

# Formalism vs substantivism



The Disembedded economy Why might Polanyi claim that disembedded economies are less stable than embedded ones? Does a market society require a certain level of insecurity for its members? How might people find a disembedded economy empowering? Can there be such a thing as a 'pure' market society? Is 'marketization' a helpful concept with which to understand contemporary capitalism? Industrial capitalism and machines etc were all part of the establishment of the market economy. The motive of subsistence must become one of gain. The merchant makes his profits on the market and prices are allowed to regulate themselves.

Such a self-regulating system of markets is what we call a market economy. The transformation to this system is like the metamorphosis of a caterpillar- so stark that it is almost not like a continuous process. Machines in a society transform nature into a commodity. Dalton on Polanyi: Material self-gain is institutionally enforced In traditional bands the institutions through which goods were produced and distributed were embedded in an inseparable part of social institutions, and the economy functioned as by product of kinship political and religious obligations and relationships. economy' is not a field of experience of which humans have always been aware. Primitive societies are *gemeinschaften* not *gesellschaften*. Hunger is not an incentive for production. Classical economics and Marxist socialism came from the industrial revolution. Laissez faire capitalism was created in response to the need for machine technology. Burling Economics deals with the material means to man's existence: Does the good have to be 'material' in order to be in the realm of economic? Price of a ticket or the cost of someone's wages are not material yet are economic.

We economize between material and non material ends. Do I work overtime in order to afford myself a DVD or do I refuse the overtime and have more leisure time at home with myfamily? Polanyi makes the distinction between economics in the substantive sense that's material, and in the formal sense- rationalizing and calculating. Polanyi says that because we have the market these two aspects come together but they wouldn't in a primitive economy. Primitives economize too. The materialness is irrelevant.

Economics is the distribution of goods and services: But not any goods and services, only economic ones... which makes this statement useless. If its to do with price systems then some societies don't have economics. ' Economics is the allocation of scarce means to multiple ends' Draws parrallels with Freud and maximizing by sacrificing pleasure for future gain. We need to escape the notion of economic as involved with the material , in order to move on with the discussions. Cook ' Love distorts indeed, but hate distorts even more'

Substantivist theory built around the market and pre-market societies. Now the pre-market societies are almost extinct. Dalton- the section being dominated by the market principle is becoming enlarged. Bohannan- transitional and peasant economies are mentioned. Frank knight and merville herskovitz debate- herskovitz didn't understand the economic man. Romantic anti-market syndrome Polanyi-primitive societies, reciprocity and redistribution- alledgedly a conflict-free model. Le Clair- why is there a felt need for a substantivist definition of economics.

Polanyi and Dalton- scarcity is solely a function of social organization Anti market ideology. Go against the scientific method of enquiry- test and

dismiss Dalton Economic theory cannot be applied to primitive economies Economic theory was influenced by factory industrialism and market organization. The market continues outside of market places in the west It is market organization that compels its participants to seek material self-gain: each must sell something of market value to acquire the material means of existence.

Back in the 19th century the economy was a cohesive entity apart from other subsystems in society. Neither government, family or religion controlled market organization. They did obviously affect supply and demand though (eg more fish in catholic countries). When market organization is economy wide it creates a market society in the sense that social organization has to adapt to market needs to allow the sustained provision of material goods and of money incomes with which to acquire goods. A market economy can only exist in a market society... society itself is subordinated to the laws of the market'- Polanyi (e. g when labourers wages drop they look for work elsewhere and migrate, so location of population conforms to market registered needs for labour) The market economy is highly decentralized, and this reinforces the atomistic view of society as simply an aggregate of self-interested individuals. William Townsend- hunger makes people work

Malthus- natural fertility of humans makes food scarce and population growth brought about wages. Man's existence requires material sustenance, but not unlimited wants, this is product of social organization. Economic in the substantive sense ' provision of material goods which satisfy biological and social wants'. Economic in the formalist sense is described by the terms '

economical' and 'economizing'. Denotes a set of rules designed to maximize the achievement of some end or to minimize the expenditure of some means.

Substantivists believe that all places have an economy, but formalists believe that all places economize. In primitive economies people do not want profit. Where money is used in a primitive economy, it is not all-purpose money. -cattle/bridewealth. Market economy is unicentric because of the wide variety of material items and labour transacted in the sphere of market exchange. In contrast, primitive economy is multicentric and the dominant centres are organized through nonmarket patterns of intergration such as reciprocity and redistribution.

What is a money economy to an anthropologist appears as a market economy to an economist. In primitive economy the basic institutional precondition is absent, the bulk of material income is not derived from, and therefore does not depend on market sales of output. Firth in NG-There is no final measure of the value of individual things, and you can't make everything have a value in relation to one thing as there are many types of exchange.

In primitive societies there are no penalties for non-repayment of loans. Primitive economy is different from market industrialism not in degree but in kind. Cancian Considers the two sides of the argument Formalists- even if a man is maximizing using only the scarcity of his human energy it is still maximizing. So he is economizing. It's wrong to reject the strategy before trying to balance the equation. Burling-economic anthropology should be the search for the multiple actors that people maximize. t