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Introduction



Theory in Economic Anthropology at the Turn of the Century

Jean Ensminger

The last decade of the twentieth century was not kind to economic anthropology. In the heyday of postmodern sentiments, the type of research that has always been the forte of economic anthropology was at best underappreciated, at worst, scorned, slandered, and ignored. As the social sciences move on from the excesses of those times, it is likely that many of the solid ethnographic, empirical studies that have been the foundation of economic anthropology will once again come into vogue. Meanwhile, those who have continued in the rigorous methodological tradition that has been associated with this subdiscipline have preserved the technical and analytical skills necessary to survive into the next generation and guarantee the continuity of the discipline as a serious social science. Further, there is evidence that many exciting new theoretical ideas are entering anthropology through the engagement of economic anthropologists with others across disciplinary boundaries.

This volume is largely drawn from papers presented at the annual conference of the Society for Economic Anthropology in 1998. This conference was hosted by Northwestern University and served also to celebrate the fortieth anniversary of the founding of the Program of African Studies there by Melville J. Herskovits, the noted economic anthropologist and Africanist. The theme of the conference was designed to take the pulse of theory in economic anthropology seventeen years after the first meeting of the society and publication of the first volume in this series, which focused upon theory in economic anthropology (Ortiz 1983). It should be

noted that two areas of considerable interest to economic anthropologists are somewhat underrepresented in this volume because they are the central themes of the next two volumes: gender and development. These issues are so pervasive in the field, however, that they clearly are intertwined in a number of the chapters represented here. Most especially, both gender and development are the primary themes in Gwako's chapter 1. Development issues also figure prominently in the chapters by Acheson, Ensminger, Winslow, Cohen, Obukhova and Guyer, and Hansen (chapters 2, 3, 8, 9, 10, and 11).

As the economic gap between rich and poor countries grows ever more apparent (Landes 1998), the work of economic anthropologists who can shed light on the underlying causes of this disparity in economic performance has never been more needed. Indeed, the World Bank (1997) has in recent years demonstrated increasing appreciation of the role of institutions and social capital in understanding the underperformance of developing economies. As is evident in this volume, economic anthropologists write extensively on institutions and social capital (see especially Gwako, Acheson, Ensminger, Earle, and Bell). There has perhaps never been a time when economic anthropologists are likely to be as well received by their colleagues in economics, political economy, and development. Economic anthropologists still have the expertise so much in demand by other disciplines that are stronger in theory, but lack the bottom-up understanding of what makes small economies on the ground function—sometimes well, sometimes poorly. In order to take best advantage of the synergies across disciplines, however, it is increasingly imperative that anthropologists speak the language of general theory in the social sciences. These chapters demonstrate how this dialogue is being incorporated into the research agendas of economic anthropologists. Gwako, Acheson, and Earle write in a framework influenced by new institutional economics; Gwako, Ensminger, and Henrich engage the rational choice debate raging in political science, economics, and economic sociology; Winslow and Cohen place their studies in the theoretical tradition of geographers and others dealing with spatial and transnational studies; and Hansen and Wilk work in the area of consumption and draw from theory in marketing and consumer research.

We see evidence in these chapters of the many strengths that economic anthropologists bring to the understanding of less developed economies. Many of the chapters take a historical perspective on their subject (see especially Winslow, and Obukhova and Guyer) while Earle takes an even longer evolutionary perspective. These studies highlight the advantage of an anthropological approach that is able to benefit from either longitudinal data collected in the same area over time (see especially Winslow), or a perspective that self-consciously attempts to place data in an evolutionary

time frame. Here economic anthropology is especially well served by our archaeological colleagues (see Earle) who think in (and have data on) far longer time periods than is the norm for cultural anthropologists. In all of these cases, one appreciates the power of an analysis that affords the study of change over time and adds a dynamic element to more static analyses that depend more on cross-sectional data.

A number of the chapters connect with the past by tracing the theoretical roots of current thinking in the context of rich theoretical traditions in anthropology, whether these be Marxism (see especially Bell and Cohen), Chayanovian household economics (see Durrenberger and Tannenbaum), exchange theory (see Hunt), or the institutionalism of Karl Polanyi (see Bell). These chapters update the theory of classical scholars and discuss them in the context of contemporary data and current debates in the literature.

