Chapter One

Community, Market, and Culture

Economic anthropology attends to industrial life as well as ethnographic situations, because comparable processes in securing and managing valued things are found everywhere. But economy, which revolves about making, holding, using, sharing, exchanging, and accumulating valued objects and services, includes more than standard market theory suggests. Anthropology plays a special role in broadening our understanding of material life, for the less-recognized processes are displayed with special clarity in the situations ethnographers study. In this book I offer a cross-cultural model of economy drawn from anthropology, written theories, and contemporary life. My purpose is to develop a lexicon or language for discussing economic processes as well as environmental, welfare, distributional, and other contemporary issues.

I argue that economy consists of two realms, which I call community and market. Both facets make up economy, for humans are motivated by social fulfillment, curiosity, and the pleasure of mastery, as well as instrumental purpose, competition, and the accumulation of gains. By community, I refer to real, on-the-ground associations and to imagined solidarities that people experience. Market designates anonymous, short-term exchanges. We might call these two aspects of economy, the Up-close and the Far-distant. In one guise, economy is local and specific, constituted through social relationships and contextually defined values. In the other, it is impersonal, even global, and abstracted from social context; this dimension consists of separated but interacting agents. Both realms are ever-present but we bring now one, now the other into the foreground in practice and ideology. The relationship is complex: sometimes the two faces of economy are separated, at other times they are mutually dependent, opposed or interactive. But always their shifting relation is filled with tension. This book is about the dialectical relation of economy's two realms.

I shall especially try to portray the multiplicity of the community realm with its grounding in local values, and show how it and market are connected in institutions and practices. The motor of capitalism is profit-making, but I shall suggest that even the most market-driven actor – the national or global corporation – mixes the two realms and relies on the presence of communal relations and resources for its success. Economic anthropology, I think, uniquely displays the double face of economy and the importance of the up-close. The politics of this book stem from this demonstration of the importance of the communal realm, thus obliging us to rethink our ways of distributing new wealth.

I arrived at this model slowly, for, as I found in the course of my studies, economic anthropology itself is divided theoretically. My own intellectual trail led me right through the discipline's conflicting theoretical perspectives, because each time I thought I had solved a puzzle in economic anthropology, the answer prompted new questions that led to a shift in my course and to fresh inquiries about the connections between sociality and impersonal exchange. A brief recounting of these experiences and perplexities provides a miniature map of the field and its fissures.

My first research, in the 1960s, was carried out in a small village of rural Panama. I went there filled with confidence that my business school training in decision theory and game theory, combined with anthropology, would yield deep insights into the local economy. Wearing the hat of a neoclassical economist, I intended to apply concepts from the theory of markets to the activities of subsistence farmers.[1] My goal was to elicit their agricultural choices and plot them on decision trees, attaching their subjective valuations and probabilities to the outcomes. I anticipated that this exercise, intended to explain their behavior in terms of rational choice and self-interest, would open the way to a full exploration of their economy. Standard theory would be my guide even while I adapted it to the local conditions. In the language of economic anthropology, I would be a "formalist," because I was presuming that several modernist theories were universally applicable. The assumption, I thought, was a respectful one, for I inferred that rational choice was shared across cultures and that humans made reasonable sequences of selection regardless of context.

Emboldened by theory and certain of method, I set to work within a few days of moving into the village. I well remember the first interview with my Panamanian neighbor, who farmed rice and maize for household consumption. His puzzlement and gentle incredulity at my questions set me to wonder if his activity of burning the earth and poking holes in it for seeding would be illuminated by comparing it to a Monte Carlo simulation. What had happened to a robust concern with human intentions, shared practices, and verbal meanings? I kept hearing Meyer Fortes's warning about the limitations of "billiard ball" sociology. (He meant seeing social practice as physics or unintended actions and reactions.[2]) After some sleepless hours, I quit that study the next day; but then I was adrift, for I lacked a theoretical anchor. While in Panama I collected a great many data about economy, even administering a detailed economic questionnaire to a random sample of the 91 households in the village. But I could not make sense of the information, and my interests turned to community, family, and godparenthood. The rules that separate sacred godparenthood relationships from economic transactions drew my attention, for this separation protected their sanctity and permanence, yet provided a basis for trust and commitment that could further other exchanges. I now see that my struggle (having been raised in a world of commercial and Deweyan pragmatism) to understand how people could feel that a purely sacred, invisible, intangible tie committed them to one another, in the face of contrary self-interests, played a role in developing my understanding of community economy.

When I later discovered Latin American dependency theory, Marxism, and neoRicardian economics, the economic information from Panama suddenly made sense, and I wrote a study on the devastating consequences of the change from self-sufficient agriculture to market cropping.[3] It seemed to me that the three theories, though developed in Latin America and nineteenth-century Europe, offered building blocks for constructing a general economic anthropology. These theories, unlike the more abstract and individualistic ones, start with class structure or the differential command of resources, and show how this control influences the allocation of wealth in market exchange. They suggest that material life may be filled with conflict, exploitation, and inconsistencies, such as farming both for subsistence and for gain. For the Panama study, thus, I used developed theory to understand local practices and voices; but I did not consider why these theories were generally applicable nor how a theory itself may reflect or be influenced by the social conditions in which it develops.

Upon completing this study, I reconsidered my path when I asked myself how actors' voices and meanings could contribute to an understanding of economic life and theory. Influenced by the work of Geertz (1973) and Sahlins (1976), I wondered how the anthropological concept of culture could be fitted to economics. Eventually, I honed the issue to a single question: what is cultural economics? This puzzle set me off on a new trail. I worked my way through the "substantivist" view of Karl Polanyi and the institutionalism of Thorstein Veblen. Both writers are institutionally oriented, and both offer general theories of economy – one based on the universality of human instincts, the other on the ways that land and labor are shaped and used in societies. Of the two, only Veblen – pragmatist and symbolist – inquired into actors' meanings. With this theme and anthropology as my guide, I began to see economy as constructed through folk models and metaphors.[4] The developing perspective led me to question the way we usually define the economy – as consisting of goods and services transacted in markets – and to be sceptical of essentialist theories in economics. On the one side, I argued that material action may be constructed through religious, social, or other "non-economic" practices from which they cannot be separated; on the other, I proposed that there was no underlying, "true" model of economy, but multiple, meaningful formulations within particular cultures. To demonstrate the breadth of this claim, I analyzed some theoretical writings in Western economics as cultural constructions. If the theories of David Ricardo or the eighteenth-century physiocrats derived from culturally framed experience, and achieved their persuasive power partly by refashioning accepted perceptions, how different were they from the ethnographic models? Why should we accept Western theories as being cross-culturally convincing or as having a special grasp on economic essentials, the search for which may be a modern, Western obsession?

