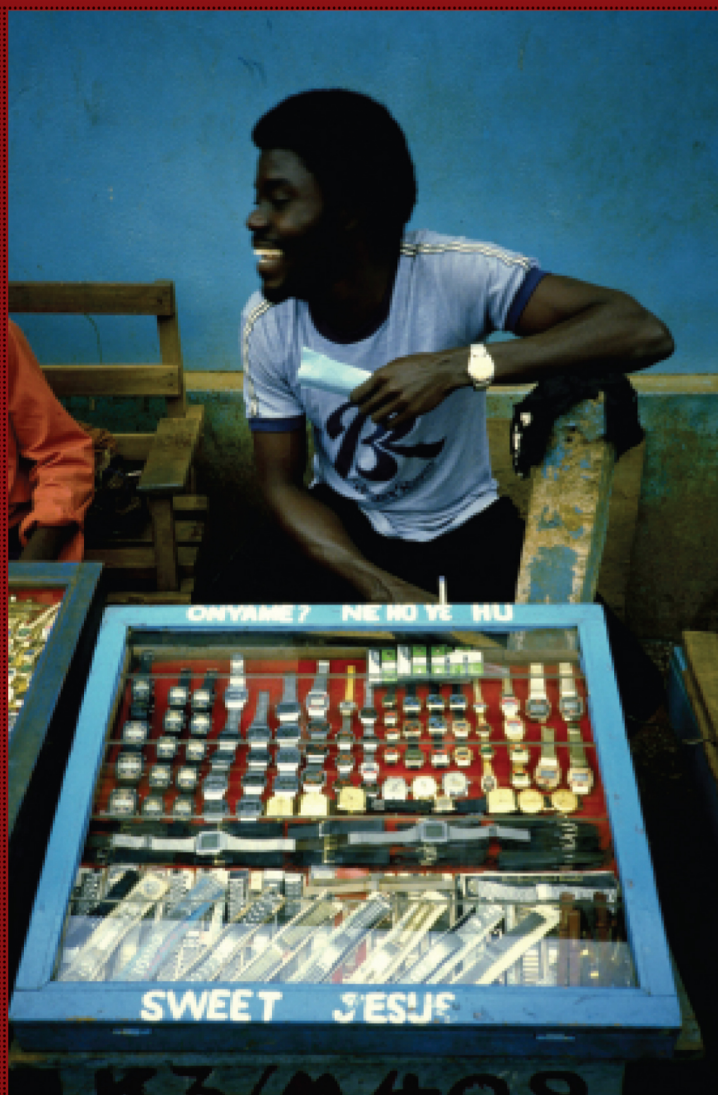


ECONOMIES AND CULTURES

FOUNDATIONS OF ECONOMIC ANTHROPOLOGY

SECOND EDITION



RICHARD R. WILK
and LISA C. CLIGGETT

ECONOMIES AND CULTURES



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Foundations of Economic Anthropology

Second Edition

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and

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PREFACE TO THE SECOND EDITION

This second edition of *Economies and Cultures* comes a full decade after the first edition appeared. During this time both of us have used the book in teaching economic anthropology classes, and Wilk has had feedback on the book, most of it very positive, from many students and colleagues at other universities. A surprising number of students wrote with their questions, comments and criticism, most of them perceptive and thoughtful. Most gratifying of all, some economists and economic historians have used the book in their classes, and it has also been used as a survey of the history of social theory. The book is being used to introduce economic anthropology to countries where it has never been taught before, including Vietnam, China, Brazil, Argentina, and Italy.

Along with introducing economic anthropology, the first edition of the book was also a useful guide to social philosophy and the origin of our modern social science disciplines, according to some colleagues. One reader even suggested that she found the book personally useful in thinking about her own role in society and as a guide to effective political advocacy! Needless to say, we are pleased and flattered.

The topic of economic anthropology continues to grow in both volume and relevance, expanding to include new topics like globalization, mass media, sustainability, fair trade, and ethical consumption. The Society for Economic Anthropology has also flourished, continuing its habit of holding stimulating and intellectually productive annual meetings and wonderful collegial collaborations and discussions. Many people researching and writing in this subdiscipline do not identify themselves primarily as economic anthropologists. This is perhaps part of a long-term trend in anthropology for the traditional old subdivisions of the field (political anthropology, kinship, social organization, etc.) to disappear and reform into new categories and divisions.

