transformation* (1944).
    • Polanyi argued that the rise of market economies wasn’t an inevitable expression of human nature but a system developed in a particular historical and cultural context.
    • This contrasted with Smith’s ideas about **capitalism**: An economic system based on private ownership of the means of production, in which prices are set and goods distributed through a market.
    • Polanyi distinguished between **formal economics** (the branch of economics that studies the underlying logic of economic thought and action) and **substantive economics** (a branch of economics that studies the daily transactions people engage in to get what they need or desire).
    • In the substantivist view, daily transactions are not the result of an “invisible hand” guiding economics alone and can’t be separated from other social institutions, like religion, kinship, and political systems.
    • They explored how these institutions shape redistribution: the collection of goods in a community and then re-division of those goods among members.
  • Substantivism approached economic systems:
    • From a culturally relative perspective
    • As evolutionary, or changing through time
    • Societally focused (rather than individually)
    • Holistically descriptive.
The substantivist-formalist debate (continued)

The formalist position

- In the 1960s, formalist (because they favored formal economics) critics accused substantivism of too little focus on individual behavior.
- Formalists advocated scientific investigation of rational individuals and supply-and-demand markets, which, though not universal, have existed in a broad range of societies.
- Formalists shared Adam Smith’s ideas about unlimited wants and the desire for satisfaction.
  - As anthropologists, they understood that “satisfaction” was culturally relative.
  - But they asserted that individuals used rational decision-making processes in pursuit of satisfaction, and these processes were culturally universal.
- In economics this is called rational choice theory
  - There are many who challenge how rational we are
  - Especially given the way our brains are wired.
- The substantivist-formalist debate was never formally resolved, and most anthropologists today would support a basic compromise that recognizes the role of individuals and societies in economics.
- People everywhere are economically rational but rely on culturally specific measures of value and satisfaction.
The Marxist perspective

An alternative perspective on economic systems is the one put forth by Karl Marx (1818–1883). According to Marx, the capitalist system, as it existed in Britain at that time, created constant conflict between the wealthy class and the working class.

- He hoped to provide an escape from industrial capitalism and establish a utopian society called “communism.”
- In communism, people would be free and equal without differences between bosses and workers.

Marxists sought to explain how an economy based on inequality perpetuates itself. How can an economic system that seemingly benefits the few at the expense of the many survive indefinitely?

- Marxists focus on the concept of **surplus value**: The difference between what people produce and what they need to survive.
- In their view, the wealthy class, who control the means of production, effectively “steal” the surplus value of the working class and convert it into their own private wealth.
- Marxist analysis directed anthropological focus toward issues of power, domination, and the unequal distribution of wealth. But, like many grand theories of economics, it did not place much emphasis on cultural variability in symbolic and moral systems and its influence on economic interaction.
• The Marxist perspective (continued)
  • Under capitalism, Eric Wolf, an Marxist anthropologist, stated that money buys power and this results in a social gap between the haves and the have-nots.
  • But, in his book, *Europe and the people without history* (1982) he states that non-industrial cultural groups use alternative ends to meet their needs.
    • That the mode of production is based on kinship and social obligation.
    • They devote their time, resources, and energy to five broad categories of alternative ends: subsistence, replacement, social, ceremonial, and rent.
      • **Subsistence fund**: work is done to replace calories lost through life activities.
      • **Replacement fund**: work is expended maintaining the technology necessary for life (broadly defined).
      • **Social fund**: work is expended to establish and maintain social ties. (for instance, cover a work shift for a fellow worker).
      • **Ceremonial fund**: work is expended to fulfill ritual obligations (for instance, buy a birthday present).
      • **Rent fund**: work is expended to satisfy the obligations owed (or inflicted by) political or economic superiors (for instance, show up for a meeting and be engaged).
  • In his book *Envisioning power: Ideologies of dominance and crisis* (1999), Wolf argued anthropology had largely ignored the discussion of power when discussing the concept of culture.
• The cultural economics perspective
  • One perspective that seeks to highlight cultural variability in economics is cultural economics: An anthropological approach to economics that focuses on how symbols and morals help shape a community’s economy.
  • Cultural economists approach economy not as something that overrides culture but as a category of culture like any other.
  • Part of this culture-specific focus is prestige economies: Economies in which people seek high social rank, prestige, and power instead of money and material wealth.
    • Among the Maya of southern Mexico & Guatemala, men participate in the cofradía system, a politico-religious system that requires them to share generously with the community (in the form of “cargo”) to gain and maintain high-status positions in the local hierarchy.
      • The cofradía system is an important part of both the economy and of religion. Religious office are arranged into 4 hierarchal levels.
      • The higher the level, the more demand on the office holder. More time and money is expected to be invested:
        • Level 4: 3 cargos; Level 3: 4 cargos; Level 2: 14 cargos; Level 1: 34 cargos
        • As the participant loses economically, he gains in prestige.
    • Importantly, an insider’s perspective is necessary to understand how this system converts labor and the currency of money into the currency of prestige and how acts of public generosity can include an element of self-interest.
Culture Shapes Value & Meaning of Money