Even while finishing this endeavor, however, I had to admit that I now had a collection of separate models – illustrating the human cultural capacity – but no way to develop a comparative economic anthropology. I also knew that local practices intersect with the projects of those outside a community who may provide powerful persuasions and limits on what may be achieved. Economies, no less than theories about them, never exist in isolation (despite the reading that modern economists give to the Robinson Crusoe story and reproduce in their bounded models with exogenous variables).

I went back to the field, therefore, and undertook a research project in rural Colombia with Alberto Rivera – friend and former student.[5] Under the umbrella concept of conversational communities, we studied local language and practices, the constraints under which they operate, and the relation of changing texts in modern economics to both.[6] We found that the language and practices of the rural dwellers resembled some Western economic theories of earlier times, such as physiocracy. This discovery broadened our conversation, for we surmised that European economic theorists themselves were influenced by models in their local communities, and these same constructs were conveyed to the New World through the practical behavior of farmers, laborers, soldiers, and Jesuits, where they have been altered but remain recognizable especially in agrarian contexts. These theories were part of our learning, as was past fieldwork, so we began to see our ethnographic findings as the product of a complex conversation among the rural dwellers, ourselves, our memories, and our separate histories; and we concluded that ethnography is never an unmediated representation, objective model, or factual account but a located product. With its focus on the connection between the house economy at the margin and the corporate economy at the center, our study also presented a nascent model of community and market economy, for it showed how the house and corporate worlds are locally joined in plays of power and value difference. But as the work neared completion, moments of reflection gave me to realize that this study, focused on a region in Latin America, did not provide an architectonics for a comparative economic anthropology.

This brief account of an unplanned trail brings us to my present project. Economic anthropology, empowered by field studies and a critical view, can broaden the conversation on economy, help uncover general processes in material life, and provide fresh insights into contemporary economies. In this book, I thus engage the general and the particular, weave together some theories in anthropology and economics, and intertwine both with details of material life. I shall offer a model of economy, which the ethnography – drawing on current and past materials from Africa, India, Europe, the Americas, New Guinea, and Southeast Asia – is meant to illustrate, just as my engagement with ethnography first-hand and through texts has helped produce the model.

The Values of Economy

Economic practices and relationships are constituted within the two realms of market and community, and the four value domains that I term the base, social relationships, trade, and accumulation. The salience of these domains and realms varies across societies and historically, and the terrain is contested and changed, but economic practices are always situated in a value context.

In contrast to my anthropological model, the two realms of community and market are usually separated in contemporary discourses on economy. For example, neoclassical economics focuses on one value domain, the market, which is modeled as a separate sphere making up the whole of economy in which all goods are priced and available for exchange. This economy consists of two institutions: households and businesses (see figure 1.1). Households own labor and raw materials which they sell in markets; firms purchase these resources and transform them to products and services for sale to households. This circu-

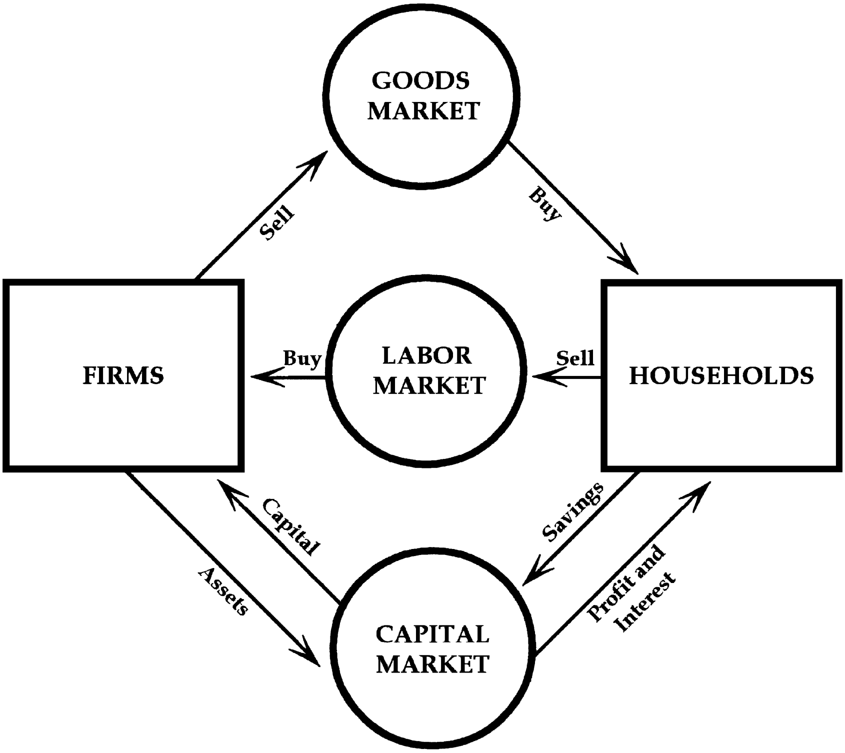

Figure 1.1 The neoclassical economy

lation of materials, goods, and services through markets is self-contained. Government holds a regulatory role but is not an immediate player. Communal transactions, to the extent they exist or are recognized, represent irrationalities, frictions, hindrances, or "externalities" to a system that is otherwise efficient.[7] In this discourse, efficiency is the central value, while "development" broadly means replacing "old" with "new" values by bringing the market realm to prominence through new legal structures and by actions of the International Monetary Fund and World Bank.

