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The economists and the primitive societies. A critique of economic imperialism

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ABSTRACT

The extension of economics to topics that lie outside its classical domain is known as 'economic imperialism'. But there are territories of social science that persist to be largely intractable using the postulates of economic theory: the anthropological subject of primitive societies represent one such territory. This paper describes and discusses the representation of primitive societies by economists from the proto-imperialist model of Smith to the imperialist Posner's model. It maintains that a) the economists's attempt at interpretation is highly unsatisfactory and founded on erroneous assumptions, and b) it is possible to offer a different representation of the primitive societies, one more coherent with the anthropological and ethnographical data, and able to show the inadequacy and insubstantiality of many economic categories when applied to those societies.

Key words: economic imperialism, primitive societies, economics and anthropology, critique of neoclassical economics.
JEL classifications: B1, B2, Z13

I. Introduction

Contemporary neoclassical economics has greatly expanded its scope of inquiry as well as its sphere of influence. In an authoritative paper Lazear (2000) writes that this expansion depends on the fact that economics has "a rigorous language that allows complicated concepts to be written in relatively simple, abstract terms" (p. 99), starting from the basic assumption of maximizing behavior. This language permits economists "to strip away complexity", which, althought it may add to the "richness of description", nevertheless "prevents the analyst from seeing what is essential" (p. 100). Herein lies, Lazear maintains, the power of economic science and its comparative advantage over the other social sciences. The role of the other social sciences is to identify issues, that of economics is "to provide specific, well-reasoned answers" (p. 103).

The extension of economics to topics that lie outside its classical domain is known as 'economic imperialism' (or 'economics' imperialism', 'imperial science', 'universal economics'). This term, used first by Tullock (1972), were diffused in the mid-1980s by members of the Chicago School, from Stigler (1984) to Radnitzky and Bernholz (1987). They referred, in particular, to the works of Gary Becker, who, from the end of the 1950s onwards, made the main contributions to applying economics to the interpretation of a wide variety of

social phenomena.[1] The roots of economic imperialism, however, lie in the methodological revolution of the 1920s and 1930s brought about by Frank Knight, Ludwig Mises and, above all, Lionel Robbins in *The Nature and Significance of Economic Science* (1932). Robbins' definition of economics as a science which studies human behaviour as a relation between ends and scarce means that have alternative uses - which is at the basis of Becker's programme of research - has made it possible to include issues and fields pertaining to the traditional domains of other social sciences among the topics of economics. Since then, the issue of the theoretical fertility of the expansion of economics into new areas and its relationship with the contiguous social sciences has been widely discussed. Whilst Lazear's position is now largely shared and predominant among mainstream neoclassical economists, there are neverthless critical and skeptical contributions in both unorthodox (see for example Fine, 1999, 2002 and 2009, and Maki, 2002 and 2009) and orthodox economics. Among the latter, to be cited in particular are the two classical contributions by Coase (1978) and Hirshleifer (1985). On discussing the "expanding domain of economics", Hirshleifer (1985) maintains that "economics does constitute the universal grammar of social science" (p. 53) and that economics has proved to have explanatory power in many new areas. But, at the same time, he recognizes that "the model of economic man has indeed been productive but only up to a point" (p. 54). A clearly critical stance on the imperialist nature of economics is taken by Coase (1978) who recognizes that "economics is expanding its boundaries" (p. 202), being facilitated to do so by the increasing generality (i.e. formalism) of the economists' analytical systems, but he thinks that economists' contribution in these fields is generally not significant.

This paper adopts a skeptical perspective on the usefulness of expanding, in the substantially acritical mode typical of the economic imperialists, the domain of economics to other territories. There is evidence that there are territories of social science that persist to be largely intractable using the postulates of economic theory: primitive societies represent one such territory. The importance of this subject lies in the fact that primitive societies are those which Western thought considers to be the furthest from the modern market societies, 'the others' *par excellence*. This distance induces fascination or disdain – as shown by the eighteenth-century figures of the noble and ignoble savage (see Meek 1976; see also Marchionatti 2008). This makes primitive societies, more than a subject of study, a category of Western ideology, which has deeply influenced the scientific approach to them.

[1] An historical overview of the expansion and riorientation of economics after the late 1950s, that is since the fundamental contribution by Becker, is presented in Grossbard-Shechtman and Clague (2001a and b).

This paper describes attempts by economists to deal with the anthropological subject of primitive societies[2], from the proto-imperialist model of Adam Smith[3], at the outset of economics as a science, to the recent studies which use new categories like transaction costs and imperfect information. It maintains that a) the economists's attempt at interpretation is highly unsatisfactory and founded on questionable, if not erroneous, assumptions, and b) it is possible to offer a different representation of the primitive societies, one more coherent with the ethnographical data, and able to show the inadequacy and insubstantiality of many economic categories when applied to those societies. It appears that when economics imperialism is applied to the subject of primitive societies, it presents highly decreasing returns which impoverish the interpretation and reveal the inability of the approach to yield satisfactory understanding of the subject.

2. The imperialist economic theory of primitive society

We can identify three different interpretative models of primitive societies in the history of economic thought: Adam Smith's classical model of the early and rude state of society, Lionel Robbins' and Raymond Firth's neoclassical-formalist model of rational choice bounded by the institutional structure of society and Richard Posner's neo-institutional model of a society characterized by scarce information and high transaction costs.

2.1. A proto-imperialist theory of primitive society: Smith's classical model of the "early and rude state of society"

In the *Wealth of Nations* the "savage nations of hunters and fishers" are represented as the opposite, in negative terms, of the "civilized nations". Smith emphasizes four fundamental negative features of these societies:

- savage nations as societies of 'poverty', or "wretchedness", as opposed to civilized nations as 'wealth societies';
- savage nations as societies where the division of labor and goods market exchange are scarce or absent, as compared with the civilized societies where they are extensive;

[2] In the paper I use, following the economic tradition, the term 'primitive' to refer essentially to the societies which ethnologists call 'hunter-gatherer'.

[3] We can call 'proto-imperialist' Smith's model in the sense that in the ideological structure of his work political economy has the task to define the place of economies in the history from the particular point of view which assigns to the 'civil society', i.e. the modern market society, the role of touchstone.

- savage nations as 'societies without a state' – "there is properly neither sovereign nor Commonwealth (V.1.1.)". This absence of authority is attributed to the state of poverty and to the absence of private property;
- savage nations as societies where "universal poverty establishes … universal equality".

The first, fundamental, opposition that appears in the *Wealth of Nations* is that between the affluent societies, or the "wealth, opulence and prosperity" societies on the one hand, and poverty and distress societies, i.e. primitive societies, on the other hand.[4] They are in this poor state even though "every individual who is able to work, is more or less employed in useful labour, and endeavours to provide, as well as he can, the necessaries and conveniencies of life, for himself, or such of his family or tribe as are either too old, or too young, or too infirm to go hunting and fishing" (I.1.4.). Moreover, "the ninety-nine parts [of the labour of the whole year] are frequently no more than enough to provide them with food" (I.1.58). Hence, according to Smith, these societies are unable to produce a surplus, if not only occasionally. They are, in the evolution of mankind, "the lowest and rudest" state of society, that "early and rude state of society which precedes both the accumulation of stock and the appropriation of land", where "skill, dexterity, and judgement with which [labour] is any where directed or applied [I.1.1.]" are not sufficient to overcome the scantiness of the annual supply.[5]

In his *Lectures* at Glasgow University of 1762-3, where Smith put forward a preliminary version of a stage theory (see Meek 1976), he described this social stage with an example of the method that Dugald Stewart termed "theoretical or conjectural history" (1966 [1793]. This consists in replacing with explanatory hypotheses those facts that are little known or not at all, but are used also to replace facts not easy to handle from a theoretical point of view:

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[4] Smith writes in reference to the "savage nations of hunters and fishers" of North America:
"Such nations are so miserably poor, that from mere want, they are frequently reduced, or, at least, think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts" (I.1.4).