Over the past decade, the first edition of the book slowly began to look a bit worn and outdated. As reviews and comments began to accumulate, the strengths and weaknesses of the first edition became clearer. The continued growth and vitality of economic anthropology also made the reading guides and bibliography less useful to students. Most important, students and colleagues asked why the first edition did not include more discussion of gift giving and reciprocity. After all, these are the topics that draw most social scientists to economic anthropology in the first place—they have an almost iconic status as the portions of economic life that are the unique territory of anthropology.

Ironically then, we did not decide to write a second edition of this book for narrow economic reasons, as an excuse to wring a few more dollars out of undergraduate students by driving used copies of the first edition out of the marketplace. On an hourly basis we could probably make more money teaching a summer school class or even telemarketing! Instead our goals are more complex and mixed. We want to make sure the book continues to be a useful tool in teaching about economic anthropology. We want our colleagues and students to keep using the book and thinking about the fundamental issues it raises. We hope to continue to have an influence in shaping the field and in reminding people of the importance of maintaining a dialogue among the social sciences about basic human nature. Our highest ambition is to keep chopping away at the foundations of the artificial boundary that surrounds economics and sets it off from other social studies.

A number of things have been changed in this second edition, most importantly the addition of coauthor Lisa Cliggett, who survived, as a graduate student, one of Wilk's early attempts to teach economic anthropology. That early inspiration to explore the anthropological view of the economy, and the good fortune of taking an ecological anthropology class with Bob Netting while he was a visiting professor at Indiana University, put Cliggett clearly on the trajectory of becoming an economic anthropologist. The new chapter on gifts and exchange is largely Cliggett's work, drawing on her extensive recent fieldwork experience in Zambia. The chapter moves slightly away from the theoretical framework established in the rest of the book, with the goal of giving readers a guide to the main areas of historical controversy and the key findings of anthropologists working on gifts and exchange. If we produce a third edition in the coming years, we will probably add another chapter on consumption and consumer culture, which is another increasingly important topic in economic anthropology.

We have also updated the bibliography of recommended ethnographies to use in concert with this book in economic anthropology classes. Given

the huge volume of new studies in the past decade, we have added mostly books we have personally found useful, rather than aiming for a comprehensive collection. We have judiciously added a few new sources to the general bibliography as well. Most of the major trends in recent economic anthropology can be tracked through the annual volumes published by the Society for Economic Anthropology (now published by Altamira Press), through the annual volumes of *Research in Economic Anthropology* published by Greenwood Press, and through a number of excellent topical review articles that have appeared in the *Annual Review of Anthropology*, on topics like the anthropology of food and eating and the influence of Max Weber on anthropology.

Errors that crept into the first edition have now been corrected, and in a number of places we have expanded the original text to make points clearer to the reader. We have had invaluable help in this effort from Lois Woestman, who used the book in one of her classes and forwarded us detailed comments and suggestions for improvement upon which we have depended in making revisions. We are also grateful to our energetic and faithful editor at Westview, Karl Yambert, for his encouragement and patience.



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I

ECONOMIC ANTHROPOLOGY

An Undisciplined Discipline

*We do not see things the way they are;
we see them the way we are.*

—Chinese fortune cookie found by David Pilbeam,
cited by Roger Lewin, *Bones of Contention*

*Science is built up of facts, as a house is built of stones;
but an accumulation of facts is no more
a science than a heap of stones is a house.*

—Jules Henri Poincaré, *Science and Hypothesis*

CONTROVERSY AND SOCIAL SCIENCE

Textbooks often present anthropology as a cumulative collaboration, as a complete whole that has sprung from its history as naturally as apples falling from trees. Most professional social scientists know that this is not how things work at all. Anthropology, like the other social sciences, is in a state of constant change and fermentation, and our definitions of relevant facts, our preoccupations, and our questions and answers change all the time.

If that is so, why do so many anthropologists present the field in such a static way in their textbooks? We suspect it is partially out of fear of losing credibility and authority. Students might drop their anthropology classes if their professors admitted how provisional their knowledge is, how contentious the divisions and differences among their colleagues, how changeable “the facts” from generation to generation. Students, they think, want facts and truth, not challenges, contention, and the soft, shifting ground of advanced theory.