A second difference between my model and neoclassical economics revolves about our differing understanding of value. Most contemporary theories of economy accommodate value relativism through the notion of individual preference that influences demand, which, in combination with supply, determines price or a good's value. In contrast, I propose that we live in a world of inconsistent, or incommensurate,

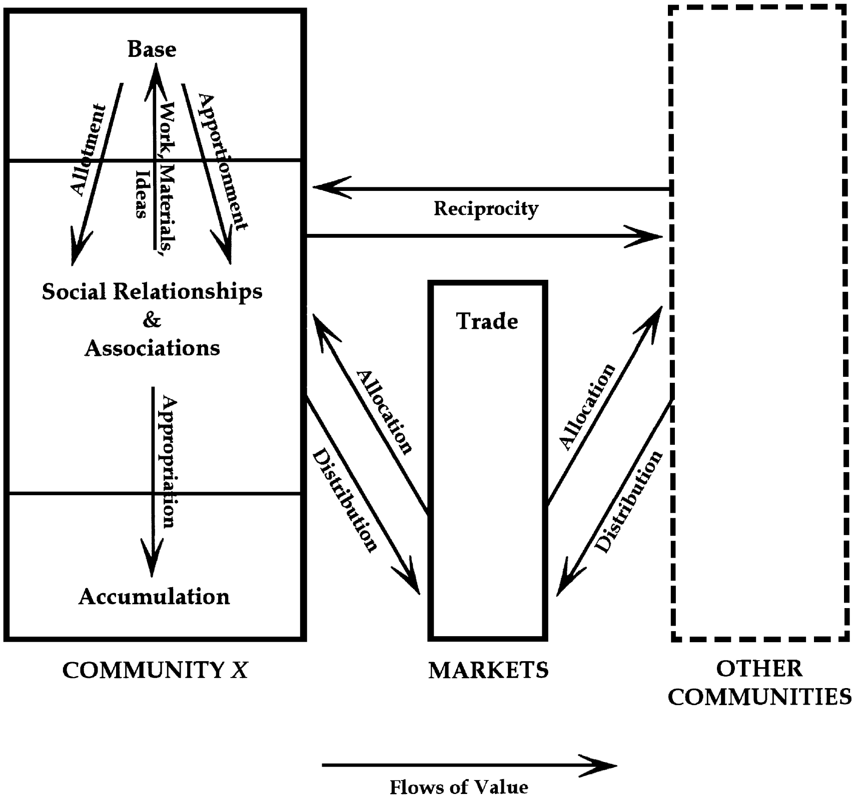

Figure 1.2 Economy as domains of value

domains of value that are locally specified. Culture is made and remade through contingent categories, such as home and work, body and the other, weekdays and weekends, beauty and efficiency, or friendship and love. Different value arenas make up economy (see figure 1.2).

The base or foundation

One value domain, the base or foundation, consists of a community's *shared interests*, which include lasting resources (such as land and water), produced things, and ideational constructs such as knowledge, technology, laws, practices, skills, and customs. The base comprises cultural agreements and beliefs that provide a structure for all the domains. These locally defined values – embodied in goods, services, and ideologies – express identity in community. They are unpriced, heterogeneous, and often sorted into incommensurate spheres.

Social relationships and associations

The second domain, relationships, consists of valued communal connections maintained as ends themselves. These commitments, kept for their own sake, include house economies, lineages, and nations. Today we find this value domain expressed in corporations and clubs to some degree.

Through these relationships, the base is *created*, *allotted*, and *apportioned* to people in community. The base and social relationships, partially constituting one another, fall within the community realm of economy. The social relationships mediate the transfer of materials and services, and the material transfers express relationships. In contrast, between communities, *reciprocity* – guided by relative positions, tactics, and multiple motivations – forges and disconnects relationships through the extension of base.

Goods and services traded

The third value domain consists of the separated *goods and services* that individuals and groups impersonally trade for production or saving and consumption. Their values are expressed in varying exchange rates. Participants in this trade domain are communally constituted as corporations, individuals, partnerships, households, families, lineages, haciendas, manors, kin groups, and others. Their exchanges are often aided by use of a currency or part-currency (backed by communities), but exchange may take the form of barter (especially when the community warranty is lacking or fails).

Appropriation and accumulation of wealth

The final domain consists of collecting value. Accumulated value includes resources, relationships, goods, and money capital, all of which may become components of other domains. Amassed value is held, invested, consumed, and displayed.

Sustained and justified by economic power, social obligations, and ideologies, accumulations may arise through tribute or tithes, monopolies, and arbitrage, which secure value from the other domains. Practices in this domain of value revolve about appropriating newly formed values (from innovation), and allocating and reallocating established ones.

The accumulation domain includes many institutions and actors who operate in other domains as well: lineage elders who collect cattle, valuables, or wives; political states with leaders or rent-seekers who gather taxes and tribute; corporations; individuals; and "banks" (including government banks and the World Bank). This domain also may emerge as a distinct "mode" (in Marxist terms). For example, tributary modes, such as rent-seeking states, may depend on lineages or petty commodity producers for their continuance. The receiving sphere is not idle, however, for it may support activity in the other domains by establishing laws and service structures, "offering" physical protection, or providing access to gods who assure agricultural fertility.

In capitalism, money pervades this final domain. Value, held as private property, is measured by money and can be accumulated as financial capital which is a summation of past profit. Capital is principally acquired through trade and production. Tributary forms of appropriation, such as church tithes and state taxes, are also found in capitalism, and acquisition through brute force and state power may play a part at the margins of the system, but capitalism fully develops when the domain of accumulation persists through sequestering profit from production within trade – as rents, interest, and accounting "profit" – and using this capital to appropriate newly formed value.

Two Transaction Realms

We live in associations or communities that offer a degree of certainty and security. In the community realm of economy, the base and social relationships are salient, although the other value concerns are found: impersonal trade is directed to securing items that maintain community, and accumulation is exercised within social relationships. Communities may be small as well as ethnic groups or states held together by force and ideologies. Sometimes they are represented or personified in a single person, which can lead to authoritarianism; sometimes they are modeled as contracts between separate individuals; and between these two extremes many forms are built as people acquire, mix, and shed identities through the communities they join. The communal realm, placing each of us within a matrix of social relationships and mediating material life in which communal projects take precedence over self-interest, offers a degree of predictability. But we also transcend social boundaries to encounter new goods and others. In this second, market realm, trade and accumulation are prominent. The trade realm situates individuals and groups as separate actors who undertake short-term interactions and exchanges to achieve both material ends and gain. In this market realm, self-interest of the unit – whether an individual, a family, or a corporation – is a primary motive and value. But the market realm draws on community, for it relies on socially constituted units and relationships. These two divergent motives and behaviors, swinging between the refuge of communal predictability and the taste for uncertainty, are intermixed and sometimes conflict in economies.