[5] On the other hand, there exists in Smith's works, but not in the *Wealth of Nations*, passages which refers to the abundance of free time in the primitive societies, which savages devoted to music and dancing. For example, in his *Essays on Philosophical Subjects* probably written in the mid-1770s, Smith states:
"After the pleasures which arise from the gratification of the bodily appetites, there seem to be none more natural to man than Music and Dancing. In the progress of art and improvement they are, perhaps, the first and earliest pleasures of his own invention; for those which arise from the gratification of the bodily appetites cannot be said to be of his own invention. No nation has yet been discovered so uncivilized as to be altogether without them. It seems even to be amongst the most barbarous nations that the use and practice of them is both most frequent and most universal, as among the negroes of Africa and the savage tribes of America. In civilized nations, the inferior ranks of people have very little leisure, and the superior ranks have many other amusements; neither the one nor the other, therefore, can spend much of their time in Music and Dancing. Among savage nations, the great body of the people have frequently great intervals of leisure, and they have scarce any other amusement; they naturally, therefore, spend a great part of their time in almost the only one they have" (Smith 1982, 187).

"If we should suppose x or **z** persons of different sexes settled in an uninhabited island, the first method they would fall upon for their sustenance would be to support themselves by the wild fruits and wild animalls which the country afforded … This is the age of hunters" (Smith, 1762-3, p. 14).

With the increase of population hunting becomes too precarious for support of that society. Men are obliged "to contrive some other method whereby to support themselves" (ibid.). The "spontaneous" solution is found in animal husbandry: "Flocks and herds therefore are the first resource men would take themselves to when they found difficulty in subsisting by the chase" (p. 15). But when a society becomes numerous "they would find a difficulty in supporting themselves" in this way. "Then they would naturally' turn themselves to the cultivation of land and the raising of such plants and trees as produced nourishment fit for them" (ibid.), and they would gradually advance into the age of agriculture. As society progresses, the various activities, "which at first would be exercised by each individual as far as was necessary for his welfare" (ibid.), would be separated, and persons "would exchange with one an other what they produced more than was necessary for their support, and get in exchange for them the commodities they stood in need of and did not produce themselves" (ibid.). With the expansion of market exchange, the final stage, "the age of commerce", emerges.

Smith's model of historical growth is extremely straightforward. The basic concept derives from Montesquieu's *Esprit des lois*: the mode of subsistence. Population growth brings about a search for more productive modes of subsistence, i.e. development of the division of labour. The latter gives rise to exchange. By jontly increasing, the division of labour and exchange generate the most productive mode of subsistence: that of the market societies.

From the standpoint of the civilized societies, the savage societies are characterized by the absence of a division of labour and exchange. This explains the state of poverty, which is the key characteristic of primitive societies, and the absence of those "skill, dexterity and judgement", on which the abundance or scarcity of resources in a nation depends. In the savage societies, Smith writes, the division of labour is scarce or absent: "what is the work of one man in a rude state of society, being generally that of several in an improved one" (II.I.1)". Therefore, exchange, which according to Smith is the incentive for the division of labour, is scarce in these societies. Hence surplus, when it is occasionally created, is destroyed, and this hampers the development process. The absence of division of labour and exchange is the other side of the state of misery.

2.2. Primitive economy in the Robbins-Firth's formalist analysis: the rational choice limited by the institutional structure

Economic anthropology in its formalist version, as developed at the end of the 1930s by anthropologists like Raymond Firth and Melville J. Herskovits, was influenced by the methodological works of the neoclassical economists Knight and Robbins, and particularly by Lionel Robbins' methodological *Essay* (1932). Robbins's main purpose in the *Essay* is to give precise definition to the subject-matter of economics. He rejects the then current definitions which related economics to the study of the causes of material welfare. Instead, he introduces an analytical definition which does not distinguish between different types of behaviour but focuses on a particular aspect of it. According to Robbins, from the point of view of the economist, the conditions of human existence exhibit three fundamental characteristics: "The ends are various. The time and the means for achieving these ends are at once limited and capable of alternative application" (p. 12). Human behaviour assumes the form of economic choice only when these three characteristics exist simoultaneously. The unity of the subject of economic science, Robbins emphasises, lies in the fact that "scarcity of means to satisfy given ends" is "an *almost ubiquitous* condition of human behaviour" (p. 15). As a consequence "economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" (ibid.), starting from a series of assumptions in some way involving what Robbins considers to be "simple and indisputable facts of experience relating to the way in which the scarcity of goods … shows itself in the world of reality" (p. 96), such as the order of preferences and the multiplicity of factors of production. Owing to the high degree of *generality* of the basic postulates, economic laws are not limited to some particular conditions of time and space, but have *universal* validity: these generalisations "are as applicable to the behaviour of isolated man or the executive authority of a communist society, as to the behaviour of man in an exchange economy" (p. 19). In all circumstances the aim of economic analysis is to make us aware of the consequences of our actions, without expressing any value judgement – economic analysis is *wertfrei* in the Weberian sense. However, we may say that economic science makes judgements on the way in which certain goals are attained starting from scarce means; that is, on the *coherence* of behaviour and on the *adequacy* of means to aims, that is on the *rationality of behaviour*. Economic science adopts the assumption of "perfect rationality in the sense of complete consistency" (p. 94) in order "to enable us to study, in isolation, tendencies which, in the world of reality, operate only in conjunction with many others" (ibid.). Therefore economic

science represents the rational point of view on an only partially rational world, where the ends pursued by individuals may be mutually inconsistent: it derives what Robbins defines "its practical *raison d'être*" upon the assumption that "it is desirable that they should do so" (p. 157); that is, individuals act rationally. As a consequence, economics can examine societies by analyzing their relative degree of rational behaviour and classify them on this basis. Market societies, where economic action is more developed, are rationally superior to the other previous societies, i.e. they are at the more developed stage, or, which is the same in Robbins' framework, the more permeated by rationality. In the other societies, economic behaviour is limited by customs and institutions which compel individuals to behave in not fully rational or irrational manner.

The universality of economic analysis derives from the fact that scarcity exists everywhere – and "scarcity of means to satisfy ends of varying importance is an almost ubiquitous condition of human behaviour" because "we have been turned out of Paradise" (p. 15)– so that man is obliged to choose, and he can choose in a more or less economic (in the sense of rational as consistent) way. Theoretically, economic action is important in conditions of scarcity: if we assume, as Robbinsian economic science does, that these conditions are general, then that science becomes applicable to every society. This is the fundamental idea that formalist anthropologists drew from Robbins' *Essay*.

Primitive Polynesian Economy (1939 and 1965), the result of Firth's fieldwork on the Island of Tikopia in Western Polynesia, may be considered the most systematic attempt to apply the concepts of neoclassical economic theory to the institutions of a primitive society. Firth starts from the assumption of the validity and utility of the application of neoclassical economic science to the study of primitive economic systems. In their most general forms, he writes, the postulates of economic theory may be recognized by an anthropologist as being plausible for the analysis of primitive societies, while other subsidiary social and institutional assumptions introduced by economists, inspired by the particular conditions of market societies, must be replaced by more useful assumptions derived from field experience "more in accord with the conditions of these non-western societies" (p. 11).

The anthropologist, Firth writes, must consider: a) "how far means are scarce in the [primitive] community …; to what extent ends are really alternative, and what is the scale of preferences when choice is made between them … What these ends and means are, and the manner in which they are socially conditioned"(p. 15); b) the problem "of the existence of market conditions in the economist's sense" (p. 16); c) the problem of maximizing the

satisfactions of individuals: "How far in a primitive society is choice guided by rational considerations"(ibid.).

The essential aspects of the primitive economic system, Firth writes, "do correspond to the data of ordinary economic analysis, and can be covered by the same general propositions" (p. 353). Firstly, there is a scarcity of the means necessary to satisfy the needs. The existence of scarcity in primitive economies - considered by Firth "familiar" to the Tikopia community -[6], is explained in two ways: first as an obvious manifestation of difficult times in the life of a primitive community, and, second, as the cause of dependency on the outside world for certain goods. Secondly, wants are arranged on a broad scale of preferences. Third, the choice of how the means to hand should be allocated, is made "on the whole" in a rational manner. Although the choices are "largely socially conditioned", every day men in a primitive society make choices "where they realize the implications of alternative modes of action and where their attempts to find the best solution gives them much thought and even anxiety" (p. 29). Last but not least, Firth asserts the existence of notions of value: he recognizes that exchange rates fluctuate for specific reasons and are strictly connected with the concept of reciprocity, but he thinks that this latter is not the outgrowth of "an intrinsic type of primitive mind *per se*" (p. 351).