Sometimes asking questions with seemingly obvious answers can reveal surprisingly complex answers. Anthropologists are well practiced in asking what cultural insiders likely consider “stupid” questions. To most Westerners, “What is money?” is such a question.

- **Money**: An object or substance that serves as a payment for a good or service.
  - **Commodity money**: Has its own value.
  - **Fiat money**: Value is based on “word” of a government.

Anthropologists are interested in money not just as a kind of currency but because of its significant cultural dimensions.

The types and cultural dimensions of money

- Another obvious question is, Why do people in various cultures want money?
  - In market economies, we rely on **general-purpose money**: Money that is used to buy nearly any good or service.
  - Many societies also include uses for **limited-purpose money**: Objects that can be exchanged only for certain things.
  - For example, among Tiv pastoralists of Nigeria, men must pay bride price (newer term is **bride wealth**) before marriage. Bride price must be paid with the limited-purpose money of cattle, and cattle must be purchased with the limited-purpose money of brass rods.
  - Among the Yapese of the Federated States of Micronesia, stone “money” is only used for specific purposes.
The types and cultural dimensions of money

- Another aspect of exchange to note is the concept of spheres of exchange.
  - **Spheres of exchange**: Bounded orders of value in which certain goods can be exchanged only for others.
- Even general purpose money (such as dollars and cents) has cultural and moral dimensions beyond the function as a medium of exchange.
  - To simply buy a diploma is ethically and culturally hazardous.
  - FYI: A **100,000 degrees** are sold/year in the U.S. by diploma mills.
- Additionally, one must account for transactional orders.
  - **Transactional orders**: Realms of transactions a community uses, each with its own set of symbolic meanings and moral assumptions.
    - In Langkawi (a Malaysian fishing community) people are wary of money because it circulates in the amoral domain of the marketplace, separate from the moral bonds of kinship and reciprocity. Men are willing to sell fish for money, but the money must be held and “cleansed” by women.
    - In medieval times, Jewish communities in Europe were tasked with money-lending as Christians saw usury as a sin.
  - As significant, and taken for granted, as money is in our culture, the meanings and uses of money are not universal.
Why Are Gifts Important? 1

• Exchange is central to the flow of social life in any community and includes many economic aspects, including the expectation of **reciprocity**: The give and take that builds and confirms relationships.

• **Gift exchange: Two classic approaches**
  • Two classical anthropological approaches investigate the role of gift giving in economic systems, one associated with Bronislaw Malinowski and the other with Marcel Mauss.
  • Both are **functional interpretations** (assuming that gift exchange fulfills some function within a society), but they differ in that Malinowski focused on how gift giving benefits individuals and Mauss focused on the overall societal benefits of gift exchange.