The market realm revolves about short-term material relationships that are undertaken *for the sake of* achieving a project or securing a good. In the communal realm, material goods are exchanged through relationships kept *for their own sake*. Things done for their own sake are self-fulfilling or self-contained, and have no referent outside themselves. Linguistically, a reflexive verb or a performative falls in this domain. In material life, a production system that feeds back to itself or work done for the satisfaction of the craftsmanship provide examples. In rural Latin America, where household economies are found, people use a reflexive verb to speak of their joint project, "maintaining the base" (*mantenerse*). In contrast, an activity done for the sake of something else points outward, to another behavior or object that it requires for its completion, or for its justification and rationale. Linguistically, a referential statement falls in this domain, because it points to something external to itself. Buying goods for the sake of selling them and gathering a profit (*hacer dinero*) is an object-oriented activity in Latin America. Certainly, means-to-ends actions often are done in the service of a larger purpose such as maintaining a house or manifesting one's divine selection. But two thousand years ago, Aristotle observed that people often confound actions done "for the sake of" something else with activities done "for their own sake." He saw that instrumental actions, such as buying goods to sell them and make a profit, may eventually come to be done for their own sake, and he viewed this transformation as a confusion and moral mistake, an observation elaborated in Marx's (1967 [1867]) notion of fetishism, Veblen's (1914) idea of derangement, and Polanyi's (1968a) concept of fictitious commodities.

Maintaining the base and accumulating capital epitomize the different projects of community and market. Communal trade is undertaken to secure goods that sustain the base or have "use value," to employ Aristotle's expression; in Marx's terms this trade takes the form of Commodity – Commodity′ or Commodity – Money – Commodity′. In contrast, market trade revolves about exchange value or increasing monetary capital (Money – Commodity – Money′). Both projects are realized in trade, which is thus ambiguous. Attractive for its possibilities yet avoided for its potential losses, trade from a community perspective has been modeled as sinful (Le Goff 1988), a sham (Aristotle 1984), and exploitative (Marx 1967 [1867]), whereas from a market perspective it appears as the cause of improved living standards (Smith 1976 [1776]), Ricardo 1951 [1817]) and the expression of free choice.

The two realms of market and community complement one another, conjoin, and are separated in acts, institutions, and sectors. No trade or market system exists without the support of communal agreements, such as shared languages, mutual ways of interacting, and implicit understandings. Communities also are inside markets, as households, corporations, unions, guilds, and oligopolies, and contain them as nation-states that provide a legal structure for contracts and material infrastructure. There are dualistic or parallel systems, as in the case of colonial regimes when a cross-national corporation makes use of a local, community economy through political power; ports-of-trade – such as Portobello in old Panama – are international marketplaces that have been given a special time and quarantined place in a local economy (Boeke 1942; Geertz 1963; Polanyi, Arensberg, and Pearson 1957). There exist inner/outer relationships when a house economy is contained within a market economy, as in rural Colombia or our own life. Sometimes a market draws a surplus from a community economy, when subsistence farming supports cash cropping or when people undertake piecework or telemarketing from their homes at very low rates of remuneration. In the West, too, there has been a long-term shift from community to market that is often described as modernization, progress, and the triumph of rationality.

The two realms may be institutionally and tactically interwoven, as in a "trade partnership," found in many parts of the world, in which two members of different groups located in different areas maintain an enduring relationship (communal), yet each aims to secure a monetary profit from the other (commercial).[8] Similarly, in the "trader's dilemma" (Evers 1994), a local merchant is caught between the aims of maximizing profit in selling, and maintaining relationships with customers with whom he shares kinship, residential, or social ties. At a larger scale, the house-business in Latin America that combines the two modes, by making a profit using unpaid family labor and uncosted resources, is neither transitional nor on the road to modernization, but lasting under certain conditions.

Most of us use both realms of economy every day. Sometimes we buy at an impersonal superstore that has no clerks and uses automatic checkouts, taking pleasure in anonymity, not having to talk with others, and securing a low price. Other days we buy at a small, nearby store so that we can support a business community or chat for a moment with a clerk or cashier, though at the cost of paying higher prices. Sometimes we go to both stores within the same hour, as if to seek a psychic balance; and some of us – ill-mannered or confused by this realm of social tactics – seek social contact in the anonymous store or avoid it in the communal one, thus producing quizzical if not curt responses in both.[9]

The model depicts as well the articulation of separate modes that have been juxtaposed through force, expansion, colonization, and like processes. Thus, a tributary mode by which wealth is appropriated may be implanted on a community realm, as in the case of Inca expansion (Godelier 1977a); tribute may be exacted within community (Meillassoux 1981 [1975]); or tribute may be demanded by an elite from communal groupings that practice petty capitalism, as in the case of China (Gates 1996). In some cases, modes of extraction themselves locally intersect (Semo 1993). Resistance and struggle between such separate modes often result.

Over the long run, the relationship of market and community is dialectical, using that term in an open-ended sense (Harvey 1996), for many activities can appear under either guise, and each is constituted in relation to the other. I focus on the features of community, but we fashion these pillars and processes in relation to market life that is also socially constituted. For example, the emergence of household-based trade on the margins of growing markets – as in the rise of informal economy – may be a dialectical response to the centralization of economic power, the growth of monopolistic practices, and state control (Hart 1992).

Commensuration: Panama in the 1960s

During my first fieldwork in Panama, I was confused by the measurement systems the people used. I wanted to quantify land tilled, labor used, other expenditures, and revenues, in order to gauge the surplus each household was producing. I thought one might return a number, such as a profit rate, to summarize their efforts. But the rural farmers were not interested in summary calculations or even financial equivalents; they used disparate, homemade measures when quantifying work processes. Each measure had a specific use, none had a direct relation to money, and I could not correlate them under a single ruler. I did not even know the history of the measures; some might have originated in the village, others must have had a colonial or Hispanic origin.