Indeed, on considering the problem of the applicability of economic science to primitive societies, Firth recognizes that many behaviours that characterize a capitalist economy are absent in a primitive economy: a) "Tikopia may be said to lack technical ambition" (p. 88), and the society is characterized "rather by an absence of interest in invention than by an absence of the potentialities for invention" (p. 108); b) "it may be said that the codes which govern the behaviour of individuals in this society are such that a great deal of economic co-operation is based upon a primary interest in the social aspects of co-operation for its own sake rather than in its economic advantage"(p. 145); c) although the institution of private property exists, in the case of more important goods such as land and canoes "individual ownership can only be expressed in degree of responsibility for and the enjoyment of the group property" (p. 278); d) the distributive principle is that "all the participants in a productive activity should receive a share of the product" (p. 313), and differences are due to"social considerations"; e) in the transactions, primitives work on "conventional exchange rates ", and "their efficacy is linked essentially with the concept of reciprocity" (p. 348), one of

[6] Firth writes: "In times when crops have been affected by hurricane or drought, this interest in sheer subsistence does become very marked indeed. At such times notions of 'scarcity' become very obvious, and anxieties about the al location of labour resources to produce food and the distribution of food are expressed in very acute form" (p. 18).

the foundations of primitive social relationship, which makes "estimation of ultimate social advantage as more important than immediate material gain" (p. 350); f) moreover, there are spheres or series of exchanges in which "the goods [...] are not completely convertible into those of the other series" (p. 340), but social conventions establish who can exchange with whom, when this can happen and what must be given in exchange. On this basis, Firth writes, we may be tempted to deny the existence of a "Tikopia *economics*", "in the sense in which the term is ordinarily employed" (p. 352). But this doubt is dispelled by the consideration that "the fact remains that problems involving the provision of material goods and questions of human material welfare do exist in Tikopia, and they are solved by an organized and intelligible system of activity" (pp. 352-3): the areas of economic rationality are simply limited by the cultural and institutional social environment. Firth concludes that the premises of neoclassical economic analysis reveal themselves in fundamental aspects of a primitive economy, so that economic categories can be used in its analysis. There are differences, but they are more quantitative than qualitative.

Firth's belief that economic science can be used to analyze primitive societies is founded on the existence of a common universal concept of economic rationality: from the logical point of view, primitive behaviour may be considered coherent with a set of assumptions concerning the ends to which resources can be allocated, even if it is limited by the cultural institutions. Hence, the apparently non-economical and irrational behavior of primitive man is made intelligible by economic categories.

2.3. Posner's theory of primitive society: rational choice in conditions of scarce information, high uncertainty and high transaction costs

The increasing attention paid to the study of non-market institutions by economists since the 1970s has made a new form of application of economic theory to primitive social institutions possible. Among the works produced from this perspective (e.g. Grossbard 1978, Ault and Rutman 1979, North 1979) the most significant and ambitious is Posner's essay *A Theory of Primitive Society* (1980), which presents a general economic theory of primitive society influenced by Geertz (1978) and conversations with Gary Becker, where the American Nobel prize-winner argues that many of the distinctive institutions of primitive society can be explained as "adaptations to uncertainty or high information costs" (Posner 1980, p. 4). Unlike the formalist approach, this one considers rationality to be a characteristic of primitive man which manifests itself in all areas of society.

The starting point of Posner's analysis is the existence of information costs. He argues that the costs of obtaining information are higher in primitive than in advanced societies, i.e. more inputs of time or other resources are required to obtain the same amount of information. This statement follows from the assumption that primitive peoples are technically backward; they do not understand the laws of nature well, Posner writes, in fact, he maintains, belief in magic and sorcery must be considered a substitute for scientific knowledge. They have no system of writing and consequently no records, and they lack modern communications technology. On the basis of this assumption concerning the technical-informational conditions of primitive society, Posner elaborates a *general economic theory of primitive society*, in order to explain the distinctive institutions and values of that society. The basic assumptions of the model are the following:

- an absence of effective government, or a lack of government, due to illiteracy;
- scarce "technical knowledge", so that "only a limited variety of consumption goods can be produced" (p. 9);
- scarcity of commercial relationships with other societies due to the costs of transportation, plus (other) transaction costs created by language differences, a lack of currency, and a lack of contract-enforcement mechanisms;
- impossibility of storing consumption goods due to the technical problem of food preservation;
- negligibility of private gains from innovation, "because such gains cannot be appropriated [the privacy problem] or because scarcity of natural resources or other exogenous conditions make cost reduction or product improvement unattainable goals at any feasible scale of investment" (p. 10).

These characteristics imply the existence of a strong redistributive ethic, without, Posner underlines, necessarily entailing the assumption of altruistic behavior of primitives. Insurance, specifically against hunger, is very important in such a society:

"The conditions of production, in particular the difficulty of storing food, create considerable uncertainty with regard to the future adequacy of an individual's food supply and hence considerable variance in his expected wealth. In these circumstances a transaction whereby A, who happens to produce a harvest that exceeds his consumption needs, gives part of his surplus to B in exchange for B's commitment to reciprocate should their roles some day be reversed will be attractive to both parties ... The attractiveness to A of insurance is further enhanced by the assumed scarcity of alternative goods for which to exchange his surplus food"(p. 10)

However, the absence of an effective government impedes the emergence of a formal insurance market, so that reciprocity may not be honored. In this way, the family, as a mutual insurance company comes to rescue. However, a family may be too small to constitute an adequate risk pool for insurance purposes. This may be the reason why kinship relationships are so important in primitive societies. Another way to remedy the lack of formal insurance is generosity: "Generosity toward other members of one's village or band as well as toward kinsmen, is a more highly valued trait in primitive than in modern society and the reason appears to be that it is a substitute for formal insurance" (p. 14).

The fact that in primitive societies a man can obtain prestige by giving away what he has rather than by keeping it - the *potlatch* of the Northwest Indians is the most striking example of this behavior -, has been taken as evidence for "the inapplicability of the economic model to primitive society" (ibid.). However, utilitarian logic is not denied by such behaviour:

"Since, in a society where consumption goods are limited in variety and durability, giving away one's surplus may be the most useful thing to do with it, at least from society's standpoint, one is not surprised that it should earn the prestige that in a different kind of society is bestowed on a great inventor, scientist, captain of industry, or entertainer" (ibid.).

Therefore, Posner maintains, generosity and other "redistributive" mechanisms of primitive society like gifts, non-interest-bearing loans, feasts, "are not the product of altruism … They are insurance payments" (p. 16):

"The principle of reciprocity, which commands a man to repay a loan when he can or a gift when he can, or to feast his benefactors when he can, provides some protection against the free-riding or moral-hazard problems that so inclusive and informal a system of insurance as is found in primitive societies would otherwise create" (ibid.).

Posner notes that the absence of legal sanctions for failure to reciprocate may make the system of reciprocity fragile. He consequently adds a sixth assumption to the model: the state of immobility of the population, "in the sense that the member of one village, band, or tribe, cannot readily join another and distant unit" (p. 17). If this were possible, mobility would make the incentive to free ride and the reluctance to share without an enforceable promise to reciprocate very strong.

One effect of insurance is that it tends to equalize the ex-post distribution of wealth (p. 19). But, Posner adds, equality of wealth is not only a by-product of insurance, it is also a pre-condition for the maintenance of a pre-governmental political equilibrium. In fact, a wealthy man who has accumulated a food surplus may acquire political power –"establish a state with himself as its head" (p. 19) - but the absence of government means that "there are institutions that limit the ability of the abler or more energetic people to use their surplus food for political ends. The insurance institutions of primitive society have this effect by tending to dissipate surpluses" (p. 19).

