

What Happened to **W** the Formalist/Substantivist Debate?

You get more credit for thinking if you restate formulae or cite cases that fall in easily under formulae, but all the fun is out-side sayings things that suggest formulae that don't formulate that almost but don't quite formulate.

Robert Frost

Chaiyan Rajchagool*

And how can methods for interpreting the social relationship be warranted if they are not based upon a careful description of the underlying assumptions and their implications?

Alfred Schutz

A dominant practice in social sciences has been to construct ideas about human activities within seperate compartments, e.g. economy, society, culture. A certain category of studies tends to confine itself to a certain compartment, whereas others may try

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บทคัดย่อ

ความขัดแย้งระหว่างแนววิเคราะห์แบบ Formalism ซึ่งถือว่ามีโน้ตทัศน์ทางเศรษฐกิจและมโนทัศน์เรื่องกลไกตลาดสามารถใช้วิเคราะห์ระบบเศรษฐกิจในสังคมทั่วไปได้ กับแนววิเคราะห์แบบ Substantivism ซึ่งถือว่ามีโน้ตทัศน์ทางเศรษฐกิจแบบอิงกลไกตลาดนั้นมีที่มาโดยพื้นฐานจากสังคมตะวันตก จึงเหมาะสมที่จะใช้วิเคราะห์สังคมทุนนิยมอุตสาหกรรมในตะวันตกเท่านั้น บทความนี้ต้องการแสดงให้เห็นว่า แม้ว่าแนววิเคราะห์ทั้ง 2 จะดูแตกต่างกัน แต่โดยข้อเท็จจริงแล้ว อยู่บนฐานความคิดร่วมกัน ต่างเป็นความหลากหลายบนท้องเรื่องเดียวกัน ซึ่งเมื่อวิเคราะห์ให้ท้ายที่สุดก็พบว่า เป็นจุดตั้งพื้น้องที่เป็นศัตรูกันเท่านั้น

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to be more sophisticated by combining two or more of them. A popular undertaking exemplified by a large amount of conventional anthropological studies is to place the 'economy' and 'culture' together. Concerns with these questions have developed into definite directions of knowledge accumulation and, in due course, into academic disciplines that we are familiar with today.

In economic anthropology one of the most crucial issues is how the logic of 'the economy' work in, for want of a better term, the so-called non-capitalist societies. This issue asks questions such as how the economy operates, whether the economy determines culture/society or vice-versa, and how the economy relates to other domains of human activities, etc. These are none other than classical problems of social sciences themselves. In fact, we might as well note it here, it is questions along this line which are, inter alia, responsible for the separation between economics

and the rest of social sciences. This issue, therefore, is extremely important; and it is also related to a number of other controversial issues, e.g. neo-classic v.s. institutional economics, politico-economic causality v.s. cultural analysis, arguments about capitalist development, etc.

Well familiar among economic anthropologists, Formalism is a set of theorems adhering to the idea that the market economy is the modus operandi of economies in general. It is the organizing principle applicable to both the Western economy as well as the non-Western ones. Substantivism is opposed to this idea on the ground that the workings of the market, which are based on notions such as demand, supply, marginality, are historically and conceptually confined within industrial capitalism in the West. Hence substantivism is not appropriate to other societies where the operation of economies follow principles other than those of the market. These principles are various but can by and large be regarded as derivative terms of 'culture'.

The formalist/substantivist debate has been very much on the agenda since the publication of Polanyi's *Trade and Market in the Early Empires* (1957). The debate was lively and sometimes polemical for almost two decades. Now it has been declared, at worst, boring or, at best, sterile. New directions in economic anthropology do not come from the debate itself, but from challenges and paradigms outside the debate. The interest in the F/S debate has been surpassed by new fields of inquiry posed by French structuralism and the debates bearing the influence of Marxist-oriented anthropologists (Ardener 1971; Seddon 1978; Clammer 1987). In other words the debate has not really been overcome or transcended

from within. This essay is not a review of the existing arguments in economic anthropology. A good job of this has been done elsewhere (Prattis 1987).