The villagers grew rice, corn, and beans for the home, and sugar cane for cash sale, all of which were measured differently. I soon learned to separate subsistence harvests from the sale crop, and then to distinguish among the domestic ones. I also found that farmers did not measure land for the domestic crops; area was deduced from the seed planted. People said, "one *lata* [a large soy bean oil can] of rice seeds one hectare," which was a number they knew from experience. This ratio was a secondary measure, however, because what really mattered was the seed to harvest ratio, which varied by land fertility and seed strain. Ultimately, everyone said that approximately one pound of rice would feed a normal size family for a day. So, by figuring backward from consumption to harvest to seed to land area that had to be cleared, a farmer could make plans for the year. For other crops, too, a seed to harvest ratio was used, but the measuring rods differed. (Farmers used small gourds to measure corn seed, although the size of these vessels differed by household; other measures were used for beans.)

After rice was seeded, it had to be weeded several times before harvesting. Sometimes two men exchanged work with the hoe, sometimes four or five joined efforts to rotate from field to field (*una peonada*), occasionally they paid workers from the village or outside. All work efforts were measured by the day or by task. Although each task was roughly a day's work, the measuring rods for the tasks varied. For example, a task in weeding rice was measured as 16 square "*varas*" (yards); a *vara* was gauged as the length between the finger tips of outstretched arms. But rice weeding could also be measured by number of rows, with the number depending on the difficulty of the work and length of rows. Harvesting tasks were different. For rice, the task measurement was number of "handfuls" gathered, though an owner counted his rice harvest by baskets and, eventually, sacks. A sack in rice, however, was not comparable to a sack in corn, for each required different amounts of harvest work, weighed different amounts, lasted for a different time in the house, and fetched different amounts if sold. To add to this diversity, when men exchanged work singly or within a group, they usually did not cross their efforts between crops or classes of work. Inequalities were balanced by individual arrangement or by cash.

Thus, I encountered measures based on fistfuls, arm lengths, tin sizes, gourds, food plates, burlap sacks, baskets of vine, baskets of reed, paces, time, length of rows, number of rows, and area. Some measures were drawn from parts of the body, others were common containers.

All were based on up-close experience; they were low-order abstractions. The measures had familiar functions. All served as units of account for judging quantity, as in a harvest, work, or seed. Some also were payments; occasionally, a rice harvester was paid in fistfuls of rice according to the number he collected. Finally, a day of labor was both an accounting unit and a payment, and it had a degree of exchangeability, as in the male work groups, although not usually across crops. But no general unit of account was used to count, compare, or exchange across all land, work forms, and crops; I could never even compare rice, corn, and beans, even as proportions the people wanted on a food plate (so that demand might measure their comparative values and set the amounts seeded). No one was concerned that the food and work measures did not mesh one with another; the measuring rods were incommensurate.

Sugar cane, raised for sale to nearby mills, was very different. I tried to calculate profit figures, but they were not important to the growers because a field would not yield a harvest until 18 months had passed, and in the interval would be used for intercropping subsistence crops; growers also possessed several fields from different years that were harvested together (a field might last 3–5 years). For the farmers, the significant calculation was land area devoted to the crop, because this footage (inspectors from the purchasing mills walked the land each year) determined the cash advance the mills provided for paying workers, part of which growers diverted to their own pockets (which they considered to be profit). Thus, a grower received cash advances during the season and a final sum based on the volume and sugar content of the combined harvests from the different fields less the money advanced. Money provided the measuring rod or means of commensuration in sugar cane, but it had no touchstone in everyday experience.

Commensuration is found in all economies, for we do not live without making categories and creating value comparisons.[10] But the measuring rods vary in generality, and this degree of abstraction is related to community and market exchange. In many cases, a local measuring rod itself may not be used in trade. Rice and maize – though counted – were not traded one for the other among agriculturalists in Panama. In addition, the labor used to produce them was measured by task and by time, but these counters were not used in trade; men exchanged labor in rice and labor in maize but not one for the other. Measured rice labor and measured maize labor constituted limited payments. In contrast, the measuring rod of cash received for the sugar cane was used to purchase any item, including labor to raise the domestic crops.

Economies are never awash in complete singularities or nonexchangeables; they always feature a degree of commensuration and exchange, as in rice for harvesting work. But commensuration and exchange are never total: some items we do not (yet) sell, such as our hearts. And within the domain of market exchange we create pathways or bounded exchanges, such as government-issued food stamps that can be traded only for a range of foods or scrip payments by haciendas that can be redeemed only at their stores. In all exchanges, we see the dialectics of community and market; and we switch circuits with such frequency and dexterity that it escapes notice: children are assigned specific chores for a set allowance in coins, although the money was first earned by a parent in the market. University professors are paid a wage plus fringe benefits in health insurance, medical plans, and retirement contributions. The totality makes up their compensation, but they cannot trade their health insurance for a retirement benefit. Each fringe benefit is and is not a commodity, measured by money; it is a ration that cannot be returned. The alchemy of money, with its power of commensuration, lies in its ability to dissolve distinctions between value schemes or measuring rods, and to create the fiction that a flattened, comparable world exists. We make and live both realms continuously.

Separations and Dialectics: Other Perspectives

In the long discourse on economy, community and market have been invoked in complex ways. Aristotle initially distinguished two economic terrains through his opposition of use and exchange. He adduced the example of a shoe, which can be worn (used) or traded (exchanged). In the first case, its particulate (or incommensurate) features are important and distinguish its value from all non-shoes; in the second case, the shoe is compared to other fungible (commensurate) goods for which it can be exchanged. For Aristotle, the two uses were morally distinct though often confused in practice. Pure trade lay outside the sphere of household economy, which was founded on acquisition for use and was limited in its ends; its purpose was to support the achievement of individual excellence fashioned in activities undertaken for their own sake by citizens of the polis.

Adam Smith did not directly refer to Aristotle when he distinguished between value in use and value in exchange to set out his famous puzzle. He observed that some things, such as water, have high use value but low exchange value, whereas other things, such as diamonds, have low use value but high exchange value (Smith 1976 [1776]: 33). Prices or exchange rates in the market did not directly correspond to use values. Smith provided one answer to this seeming paradox by advancing a complex theory of labor value to explain exchange rates.