Further characteristics of primitive society are interpreted by Posner as adaptations to high information costs. Thus, superstition appears to increase the society's economic well-being because it can be considered a rational response to the demand for insurance: a man who becomes too wealthy is likely to be considered a witch. Analogously, the common practice in primitive societies of burying people with their personal possessions, or destroying those possessions upon their death, may be thought of as method to equalize wealth in the next generation. Also the assignment of tasks or roles on the basis of age (age grading) can be interpreted as a way to economize on information: age and sex are proxies for individual fitness for a particular job, by avoiding an assessment of individual strength, skill, and character (p. 24). Gifts, besides being explained in terms of mutual insurance, also have a direct informational aspect: a gift is a way to communicate information about one's wealth, tastes, and attitudes more credibly than by means of a statement, especially in circumstances where a statement would be difficult to verify and guarantees of its truth would not be enforceable. Marginality of trade may be explained by the fact that transaction costs are presumably high because of the high costs of information regarding the reliability of the seller, the quality of the product, and trading alternatives (that is, the market price). Institutions which reduce these transaction costs are: gift-exchange, viewed as a means of communicating information about one's character and intentions; "customary" prices – given the high costs of markets in primitive societies, such prices may be less inefficient, on balance, than freely bargained prices (p. 26); the transformation of an arms-length contract relationship into an intimate status relationship: repeated exchanges with the same man may turn the individuals who exchange into blood brothers: "It is a way of bringing reciprocity into the exchange process and thereby increasing the likelihood that promises will be honored despite the absence of a public enforcement authority" (p. 26) ; the sense of honor "may be related to the importance of the threat to retaliate as a device for keeping order in a society lacking (for reasons based on information costs) formal institutions of law enforcement: the

sense of honor increases the probability that a man will retaliate for a wrong to him or to his kin and it thereby increases the credibility of threatened retaliation as a deterrent to antisocial behavior" (27). Also the art of rhetoric can be considered a response to high information costs, because in an environment where *privacy* is lacking, people must learn to express themselves very precisely, with decorum and formality, to avoid recriminations and misunderstandings, and they must be credible.

In its imperialistic version, which generalizes the rational choice approach, economic science has gone beyond a simple representation of the material backwardness of primitives. Using the contemporary development of microeconomics, Richard Posner has pursued an extremely ambitious goal: to elaborate a *general theory* of primitive society. He presents a model of primitive society where the primitive man is a rational optimizing individual and the social behaviours and institutions result from high transaction and information costs in conditions of high uncertainty due to the knowledge limits of primitives which make the possibilities of exploitation of resources limited and material wealth scarce.

2.4. The economic theory of primitive society: a synthesis

The accounts of savage societies offered by economic theory from Adam Smith to contemporary economics, in its different characterizations of the subject, may be referred to a common model. This can be summarised as follows.

1. Primitive societies are at the early phase of a substantially linear historical evolution. The stage theory of eighteenth-century sociology was superseded in its naive formulation and then partially abandoned, but the evolutionary core of the theory has been preserved in indifferent forms. According to Smith, primitive society was the "rudest "stage of human society; according to formalist economics and anthropology, primitive society was the society in which rational behaviours were strongly limited by the institutional structure; according to the contemporary economics of non-market institutions it is the place where high transaction and information costs together with high uncertainty about future events determine the emergence of institutions. These are the result of a rational behaviour, but they are insufficient and inadequate because they do not give rise to property rights necessary to make development and wealth accumulation possible.
2. The fundamental characteristic shared by the various models of primitive society is economic backwardness: Smith's judgement on that society as being one of misery and

high scarcity of resources, where the search for food is the main daily activity, is confirmed; although it is attenuated by formalist economists and then by contemporary imperialist economists, according to which primitive societies are backward, or underdeveloped, from the technological, informational and institutional points of view. In the economic theory the concept of backwardness is the general concept able to define primitive, and pre-capitalistic in general, societies.

3. Two necessary consequences derive from this picture: limited needs and the absence of certain surplus. The limitation of needs, considered 'unnatural' by the economic science because needs are supposed to be 'naturally' unlimited, implies that the state of general poverty and insecurity is not eliminable; this fact generates an *imposed, not chosen*, strong redistributive ethic and equality; the usual absence of surplus makes economic development and a statual organization impossibile. In the rare cases in which surplus potentially exists, institutional conditions prevent the transformation of 'saving' into 'investment' and the development of a market system. Self-sufficiency, though often uncertain, is a necessary consequence of this situation.
4. The absence, or very limited existence, of market exchange is the necessary result of the absence of stable surpluses and limited needs.
5. In this representative picture primitive society is subjected to an iron logic mechanism of necessary material dependance. A system of connections, a virtuous circle, among exchange, increasing division of labour, technological change and the creation of property rights, may make it possible to overcome underdevelopment, but *this system cannot be generated endogeneously in the primitive society*.

3. A criticism

3.1. A puzzle for economics: the anthropological evidence against the interpretation of the primitive society as a miserable state

The economists's assertion that a state of wretchedness is the essential feature of primitive societies has long been considered a sort of postulate. However, this crucial assumption, without which the economic interpretation collapses, is difficult to square with the anthropological evidence available. Surprisingly, also the stardard opinion in (formalist) anthropology for a long period – and particularly between the late 1940s and the mid-1960s – accepted this assumption and largely adhered to the traditional concept of subsistence

economy as marked by a ceaseless quest for food and maximum effort by a maximum number of people. However, this opinion could no longer be easily maintained after the second half of the 1960s, when views on the economic life of hunter-gatherers changed dramatically (see Lee and De Vore 1968) and the traditional account was harshly criticized by anthropologists. New quantitative data on time allocation focused on the relative ease of primitive subsistence,. The traditional conception of a subsistence economy was not confirmed by the contemporary field research at the time (see McCarthy and McArthur 1960, Lee 1968 and 1969, Lee and DeVore 1968, Woodburn 1968). These studies showed that the average amount of time, in terms of hours per person per day, devoted to the appropriation and preparation of food was only a few hours; the subsistence quest was highly intermittent and work was irregular over the longer or shorter term: it ceased when the people had procured enough for the time being; the dietary intake was adequate according to the the standard of the National Research Council of America, sometimes higher, taking into account their characteristics and normal activities of primitive peoples. The evidence suggested the existence in the primitive world of underproduction and underuse of resources, able to support a superior population. In other words, the evidence was that the primitive economic system was capable of producing a surplus, but did not do so. Moreover, contemporary research on primitive societies by archeologists and ethnobiologists, as well anthropologists, has emphasized the significant knowledge that primitive peoples possess about the environment in which they live and the adequacy of the techniques available for pursuit of their ends (see for example Lee and Daly 2001). As regards technological knowledge, in particular, many studies emphasize the ingeniousness of primitive food techniques, the inventiveness of primitive peoples and the effectiveness of the tools that they used, as testified by their capacity to live in all the types of climate and on all the types of lands existing on the earth, from the equatorial forest to the Kalahari desert, to the tundra of the Far North. These data present a picture of the primitive society that is not a novelty: they corroborate – as Marshall Sahlins (1972) emphasized - many testimonies and reports by travellers, explorers and missionaries since the seventeenth century, many of whom – and this also should be emphasized – were well known to Adam Smith but not considered in his *Wealth of Nations*.[7]

[7] Bonar (1932) reports that in Smith's library contained the most important works and collections on travels at that time available: Hakluyt's *Principal navigations, voyages and discoveries of the English nations* (1589), Churchill's *Collection of voyages and travels* (1704), Harris's *Complete collection of voyages and travels* (1705); the works by Charlevois on the Nouvelle France (1722) and Lafitau (1724 and 1733), fundamental references in the *Glasgow Lectures* and widely cited by Scottish Enlightenment philosophers; the Royal Society's *Philosophical Transations*, issued since the beginning of the eighteenth century, in which numerous travellers' reports were published.