When textbook authors simplify the field, they may also be acting with the normal shortsightedness of the present moment, with the idea that



Academic Strife

what anthropologists know now is so much better than what they used to know that it will surely last, instead of being overturned by the next generation. And they may also be acting as “gatekeepers”: In keeping behind-the-scenes action secret, they control access to the field, like a close-knit tribe that excludes outsiders. Becoming an anthropologist means learning the sacred history—the names, factions, and fights.

Recently in anthropology, issues of relativism, objectivity, and authority have been the center of attention, often presented under the banner of “postmodernism.” Is anthropology just another way that the Western societies impose their worldview on other people? Is objectivity an outmoded and dangerous concept? At one relativist extreme, *all* knowledge is relative and provisional, and science is just another culture-bound worldview. Some of our more relativist colleagues who take this position no longer believe textbooks are useful, relevant, or practical. Texts, they think, just organize the current culture-bound point of view and make it *seem* authoritative.

We don't agree. We recognize that science, especially social science, is a political and social construction and that, as the fortune-cookie wisdom cited above says, social science often tells practitioners as much about their own society as it tells them about the world. Anthropologists have criticized themselves and each other a lot lately for serving colonialism, for imposing their own cultural and gender categories on others, and for a host of other sins.¹ But we are not willing to throw the baby out with the bathwater and abandon any idea of empirical knowledge or scientific progress just because we find the quest is imperfect or tainted with politics. Social science is always a mixture of objective and subjective, of ideology and truth, a blend of both power and knowledge. In practice, the two kinds of work depend on each other; without political and cultural context, knowledge is just a useless collection of unrelated and boring facts (Poincaré's pile of stones). But without empirical facts as a check and reference, the political or cultural discourse goes nowhere and remains just rhetoric. There is no way to have meaningful anthropology—or any other social science—free of politics.

If objective and subjective are two parts of a whole, there can really be no justification for presenting them in isolation when we teach anthropology. The debates, arguments, factions, and fights are the context that give meaning to "the facts." Controversy is not an aberration in science; it is the substance of it. And economic anthropology is a good example, since the field emerged only through debate and often heated disagreement, the polite academic equivalent of a barroom brawl. If the fight between formalists and substantivists had never broken out, economic anthropology would barely exist on the academic map.

Hindsight gives us the luxury of looking back on a fight and judging past events. This can be an exercise in arrogance if the only goal is to feel superior to the players. Here, instead, our objective is to build on and move beyond the debate and to make sure we do not repeat the same errors. If the formalist-substantivist debate was the defining moment of economic anthropology, the ending of the debate caused something of an identity crisis. Revitalizing the discipline means finding the elements of this debate that are worth carrying forward to another level and onward to a new generation of scholarship.

THE FORMALIST-SUBSTANTIVIST DEBATE

In later chapters we will delve into the early history of economic anthropology and economic philosophy. Here, we will start in the 1960s, with the goal of showing how the *formalist-substantivist debate*, once the centerpiece

of economic anthropology, has now become an obstacle instead of an inspiration. The field needs to move beyond the debate and ask more sophisticated questions. But before moving onward, it is often useful to understand where one has been; and for economic anthropologists, this means understanding what was being debated at that time, what was at stake, and why the arguments petered out instead of continuing to generate excitement and new research.

Up until the 1950s, economic anthropology was primarily descriptive, couched in a generally social-structural theoretical framework that concentrated on finding out how each culture made a living. Economic anthropologists argued with economists because they saw them as being ethnocentric and narrow, ignorant of the importance of culture in shaping economic behavior. They thought economists should pay more attention to anthropology and to the diversity of economic systems in the world.

Economists, in the meantime, mostly ignored anthropology and went on with the business of advising politicians on how to run the world economy. But then some turncoat economists started to attack the discipline from within, using arguments very similar to those of anthropology. For a time, economists and economic anthropologists engaged in real debate, and economic anthropologists wrote almost exclusively about their relationship with the larger and more powerful discipline. Other anthropologists paid close attention, and for the first time, the discipline as a whole listened to economic anthropologists.

