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What is the utility of the concept of 'economy'? and 'economic anthropology'?

The concepts of the 'economy' and 'economic anthropology' have generated much debate amongst anthropologists and economists alike. The main issue is whether anthropologists and economists start from different perspectives when analysing the 'economy'. Which then begs the question, what is the economy? The answer is not straightforward because economics in society and economics in anthropology are two different things, and still different to 'economic anthropology' which studies the economy in societies. This further asks the question of how can the concepts of 'economy' be defined in societies where it is not a native category? In an anthropological sense, the concept of 'economy' is relative, depending on the angle on the debate you decide to follow, predominantly divided between the substantivist and formalist, and later Marxist anthropology which are the basis the concept of 'economic anthropology' is founded upon. The utility of these concepts varies as they inter-relate, because of what utility is a concept of economy if it is not recognised in that society. This is where economic anthropology steps in, and describes and analyses the relativity of the concept of the economy and its utility for any particular society.

The substantive/formalist is the major debate regarding these issues, but there has also been more recent criticism of the desire to define economy as a western phenomenon, however, through neo-Marxism there is an alternative conception of economy for societies where this is not a native category. These economies are said to be 'embedded' in culture, and therefore can not be separated, and thus the utility of the economic anthropology is important here as it studies society where the utility of the concept of 'economy' is not easily apparent, but which anthropology can illuminate.

I shall begin with an ethnographic account of the Kula, a 'special system of trade' of the Trobriand Islands by Malinowski (1920). The Kula trade consists of a series of periodical overseas expeditions which link together various island groups, this annually brings over large quantities of Spondylus shell ornaments (vaygu'a) and subsidiary trade from one district to another. The subsidiary trade is used up, but the vaygu'a continue to go round and around the ring. The Kula trading system stretches over an enormous geographical region and is paramount in the tribal life of all the peoples who participate in and thus links thousands of people scattered over an immense area. However, this trading system differs, because this system of exchange is based primarily upon the circulation of two articles of high value but no real use. These two articles travel on a circular route, but on opposite circuits, the necklaces travel clockwise, the armshells travel anti-clockwise. What is interesting is that though they are highly valued objects, the articles themselves are constantly moving, and never stop for any length of time in the hands of the owner. Therefore, ownership in the Kula is a special economic relation which denotes temporary possession. The conception of value and ownership revealed in the Kula, is economic, natives carry out work under stimulus of a desire for wealth and ownership but it is based on a continual series of gift exchanges.

The objects of exchange, are the armshells and the necklets, and are not utilities, and furthermore they are hardly used as ornaments for which purpose they serve. However, they are highly valued, and are exchanged for utilities, such as yams and pigs in the subsidiary trade carried on as an incident of the Kula system, some of which is highly sought after, as it is not available in other regions. The exchange is carried out according to very definite and complex rules, it cannot be carried out by anyone, but by people who share firm and lifelong relationships. There are many subtleties and distinctions of Kula gifts, because it involves complicated system of gifts and counter-gifts, with the rules of give and take definitively established and regulated by custom. There is a great deal of mythology and ritual involved in the expeditions and system of exchange which means that it consumes their daily life and is not marginal.<sup>1</sup> Therefore, they are definitely aware of the difference between the transactions of the Kula and common barter, as there is an element of trust and type of commercial honour involved.

There are many theories surrounding the debate of what the economy is, and the utilities of those conceptions. The substantive/formalist debate which has consumed the debate of what is the economy and economic anthropology as economists and anthropologists alike have attempted to cultivate theories that are universal for the past and present and therefore ultimately the future. In their desire to be all-encompassing definitions of the economy and economic anthropology they have become utilities for the debate if not the concepts.

Max Weber's (1947) works concerning the concept of formal and substantive economic rationality were concerned with a range of economic formations from primitive and self-sufficient to the most complex, capitalist economies of his time. Weber, a comparativist, made it clear that the market economy and economic organisation were not his starting point but that his approach was more cross-cultural. For Weber (1947: 169-171) utility and diverse forms of exchange could be found in many cultures. Rational exchange and market economies were not synonymous, but they were rationally orientated and highly controlled aspects of conventional gift exchange, i.e. non-market economies. "The conditions of exchange maybe traditional, partly traditional through enforced by conventional, or rational...It is not uncommon for these to be rationally orientated and controlled to a high degree. Rational exchange is only possible when both parties expect to profit from it, or when one is under compulsion because of his own needs or the other's economic power. Exchange may serve either purposes of consumption or acquisition."<sup>2</sup> For Weber the concept of formal rationality could be applied relativistically, because systems of economic activity could be more or less formally rational depending upon the extent to which they actually measured things in quantitative terms.