There is also considerable disagreement among economic anthropologists over the very usefulness of grand theory itself (see especially Henrich and Wilk). One of the most potent debates that divides economic anthropologists relates to the proper role for agency, rational choice, and methodological individualism in the analysis of behavior in small-scale societies. These debates were central to the transactional approaches of Bailey (1969), Barth (1981), and others in the 1960s and 1970s, and also had a major place in the great formalist/substantivist debates of the same era. Scholars today are especially divided over the place of strategic action versus behaviors driven by social norms and embeddedness in the institutional structures of society. This division highlights the extent to which the Polanyi debate (see Bell) is still with us. Gwako's chapter is very much in the tradition of recent rational choice approaches in new institutional economics and political science. Ensminger's chapter also deals with economic preferences, but provides evidence from experimental economics on the ways in which assumptions of narrow economic self-interest appear to be violated. Henrich discusses at length the rationality concept in conjunction with the history of economic anthropology. Coming from the new institutional economic tradition, Acheson's chapter nicely bridges many of these debates by addressing the way in which strategic actors attempt to change institutions to suit their own desires.

The chapters in this volume fall into five categories that represent current theoretical concerns in the discipline: the new institutionalism; debates about wealth, exchange, and the evolution of social institutions; the relationship between small producers and the wider world; the role of commodity change and the formal/informal sector; and the role of grand theory.

Part I. The New Institutionalism

The section of the book dealing with new institutional approaches highlights the current interest in this area across a wide swath of the social sciences (see especially the recent issue of the *Journal of Institutional and Theoretical Economics* devoted to this topic, particularly Miller 1998, Knight 1998, and Ensminger 1998; and see an earlier volume in this series devoted to the topic, Acheson 1994). Influenced by the new institutional economics, Laban Gwako addresses an issue of enormous import in African development—property rights. The World Bank and the Land Tenure Center at the University of Wisconsin, Madison, recently carried out a number of studies cross-culturally in which they failed to find a significant relationship between land tenure security and agricultural productivity. Yet there is considerable theoretical literature in the new institutional economics that points to the relevance of secure property rights in motivating greater incentives for agricultural production. Gwako argues in this chapter that the error in those studies stems from a failure to analyze property rights at the subhousehold level. When measured at the level of the household, it is essentially men's property rights that are being measured, but it is women who do much of the agricultural work in Africa. Gwako tested this hypothesis among the Maragoli of Kenya and found that when one examines women's property rights by plot at the subhousehold level, it is a good predictor in regression analyses of the level of agricultural output on that plot. Gwako demonstrates that the main mechanism by which this occurs is the selective application of agricultural inputs by women to the plots over which they control the outputs. Further, he provides quantitative and qualitative data from participant observation and interviews with women farmers that document their knowledge of this phenomenon and the manner in which they divert inputs to raise the productivity of their own plots.

In a very different discussion also drawing upon the new institutional economics and rational choice theory, James Acheson presents an overview of industrial organization. New institutional economists have made significant amendments to the neoclassical tradition. Among them is the assumption that market failures are common, and when this is the case people will develop alternative institutions, including firms, to solve their problems. Transaction costs are a central explanatory variable in new institutional analyses. It is now recognized that one reason why people don't transact in the market is because the costs of doing so may outweigh the gains. It is costly to acquire information about the quality of labor and products, it is costly to monitor labor and suppliers, and it is costly to negotiate and enforce contracts. For these reasons, some exchange occurs in markets, but other exchange is internalized within the firm or in hybrid organizations. The state plays a key role in reducing transaction costs, as for example

by establishing the rule of law that allows contracts to be enforced. Acheson is one of the first to apply these theoretical insights to industrial production in the developing world rather than to the more typical focus on issues tied into the agrarian economy (see Ensminger 1992). These theoretical insights will be of increasing relevance to anthropologists as the developing economies they tend to study move more and more toward industrial production and grapple with the proper role of the state in ensuring efficient economic organization. In the last part of chapter 2, Acheson deals with the interesting question of what kind of state and how much state is optimal for economic performance. While it is widely assumed that neoclassical economists view the state more as an impediment to economic development rather than a benefit, one of the insights of new institutional economics is that states provide extremely necessary institutions for the efficient functioning of markets and firms. Individuals and organizations, however, have strong vested interests in what kinds of institutions the state forms, and consequently they attempt to institute those that most serve their ends, whether these are of benefit to the common good or not.