The Prelude

If the F/S issues are gone “then why on earth should we again resurrect the old death?”—one might uncordially, but perhaps justifiably, ask. Our answer is twofold: First the F/S disagreements, to our mind, have not really been satisfactorily resolved. Two interesting books by Scott (1976) arguing from a substantivist position and Popkin (1979) from a formalist one clearly indicate that the F/S debate has not come to an end, but rather it has reached an impasse. And the need to break through to a new path is long overdue. Second the F/S questions have been and are still repeatedly asked from various angles. Attempts to answer them are very much in demand. This essay, though not intended to directly answer them, aims to clarify that in fact apparent differences between F/S essentially stand on the same ground.

In short, if the F/S issues are dormant, a new touch might make them lively again. That is why we hope our efforts are worthwhile. And this essay could perhaps justify its existence on the ground that it tries to make a better understanding as to why the debate came to a standstill. This essay is an attempt to get at the source-ground underlying the conflicts between the Formalist and Substantivist schools of thought in social sciences in general and in economic anthropology in particular. These schools can be seen to give a causal priority to the role of the ‘economy’ or the ‘culture’ respectively of a given ‘society’.

Scott, whose approach is influenced by that of Polanyi, (He acknowledges at the outset his debt to Polanyi)* tries to demonstrate the force of culture in the political sphere. He calls his theoretical perspective 'moral economy', whereas Popkin uses the term 'political economy'. Scott's 'moral economy' shares its basic orientation as well as its working concepts with those of substantivism. The 'norm of reciprocity' and the 'right to subsistence', as two principal ethos of the peasantry under study, are very close to 'reciprocity' and 'solidarity relations' expounded by Polanyi. But Popkin's 'political economy' is rather a misnomer, if we take the current meaning of the term. His is not in line with the tradition of Marxism but in that of classical economics of which utilitarianism is one tendency. For him a peasant is the same as any other human being whose pursuit is to maximize, to utilize his resources to the highest degree possible. A peasant's decision, therefore, is based on the profit calculation or in Popkin's term, 'the logic of investment'. His conceptual framework is clearly that of conventional economics. It is applied to analyse peasants' mode of actions, both in economic as well as non-economic domains.

Putting all the terminologies aside, both views, at the core, are prototypes of the F/S positions. Scott and Popkin's different outlooks have led them to different outcomes concerning the rebellions of the peasantry in Southeast Asia. Scott looks at the impacts of colonialism and capitalism on the subsistence level of the peasantry. This idea does not imply only physical human needs,

*In his own words: "His analysis of pre-market and market economies has been formative for my own work".

but it has also a cultural dimension. It is phenomenologically perceived through the peasants' 'Wesensschau'. He argues that the subsistence level is measured against their normative criteria, as to whether their two cultural ethos, 'the norm of reciprocity' and 'the right to subsistence', are violated. The rebellions in various regions in Vietnam and in Lower Burma sprang up from this transgression by the colonial power and the capitalist penetration. That is to say, Scott has explained peasant behaviour in cultural terms. The idea of exploitation, in the peasants' mind, is in contrast with the concept of market economics. It is not so much 'how much is taken' as 'how much is left'. The colonial administration and capitalism took from them regardless of their production situation, whereas their 'traditional landlords', who might had taken much in certain years, took their plight into consideration. They gave them concrete as well as moral support when their subsistence level was at stake. That means the 'norm of reciprocity' and the 'right to subsistence' were respected. But their new exploiters were insensitive to these ethos. Hence their anger and outburst came in the years of poor harvests. In other words, according to Scott, what incited the peasantry to rebel is rooted in their cultural milieu. To put his analysis in a nutshell, "economic transactions cannot be understood apart from social obligation" (Dalton 1961: 20).

For Popkin a more valid explanation of the peasants' code of conduct is to be sought elsewhere. He operates with the framework of individual decision. Man, a peasant or not, chooses his action out of a possible range of actions. The chosen action is based on a calculation of the highest return. He takes the security and welfare of himself and of his family as top priorities. And this

is his 'rational' action which may or may not be in conformity with the communal interest. His participation in social resistance, or in minor rebellious causes, is not out of altruism but due largely to his choice to maximize his own interest. He could be persuaded to join a social movement if its organization or leadership offered promises and incentives in concrete terms. Popkin argues that the strength of the organizations and of their leadership could help alleviate peasants' hardship in various ways, e.g., a reduction or even an end to their exploiters, new prospects in protection, in land reform, in education, etc. That is to say they can 'sell' certain benefits to the peasants who buy them with their support. In other words, each side is mutually engaged in 'economic transaction'. And that is, the underlying principle of everybody's motive and behaviour. Popkin's line of thought is a direct echo of the Formalist position that states:

"All over the world, people are not free to dispose of their resources, as it were, *de novo*. Everywhere the main lines of expenditure are laid down; the aim of the individual's choice is to realize the maximum satisfaction along these lines".