In the early 1980s, the studies of the 1960s were subject to much discussion and criticism. The measurements used were considered based on scant information and the samples as too small to be statistically meaningful. Many new field studies dealt with the work time of hunter-gatherers'. They collected new quantitative data, and critically addressed concepts like work time and limited wants (see Hawkes and O'Connell 1981 and Altman 1984; see also Kaplan 2000). Since the late 1980s/early 1990s, studies and discussions have lead to broad agreement that the evidence shows that among many hunter-gatherers subsistence work is intermittent, their leisure time abundant, their nutritional status excellent and, in general, the tendency of a hunter-gatherers economy can be considered one of limited effort (see Lee 1984, Barnard and Woodburn, 1988, Cashdan 1989, Bird-David, 1992, Lee and Daly 2004, Solway 2006): in any case, the limited effort spent on foraging "is enough in evidence to require attention" (Winterhalder 1993, p. 393).

The most significant fact emerging from these studies is that the traditional economics' image of primitive society, described as the state of endless exertion and permanent hunger, is not confirmed by the evidence: rich empirical findings show that hunter-gatherers did not work unrelentingly. This evidence raises a major problem for the interpretation by economic imperialism, because that image, even if tempered, represents the basic condition of the vicious circle in which primitive society is trapped according to the economic interpretation.

3.2. Anthropology as a critique of economics ? A historical note on the relationship between economics and anthropology

Until to the last decades of the nineteenth century, primitive economies were a substantially unknown topic for the scientific community. At that time, as Malinowski (1922) wrote, the economic nature of man was as a rule "illustrated on imaginary savages for didactic purposes only, and the conclusions of the authors [were] in reality based on their study of the facts of developed economics". In fact, we may speak of the real discovery of primitive economies only with the works produced, between the end of the nineteenth century and the first twenty years of the tweentieth, by anthropologists, in particular Franz Boas and Bronislaw Malinowski.[8] Boas (1897) and Malinowski (1922) contributed crucially to knowledge about the primitive economic societies by accurately describing two systems of gift exchange: the *potlatch* of the American Indians of the Northwest coast, and the *kula* of the Trobriand

[8] Pearson (2000) interestingly enlarges the perspective with the reference to German economic thought around the turn of the century.

Islanders in Melanesia. These works constitute the first phase of the anthropological critique of economic science. Malinowski, in particular, strongly criticised the prevailing "rough conceptions" of the economic nature of primitives as described by economists. He maintained that "the study of extremely primitive economic institutions would no doubt prove very refreshing and fertilising to [economic] theory" (1921, 12). "Tribal Economy" was the new term that Malinowski proposed for a new conception of the primitive state of affairs intended to understand the relationship between economy and the other parts of social life: religion, magic, kinship, organization and law. Boas' and Malinowski's works on *potlatch* and *kula* were at the basis of Marcel Mauss's *Essai sur le don* (1923-24). This was a systematisation of studies on the phenomenon of exchange in the primitive and pre-capitalistic world and it identified the distintive feature of this system in gift exchange. Mauss maintained that these series of economic events were not governed by economic rationalism and in general that: "It is our western societies who have recently made man an 'economic animal' … H*omo oeconomicus* is not behind us, but lies ahead … For a very long time man was something different" (p. 76).

In the analyses of these authors, the classical representation by political economy of primitive economies was radically criticized and seems to have been disproved. However, at that time, economic science sought to abandon the utilitarianism within which it had been confined for a long time, and which the anthropologists criticised: it searched for more general and abstract concepts able to interpret social phenomena. From the epistemological and methodological point of view, the already-cited *Essay* by Robbins was the main expression of this search, and it was the principal reference for the new economic anthropologists. Most prominent among these, at the end of the 1930s, were two pupils of, respectively, Malinoswki and Boas: Raymond Firth and Melville J. Herskovits, who tried to construct a positive relationship between neoclassical economics and anthropology. Their works gave rise to the economic anthropology then called 'formalist', and according to which the neoclassical economic model is fully applicable to primitive man, as discussed above. In turn, they gave rise to heated controversy with some other anthropologists and economists who were critical of the formalist approach to primitive societies. These were representatives of Karl Polanyi's substantialist school, and they represent the second phase of anthropological criticism of economic science.

According to the anthropologists and economists of the formalist school the universality of their vision was justified by the alleged generality of the state of scarcity which characterizes people when they attempt to attain their ends, and by the fact that every situation can be analysed in terms of economic rationality and optimization. Substantialist criticism (see

Polanyi et al., 1957) maintained that the concept of scarcity, assumed as a necessary characteristic of human existence, was a social construct: formalist analysis applied a category developed in market societies to different societies in which it is not perceived. They argued that the conventional economic categories were largely inapplicable to primitive society: on the basis of a large body of ethnological evidence, the substantialists sought to confute concepts and assumptions of classical and neoclassical economics (such as the profit motive), and they identified a different basis for the behaviour and organization of primitive society in the mechanism of reciprocity. The substantialists maintained that the idea of scarsity does not exist in the primitive world, not because of a lack of intellect, but because of its explanatory uselessness and inapplicability. The concept of scarcity, as well as that of surplus, they maintained, is fully applicable only when there is an institutional setting that gives rise to an ideological system in which scarcity and surplus have meaning. Lastly, the substantialists criticized the application of the concept of economic rationality in every institutional situation. This diminishes its explanatory value, because if we maintain that every action maximizes the gain of somebody, we reduce the principle to a tautology, which impoverishes the theory. Polanyi's and the substantialist school's analysis and criticism exerted large influence and provoked the strong critical reaction of the formalists (see Cook (1966) who claimed that the difference between primitive and industrial economies is a difference in degree not in kind).

In the years that followed, the debate was increasingly considered formalistic and sterile, in both the economic and anthropological fields. Posner (1980) called it "sterile" because, according to him, the contending groups shared an excessively narrow view of what is economic: the formalists equated the domain of economics with the explicit market and hence focused on what is, after all, not the most distinctive feature of primitive society; the substantivists made the same equation as the formalists and hence concluded that the distinguishing features of such societies - such as the greater emphasis placed on reciprocal gift exchange than on strictly contractual market exchanges - lay outside the range of economic understanding. Posner maintained that since economists had devoted increasing attention to the study of non-market activities and institutions, "the foundation is … in place for the thoroughgoing and unapologetic application of economic theory to the full range of primitive social institutions" (1980, p. 3).

In the anthropological field too, suggestions of a new, distinctively anthropological, economics emerged at the beginning of the 1970s, with Sahlins's *Stone Age Economics*. Sahlins writes that it is necessary to develop "a new analysis more appropriate to the historical societies in

question and to the intellectual history of anthropology … a culturalist study that as a matter of principle does honor to different societies *for what they are*" (p. xi-xii). Building on several quantitatively informed ethnographic studies conducted on hunter-gatherers peoples in Australia and Africa, Sahlins characterized them as the "original affluent society". This idea received wide acceptance in anthropology and gave rise to a new phase of anthropological criticism against the economic interpretation of primitive societies.

Sahlins's argument has been re-considered in the context of the new behavioral ecological anthropology that emerged in the 1980s (See Bettinger, 1991 and Winterhalder, 2001). This draws on concepts and techniques used in microeconomics (marginal analysis) and models from evolutionary biology, in order to attempt to apply them to the actual hunter-gatherers behavior. It aimed at providing micro-ecological foundations for the analysis of the foraging mode of production and made the ecological context a prominent analytical element in that conceptualisation. Ecological anthropology maintains that hunter-gatherers are defined by the ecological properties of their form of economy. It analyses some general patterns that the comparative ethnographic studies identify and assumes to influence social-political and cultural behaviours.

The work by Sahlins and ecological anthropology take account of the new evidences gathered by fieldwork which contradicted the view of primitive society as the original miserable state. They offer interpretations which seeming redefined the relationship between anthroropology and economics. In the following sections I shall consider this anthropological literature, evaluating how it puts forward a view able to explain primitive economies for what they are and in what sense it represents a criticism of economic theory.