Like most academic quarrels, the formalist-substantivist debate was sometimes personal and political; it built some careers and tore down others.² Some anthropologists are still well known to their colleagues only because of their role in it. Most important, the struggle created a common community. In their study of other cultures, many anthropologists have seen how exchange and gift giving can create community and interpersonal relationships. Paradoxically, fighting and conflict can often lead to the same end; opponents and enemies are locked together as surely, and often as closely, as friends and allies. Economic anthropology as a subdiscipline was at least partially created by the formalist-substantivist debate; to this day, this is the part of economic anthropology that most other anthropologists, economists, and sociologists know about, the part that appears in introductory anthropology textbooks.

Some indication of how dramatic this event was for the field can be found in H. T. Van Der Pas's bibliography of economic anthropology, which was published just as the debate was ending in 1973. From 1940 to 1950, an average of only four major articles and books were published in

economic anthropology per year in the whole world! (Of course at the time much less anthropology of any kind was published than today.) From 1951 to 1956, the average went up to only ten per year. But in 1957, with the publication of Karl Polanyi's *Trade and Market in the Early Empires*, the debate started, and the number jumped to twenty-seven. As Figure 1.1 shows, the number continued to rise, though after 1971 most publications were no longer concerned with the formalist-substantivist debate. The peak year was 1964, with fifty-five publications.

The Opening Battles

The first rumblings of the formalist-substantivist debate can be heard in Bronislaw Malinowski's 1922 critique of Western economics in his studies of the economy of the Trobriand Islands, off the east coast of New Guinea. The ongoing debate over whether Western economic tools can be used for the study of "primitive" economies was renewed, with more force, during a published exchange between the anthropologist Melville Herskovitz and the economist Frank Knight in 1941.³ Half a century later, it is clear that both parties had some valid points; the anthropologist said that other cultures need to be understood on their own terms, and the economist argued that we need to build general models of all human behavior in all cultures. It is equally clear that neither party understood the other's science, assumptions, or language and that they were mostly arguing past each other, each with a sense of deep conviction that his was the only right way. One also detects that the participants took a certain pleasure in the

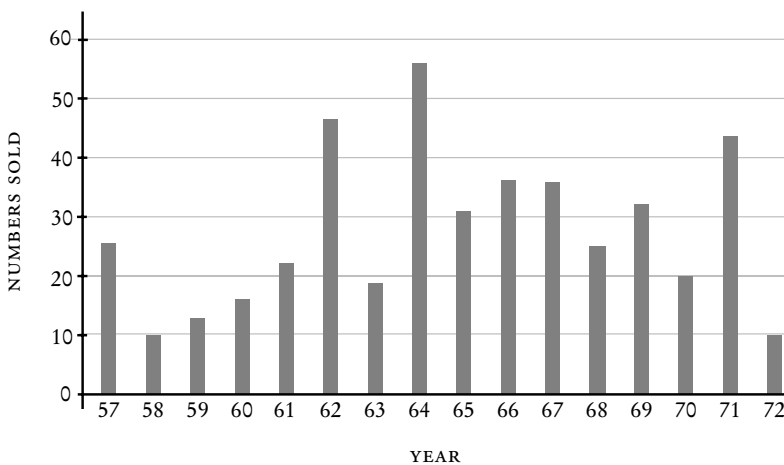


FIGURE 1.1 Publications in Economic Anthropology

combat, like rams butting heads during the rutting season. The rest of the formalist-substantivist debate was carried out in much the same combative and righteous spirit.

The fundamental positions within the formalist-substantivist debate were already established, then, by the early 1950s. They were a variation on a much older debate about the differences among human groups. A *relativist* argues that cultures are so different from one another, especially primitives from moderns, that they cannot be understood with the tools of Western science, tools that are themselves fundamentally a product of modernity. A *universalist* says, on the contrary, that all human experience is fundamentally the same and can be understood using objective tools that are universal. To the universalist, science is not bound by a single culture and therefore can make general comparative statements.