(D.M. Goodfellow 1968: 64).

In sum the outcomes of Scott and of Popkin's analyses come, as it were, from 'the opposite directions of the compass' (Polanyi). If it is the same arena that is being explained, then one negates the other. Their uncompromising differences could well add up to a record of the F/S dispute. We are not here, however, concerned with their conceptual originality as much as their new insights to the old theoretical tug of war.

Generally speaking, the F/S debate has been conducted in such a way that each side presents its categorical statements and each criticizes the other from its own standpoint. Consequently there has been little dialogue but many polemics and noisy disputes. Dalton has noted in 1969 that the topics of disagreement had caused a thirty years' war (1971: 73). Case studies often crystallized into either of the two positions, and each has confirmed and entrenched itself in its own fortress. Therefore one can always draw cases to support one's own case. As a result it is easy to convince development' (Dalton, ed. 1968: 65).

"Submerged" and "embedded" are used interchangeably by Polanyi, and the emphasis in the first sentence is his own. The quotation has laid the foundations of substantivism from which further typical arguments of the school have followed.

The substantivists say the economy in "archaic, primitive, peasant societies" is embedded in non-economic institutions. In the modern Western societies, other institutions could well be seen as embedded in the economy. The formalists, if they were to employ the substantivist concept of embeddedness, might well say that non-economic activities, regardless of the types of society, are embedded in the economic activities. That is to say, to restate the point of disagreement raised above, the contending ground between the F/S is the question of embeddedness in non-Western societies. In a nutshell the issue of "what is embedded in what?" is the dividing line between the two camps.

Seen in this light the F/S positions are on the same terrain, both in ontological as well as methodological terms. One needs to choose essentially X or Y. There are other seemingly new positions

which try to combine both positions together. For example, regarding the action and social convention of West African peoples, Herskovits wrote "It is rather a question of economic choice dictated by the drive to maximize satisfactions in terms of the traditional values of the culture" (1968: 42). This view is essentially formalist, decoratively substantivist. Firth also takes this standpoint (Frankenberg 1967: 55). We also have undecided positions which hope to get the best from both worlds. Nash is a case in point. His thesis is that:

"the rationale of economic choice in peasant society follows the same general rule of maximization as economic activity does anywhere, at any time. What is distinctive about peasant and primitive societies are not the habits of mind about advantage, nor an inability to calculate costs and benefits of a course of action, nor even an absence of a motive of gain: but rather the possession of a set of concrete social organizations which directly channel economic choice, on the one hand, and a set of sanctions which operate to keep economic deviants in physical as well as moral jeopardy on the other"

(1968: 311).

There are other cases at the extremes. At one extreme is the substantivist position that 'the economic' is completely subsumed under culture. In *Economics as Culture* (1986), Gudeman tries to argue that "economies and economic theories are social constructions. The central processes of making a livelihood are culturally modelled" (p. vii). At the opposite extreme

stands Belshaw. He puts forward a fundamentalist-like statement that: since all action involves choices about the combination of resources to achieve selected objectives, and hence all action is economic...politics and religion contain a dimension which can be regarded as the economy of social relations (1967: 36).

More examples would be redundant, the point we want to get at is that these compromising as well as hard-line positions have not advanced any new conceptual thesis. In the end they are sub-types of the main ones. Hence we can have 'formalist substantivism' or 'substantivist formalism' without contradiction (Cook 1973: 810). But in terms of theoretical formation, the F/S differences, to borrow Sahlins' well-phrased expression in a similar context, 'will not be resolved by the happy academic conclusion that the answer lies somewhere in between, or even on both sides (dialectically)'.

The diagnosis of the F/S symptomatic divergence lies deeper in the premises they have in common. We have worked them out into 5 related motifs.

- (I) The meaning of economy
- (II) The idea of human nature
- (III) The presuppositional dichotomization between "the collective' and 'the individual'"
- (IV) The integrative model of society
- (V) The transactional model of human interaction

Both F/S are premised on these same notions. Implicitly or explicitly both sets of adherents start from these notional backgrounds as points of departure. We shall argue that they

diverge from each other in direction. But F/S are variations on the same theme. In the final analysis they are like hostile brothers.