3.3. How to solve the puzzle: a culturalist-anthropological interpretation of the 'original affluence'. The Sahlins model

Sahlins (1972) presents a culture-specific explanation of primitive economic behavior able to explain the ethnological evidence. As he writes, "without escaping the ecological constraints, culture would negate them, so that at once the system shows the impress of natural conditions and the originality of a social response – in their poverty, abundance" (pp. 32-3).

3.3.1. The domestic mode of production

Sahlins' representation of primitive economic organisation starts from the statement that the imminence of diminishing returns shapes the hunter-gatherer economy. This implies a first and decisive contingency: "it requires movement to maintain production on advantageous terms" (p. 33). This movement transposes to other spheres of production the same diminishing returns of which it is born: "the manufacture of tools, clothing, utensils, or ornaments, however easily done, becomes senseless when these begin to be more of a burden than a comfort" (ibid.). The primitive response to ecological constraints - i.e. periodic movement and restraints in wealth - are, Sahlins maintains, "at once imperative of the economic practice and creative adaptations". In this framework "affluence becomes possible": "mobility and moderation put hunters' ends [finite and few material wants obtainable with paleolithic techniques] within the range of their technical means": thus "an underdeveloped mode of production is … rendered highly effective" (p. 34). Sahlins defines this as the adoption of a Zen strategy whereby "a people can enjoy an unparalleled material plenty" (p. 2), i.e. the easy solution of material economic problem. On this view, affluence is a culture-specific relation between material wants and means and primitive peoples achieve it by reducing their material wants through cultural processes.[9] As a consequence, "given the modest ideas of satisfaction locally prevailing, labor and resources need not be exploited to the full" (p. 41): "The primitive economies are underproductive … Labor power is underused, technological means are not fully engaged, natural resources are left untapped … Production is low relative to existing possibilities" (ibid.).

Sahlins hypothesizes that "underproduction is in the nature of the economies at issue" (ibid.). The explanatory concept of "domestic mode of production" (DMP) is introduced to connect a rich body of ethnographic evidence on underexploitation of productive resources and underuse of labor-power. The DMP is a substantive concept: that is, it is "a category of culture rather than behaviour". It is based on two classical categories: that of οικός (or independent domestic economy) introduced by the Polanyi's precursor the German economist Karl Bücher (1893); and that, of marxist tradition, of 'mode of production'. On this basis, Sahlins attempts to explain the "profound structure" of primitive economies. The principal aspects of the domestic mode of production are two: a) a technology of dimension similar to the domestic mode: it is "simple enough to be widely available" (p. 79) and wielded autonomously by

[9] Sahlins introduced the concept of "original affluent society" in his comments on the conference's papers in *Man the Hunter*, he then used it in *Stone Age Economics*. However, the term was not coined by Sahlins: the father of the concept was the demographer A.M. Carr-Saunders in *The population problem: a study in human evolution* (Oxford, Clarendon Press) in 1922. The term was then used in the 1950s by Elman Service in his courses at the University of Michigan and in his following studies: hunters and gatherers are, he wrote in *The Hunters* (1966) "quite literally, among the most leisured peoples in the world" (p. 13).

individuals, but culturally complex; b) a production oriented to livelihood, or, we can say, referring to the classic and marxian distinction between "production for use – production for exchange" , a production for use. With this characteristic of DMP Sahlins returns to underproduction:

"The domestic system entertains limited economic goals, qualitatively defined in terms of a way of living rather than quantitatively as an abstract wealth. Work is accordingly unintensive: intermittent and susceptible to all manner of interruption by cultural alternatives and impediments ranging from heavy ritual to light rainfall" (p. 86)

This means, Sahlins comments, that "economics is only a part-time activity of the primitive societies, or else it is an activity of only part of society" (ibid.), or, put otherwise:

"the DMP harbors an antisurplus principle. Geared to the production of livelihood, it is endowed with the tendency to come to a halt at that point. Hence if surplus is defined as output above the producers' requirement, the household system is not organised for it. Nothing within the structure of production for use pushes it to transcend itself" (p. 86).

These elements of the DMP constitute an interrelated system, in the sense that: "let any one of these elements show an unusual inclination to develop, it meets from the other the increasing resistance of an incompatibility" (p. 87). Hence Sahlins can maintain that the DMP follows "Chayanov's rule", according to which "the greater the relative working capacity of the household the less its members work" (ibid.). If there is no compulsion to achieve surplus output in the DMP, this means that those domestic groups that do not meet their own requirements risk being a serious plight: the possibility of household failures, or the failure of some households to provide their own livelihoods because of a unbalanced 'effective workers/dependent non-producers' composition. However, Sahlins shows, kinship and political relations counter the centrifugal tendency to which the DMP is naturally inclined. Kinship solidarities incentivize the intensification of production, developing wider cooperation. However, it is the political aspect that plays the crucial role in the intensification of production. "As the structure is politicized, especially as it is centralized in ruling chiefs, the household economy is mobilized in a larger social cause" (p. 130)". The headman or chief in a primitive society is simply a "superior kinsman" who incarnates collective finalities: leadership is here "a higher form of kinship, hence a higher form of reciprocity and liberality".

In the primitive society, the political life is a stimulus to production throught the chief's role. In fact, the position of chief precludes the accumulation of goods for himself; on the contrary, it imposes generosity. In order to be generous the chief must have goods to gift. The case is illustrated by Sahlins with the example of the Melanesian *big man*. The ambitious emerging *big man* relies on autoexploitation – "his hand are never free from earth, and his forehead continually drips with sweat", Melanesians say – and on the work of kinsmen and followers. Therefore the *big man* increases his power with autoexploitation and exploitation of his wives and kinshmen, using production as the means to obtain his own prestige: to accumulate surplus to redistribute to the others. As a consequence, if the domestic mode of production is to be effective, it requires the existence in the primitive society of a redistributive ethic imposed on chiefs and revealed through the gift system and the chief's permanent debt to the community. Therefore, in order to explain primitive economic organization we must refer to the political aspect of primitive society, or to the primitive social contract.

3.3.2. The social contract for the primitives, or the political philosophy of the primitive economic organization

From the philosophical perspective of Hobbes, Rousseau, Locke, Spinosa and, in the tweentieth century, Mauss and Lévi-Strauss, as Sahlins (1972) ponders on Mauss's *Essai sur le don*, he finds what which in primitive society we may consider to be the analogue of the social contract in civil society: in civil society the state, in primitive society the gift. The gift, Sahlins maintains, is "alliance, solidarity, communion - in brief, peace, the great virtue that earlier philosophers, Hobbes notably, had discovered in the State." (p. 169): "The gift is the primitive way of achieving the peace that in civil society is secured by the State" (ibid.).

A society organised through the gift system does not dissolve itself in a higher unity, the State, "but on the contrary, in correlating their opposition, perpetuates [the reciprocity]" (p. 170), without creating an other part standing over and above. Therefore, "the gift is no sacrifice of equality and never of liberty" (ibid.): gift exchange is a relationship among free and equal individuals. Society defines itself through gift exchange, rejecting the state – not society without state, but "society against the state" (Clastres 1976). It is for this reason, Sahlins writes, that "all the exchanges [...] must bear in their material design some political burden of reconciliation" (p. 182). From this follow the basic principles of "an economics properly anthropological": in particular the principle that every exchange "as it embodies

some coefficient of sociability, cannot be understood in its material terms apart from its social terms " (p. 183).

Starting from this social contract the peculiarity of primitive economic organization and its place in primitive societies become intelligible. The social contract establishes the political freedom (and political independence) of the society and its members, together with the their equality as common goods to preserve. If indipendence is to be real, it requires a productive self-sufficiency (with limited needs) and reciprocity (i.e. the characteristics of the domestic mode of production). Surplus accumulation is not pursued for two reasons: first, if needs are limited and the aim of self-sufficiency is easily attained, the social incentive to accumulate is limited; second, surplus accumulation creates material differences with the community which undermine independence and freedom. This is why the role of the economy in primitive society is subordinate – incorporated in other institutions as Polanyi emphasized, or anti-economical from the perspective of neoclassical economics. It also follows that the absence of stable surplus and, in part at least, the limitation of needs, are not the necessary result of technological and cognitive inadequacy. Lee (1990) writes that what sets hunter-gatherers apart is "their ability to reproduce themselves while limiting the accumulation and concentration of wealth and power" (p. 39), and adds:

"Since the accumulation of wealth and power (and resistance to it) is the driving force of much of human history, it follows that societies that don't have this dynamic must have a dynamic of a different sort: what Tim Ingold has called a "different kind of sociality" (1990: 130-131).