This amounts to a classic *reflexive* debate; while arguing about the nature of the “other,” about how to understand different cultures, the parties were also reflecting on their own “modern,” “Western” science. In the process of defining the mysterious other, they were defining themselves. For some of the combatants in the debate, the goal was to learn about the “real” nature of other societies. But for many, the more powerful and emotional issues were their own culture, work, and identity. The reflexive stakes were high: Who would define that most powerful idea, *science*? Who would have the authority to speak about the world and guide policy? And at a philosophical and moral level, how much could all of those who were engaged in the debate—on both sides—empathize and share with people separated from them by language, distance, culture, and even time? How universal is human experience? The only way to understand the passion and conviction raised by the formalist-substantivist debate is to see behind it to the reflexive, political, and moral issues it raised.

The Substantive Position

In a widely read and very influential book, *The Great Transformation*, published in 1944, economic historian Karl Polanyi traced the development of modern market capitalism from earlier systems, with great nostalgia for the past, and predicted the imminent “breakdown of our civilization” (1944, 3–5). In his view, modern capitalism had elevated profits and the market over society and human values, turning everything into a commodity to be bought and sold. He thought that economics had developed along with market capitalism as its servant and was merely a part of the system that helped keep capitalism going by making it seem natural.⁴

In his later work, Polanyi collaborated with anthropologists, archaeologists, and historians to go further back in time to look at earlier empires, trying to understand other ways, besides market capitalism, that civilizations had built their economies. When this work was published along with other studies of nonmarket systems in an edited volume called *Trade and Market in the Early Empires* in 1957, anthropologists began to pay attention. Here was a very influential economist asking contemporary questions that could be addressed by the work done by anthropologists. In fact, if Polanyi was right, anthropologists could make a fundamental contribution to social science and contemporary policy by shedding light on the economies of noncapitalist peoples.

One of Polanyi's papers in *Trade and Market*, entitled "The Economy as Instituted Process," defined two meanings of the word "economic": *formal*, meaning the study of rational decisionmaking; and *substantive*, meaning the material acts of making a living. Polanyi then said that only in the historical development of the modern West had the two come to have the same meaning, for only in modern capitalism was the economic system (substantive) fused with rational economic logic (formal) that maximized individual self-interest. Only capitalism institutionalizes formal principles in this way, through the medium of the marketplace and the flow of money. In precapitalist cultures, all kinds of economic activities take place, but not within the framework and values of formal rational economic logic, the characteristics of the competitive marketplace.

In modern capitalism, Polanyi said, the economy is *embedded* in (meaning "submerged in" or "part of") the institution of the marketplace. In the economic systems of other cultures, however, the economy is embedded in other social institutions and operates on different principles from the market. In some cultures the economy may be part of kinship relations, whereas in other places religious institutions may organize the economy. Economies that are not built around market principles, Polanyi observed, are therefore not focused on the logic of individual choice, which is the basis of modern Western economic science. Without markets, formal economics therefore has no meaning. To study these other societies we need other principles, and these will depend on how the substantive economy of making a living is organized in each place. Polanyi concluded that economics should therefore seek to find out how the economy is embedded in the matrix of different societies. This "substantivist" economics should look first at nonmarket economic institutions (for example, temples and tribute) and second, at the processes that hold the social and the economic

together in different settings. Polanyi's followers in economics came to be called "institutionalists" for this reason.

Polanyi suggested, through his historical and cross-cultural studies, that there are three major ways that societies integrate the economy into society—modern formal economics only studies the third and is unable to comprehend the first two, because they have different logics. The types are *reciprocity*, *redistribution*, and *exchange*. *Reciprocity* is a general kind of helping and sharing based on a mutual sense of obligation and identity. People help each other because they have cultural and social relationships; they belong to the same family or clan. *Redistribution* is a system with a central authority of some sort, a priest, temple, or chief who collects from everyone and redistributes different things back. For example, some people give grain to the temple and receive cloth in return, whereas others give cloth and receive grain, while the temple uses some of both for rituals and to maintain the temple for the greater good. *Exchange* is calculated trade, which comes in several varieties, according to Polanyi. Modern market exchange using money and bargaining to set prices is a very special case that only recently became central to the European economy. Polanyi thought that different combinations of these three kinds of economic logic were found in all societies, but in each society one of them was dominant.