(I) The Meaning of Economy

Polanyi made a distinction between the formal and the substantive definitions of economic (classified as kinds of human activities). He gave much weight to the distinction, so framing the different schools of thought. He reasoned that the formal meaning is rooted in the concept of means-ends relationship. "Such a meaning underlies the verb, maximising, more popularly economizing or—less technically yet perhaps most precisely of all—"making the best of one's means'. (Polanyi 1977: 20). From the other point of view the substantive meaning is rooted in the idea that human existence must be sustained in both a physical and a human environment. "Man depends for his livelihood on nature and his fellows. He survives by virtue of an institutionalized interaction between himself and his natural surroundings. That process is the economy..." (Ibid.: 20).

The meanings of economic have been a subject of disputes between the F/S. Cook, an anthropologist with formalist leanings, made a counter attack against Polanyi and one of his important followers, Dalton, on the key element of economy. Cook's reply to the substantivists can serve here as an example of formalist argumentation as well as a springboard for our discussion. He rejects the idea, which comes from them, that scarcity is solely a function of social organization. For him and other formal economists scarcity is "a relative concept which reflects the interplay of biosocial (i.e., wants and the resources of time and

energy required to satisfy them) and ecological (i.e., physical and natural environmental) determinants (Cook 1968). In the long battle of the F/S debate, terms and concepts have been made more precise and refined. For example human needs are extended to non-material persuances (honour, prestige); real needs and felt needs are combined; the means-ends relationship is linked with the concept of rationality, etc. But the central ideas are not substantially changed. Cook's reply to the Substantivists is rather a matter of hair-splitting. Nevertheless his generally received definition gives us an idea to what 'economic' entails for the Formalists.

Looking at the declared positions from either side we can well see their difference at a surface level. What we find in common is that both define 'economic' with reference to the satisfaction of human needs. Dalton's own statement might elucidate this point. He raises three common features of all economies, one of which is:

"Whatever the human grouping is called, tribe, village, nation, society, it consists of people who must eat to stay alive, and acquire or produce material items and specialist services to sustain social and community life...The acquisition or production of these material items and services necessary for physical and social existence are never left to chance because deprivation means death. All societies therefore have "an economy" of some sort, i.e., structured arrangements and enforced rules for the acquisition or production of material items and services"

(1968: xli).

This common point can be clearly seen from the way in which the concepts the F/S have been formulated. There are, to cite only familiar and known terms, for example, 'the limited good', "rational selection of the best alternative in a utilitarian fashion" (Popkin) or "norms to prevent threat of individual starvation", "subsistence ethic" (Scott). The former two notions are from the Formalist framework, the latter the substantivist. Their implications might well be wide apart. But all these notions boil down to a conception of 'economic' that essentially signifies man's survival activities. Theoretically speaking this notion is in line with Parson's theory of action. He defines 'economy' as a sub-system "A" in his famous AGIL scheme which informs his grand system theory. We are not, however, suggesting that the F/S have directly drawn inspiration from Parsonian functionalism. We only want to point out that the key foundation stone: the concept of economic, for formalism (or classical economics) and substantivism (sometimes associated with moral economy) is projected from human needs. (And this is compatible with the Parsonian 'sub-system' of Adaptation). To put it the other way, both the F/S have a certain shared notion of the man/economy nexus. Man is a being in a state of constant and perpetual want. This is tantamount to reducing man principally to his physical aspect. Of special interest here is to note that contrary to the general image that substantivism stresses the cultural force of man or of 'society', it in fact also assumes man basically as a bio (psychic) organism or an "eating tube", as Dostoyevsky once satirized the concept from economists in his time. Substantivism just dresses man with culture. He then goes around in costume, but the dress is not really a part of his

flesh and blood. When the substantivists' outer mantel is peeled off, substantivism and formalism look very much alike.

At this point one can raise a very understandable question: "is man not so?" From all our common experiences we constantly need to satisfy our physical imperatives to stay alive. No one, of course, can see man's condition of existence otherwise. The point, however, is really not as to whether man's physical aspect is or is not his essence. It is rather a problem whether or not his physical component, which is undoubtedly and absolutely real, should occupy a central place in social theorizing. At this conjunction perhaps we should recall Malinowskian's way of thinking.