One theoretical line, following Adam Smith, was developed by Marx. Despite his few references to Aristotle, Marx was deeply influenced by him, and much of his own work, especially his theory of surplus value, represents an elaboration of Aristotle's distinction between use and exchange value. Marx explained prices and the generation of surplus (and market profit) through the dialectical relation of the use and exchange of labor. Labor is bought at its exchange rate but capitalists gain control of its use value, which in turn produces a surplus above its original exchange value. This surplus is appropriated by the capitalist. For Marx the trade of money for goods, and especially of money for money, represents an abstraction from and mystification of the labor expenditures that underlie the production of things and the generation of surplus prior to their appearance in exchange. When gaining wealth becomes the purpose of trade, money becomes an animate object or fetish that veils the labor which supports it.[11]

By a second strand of theory developed in the nineteenth century – after Bentham, Ricardo, and Mill – the notion of use value was replaced by utility; then, by the mid-twentieth century, the concept of utility was transformed to preference or subjective preference (which underlies demand schedules). Exchange value came to mean price, which results from the interaction of demand and supply in the market, and Aristotle's distinction between use and exchange disappeared; in much of modern economics, the market domain is seen as freestanding.

Outside the neoclassical and Marxist traditions, the Aristotelian division between use and exchange has taken many turnings. For example, Weber distinguished between substantive and formal rationality (1978: 85–6). Substantive rationality designates material behavior shaped by political, religious, or ethical standards. Formal rationality refers to action based on calculation and means-to-ends reasoning. In practice, claimed Weber, these ideal types are mixed together; but he did not provide an interactive or dialectical theory of their connection, although the concept of a long-term transition from substantive to formal rationality informs many of his historical studies (1958 [1920], 1961 [1923]).[12] On Weber's historical view, the practice of instrumental rationality initially was legitimated by the rise of ascetic Protestantism (Weber 1958 [1920]), because worldly success in trade – but without consumptive expenditures – revealed that one was a member of God's elect. Once embedded in the economic sphere, instrumental rationality cast its net across a wide range of activities, and this rationalization of everyday practices powered by shifting religious beliefs, market expansion, and changing political and legal systems transformed this act of doing something for the sake of something else, such as ascertaining divine acceptance and grace, to something done for its own sake. Achieving market success, which had been practiced in pursuit of divine grace, became an act without grounding or limitation, leading to entrapment in an "iron cage." According to some views, this historical transformation in the meaning of economic practices marks the turn to modernity in the West.

The separation between the formal and substantive meanings of economy was given greatest currency by Karl Polanyi, although he accorded immediate credit for the distinction to Karl Menger (Polanyi 1977). Polanyi argued that the interaction of humans in relation to their environment constitutes the conditions and substance of society. When land and labor are placed on the market – as in developed capitalist economies – society's inner core is dissolved; yet land and labor are only *fictitious* commodities, because they are not produced by humans. Polanyi marked a divide between economies. Some are best described by a substantivist view, others by a formalist perspective. In embedded economies, land and labor are transacted through social relationships. When kinship dominates, reciprocity prevails; when political and religious institutions dominate, redistribution is found. In contrast, the modern market economy, in which all things are disembedded from their social conditions of production, is best understood through formal economics.

Polanyi's division, with its roots in Aristotle, echoes distinctions made by Vico, Morgan, Maine, and Töennies. He felt, however, that the historical shift from embedded to disembedded economies was violently destructive. When land and labor are disembedded from the social fabric and traded for money, society undergoes a devastating transformation. Polanyi (1944) provided one account of this historical shift but did not develop a model of community–market interaction or foresee the ways that communities persist and are required for markets, or how markets sometimes support and provide the conditions for new communities. His view that land and labor constitute economy's invariant elements also takes little account of local or cultural constructions of economy or the way that knowledge, technology, and customary performances influence economic processes.

Polanyi's terms, formal and substantive, resonate with important categories in philosophy. R. G. Collingwood, for example, distinguishes between moral and economic action, a division with roots in Kant and Aristotle. A moral or deontological action revolves about duty and obligation, whereas an economic action concerns means-to-ends relationships. Particularly compelling is Collingwood's specification of economic action as one in which "each party is using the other as means to his own ends by permitting the other to use him in the same way" (1989: 65); on this view, people become instrumentalities when engaged in economic practices. Collingwood implies that economic action builds on a division between self and other, or subject and object, and that the other transformed to a means becomes an impersonal object. In economic action we need never be concerned with the other's subjectivity. Impersonal trade, freed of lasting commitments, diminishes social ties and human identity.

A similar conclusion was reached by Veblen. Pragmatist, dualist, and anthropologist manqué, he made subtle use of the Aristotelian division.[13] In several of his later works, Veblen shows how the commercial world is divided between businessmen (the "captains of finance"), who want to accumulate monetary wealth, and engineers (the "captains of industry"), who develop technology and make things. He first used the distinction in a critique of J. B. Clark's theory of capital, by showing that the word capital has a double meaning. On the one hand, capital means equipment for making things; on the other, capital is a monetary accumulation used to secure a gain. Veblen showed how we sometimes apply one sense of the term to the other and confound the two. For example, as money, capital can be divided into small allotments and exchanged; as equipment, capital is non-divisible and often not mobile. Most neoclassical theories of the market, however, merge the two senses and treat capital as partible, malleable, and mobile. The theory that marginal money inputs yield marginal money products does not fit the fact that people and equipment are not divisible and often not movable! (And when one marginal person or machine is added to a process, all else does not remain constant.) Veblen linked this ideological confusion of pecuniary and industrial wealth to metaphoric thinking, and made extensive use of the division to display the cycles and contradictions of capitalism as well as the ways one form of wealth dominates the other through the instinct of predation.[14] As the captains of finance gain command of the industrial system, financial acumen itself is credited with the qualities of industrial workmanship. This appropriation of one side of economy by the other through metaphor, said Veblen, is a *derangement* that is special to capitalism. The entirety is a gloss on Aristotle's insight that activities done for their own sake and activities done for the sake of something else are separate yet confounded in practice.

In recent years, social scientists have turned to the study of human relationships, such as trust, confidence, mutuality, benevolence, goodwill, caring, and respect, that underwrite trade, the formation of credit groups, or savings associations. Putnam (1993) argues that trust, standing at the opposite pole to non-cooperation and competition, is a product of accumulated social capital.[15] His concept of social capital bears kinship to my notion of the base, but for him dyadic ties provide the foundation for material life, and so the broader communal commitments from which they derive are obscured.