In chapter 3, Ensminger discusses experimental methods that offer some promise for measuring economic preferences and norms cross-culturally. The chapter provides some evidence from experimental economics which challenges some fundamental economic assumptions about narrowly self-interested behavior. Ensminger presents some of the early findings from a project that is being carried out in conjunction with a number of other anthropologists (including Henrich, this volume) running economic experiments around the world to examine the levels of cooperation, self-interest, and altruism in less developed economies. The data presented here are from the Orma cattle herders of northeastern Kenya. Experimental economists have accumulated considerable data from the United States and other developed market economies that consistently demonstrate high levels of cooperation and fair-mindedness. The evidence presented in this chapter shows that, among the Orma and across the other societies where anthropologists have run experiments to date, market integration is positively correlated with fair-mindedness. Aside from the theoretical contribution, this paper also goes into considerable detail on the methods themselves. Anticipating that anthropologists may wish to add these methods to their existing tools, Ensminger provides insights from early pilot studies on how to actually adapt the methods of experimental economics to the unique and challenging situations typically faced by anthropologists a long way from the nearest laboratory.

Part II. Rethinking Wealth, Exchange, and the Evolution of Social Institutions

Earle's chapter beautifully bridges the interests of the preceding authors who are dealing largely with institutions, and those of this section who are dealing with a broader range of issues, including both institutions and exchange, which are very much the focus of this chapter as well. Earle challenges the widespread economic notion that sociocultural complexity correlates with commodity flows. Based on archaeological data from complex societies in Hawaii and Denmark, he argues that it is the system of finance that supports new institutions and that institutional finance, not sociocultural complexity per se, determines the amount of exchange. Exchange may be largely in staple commodities or it may be in wealth goods. Thus, if the exchange is in staples, as opposed to wealth goods, higher levels of exchange do not necessarily correlate with higher levels of institutional complexity. Wealth goods are important, Earle argues, because early institutions were built by ceremonially symbolic exchange and this occurred through gift exchange of wealth goods.

Hunt's chapter on economic exchanges and transfers should be of value especially to students trying to come to grips with an extensive vocabulary used by economic anthropologists. He pays considerable attention to the historical roots of central concepts in the general domains of exchange and distribution. His discussion of generalized, balanced, and negative exchange is especially helpful for questioning the very notion that these usages have anything to do with exchange. Here he suggests the term "transfers" as more appropriate. In Sahlins' classic use of the terms, after all, there is little actually exchanged in the extreme cases of negative reciprocity (theft) or generalized reciprocity (pure gift). The value of differentiating true transfers from exchanges is highlighted by the clarity that is afforded by not implying that these transfers are ever likely to be reciprocated, even over the course of decades. Hunt concludes chapter 5 by suggesting that we have less information about these behaviors in part because we have lumped transfers with exchanges. If we are to understand real transfers, including charitable contributions, it is essential that we more carefully use terminology that will not obscure the differences among these quite distinct types of allocations.

Duran Bell's chapter also revisits some classic issues and the work of leading theoreticians who have had enormous impact on economic anthropology. Bell argues that Polanyi's definition of capitalism as an unregulated market system is quite at odds with Marx's focus on capital, which he views as the central defining concept in Marx's use of the term. Further, he faults Polanyi for being unable to incorporate the well-being of workers into his analysis, which, according to Bell, places him squarely in the neoliberal

camp, much at odds with a Marxist perspective. Bell argues that Polanyi's analysis of the destitution of workers in England stems from the destruction of the traditional culture and groups rather than from the meagerness of wages. Bell asks what it is about capitalism that erodes traditional communities. In Bell's discussion of Marx, the emphasis is shifted to control of new forms of capital and the role of the state in defense of new systems of capitalism at the expense of community and workers. Here Bell gets to a central point of chapter 6, which is that Polanyi tends to see the state benefiting the workers, which Marx and Bell clearly do not.