For him "social life is possible because it is an adaptive mechanism, by means of which man copes with his environment,...satisfies his basic needs as a biological organism. In order to get his food, rest, shelter, clothing, mates, etc., it is necessary for man to organize, and the societies we presently confront are, as it were, the survivors of possibly many experiments at devising such adaptive mechanism...the viable social forms are those which managed to supply these basic needs. Society is thus both possible and necessary because of man's (social) biology" (Jarvie 1973: 8).

In other words Malinowski explained patterns of social relationships from the basis of human physical and (sometimes) psychological needs. This thesis also informs the assumptions of substantivism. Polanyi borrowed key concepts such as reciprocity, redistribution from Malinowski, and the influence of the Functionist version of Malinowski on Polanyi clearly prevails. Malinowskian functionalism, which has been so devastatingly criticized, assumes

the direct impacts of biological determinants on cultural activities (see Piddington 1963: 33-51). That is to say, by means of example, sexual needs and reproduction produce family, kinship. Or to put it more bluntly, the family exists to provide sexual fulfilment, procreation. This Malinowskian approach is closely pursued by Polanyi whose posthumous *The Livelihood of Man* (1977) can even be probably coined afresh, from its underlying theme of biological needs and cultural responses, as "from the livelihood of man to the integration of society".

In addition to the common premises in their definitions of 'economic', they furthermore have a common implication. Formalism defines 'economic' from the economic actor's viewpoint, as to how one picks his best, whereas substantivism defines it with reference to norms, in Polanyi's terms—'reciprocity' (also Scott) and redistribution. It then follows that the underlying assumptions are, in the Formalist case, man's direct relationship to economic goods, and in the substantivist case man-to-man relationships via them. These two assumptions imply that goods are already there. The problem of 'economic' is then a matter of how they are possessed and dispossessed. Clammer has seen this aspect well when he points out that both F/S tacitly look at the economy mainly in terms of distribution. And this is one of the four shared premises that he has worked out (Clammer 1978: 4-5, 29). He calls it the 'distributive thesis'.

For us the implication that goods appear as a priori have a serious flaw in their conception of 'economic'. Distribution, not production, occupies the centre of both theoretical orientations. It is sometimes understood that there is an affinity between two Karls

(Marx and Polanyi). The former Karl has always emphasized not even production by itself, let alone distribution, but production relations, i.e. how people (not man) are related and structured on the basis of production processes. Martinelli grasps the point well when he states "unlike Marx, Polanyi sees the market and not social relations of production as the nucleus system" (1988: 133). This point is raised here in passing as a hint that it is very possible that formalism is not necessarily criticized from the standpoint of substantivism and vice versa. The rejection of one position does not automatically imply the acceptance of the other. But both can be together considered from an entirely different perspective such as Marxism whose assumed realities and conceptual tools of reasoning are from a different set of premises and world-outlook. It should not need saying that our criticism of formalism which is pertaining to the market economy does not put us to embrace substantivism, for we find it is not really an alternative to formalism, as it is often made out to be.

(II) The Notion of Human nature

From the previous paragraphs it is not difficult now to see that both F/S have an implicit view of human nature. To be fair, this is not a peculiar property of F/S alone. Other social theories are premised in one or another idea of human nature. Some would even go as far as to say:

"The theory of the nature of society, ultimately, is the externalization, projection, and manifestation of the fundamental traits and drives of man's nature in a social context. Thus, the nature and dynamics of the social bond are underpinned,

consciously or unconsciously, by the theory of human nature”.

(Peter Roche de Coppens 1976: 10).

For us this is an overstatement. Not all social theories are constructed on this postulate. Marxism is an outstanding case in point (Soper 1981). His statement, however, is perhaps well said of those theories in the naturalist and empiricist tradition (see, for example, Macpherson 1962 and Seidman 1983).

Opposite views on human nature are well known in philosophy. Two camps of philosophers have for a long time fought over the question “is benevolence or self-love the propelling force of human mind?” As a Hobbesian version would have it, the desire for glory and for self-preservation (read—for one’s own interest) are the basic determinants of human behaviour, and that all other dispositions and motives can be reduced to them (Brown 1984: 51). The opposite pole can be found in Durkheim. His conception of ‘society’ is one of a moral entity which exerts its control over individuals. Popkin’s formalist stance well fits in with the “human self-love” motive; whereas Scott’s comes close to the Durkheimian cast.