• **Approach 1: Kula**
  • **Kula exchange** is one of the most famous of all anthropological descriptions of gifts.
  • [Bronislaw Malinowski](https://en.wikipedia.org/wiki/Bronislaw_Malinowski) found in 1922 a system of exchange involving long voyages to exchange arm bracelets in a region called the Massim (Other kula rings exist, but are not so famous).
  • The **kula exchange** is a ceremonial gift exchange among the Trobrianders, PNG.
  • This exchange cemented lifelong relationships between high-ranking men on each island (rarely women)
    • In a counterclockwise direction (east), the exchange was of shell bracelets (armshells called **mwali**) were given.
    • Clockwise direction the gift was a coral necklace (**soulava**).
• Approach 1: Kula (continued)
  • These shell objects served no practical purpose or function but brought great prestige to their (temporary) possessors.
    • These exchanges were really about the power of the elite to control these items, so these were chiefly gifts.
    • From a functional point of view, ritualized Kula exchanges also included material goods like food and tools.
    • The Trobriand Kula illustrates a system of delayed reciprocity: A form of reciprocity in which there is a long lag time between giving and receiving.
  • The late Annette Weiner went back to Trobriand Islands 60 years later to study tourist art (airport art):
    • Instead she studied the funeral gifts of women exchanged (Sagali)
    • They exchanged 'cloth' (called tapa: Artifacts produced by weaving, plaiting knitting netting and sewing pandanus leaves) and banana leaf bundles.
  • The results of these exchanges are:
    • Confirms the matrilineage of the line passing out gifts.
    • Dramatizes the links between the dead person's matrilineage and patrilineage.
    • Puts women at the center of exchange during the funeral.
    • Creates an arena for women to compete (different than the kula).
Why Are Gifts Important? 3

- **Approach 2: The gift**
- In 1924, Marcel Mauss published *The gift: Forms and functions of exchange in archaic societies*, a comparative study of gift exchange in non-Western societies.
  - Mauss focused on the function of group solidarity. In his view, individual self-interest was tempered by a societal notion of obligation surrounding *gift exchange*: The obligation to give, the obligation to receive, and the obligation to reciprocate in appropriate ways.
  - He saw the gift exchange as having 3 dimensions:
    - The obligation to give
    - The obligation to receive
    - The obligation to return the gift in appropriate ways.
  - Mauss considered the moral and spiritual dimensions of gift giving.
    - For example, the Maori of New Zealand perceive gifts as possessing spirits (*hau*) that expect reciprocation — if the recipient did not return a gift, the spirit could be angered.
    - If spirits inhabiting objects sounds strange, consider why Marilyn Monroe’s dress sold for so much at auction. It’s just cloth, but because some people believe her life force imbues, it they will pay a lot of money.
Why Are Gifts Important? 4

- **Approach 2: The gift (continued)**
  - He saw the give as being part of many functions, including:
    - Gifts strengthens social network.
    - The keep a cycle of indebtedness in place.
    - Gifts create or maintain complex relationships between people.
  - Example of sharing food
  - Environmental variability can create shortages, so the **social refrigerator** has many consequences, including that sharing surplus food ensures that others will share their surplus food when you need it.
    - The Kantu’ live in West Kalimantan, Indonesia.
      - On most days sobriety is the norm, but about 1 day each week, the drink is rice wine
      - The host is required to push alcohol onto his guests until they vomit, then drink more. Why?
        - It pleases the spirits and helps ensure bounty crops.
        - The Kantu’ are independent and competitive so being the host spreads the resources
        - These relationships ensure support in times of need.
      - Kantu’ now plant rubber trees as a fall back resource and ceremonial feasting has diminished
  - In the English language, a gift is a cultural idea that says it is given freely, with nothing expected in return.
  - Anthropological idea would say there's no such thing as a free gift, even among English-speaking peoples as there is virtually always an expectation of a return gift.
    - Mauss did not explore the 'pure gift' or gifts without reciprocity, but did not exclude the possibility.
    - Mauss overgeneralized to the idea that tribal people give gifts, western peoples have markets
Why Are Gifts Important? 5