3.4. How to solve the puzzle: the behavioral ecology approach. Wintehalder's model

Since the early 1980s, ecologically-oriented specialists have taken up the topic of "original affluent society" and read it as an hypothesis to be tested by means of empirical research. Using quantitative data collected within research projects informed by optimal foraging theory, these specialists have focussed mainly on hunter-gatherers' work time. The idea of limited wants has been reframed within evolutionary-ecological theory asking whether limited needs have any ecological rationale in terms of such theory. Here the reference is in particular to the contribution of the American anthropologist Bruce Winterhalder (1993). Reversing Herskovits' proposition that "only intense application makes survival possible" (1952, p. 69), Winterhalder claims that in the primitive economy "poverty and loneliness are the sure outcomes of long hours in the food quest" (1993, p. 323). In order to prove this

statement, he develops a model where resource selection and individual behaviour are related to the availability, characteristics, and distribution of those resources. He formulates a simulation model which incorporates three components – a logistic resource population model, a diet choice model, a human population model – linked by four functional relationships: human population growth as a function of foraging efficiency; diet selection as a function of resources densities; demand for resources as a function of the size of population; resource population density as a function of which resources are harvested, in what amounts, and their capacity to recover. The parameters are chosen to be representative of actual hunter-gatherers. The model shows that ecological relationships alone may lead to limited work effort and a state of original affluence. But, Winterhalder writes, "as developed so far, [the model] does not allow us to predict that hunter-gatherer societies actually will evolve to this condition" (p. 328). Let us consider rational individual behavior. If individuals respond to declining rates of harvest by foraging somewhat longer each day, in order to gather sufficient food, they will deplete resources to yet lower levels: that is, "rational short-term decisions by individuals about effort have unhappy long-term consequences for yield" (p. 329). As the daily duration of the foraging effort increases, production shows decreasing marginal returns and an intermediate peak of yield. Given the population ecology of their resources foragers who exceed a moderate commitment of time will soon encounter the impedance of low net and absolute returns. In conclusion, individual-level decisions lead to poverty. However, Winterhalder writes, the ethnological evidence shows that the system appears to stabilize at a low level of work effort and a relatively high level of population density. The model's relationships show that limited work can occur, but, "without some additional consideration or factor, the evolutionary dynamic of the model implies that it would not occur" (ibid.). In other words, the model does not allow prediction that the society will actually evolve to the condition of limited work effort and a state of original affluence, that is, to the state in which the primitive system stabilizes in reality. "Quite the opposite": consistent application of an individual-level, selectionist perspective leads us to predict harsh poverty.

Solution of this difficulty requires a more general framework which comprises socio-cultural or institutional factors. Winterhalder considers the distribution and consumption dynamics able to explain the time reward to work activity. The distribution dynamics determine "how and to what degree the labourer retains or benefits from the immediate product of his or her work" (p. 331). Consumption dynamics determine "how material products are consumed" (ibid.). As regards distribution dynamics, food sharing, intepreted as a rational response to the risk on resource selection, appears to be a necessary and highly effective concomitant of

dependence on unpredictable resources: it disperses the products of an individual's work among the band, dissipating his incentive to engage in exceptional effort. As regards the consumption dynamics, "the mobility-portability argument … entails a sharp consumption constraint for material goods and also for reproduction" (ibid.). Hence these factors help to explain why hunter-gatherers might engage in limited effort foraging: "after constraints are met … the opportunity costs of alternative activities [non-subsistence activities] should be appraised relative to the net benefits of foraging" (p. 332).

In the last part of his paper, Winterhalder revisits the original affluent society argument as discussed by Sahlins whose interpretation of limited effort centres on the concept of the Zen economy. Sahlins' reasoning is reconstructed as follows:

> "There is an empirical fact: workers in a market economy put in long hours. And there is an associated neoclassical interpretation: they do so because they have unlimited wants, very limited means and as a consequence, live in condition of scarcity. By contrast, foragers labour for only a few hours, their limited effort the antithesis of that characteristic of workers. By extension, the postulates of their Zen economics must negate those of Smith and Ricardo. Thus, the forager has limited wants and sufficient means, and thereby live in a situation of relative plenty" (pp. 333-4).

Hence Zen economics may be interpreted as "the inversion of the neoclassical sort" (p. 334). In Sahlins reasoning, foragers' means are assumed to be low and their wants more limited still. The fundamental fact is, Winterhalder comments, that the necessity to do so is ecological: they are faced with diminishing returns. "The ecological relationship that Sahlins places at the core of the Zen economy – the imminence of diminishing returns at a locality - nearly anticipates a key model of optimal foraging theory, the marginal value theorem" (p. 335), according to which "the optimal forager moves when the marginal return in the present locale drops to the average return for the habitat as a whole" (ibid.). As a consequence, there is a "perfect conformation between the evolutionary ecological model and Sahlins's argument" (ibid). On the other hand, Winterhalder may say that "Sahlins professed allegiances are with substantivism, but his argument is so closely aligned to micro-economic principles that one might almost suspect it of being a cleverly disguised ruse" (ibid.); in fact, "the zen economy is the neoclassical formulation preceded by a minus sign" (p. 335). Winterhalder concludes that Sahlins' structuralist concept of the Zen economy is useless: the evolutionary ecology approach, based on formalist assumptions, is able to explain some fundamental characteristics of a primitive economy, in particular the limited production effort.

3.5. Anthropological interpretations of the 'original affluence' and the critique of economics. Substantivist considerations on the rationality of primitives

Winterhalder's evolutionary ecology interpretation of primitive economic behavior and organization contains two misunderstandings which should be clarified.

First, Winterhalder maintains that Sahlins' argument is perfectly compatible with the evolutionary ecological model: they both would have the same point at the core of their interpretation. However Sahlins' ecological relationship has only apparently the same meaning as the ecological one. The direction of causation in Sahlins' model, as presented before, goes from the primitive social contract, which imposes reciprocity in and among communities of free and equal individuals through a generalised system of gift exchange, to a mode of production consistent (in the sense that it makes them possible) with those cultural-political premises: the 'primitive choice' involves a mode of production which works efficiently only if a 'zen strategy' is adopted. By contrast, in the evolutionary ecological perspective, reciprocity is the result of an ecological necessity. As a consequence, it is not correct to maintain, as evolutionary ecologists do, that Sahlins model is a neoclassical model dressed in substantivist clothing; quite the opposite: it is a true substantialist model epistemologically different from the formalist approach of economics.

The second misunderstanding regards the relationship between the evolutionary ecological model and neoclassical economics. Winterhalder writes that his approach is a micro-economic one which takes the neoclassical assumptions of scarcity, rational choice and optimization and applies them to an ecological (rather than a market) setting. In fact, Winterhalder interprets hunter-gatherers' behavior as the result of a rational choice in a context of resource scarcity compared to available means: an interpretation coherent with the neoclassical economic approach. Consequently, Winterhalder can say that:

"Behavioural ecology analysis accomodates our intuition that foraging economies are profoundly different while it simultaneously insists that forager behaviour can be understood by the same analytical tools applied to other societies" (35).

Behavioral ecology appears to be a reductionist approach which emphasizes the role of ecological-economic factors (which represent the 'structure' of society, to use a marxian concept) in necessarily determining the political and cultural level of society. In this sense the analogy with the economic approach appears strong. But this analogy seems to weaken

if some further considerations are made on the use of the concept of scarcity and optimization in the model.