The formalist notion of ‘self interest above all’ is straightforward and consistent with its notion of ‘economic’. Human nature, for formalism is premised on the notion of man as *Homo economicus*. Substantivism adheres to man as *Homo sociologicus* coined by the Durkheimian school of sociology. Dahrendorf (1960) explains the idea in a book with the same title: *Homo Sociologicus*. Here he tries to explain human action entirely by way of social roles (Gadourek 1976: 103). Sociologically speaking, it is often suggested that formalism holds the atomized, undersocialized conception of

man in the utilitarian sense of the term (“the Hobbesian model”), whereas substantivism holds the opposite, i.e., the oversocialized conception of man. Seen in this light, we can recall a familiar functionalist reaction against the utilitarian conception of man. As a commentator on Parsonian functionalism succinctly put it:

“The classical economists’ and Hobbes view of man as motivated by egoistic greed is rejected. The ends are social also in that they are formed by society. Society is not threatened by a war of all against all or held together only by the advantages men gain from exchanging goods and services with each other. Instead society ties the individual to it by forming ends that fit into that society’s system of common values”.

(Menzies 1976: 41).

Social sciences have gone far since the Enlightenment from which the general conception of a human nature originated. Its idea is that:

“there is, in brief, a human nature as regularly organized, as thoroughly invariant, and as marvellously simple as Newton’s universe. Perhaps some of its laws are different, but there are laws: perhaps some of its immutability is obscured by the trappings of local fashion, but it is immutable”

(Ibid.: 94).

The notion of human nature, as well known in the philosophy of social sciences, is rooted in positivistic and naturalistic methodologies. At this point, one could ask from a commonsensical view:

“what is wrong with this concept of human nature?” Our answer is taken from Geertz.

“The trouble with this kind of view... is that the image of a constant human nature independent of time, place, and circumstances, of studies and professions, transient fashions and temporary opinions, may be an illusion, that what man is may be so entangled with where he is, who he is, and what he believes that it is inseparable from them” (1970: 96).

In terms of its theoretical reasoning, we are entirely in agreement with Gadourex who has touched upon this problem. He writes:

“Ex post one always can argue that an Actor (an imaginary agent in the field) was motivated by the pursuit of pleasure or of recompense: even to martyrs one may ascribe masochistic motives or an identification with the imaginary community of saints. A priori the assumption that ‘every human being acts in pursuit of pleasure or of social recompense’ lacks any explanatory, any praxiological or teleological value, since virtually any act can be subsumed under ‘pleasure’ or ‘social recompense’, even acts contradicting each other (the ‘henchman’ v.s. ‘the martyr’ in the forgoing example)”

(1976: 103-104).

(III) The presuppositional dichotomization between ‘the collective’ and ‘the individual’

In close connection with the discussion under (II), we now turn to the implications of the conceptions of man in sociological

reasoning and of the ways in which the objects of study are classified.

A time-honoured problem in Sociology since the time of Durkheim has been: “are social entities, the society the results of individual initiatives/actions or do they present themselves as collective structures?” Attempts to answer this question have divided many sociologists into broadly defined camps of individualistic and collectivist schools. If the former is adopted, the collective parameters, the normative order is neglected. But if the latter is the case the voluntary agency of individuals is ignored. Sociologists then can argue endlessly as they have been doing for decades.

This way of looking at social theorizing has a direct relationship regarding our point of ‘presuppositional dichotomy’. The premise of these two camps is the postulate of the dichotomization between the collective v.s. the individual. This is a classic theme in the history of sociological thoughts. It further leads us to other important problems which have occupied the fulcrum of sociology since its inception, i.e. the connection between the conception of man and that of society. And both concepts are constructed by binary (formal) logic. We have, for example, a famous polarizing issue of social determinism v.s. individual voluntarism, or to put it more simply, whether individuals produce societies or are reproduced by them (Sharrock 1987: 126-146).

Under the heading *The Economy: Individual Behaviour versus Rules of Social Organization*, Dalton's discussion of the F/S difference accurately mirrors the two classical theoretical lines above. The formalist's perception is “to concentrate on economic ‘behaviour’ of individual persons and the motives that impel the

individual behaviours, so that the economy is seen as a cluster of individual actors and their motives... The other approach is to perceive the economy as a set of rules of sociological organization..., so that each of us is born into a 'system' whose rules we learn (1971: 77).