- **Approach 2: The gift (continued)**
- Reciprocity is not the only type of economic interaction within and between groups. Karl Polanyi suggested 4 forms of integration: The ways that societies manage distribution.
- Market exchange uses money rather than barter. Suggestion: Watch *The ascent of money*
- Redistribution is the passing out of goods, often to enhance prestige.
- Householding: The self-contained household economy (subsistence)
- Reciprocity: Marshall Sahlins added to Mauss’s and Polanyi’s ideas concerning reciprocity by differentiating between types: generalized, balanced, and negative.
  1. **Generalized reciprocity** is most commonly found among closely related persons (“gift giving”)
  2. **Balanced reciprocity** involves more distantly related partners and involves giving with the expectation of an equivalent.
  3. **Negative reciprocity** involves very distant trading partners and is characterized by each partner attempting to maximize profit and an expectation of immediate exchange.

<table>
<thead>
<tr>
<th>Generalized</th>
<th>Balanced</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Pure” Gift</td>
<td>Gift</td>
<td>Barter</td>
</tr>
<tr>
<td>Time lag</td>
<td>Never</td>
<td>Delayed</td>
</tr>
<tr>
<td>Social distance</td>
<td>Intimate</td>
<td>Close</td>
</tr>
</tbody>
</table>
Why Are Gifts Important? 6

• **Approach 2: The gift (continued)**
  • Recent studies of reciprocity have focused less on types and more on how gifts are interpreted within a cultural framework.
  • For example, *Marilyn Strathern* (1990) has shown that certain Melanesian groups do not view gift exchange as “something that people do” but as the activity that “makes them people” to begin with.

• **Gift exchange in market-based economies**
  • Even in market economies, gift exchanges are imbued with cultural significance; from political bribes to holiday gifts, implicit rules guide exchanges.
    • For example, political bribes are not usually expressed as such, just a “gift” with the implicit assumption that political favors will follow.
  • Personal gifts fall on a **personal–impersonal spectrum**.
    • Personal gifts indicate knowledge of the receiver’s likes and dislikes.
    • Impersonal ones, like cash, can be given to anyone, so they are not a reliable signal of friendship.
    • Wrapping cash or putting a bow on it are “cheap” signals but more personal than just handing someone a bill.
  • Moderately personal gifts are things like commodities.
    • **Commodities**: Mass-produced and impersonal goods with no meaning or history apart from themselves.
    • We even have businesses devoted to “personalizing” commodities by engraving a name or slogan on them. This also explains why people wrap gifts.
Why Are Gifts Important?

- **Redistribution**
  - **Redistribution** is the typical mode of exchange in chiefdoms and some non-industrial states.
    - In a redistributive system, product moves from the local level to the hierarchical center, where it is reorganized, and a proportion is sent back down to the local level.
    - No expectation of reciprocity exists.
  - **Taxation is a prime example.**
    - Taxation requires at least the threat of harm if there is not compliance (thus the need for a centralized authority).
    - When the rich contribute more than the poor it is called *progressive taxation*.
    - When the poor pay more it is called *regressive taxation*.
  - **The potlatch of the Kwa Kwaka’Wakw is another example.**
    - Potlatches, as once practiced by Northwest Coast Native American groups, are a widely studied ritual in which sponsors (helped by their entourages) gave away resources and manufactured wealth while generating prestige for themselves.
    - Lavish feasts were given by one chief, using food surplus and surplus property and provided for a rival village.
    - These goods/food were exchanged for higher status.
      - This is **redistributive gift-giving**: Goods collected from members of society, a group or individual, then goods are giving back to the members.
      - This results in the evoking of **leveling mechanisms**: Constraints, in the form of societal obligations, that compel the distribution of goods so no one accumulates more wealth than anyone else.
Why Are Gifts Important? 8

- An example of blending markets and gifts: The garage sale
  - Held at or near residence of the seller.
  - Sell personal goods in decent condition and prices are well below retail prices.
  - Buyers are 'guests' and these guests are expected to follow the rules:
    - Do not arrive before stated time.
    - Do not bargain too aggressively.
    - Buyer is to buy for self, not for resale.