Granovetter (1992a, 1992b) offers a different understanding. Drawing on Polanyi's opposition of the embedded and disembedded economy, he argues that anthropologists utilize an oversocialized conception of human action (embedded economies), whereas economists employ an undersocialized one (disembedded markets). Granovetter urges that in non-market economies there is more instrumental action than anthropologists recognize, whereas in market economies there is more embedded material action than economists concede.[16] I share this view, but Granovetter does not provide an economic theory built on the connection, interaction, and variation of the two broad realms.[17]

Anthropologists have also considered the relation between social ties and economy often by focusing on reciprocity or back and forth delayed exchanges that are buttressed by social bonds. For example, Gregory (1982) sorts economies into gift and commodity systems. Reciprocity is regnant in one, trade in the other. Commentators have since remarked that the opposition can be found within economies.[18] For example, goods may pass through phases to serve as both commodities and gifts, shifting along a continuum from market exchange to reciprocity (Appadurai 1986; Kopytoff 1986). But these latter arguments also tend to emphasize dyadic ties rather than larger realms, and they fail to offer a view of the connection between the market and communal realms. For example, Carrier (1992), in a survey of exchange on the island of Ponam in Melanesia, criticizes the absolute division between gifts and commodities. He shows how the two modes are intertwined across a range of transactions, from merchants, to local market traders, to trade partnerships, to gifts themselves. Carrier (1998) also draws a division between *inclusive* property, when an object is multiply held, and *exclusive* property, owned by a single individual. He argues that we have sorted economies and property systems so that the West seems to be home to exclusive property, whereas Melanesia is the region of inclusive claims (or "gift" economies). But on Ponam both forms are found, and Carrier urges that the two possession forms characterize the modern West as well.[19]

In a stimulating treatment of money that also resembles my views, Bloch and Parry (1989) visualize exchange in terms of short-term interests and long-term morality; one expresses rational calculation, the other manifests communal commitment. Money tends to be aligned with short-term interests but can be socially cleansed or transformed for communal uses. In addition, Keith Hart (1986), in a luminous commentary, points out that money itself is two-sided. Issued and secured by a state, on the one hand, money can be exchanged by anyone for anything, on the other. Hart applies this two-sided notion of money to fish transactions in the Trobriand Islands (Papua New Guinea), because fish can be exchanged by ceremonial transactions (the state dimension) or by individual barter (trade). The form used depends on whether or not an encompassing political order is present; individual barter takes place only within existing political commitments, whereas ceremonial transactions construct them. Trobrianders shift between the two modes as political and material conditions change. This dialectical view resembles my own.

Finally, Gibson-Graham (1996) contests the centeredness and phallocenteredness of capitalism, by which it becomes an entity or whole against which "other" economies are measured. Their strategy is double: on the one hand, Gibson-Graham argues that capitalism has no single motor but many engines, so alternative accounts and accountings of it are possible; similarly, other economic modes are not lacking or deficient in essential characteristics as defined by capitalism, just as female is not the opposite and negative of male. This approach is congenial, and my invocation of community as a repository of possibilities and incommensurate value arenas, rather than the negation of capitalism, surely provides a counterpart story to theirs. As they also argue, such a perspective has implications for the way corporate wealth is distributed, a topic to which I return in the final chapter.

From Community to Globalization

In the chapters that follow, I initially explore the communal and market realms as separate moments, attending more closely to the communal because ethnography yields insights about these forms and the time has arrived to recognize the submerged realm. The ethnographic data were collected throughout the twentieth century, and in some cases anthropologists considered the contexts of study as isolated from colonial, postcolonial, or market forces. But the work was carefully undertaken and I use it if only for certain purposes. In the early chapters, I examine the base and its associated processes, showing how it is supported, strengthened, maintained, and augmented by sensible practices. Transactions within the communal realm revolve about allotment and apportionment. In contrast, reciprocity is an interbase transaction, and it hovers between the incommensurate and commensurate. A gift extends the base to others and so bestows an aspect of community. But reciprocity also may be invoked to "explain" the presence of the base (as an initial gift) and to justify a pattern of allotment or apportionment as being in accord with the divine or ancestral conditions of that gift. Trade to maintain the base is also a necessary part of the community realm; and it is found both at the margins or borders of community and on the "inside."

On turning to markets, I focus principally on innovation and the generation of profit as the motor of capitalist growth. I argue that profit starts with innovation, but this creation of value is dependent on the presence of community.[20] The innovator not only creates a product, or a new form of production or distribution, but a relation to others. For example, Henry Ford's innovation of using conveyer belts to make a moving production line changed the relation of tools to humans, how humans use the environment, the objects produced, and how humans relate to one another in production. But his innovation also changed human relationships in respect of these changes: demographic mobility increased; tire, gas, and cement industries developed; new forms of shopping arose; consumer fascination with automobiles developed; family and corporate relations altered as wages and demand increased; and the innovation itself – the fixed assembly line – spread to other forms of manufacturing. Ford's innovation became traces that altered other relationships. When I drive a Ford, I am driving a Ford – a trace, an historical memory, a connection to the innovator. Ford is "in" the economy and society by his work, and in this sense he has a relation to me and left his mark in the world.

The innovator both works in a world of traces or memories that are a legacy of community and make up his base, and makes worlds for others. Again, I am not only speaking of on-the-ground relationships as in who buys a product; rather, the innovator adds to a base of traces and shares his world-vision with others. An innovator creates a service or product, or a new way of doing, but the creation is also a tool or mediation, because through it the innovator makes a relation to others mediated by the object. In one sense, innovation is about products, services, and profit; in another it is about creating connections, for through an object the innovator affects or influences the worlds of others. The base of the innovator becomes part of another's identity, much as the gift extends community to others. Products and services, even when bought, are gifts. Innovation, or human creating and extending, lies at the basis of all economy.