Scott and Popkin can also be neatly classified into these categories. The formalists conceptualize 'society' from the latter to the former, the substantivists the former to the latter. In terms of mode of reasoning, both use the same dichotomous logic (A and non-A formal logic). In other words both of them have adopted the same criterion in the same taxonomy, with the same logic. But from different starting points they have come out with opposing views.

To reiterate the two foregoing, main points, (II) and (III), F/S have entirely different outlooks of human nature. One is in the school of pure utilitarianism, the other has the 'social' as the 'decoration' to it. That should be clear by now. Our additional point is that the difference in content is not crucial here. What is more important is what both have in common. They are two related aspects, first, in search of the rational theory of human conduct in general, and second, their central place of 'man', which bears upon an individual entity, in their social theorizing. And these aspects point to another premise both positions share.

(IV) The Integrative Model of Society

If we accept that modern sociology begins with Durkheim, the concept of integration is indeed the foundation stone of sociological history. It is almost a sociological commonplace to say

that the notion of integration is the prime concern of mainstream sociological thought. Substantivism is obviously faithful to it. The concepts of reciprocity and of distribution, the main pillars of substantivism are perceived as integrative patterns. These two components, which are manifestations of social norms and social institutions, are the cohesive elements of the society. They perform the function of social integration. This is the background assumption of substantivism, from which it can further conceptualize its famous thesis: embeddedness. Economy is embedded in social relations, the point which we touched upon at the beginning.

The substantivists speak with the same voice regarding the concept of social integration, which is taken as an intrinsic property of society. Formalism might not directly talk about integration. It holds a view which is more widely described as 'the state of equilibrium', 'balanced' and such likes. Adam Smith, for example, saw equilibrium as an aspect of existence as well as a developmental mode of society which was brought about by an automatic stabilizer: 'the invisible hand'. One can even say that from Smith to Samuelson, on whose economic theories Formalism is based, the equilibrium conception has remained the core of economic theory (Huppel 1976: 129). A more contemporary and highly influential version can be found in Hayek whose essay on "The Principles of a Liberal Social Order" keeps stressing notions such as "a self-generating or spontaneous order in social affairs", "the order of the market", "the self-regulating mechanism of the market", etc. This essay can be read as a "Manifesto of Liberalism" in which the central tenet revolves around classic economic conceptions of society, in that the work of the free market will

achieve a free society. This view of society is based on the principle of “reciprocity or mutual benefits” and of “the conception of the common welfare.” “We may call such a free society a Nomocratic (law-governed) as distinguished from an unfree telocratic (purpose-governed) social order (1967: 165). This order might not be the ideal best but it is “the best order possible” (Ibid.: 100).

As we have previously discussed F/S do not differ on the presuppositional account of the meaning of economy, but it is the question of its operational logic that characterizes their disagreements. Apparently they have different answers to it. But no matter what the governing principles of the economy are, the notion of integration (or of order) is implicitly present. Thus ‘integration’, not division, not dynamics, etc., is taken as a priori. It is not that Substantivism belongs to “the integrative mode”, formalism “the divisive mode” as some people are led believe.

(V) The Transactional Model of Human Interaction

This aspect is not really a bone of contention between F/S. With reference to our earlier discussion under the meaning of economy, both F/S place their approaches in the distribution domain. In consequence, social (and individual) action is analysed from a basis of the relationship between “material flow and social relations” (Sahlins 1965: 139). The Substantivist’s ‘reciprocity’ is not incompatible with the Formalist’s market mechanism. Cook has already well argued out this point and ‘concluded ‘laying on obligations of reciprocity’ (Sahlins 1962: 106) in a reciprocal economy is functionally equivalent to the selfish seeking of gain or profit in a market economy” (1968: 214).

Obviously and admittedly, F/S accept the transactional mode as the central object of study which is in fact a main theme in Economic Anthropology itself. Firth's view of it fairly declares both positions.

"One element in the analysis is common ground throughout-while the material dimension of the economy is regarded as a basis feature, the significance of the economy is seen to lie in the transactions of which it is composed and therefore in the quality of relationships which these transactions create, express, sustain, and modify. Whether or not there is agreement with Sahlins (1965: 140) that in primitive conditions the place of 'transaction' in the total economy is more detached from production than it is in modern industrial communities, the emphasis of interest is still upon the transaction rather than upon the production" (1967: 4).