Polanyi (1957) was one of the first anthropologists to dichotomise the concept of 'economy' by initially defining the term 'economic' as referring to human activities, he gave the compound two meanings, substantive and formal. The formal argument was based on the logical character of means

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<sup>1</sup> Malinowski, B. New Guinea: Ethnography: Kula; the circulating exchange of valuables in Archipelagoes of Eastern New Guinea.

and ends relationship. Therefore, referring to a definite situation of choice, i.e., the different uses of means induced by an insufficiency of those means. It also implied the logic of rational action as these were considered the rules governing the choice of means. Thus, the issue of scarcity was central to formalist conception of economy because it meant rational action involving choice between alternative uses of scarce resources.<sup>3</sup> Whereas, the substantive side of the argument, was based on man's dependence for his living upon nature and therefore the interchange with his natural and social environment, supplying him with the means of material want satisfaction. Satisfaction of wants was 'material' when it required the use of material means to obtain the ends. Thus, the economy was an institutionalised interaction between man and his environment and therefore, the real concept of economy should be meaningful for any society, whatever its form of allocation or distribution is.<sup>4</sup>

Polanyi and his followers followed on this line, where the formal meant rational action involving choice between alternative uses of scarce resources, but for the substantivist, this meant it could only be applied in a society where the market mechanism is the dominant means of allocating land, labour and goods. Therefore, the substantivist argument, was that the real concept of economy should be meaningful for any society, whatever its form of allocation or distribution is.<sup>5</sup> Economy equalled an institutional interaction between man and the environment that provided a sustained provision of material means for the satisfaction of wants. Satisfaction of wants was 'material' when it required the use of material means to obtain ends. However, this definition remains within a means-ends/wants – satisfaction logic, and refers implicitly to an abstract demand/supply motivation for economic activity. This, thus renders 'universal' and 'natural', and not historical and social – the conditions of production, distribution and consumption of material goods and services. Thus the economy equalled an instituted process, because it centres interest on values, motives and policy. These being unity and stability, structure and function and history and policy show human economy as an instituted process. Therefore, the modern definition is that the human economy is embedded in institutions that are economic and non-economic, of which the non-economic like religion and government are vital because they are important for the structure and functioning of the economy as monetary institutions. Overall, this it is important to study the shifting place occupied by the economy in society. Critique for the formalist method was that it was primarily based on analysis of capitalist societies, and that first, its theoretical criteria was based on scarcity of resources, alternative allocation processes, marginal utility motivation of which it applied to societies all over the world, past and present. Secondly, the relationships were highlighted but not given importance, but were apart of transaction. And finally, problem of social relations are perceived as an exchange of social 'values', or as attributes of exchange acts therefore treated as 'utilities' to be maximised in the same framework and alternative allocation as any other resource.

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<sup>2</sup> Halperin, Rhoda, H. The Concept of the Formal in Economic Anthropology.

<sup>3</sup> Polanyi, Karl: "The Economy as Instituted Process" in The Sociology of Economic Life',

<sup>4</sup> Polanyi, Karl: "The Economy as Instituted Process" in The Sociology of Economic Life', p.293

<sup>5</sup> Polanyi (1957:293)

Polanyi's model is applicable for Malinowski's ethnography on the Trobriand Islanders of the Kula system of trade. His aim was to find out how the economy acquires unity and stability. Which he believed were based on reciprocity, redistribution and exchange. Reciprocity are the movements between the correlative points of symmetrical groupings like kinship groups. Redistribution designates appropriational movements toward a centre and out of it again, this presupposes the presence of an allocative center in the community. Exchange are vice-versa movements or acts of exchange on the personal level, taking place under a market system, like price-making markets, which are an institutional set-up, but are not created by mere random acts of exchange, the societal effects of individual behavior depend on the presence of definite institutional conditions. Malinowski showed in his description of Trobriand kinship system and Kula trade that socially relevant reciprocation would regularly be found to rest on symmetrical forms of basic social organisation. Malinowski also added redistribution and exchange to reciprocity as further forms of integration. Similarly, he added centrality and market to the symmetry as other instances of institutional support. Indicating that they became mutually obligating as they were all-encompassing. Thus, reciprocity is significant because of its capacity of employing both redistribution and exchange as subordinate methods. Polanyi divided the concept of exchange, into three elements. Firstly, operational exchange as the locational movement of a "changing of places" between the hands. Secondly, decisional exchange as the appropriational movements of exchange and finally, integrative exchange as appropriational movements of exchange at a bargained rate. Therefore, creating an exchange rate in the economy as integrated by the factors which fix that rate, and not by the market mechanism. Thus in the Melanesian communities, that the Kula falls into, reciprocity plays a dominant part as a form of foreign trade carried out by gift and counter gift which is based on the principle of reciprocity.<sup>6</sup> For Polanyi, in non-market integrated societies, the economy is embedded in other social institutions and cannot be analysed as a separate realm.

Herskovits (1968)<sup>7</sup> theory about the differences between pecuniary and non-pecuniary societies is also applicable to the Kula, as it is a type of non-pecuniary society. Pecuniary societies are societies consisting of money, like the machine economies in Europe and America where the role of ultimate resources, like natural resources, manpower, technical knowledge and capital equipment are all apart of the productive process. Herskovits argues that these factors are often forgotten, in the face of the wealth of technical knowledge and capital investment – which means that an enormous quantity and variety of goods are produced and procured to satisfy the needs of people in these societies. Whereas in non-pecuniary societies, almost the exact opposite obtains. However, within this type of societies there are varying levels depending on how close they are to the subsistence level they are. For example in the most simplest of this type of economies, like the South African Bushmen, the margin between the available resources and physical survival is limited due to scarcity of raw materials, because choice is limited and therefore their utilisation for the production of consumption goods are limited.