Part III. Small Producers Interacting with the Wider World

Appropriate for this volume, Durrenberger and Tannenbaum begin chapter 7 with a discussion of the meaning of theory in anthropology. Like Wilk, whose chapter closes out the volume, they argue in favor of more midlevel theory in anthropology, and their chapter is a nice illustration of exactly what they are talking about. The authors' theoretical stance begins with a set of assumptions about the categories appropriate for understanding household economics. Following Chayanov, they start with the assumption that peasants are rational, but in order to understand the logic of peasant decision making it is necessary to understand the constraints under which individual households are operating, and here one must look to the larger political economy for an explanation. The authors draw upon their case study material from Shan and Lisu villages in Thailand. They find that peasant behavior is consistent with Chayanov's logic about the effect of worker-to-consumer ratios on the tolerance level for work and drudgery. But a final accounting of peasant decision making requires the incorporation of political economy variables, as these set the actual preferences for the trade-off between drudgery and leisure in the utility function. For the hierarchical Shan, there is more individual return to drudgery in the form of wealth exchange for prestige, while for the egalitarian Lisu, there is not. This chapter nicely illustrates the way in which many economic anthropologists work through the logic of their case study material to unearth theoretical perspectives that are compatible with what they see on the ground.

The next two chapters in this section of the volume share a strong interdisciplinary orientation, but diverge in their discussion of the spatial landscape. Deborah Winslow provides, in chapter 8, an easily accessible overview of the literature on landscape studies and effectively introduces this subject to economic anthropology with an application to her long-term field site in Sri Lanka. Winslow has found spatial analysis particularly

useful as the population she studies self-consciously begins to move about the regional landscape—both physically and socially. The potters studied by Winslow have in recent years benefited from a tremendous increase in economic well-being. They are using this newfound wealth to distance themselves from the low status of their potting past as they branch across the landscape into new occupations and new social statuses that deny their past. Winslow nicely documents these patterns with marriage data showing the decline in local endogamy over time and the increasing tendency to marry farther away. In this part of the analysis Winslow also incorporates agency, as she notes the strategies being used by individuals to “renegotiate the traditional ‘ethnoscape’ of caste and class.” This is a particularly interesting case, as, in the process of moving strategically away from their lower status, individuals are actually giving up the potentially higher economic returns of life as potters.

Jeffrey Cohen provides an overview of a different spatial/global literature. Cohen’s focus in chapter 9 is upon the transnational literature. Cohen examines three phases of research on social change in Mesoamerica to understand the historical roots of current thinking that makes up transnational studies: functionalist arguments, dependency and world systems theory, and market-centered research. While transnational analyses share a focus upon the greater interconnectedness of societies due to shared economic, cultural, social, and communication networks, an examination of the roots of some of these perspectives clearly points to underlying differences among the practitioners. The functionalists view transnationalism as destabilizing and disruptive of local systems. Cohen challenges these theorists for essentializing and romanticizing indigenous systems; here transnationalism is viewed as a moral threat to community and identity. Dependency theorists are praised by Cohen for adding history and critical thinking about the political economy changes associated with transnationalism, but Cohen faults the dependency advocates for stripping local populations of their agency and rendering them pawns at the mercy of what goes on in the core nations. Finally, Cohen discusses the market-centered framework from which some transnational scholars work. He finds promise in the ability of this approach to take account of individual and household decision making in a purposeful and strategic manner. This approach also offers the most promise in affording the possibility of incorporating local class and status variability.