The difference, however, lies in the question of the determining element in 'economic' transaction. Substantivism regards social institutions as primary. That is it is religion, politics, community, etc. which dictate the content and form of the transaction. Formalism looks at the transaction in terms of means-end calculation, maximization, economic rationality, etc. Thus we are once again led back to the fundamental polarizing issue of F/S which is, expressed in this context, the transaction is brought about by either the normative or by the market regulation.

The transactional model in the economic sphere has been made self-evident by both sides. It should need no further clarification to say that the mode itself is not in dispute, it is the underlying logic that characterizes the heart of the matter. The need for elaboration begins when the mode is extended to human

interaction as a whole. Formalism has a direct response to the question. Defining 'economic' in terms of maximization corresponding to the relationship between (available) resources/means to desired ends, human action can then be regarded as maximizing or economizing behaviour. Accordingly 'economic goods' are to include both material and social objects. It then follows that Formalism is not limitedly applied to only the transaction in the economic sphere in the commonly-understood sense of the term. But it can cover all spheres of 'social' and of interpersonal life. This is the foundation of the theory of social exchange. The main ideas of this theory can be described as follows:

"first, the basic unit of social life and the unit of analysis in social thought is the individual actor. Second, the individual actor is a utility maximiser: for each person each state of the world has a particular utility level, where utility is that which the person seeks to maximize through his actions. Third, social order is possible because individuals find that, by pursuing their own interest, the interest of all is maximized. Social relations endure because actors are beneficial to one another—by accident if you will—because each is interested only in his own welfare: yet each, in using the other as a means to his own end, must aid the other's welfare in order to benefit his own".

(Wilson 1983: 19-20)

To put it in the sociological jargon of the school, the theory makes the idea of exchange the basis of social and interpersonal relations. The general (universal!) human mode of action is then,

according to this mode of thought, the 'rationality principle' (rational choice and rational action). This theoretical outlook of the exchange theory underlines what Belshaw calls the economy of social relations which in principle as well as in content goes hand in hand with formalism. Adopting the ideas of Mauss, Homans, Firth and Blau, he has proposed a model of the unit act. "The unit" can range from an individual to an institution. The rationale behind it is that each unit acts to acquire maximization of value satisfaction. This "value" includes all human needs, tangible and non-tangible objects alike. (One perhaps could interrupt his train of thought here by asking: if everyone is to maximize, who then is prepared to loose?).

Schneider in *Economic Man* (1974) shows well how Formalism and the exchange theory compliment one another. Both are in the spirit and principle of extreme individualism. (Here we might be reminded of the theoretical continuum of the individualistic and the collectivistic perspective). Popkin's is obviously an exemplary case.

While formalism needs the exchange theory in non-economic spheres of transaction, Substantivism is already capable in all spheres. Scott's work represents its explanadum in the political sphere, and there are numerous cases which look at various facets of social realities with a substantivist framework. As to the transaction aspect of Substantivism, the patterns of social "relations (or social structure as some call it) are in themselves identical with transactional relations. Among Formalists it is Belshaw who is a most erudite and articulate critic of Substantivism; his criticism really goes to the root when he exposes the transactional mode in the Substantivist theorizing. His criticism is thus:

"In economic anthropology we have tended to content ourselves with describing and analysing the system in operation in the culture under examination, and have tended to argue that "the social structure determines the flow of transactions, and hence the relational patterns which govern decisions about integration and exchange. But this is not good enough, because these are merely aspects of the same phenomena. Relational patterns are abstracted from the flow of transactions; social structure is abstracted from relational patterns; they do not explain each other".

Then he proposes:

"We need in economic anthropology a general theory, either similar to or a replacement of that in economics, which will explain why it is that it is sometimes advantageous, desirable, or customary to integrate or to distribute productive tasks in particular ways. This is no mean challenge, since if we can do this, and if we are right in intimately relating social structure to transactional patterns, we shall then be well on the way to providing a general theory on social organization"

(1967: 35).

His criticism is sound. But his proposal is not, for the gist of it is to replace Substantivism with Formalism. Once again Formalism and Substantivism go around in a circle. The exit is absent in conventional economic anthropology.

A final short remark serves as our conclusion. What is widely recognized is the insolubility of the F/S debate, what is not is its

irony. Each side attempts to repudiate the other, but if one goes to one's own basis, one's fate is one's own repudiation.

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