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<sup>6</sup> Polanyi, 1957...??!

Herskovits theory on intermediate non-pecuniary societies is more relevant to the Kula system of trade in the sense that production and distribution involve little profit motive and labour is only in special instances for hire, because in the Kula the subsidiary trade is secondary to the main exchange of ornaments, but are where the barter in the market sense occurs over articles needed in other geographical areas in the Kula exchange. Additional labour is used to prepare for the expeditions to trade, like for building the boats as well in magical ritual rites. However, as Herskovits argues, in reality it is very difficult to apply refined concepts of economics to these societies, or test some debated hypothesis, because as in the Kula system, the market exists, but in a more rudimentary form. More important are the face-to-face relationships between producers and consumers, and distribution is apart of the allocation process of goods that others do not have and want, and vice-versa. The extent to which the market in such societies possesses and its objective and formal existence is significant because it is a mechanism that facilitates the exchange of goods between members of different communities. Therefore, there is a degree of specialisation as well as what is amply available for them, or that they have produced in excess, that they can exchange through the market system to others who need and who in return have things they want, need or desire. The issue of whether there is a margin between utility and disutility, is questionable, as the utility of any good recognised by the culture as having utility is maximised by its mere possession. As in the Kula, the actual ornaments and the gossip about who has what, are a favourite subject of tribal conversation, whereas the subsidiary trade is dealt with more as a matter of fact. Therefore, the concept of utility in relation to the concept of economy depends on the type of society and what they deem of value to them, disregarding as to its actual use. The element of rational of choices in face of allocation of scarce resources is present but the concept of economising is dependent on cultural factors.

Maurice Godelier (1974:140) takes over most of the substantivist propositions and redefines them within a Marxist framework. Where the economy is a series of social relations present both in a specific domain of activities: production, distribution, consumption of material goods, basically the “particular aspect of all human activities that do not belong in themselves to that domain but the functioning of which involves the exchange and use of material goods.” Thus, the domain of social structure of society was founded upon, the ‘logic of its social relations’, the ‘realisation of the socially necessary ends’, the ‘better functioning of all socially necessary ends’ and that sets material ‘needs’ and the means of ‘satisfaction’ in a concrete social ground. However, Godelier argued that social relations become the centre of economic analysis with a context of social reproduction. “If that which is produced, distributed and consumed depends on the nature and on the hierarchy of needs in a society, the economic activity is organically tied to other political, religious, culture, family activities that compose with it the contents of life in that society and to which it gives the material means of realisation.”<sup>8</sup> Therefore, in Godelier’s view all social structures may have an ‘economic’ aspect, but that the ‘economy’ should be analysed starting from the social relations obtaining in the properly

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<sup>7</sup> Herskovits, M.J. 1968, *Economising Rational Behavior* in (eds) E.E. Leclair and H.K. Schneider, *Economic Anthropology*.

economic domain of production, distribution and consumption and this is certainly applicable to the Kula system of exchange. What this says for the utility of the concept of economy debate is that, the economy is inextricable from society, and thus economic anthropology is useful in helping to understand this.

Marshall Sahlins, in his essay, "The Original Affluent Society"<sup>9</sup> and Marcel Mauss's 'The Gift' have further illuminated this debate about the utility of the concept of economy and economic anthropology and they have certainly been important works for economic anthropology. Sahlins is critical of initial perceptions of hunter and gatherers society, which portrays them as barely surviving on the subsistence line. He argues that they are 'original affluent society' because owning property conflicts with their mobility, and that the institutionalisation of material modesty 'is a positive cultural fact', and thus that 'Economic Man is a bourgeois construction'. This highlights that utility of economic anthropology is that it sheds light on the functioning of societies where it is not obvious how the 'economy' operates. Mauss further illustrates how the kula is a form of grand potlatch, basically a vehicle for busy inter-tribal trade, but that it extends far beyond its economic aspects. "The kula, its essential form, is itself only one element, the most solemn one, in a vast system of services rendered and reciprocated, which indeed seems to embrace the whole of Trobriand economic and civil life. The kula seems to be merely the culminating point of that life, particularly the kula between nations and tribes... The kula merely gives concrete expression to many other institutions, bringing them together."<sup>10</sup>

In conclusion, the utility of the concept of economy, is that it should not just be reduced to what is economic or economical, but that relations of production functioning in kinship, political and religious relations are all aspects of the 'economy' which economic anthropology can help illuminate. Godelier emphasises this that there is a need to go beyond a structural analysis of the types of social relations or modes of thought, and thus now what is generally called economic anthropology is a study of different economic and social forms of which anthropology and history initially studied, and hence the utility of the concepts of economy and economic anthropology are metamorphosis of these trends.

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<sup>8</sup> Godelier, (1974:151)

<sup>9</sup> Sahlins, Stone Age Economics

<sup>10</sup> Mauss, The Gift, p.34