This substantivist model is profoundly relativist; it says that the economy is based on entirely different logical principles in different societies. Therefore, the tools for understanding capitalism are as useless for studying the ancient Aztecs as a flint knife would be for fixing a jet engine. Each system has to be understood on its own terms. And Polanyi's substantivism jumps instantly from relativism to evolutionism. He is not simply defining types but showing how those types form a historical series in which one develops into another, implying that reciprocity is the simplest and exchange the most complex.

Like most cultural evolutionary models, Polanyi's can be used to order all societies from the simple ("primitive") to the complex ("modern") and depicts modern society as a radical break from the past.⁵ In other societies that preceded capitalism, money, and markets, people did not always make choices; nor did they act out of self-interest. They had no "motive to gain." Because people make moral or social choices, formal modern economics, which is based on unlimited wants and scarce means, cannot apply. Each society has a unique historical context and cultural configuration determining the motives and desires of its members. And because of their environments and low technology, "primitive" people really don't have many choices to make. As economist-turned-anthropologist George Dalton wrote:

A Trobriand Islander learns and follows the rules of *economy* in his society almost like an American learns and follows the rules of *language* in his. . . . In primitive economies, the constraints on individual choice of material goods and economic activities are extreme, and are dictated not only by social obligation but also by primitive technology and by physical environment. There is simply no equivalent to the range of choices of goods and activities in industrial capitalism which makes meaningful such economic concepts as “maximizing” and “economizing.” (Dalton 1969, 67)

In other words, “primitive” people follow customs and social rules, and when they do make choices, they are rarely thinking about immediate self-interest. In the balance, the most prominent substantivists, such as Polanyi and Dalton, tend toward what can be called *social economics*. They are interested in economic *institutions*, the social groups that carry out production, exchange, and consumption, and they assume that people generally follow the rules of these institutions. For Polanyi and Dalton, human beings are conformists. Social systems therefore change because of their large-scale dynamics, not through individual behavior, decisions, strategies, or choices. Their unit of analysis is the society as a whole, not the individual or family.

In fact, there is also not much room for what anthropologists call “culture” in Polanyi’s substantivism. Everything is social structure, groups, and institutions rather than systems of symbols, meaning, or customs. Nevertheless, many anthropologists have found sweet music in substantivism, for it has offered their discipline a means of understanding past as well as future processes of development. George Dalton and Marshall Sahlins were prominent early voices for substantivism in anthropology, with the former most interested in development and economic change (1971), and the latter writing on the classification and evolution of “stone-age” economies (1960, 1965, 1972).

The Formalists Strike Back

In the early 1960s, there was a powerful movement in social science promoting more rigorous and “scientific” theorizing and methods. Like their Enlightenment ancestors, many wanted to remodel anthropology and sociology to resemble something more like particle physics, with formal hypotheses (and null hypotheses), experiments, mathematical modeling, and universal laws that could predict future events. Fieldwork, it was felt, should be designed to test these laws rather than to explore a particular case. For anthropologists with these goals, economics may have been imperfect, but

it was a lot closer to science than the kinds of descriptive and unsystematic ramblings that they were used to in so many ethnographies. The substantivists seemed to be pushing things backward, not forward, threatening to shape economic anthropology into a descriptive field of the humanities like history instead of into a “modern” comparative, rule-generating science. (Archaeologist Kent Flannery would later taunt these anthropologists by calling them the “Gee Whiz, Mr. Science” school.)

At the same time, there was a brewing dissatisfaction among anthropologists with using the concept of *culture* to explain *everything*. What about the role of individuals? Focusing on politics and rapid cultural change, anthropologists like Frederik Barth were arguing that people did not simply follow the rules of their culture but, as individuals, took a hand in shaping it (1959, 1963, 1967). These anthropologists saw innovation, creativity, conflict, and logical reasoning instead of passive “sticking to tradition” when they went to the field.