Following this consideration of market and community as separate realms and their connection through innovation, I examine conversions of value between them. In some ethnographic cases, community and market occupy separate spaces and are enacted through distinct institutions, so that objects and people are transformed on crossing between them. When capital expands, we often find the debasement of community as its values evaporate in support of the market; but the creation, maintenance, and expansion of base also may transform market life. Finally, I consider implications of this model for contemporary discussions about the role of corporate and political obligations, and for the shifting tension between localization and globalization. The corporation is both a market or legal-financial entity and a community that is nestled in larger communities. Corporations engage in formal contracts, executed in markets; but "outside" these priced transactions, and often preceding them, corporations employ "ceremonial exchanges" or transactions buttressed by goodwill, and they use reciprocity. These latter exchanges lodge the corporation in its environs and connect its capital to other bases, suggesting that the distribution of profit – which is central to the production of well-being, economic difference, and class structure – might be newly modeled in terms of multiple, incommensurate values and economy's two realms. In contrast, we may surmise that one problem with early forms of socialism in Eastern Europe was the state's inability and refusal to recognize and cope with the attractions and spirit of anonymous trade.

The model also well displays contemporary processes of localization and globalization, for the value domains run from specificity and local ties to accumulation and global connections. Globalization, in my view, is closely tied to increased financial flows or the unfettered movements of accumulated profit that can alight and be used to purchase local means of production; capital crosses labor and resource markets, taking advantage of differential prices. Globalization has grown with the lowering of transportation and transaction costs, the loosening of financial controls, and the advent of dispersed production by which industrial processes are segmented yet brought together across great spaces. Globalization is anchored, however, by local innovation and by ownership of capital that turns a profit. Globalization–localization instantiates the dialectic of community and market or the tension between keeping identity and the base, and spreading ties to others and accumulating capital.

These several and final concerns about the distribution of wealth and contemporary change return us to my larger aim of providing a new lexicon for conversing about economy, and of pointing to areas of economy in which we balance, select among, contrast, and struggle with incommensurate values. I would like to reopen and situate these discussions within an anthropological model of economy.

NOTES

1 For some of the standard arguments for and against the use of neoclassical economics in anthropology, see LeClair and Schneider (1968) and Schneider (1974). Plattner (1989) offers a later collection. Wilk (1996) provides a recent account of developments in economic anthropology.
2 I doubt he had in mind Milton Friedman's (1953) charter statement in economics that actually employs this image in relation to intentions.
3 See Gudeman (1978). The literature on the several theoretical approaches is very large. On Latin American dependency theory or structuralism, see Cardoso and Faletto (1979), Furtado (1976), Frank (1967, 1969), and Sunkel (1993).
4 On substantivism, see Polanyi (1944, 1968, 1977), and Polanyi, Arensberg, and Pearson (1957); on my work see Gudeman (1986). For further elaboration of cultural economics in relation to substantivist and formalist assumptions, see Bird-David (1992a) and Orlove (1986).
5 I remain indebted to Rivera for the fieldwork collaboration and many conversations (Gudeman and Rivera 1990). The idea that economics is a communicative discourse and involves modes of persuasion had been strikingly argued by Klamer (1983).
6 We developed the notion of conversations from our evolving field practices. In economics, Klamer and Colander (1990) were developing a related use of conversation in their ethnographic study of aspiring professionals.
7 One reaction of neoclassical economists is to extend their theory as far as possible across the communal realm (Becker 1976, 1981).
8 One example is the *pratik* relationship in Haiti, as described by Mintz (1961).
9 We also invent, make sense of, and interpret many micro-behaviors by projecting the two models on practical action. Consider opening a door. Sometimes one does it for oneself: this is individual self-sufficiency. But sometimes one does it for another as an act of communality or social connection. Here the complications start. The communal courtesy can be an act of friendship, but until recently it was also a gendered act indicating male dominance, although one sometimes opens a door for a banker, businessman, or president, as an expression of submission. All are acts within community.

Conversely, a doorman at a hotel or restaurant may open doors, which is a market act, especially since the prices of the establishment will be raised to cover the doorman's pay. This act may be seen as a projection of community that indicates mutuality, for the restaurant or hotel sells itself as an establishment of community, yet the doorman may depend on tips for his survival. Are the tips a market obligation in repayment for a service, a communal payment, or an appropriation of communal sentiment?

Women today are suing to be able to practice this male profession, which is yet a different illustration of how the communal realm helps structure market participation. Because part of the significance of the doorman's act is its gendered nature, contestation against this power and the closed labor market must originate in shifting communal expectations. From gender to tips to the projected sense of mutuality, the significance of the doorperson's act depends on its shifting place within community and market.

10 In a different way, Kopytoff (1986) has argued the point.

11 For an anthropological treatment of fetishism in which community provides the ground against which market relations stand revealed, see Taussig (1980).

12 "Originally, two opposite attitudes toward the pursuit of gain exist in combination. Internally, there is attachment to tradition and to the pietistic relations of fellow members of tribe, clan and house-community, with the exclusion of the unrestricted quest of gain within the circle of those bound together by religious ties; externally, there is absolutely unrestricted play of the gain spirit in economic relations, every foreigner being originally an enemy in relation to whom no ethical restrictions apply; that is, the ethics of internal and external relations are categorically distinct. The course of development involves on the one hand the bringing in of calculation into the traditional brotherhood. . . . At the same time there is a tempering of the unrestricted quest of gain with the adoption of the economic principle into the internal economy" (Weber 1961 [1923]: 261–2). Smelser (1976) also suggested that attention should be given to the ways the two rationalities re-enforce, conflict, and combine over time.

13 His first publication was on Kant (1884).

14 On these several concepts of Veblen, see especially *The Instinct of Workmanship* (1914), *The Place of Science in Modern Civilisation* (1942 [1919]), *The Theory of the Leisure Class* (1953 [1899]), *The Theory of Business Enterprise* (1978 [1904]), and *The Engineers and the Price System* (1983 [1921]).

15 In addition to Putnam, see Dore (1992 [1983]), Fukuyama (1995), Gambetta (1988), Hyden (1980), and Vélez-Ibañez (1983) for cognate arguments.

16 He also extends the critique of anthropologists to theorists of moral economy (Scott 1976).

17 Daly and Cobb (1994) provide a different development of similar issues.

18 Gregory (1997) also has expanded his view; our approaches have points of similarity.

19 Hornborg (1994) develops an argument about the persisting tension between the local and global that also overlaps mine.

20 Richard Epstein (1995) offers an argument in political theory that would largely omit community impulses.