As regards the assumption of scarcity, Winterhalder recognizes that resource scarcity is not perceived by primitives, and therefore is adopted in the model as an axiom:

"We retain scarcity as an axiom because it helps to explain a society in which scarcity as a perception of inadequate provisions or as a material fact is less common than we may expect. We must acknowledge that materialist analysis need not entail the culture of accumulative materialism so evident in Western industrial societies" (p. 336)

But this inevitably gives strength to the substantivist criticism and its claim that the concept of scarcity is not applicable to primitive society because the institutional-cultural conditions which create the concept are not existent there.

As regards the assumption of optimization: the ecological approach confirms that primitive societies work efficiently in the management of natural resources. However, an assumption of constrained optimization is not necessary in order to obtain that result: more coherently with ethnological evidence, we can hypothesize that the selective mechanism acting on cultural inheritance and gained experience, within a particular cultural and institutional context, determines the adoption of behaviour *routines* which are effective and *adequate* to the social aim of material reproduction.

It follows that the reference to the concepts of neoclassical economic science is wrong. The ecological approach does not show that the neoclassical economic science furnishes tools and an intellectual framework able to explain hunter-gatherers' behaviors. On the contrary, it simply shows that their behavior, in the field of subsistence and management of natural resources, is effective, and, *as a consequence*, it can be described with analytical tools used in the field of microeconomics and evolutionary biology, without it being necessary to adopt the hypothesis of optimizing rational behavior. If these considerations are valid, it follows that the evolutionary ecology approach cannot be considered an alterative to the substantialist approach, but, on the contrary, a means to reinforce that approach and a part of a more general substantialist framework. In light of these limitations, the substantialist approach seems to show greater theoretical coherence and a better capacity to intepret the deep social differences that ethnological evidence shows.

To conclude our discussion, we must return to Sahlins' interpretation, and answer the question: if scarcity and optimization are concepts not useful or adequate in the analysis of

primitive societies, if the primitive appears to be an "uneconomic man", can we speak of the rationality of primitives ?

Sahlins's interpretation of under-production in primitive economies may be summarized as follows. Aware of the existence of decreasing returns in the exploitation of resources, and the consequent necessity of adopting a subsistence strategy consistent with the aim of long-term ecological equilibrium (i.e. sustainable re-production), primitive peoples limit their use of available resources. This is a (cultural) choice: it is not a passive adaptation to ecological necessities.[10] This strategic adaptation (or subsistence strategy) is reflected in a material culture, which, in the case of many primitive peoples, proves to be highly sophisticated, owing to close knowledge of the environment, and enables them to enjoy a life that could be characterized as "leisure-intensive" (Eibl-Eibesfeldt, 1991). In a primitive society, minimum effort for a maximum of production is not the rule: on the contrary, the work effort is low and not intensive, and devoted to the purpose of obtaining a socially 'satisfying' situation.[11] In this lies the primitive rationality, that we could call substantivist: it is a behavior suitable for achievement of the social aim of a material reproduction of a society in a specific environment, ecologically sustainable in the long run. The available technology, evaluated on the basis of its adequacy in fulfilling the social needs, is not 'inferior': therefore it is not the cause of the absence of surplus. In the primitive societies surplus is absent as a result of a choice: or, if it is produced, it is destroyed in social events: the surplus for the economic expansion is only a non-exploited potentiality. Robbins' rationality as coherence between means and ends does exist, but it does so outside the context of perceived scarcity and under the hypothesis of limited material needs: that is, in a context of a means-ends relationship which is the reverse of the one envisaged by economic science, and where it is not necessary to adopt an hypothesis of maximization. The reason for this inversion lies in the primitive social contract.

4. Conclusion. The economic theory applied to primitive society. A case of decreasing returns of economic imperialism

[10] On this point see also Caillé (1986).

[11] Not considered here is the impressive amount of work and energy that these societies devote to the social practices of worship: these 'non-subsistence' activities – roughly comparable to leisure in Western culture – are perhaps, as Remo Guidieri has written, "among primitives, even more important than the work undertaken to obtain vital necessities" (R. Guidieri, 1984).

Economic theory, from Smith to neoclassical contemporary economics, has depicted primitive society as characterized by a state of unavoidable backwardness. The most comprehensive economic model of this state is Posner's. He offers an interpretative framework that seems to go beyond the weaknesses of the previous formalist analysis. It is intended to be a general theory of primitive society based on the 'extraordinary' general explanatory capacity of neoclassical economic science. In Posner's theory, the primitive man is an *homo oeconomicus*, in the sense that he is capable of optimizing rational behaviour, and social institutions have their *raison d'être* in transaction and information costs in conditions of high uncertainty. In their turn, these costs are the result of a lack of knowledge which limits the capacity to exploit resources – which are objectively scarce. This lack of knowledge depends on the existence of scant incentives to innovate and research. The result is a fundamentally static society, inexorably compelled to be what it is because of the vicious circle that characterizes it, which can be represented as follows: the institutional absence of incentives to innovate causes a low level of knowledge which determines high transaction and information costs; in these conditions, the level of welfare is limited – the society is poor from the point of view of material wealth - and the social institutions are the result of the rational behaviour of individuals. At the same time, however, those institutions perpetuate the lack of incentives to innovate. According to Posner, his model shows the full capacity of contemporary neoclassical economic theory to interpret primitive society, apparently the furthest and most alien to the Western civilized world. In so doing, Posner revalues, in contemporary terms, Smith's judgement on primitive society as a "rude stage". Yet this interpretation appears weak in its basic assumptions. Economics maintains that primitive peoples are "rude" and have scant resources because they have a limited, non-scientific, knowledge of nature and inadequate communication technologies. However, these assumptions are not confirmed by old narratives and contemporary researches on primitive societies. As in the case of Smith, it is possible to say that Posner abuses the conjectural method. In fact, he ignores ethnological data on knowledge of primitives, using only the sources useful to demonstrating his thesis. In this way he confers coherence on the facts, and consequently a noteworthy intellectual seduction, able to hide the interpretative limitations, but not to eliminate them.

Primitive society is, as we have tried to show with Sahlins's model-based new substantivist approach, a complex subject and cannot be reduced to the simple system typified by economic science. Ethnological evidence and anthropological models shows that real primitive society exhibits a different *kind* of sociality. Primitive economic behavior and organization evade attempts to entrap them within a one way definition, being incorporated, as they are, in social

institutions. Contemporary anthropological analysis seems to confirm Mauss's statement that the economic man is absent in the primitive cultural world: "*Homo oeconomicus* is not behind us, but lies ahead".

Primitive society cannot be effectively analysed within the framework of neoclassical economics. Economic science has traditionally sought for a natural characteristic of man (in the sense of belonging to his own nature), a univocal definition on which to establish the universality of economic statements. This means that the universality of economic science – in which neoclassical economists identify its superiority over the other social sciences and the basis of its imperialism - does not depend on its rigour and scientificity but on the hypothesis, not scientific but ideological, that primitive man is already, at least in embryo, a *homo oeconomicus*. Indeed, the economic attitude towards the primitive societies was engendered by the change of perspective that happened in the late eighteenth century. At that time the concept of "noble savage", which had represented, first of all in the Montaigne's writings, the effort to understand "the other", or the cultural diversity of another kind of society, was transformed into the "ignoble savage". With that transformation the primitive, savage, society became a hardly human state, where the conjectured conditions of material life determined unavoidable misery and backwardness. The economic ideology then created invented the stereotype of primitive societies.

Economic imperialism, in its different forms, seems to have failed in the case of primitive society. This does not mean that the tools used in economic science cannot be useful in the analysis of primitive societies conducted by anthropologists, but the economic ideology which permeates them and the myth of economic imperialism which dominates them, have created a framework inadequate for real comprehension of the complex world of primitive society: it offers a reductive interpretation which seduces with the unity and logic that it gives to the analysis of facts, but it is poor in interpretative power. The lesson that economists can learn from the history of the relationship between their science and anthropology, in particular on the subject of primitive societies, is that the complexity of primitive phenomena must not be reduced to the simplicity of (neoclassical) economic assumptions to be understood, because this process may erase their essence. And refusing to acknowledge the complexity of primitive society reduces our ability to understand the complexity of our own world.

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