It should therefore not be a surprise that in the years after Polanyi’s manifesto, the substantivists came under a barrage of criticism and attack by anthropologists who adopted Polanyi’s label for the study of rational decisionmaking and called themselves formalists. They wanted to look outside of anthropology for models of rational choice. Robbins Burling, Harold Schneider, Edward LeClair, Frank Cancian, and Scott Cook were prominent in the first wave of formalist reaction. Instead of detailing each contribution, we will aggregate their many propositions into a short list of points upon which they mostly agreed.⁶

1. The substantivists got their microeconomics wrong; they did not understand that “maximizing” (as used by economists) does not require money or markets. Anything, even love or security, can be maximized.
2. The substantivists were romantics engaged in wishful thinking, not realists.
3. Formal methods work in noncapitalist societies because all societies have rational behavior, scarce ends, and means. Formal tools may have to be adapted and improved but should not be discarded.
4. Substantivists are *inductive* butterfly collectors, who try to generalize from observation, instead of using *deduction* to explain each instance as an example of a general law of human behavior. Deduction is better.
5. Polanyi got his history wrong; markets, exchange, and trade are found in many early empires and “primitive” cultures. And anyway,

most of the societies in the world are now involved in a cash economy, so substantivism is no longer relevant.

The formalists moved attention away from economic *institutions*, and their classification and evolution, toward universal economic *behavior*, specifically focusing on decisionmaking and choice. They made their case with a lot of clever argument and logical gymnastics, but they also set out to demonstrate that classic tools of economics could be useful in a series of case studies. They analyzed everything from marriage markets among Australian aborigines to the trade feasts of the Pomo in California. They expanded their range of formal analytical techniques into game theory, linear programming, and decision trees (see Plattner 1975 for examples). Unfortunately, their enthusiasm for formal tools was not always matched by their skills; some economists (Mayhew 1980) thought the formalists needed remedial economics classes in order to correct their terms and definitions!

The formalists certainly demonstrated that economics *could be* applied to noncapitalist economies. They wanted to demystify non-Western economic behavior, to show that people really are rational. This was a critical message to get across to government officials and policymakers, who had (as many still have) a tendency to dismiss the behavior of poor people and ethnic minorities as “irrational,” sunk in tradition, or just plain stupid. Formalists preached that there was reason and rationality behind a lot of behavior that seemed strange to outsiders; you just had to understand more about the environment people lived in so that you could see what their resources and constraints were. Then you would view their behavior as really quite logical and understandable, even by the strict rules of Western economics. The problem was not with Western economic science but with ignorance about the real circumstances that framed people’s lives.

The formalists were also very successful in poking holes in Polanyi’s historical classifications of economies, pointing out, for example, that market exchange was common in medieval Europe long before the Industrial Revolution (and that noncash relationships remain important in so-called modern economies). And many contemporary anthropologists, particularly those working on problems of development and social change, have freely adopted the formal analytical methods and ideas as part of their ethnographic work. But does this mean the formalists won the debate? Not really. Instead, after some substantivist counterattacks, the debate fizzled out. In 1973, Richard Salisbury declared it over and found only “post-mortem spasms.” It ended with a whimper instead of a bang because the

parties were for the most part arguing past each other, and they avoided the most fundamental issues.

Postmortem

The strongest formalist proposition was that the economic rationality of the maximizing individual was to be found in all societies, in all kinds of behavior. The strongest substantivist position was that the economy is a type of human activity, embedded in different social institutions in different kinds of societies. If we look at these premises carefully, we see that they are not mutually exclusive. They do not negate each other; both could be true. Furthermore, both could be wrong, and they could be wrong in a much larger number of ways than either side recognizes. For example, there are many alternatives to the formalist rationality hypothesis, including these (some of which were pointed out by substantivists):

1. People are irrational or nonrational, and other kinds of rationality can be defined besides that based on maximizing.
2. Economic rationality is only found in some kinds of behavior or among certain social subgroups.
3. Economic rationality as defined by economists is meaningless, circular, or vague, because it can never be proven.
4. Economic rationality is only found in some kinds of societies.

Equally, there are many alternatives to the substantivist idea that the economy is always embedded in other social institutions:

1. The economy is an autonomous subsector of society—it is not embedded at all.
2. Society is embedded in the economy, not the other way around.
3. The economy is only partially embedded in social institutions.
4. The economy is embedded in every single society in a different way, so there are no “types.”
5. The economy is not a sector of society or a type of behavior at all—it is instead pervasive in all human activity.

Thus, even on their main propositions, the two camps only considered a narrow range of options in challenging each other's basic positions. But how could formalists and substantivists fail to engage each other, when they were trying so hard to fight? Part of the problem was their starting