Part IV. Commodity Chains and the Formal/Informal Sector Distinction

The next two chapters follow closely the theme of the previous section as they both trace commodity changes across great regions. In addition,

Obukhova and Guyer go a long way toward updating the anthropology of the informal economy that was the subject of a previous volume in this series (Smith 1990). They make the point in chapter 10 that in this era of failed and ineffective states (Congo, Russia, and Somalia, to name a few), the line between the formal and informal economy is less clear than ever before. To examine this process, the authors choose to study commodities that are produced locally and largely for a domestic market. Their focus is upon commodity chains, wherever that may lead. For example, while the production of newspapers in Nigeria is part of the formal economy, the distribution is carried out largely by the informal economy. The economic history of the Soviet Union shows how the vodka commodity trade has shifted back and forth under conditions of high volatility. They argue persuasively by example for a more ethnographic approach to the study of commodity trade. One of the most intriguing findings they unearth by following the Nigerian commodity chain down the line is that preexisting social connections are not necessarily privileged over competence; personal capacities such as business acumen are rewarded further up the commodity chain as individuals prove themselves in the lower rungs.

Karen Tranberg Hansen introduces economic anthropologists to a little-known but huge trade in second-hand clothing that links the developed economies of the West with those of Africa, in particular. Hansen notes correctly that economic anthropology has tended to place more emphasis upon production, distribution, and exchange than it has upon consumption. Chapter 11 draws upon extensive fieldwork in Zambia that allows her to provide considerable detail on the cultural nature of consumption, on the issues driving demand, and on the agency of the actors involved. All the while, Hansen does not lose sight of the fact that she is dealing with a commodity that has considerable import to the well-being of the population and the meaning that this implies.

Part V. The Role for “Big Theory” in Economic Anthropology

The last section of the volume deals directly with the place of theory in economic anthropology. Richard Wilk questions how important high-level theory should be in economic anthropology. He approaches this important question by contrasting current work in the economic anthropology of consumption with an examination of consumer research and marketing. Wilk discusses three “high” theoretical traditions in the economic anthropology of consumption: the rational (market production as a mean to desired ends in the form of material consumption), the social (consumption as domination or resistance), and the cultural (the meaning of consumer goods).

Among other insights from chapter 12 is the observation that empirical work among consumer researchers is actually more likely to connect with and have an impact upon the low-level theory that is current in that discipline. This is less the case in anthropological research on consumption, Wilk argues, because we spend too much time engaging in grand theorizing and not enough doing rigorous empirical tests of our models. Wilk makes the case that, given the environmental reasons for needing to change consumption patterns, we can no longer afford the luxury of theories that do not connect with empirical research.

Closing the volume is a paper by Henrich that deals very explicitly with "big theory" questions in economic anthropology but, anticipating Wilk, formulates the argument heavily based upon the empirical record. Henrich takes on the tradition of assuming, implicitly and explicitly, that humans make many decisions through cost-benefit analysis. He provides evidence of this practice from the economic anthropology literature, which he argues has the tendency to assume a rational choice perspective. Henrich cites recent empirical evidence from experimental economics (see Ensminger, this volume), and cognitive psychology, which challenge both the ability of humans to make such calculations and the behavioral assumption that they actually do so in the real world. Instead, Henrich suggests that we consider the process by which people acquire information. Here he looks to the literature on cultural transmission, which argues that people selectively copy certain individuals and ideas. This process can in turn lead to adaptive behavioral patterns that we observe ethnographically.

Summary

So where does economic anthropology go from here? It is awfully hard to say, especially in these troubled post-postmodern times. Our entire discipline is in crisis, and the fate of economic anthropology may lie in the balance, but I would prefer to believe that it can offer a path to the future—both through participation in theoretical debates across the social sciences and in the rigor of method that has not been lost through this era in which such efforts were so underappreciated. If economic anthropologists, among others, are to lead the discipline out of the black hole of recent decades, I am convinced that it will require even more engagement with theory in the rest of the social sciences than we have experienced in the past. Anthropology has a tremendous wealth of knowledge that the other social sciences desperately need, but in order for this dialogue to have maximum impact we need to speak common theoretical languages. Whether one embraces or wishes to challenge the emerging new institutional and rational choice paradigms, to name two that are sweeping the rest of the social

sciences, it is time for more anthropologists to follow the lead of many of the scholars represented in this volume and join these discussions across disciplinary boundaries.

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