

Follow the money – but like an anthropologist

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- Background on anthropology that Robbins assumes or leaves implicit
 - These are ideas that color the discussion or play a role in it throughout the course
 - and suggest some of the reasons why anthropologists think they have a distinctive and useful view of globalization
 - What is anthropology?
 - The study of humanity: of people and their societies
 - Anthropology emphasizes **culture**
 - one definition of culture: “the learned, shared values, beliefs, and rules that structure people's thinking and behavior”
 - Culture is often divided into
 - **symbolic culture**: ideas, values, etc.
 - **material culture**: the resulting material things: tools, houses...
 - symbolic culture has two versions
 - **ideal culture**: the way people say it is supposed to be
 - **real culture**: what an outside observer actually sees happening
 - Anthropology takes a holistic view:
 - every part of a culture affects and is affected by every other part
 - a change in one part ripples through all the others
 - Anthropology uses a comparative approach
 - comparing different cultures
 - to see the range of arrangements humans are capable of
 - comparing cultures across time
 - to see how cultures change from one form to another
- **Ethnocentrism**
 - the assumption that one's own culture is normal or the best, and others are deviations from that
 - Anthropologists reject ethnocentrism
 - it is not productive for studying other cultures
 - nor for dealing with people of other cultures
 - resisting ethnocentrism is a constant struggle
 - we are so immersed in our own culture that it is difficult not to assume it is the norm
- **Cultural relativism**
 - belief that all cultures make sense and are valid relative to their own context
 - involves suspending judgment in order to learn how the culture works and why
 - this is an essential intellectual tool of anthropology
- **Ethical relativism**
 - the belief that morality (values of right and wrong), are determined by culture, and that all cultural systems of morality are valid
 - this is an interesting position, but NOT necessary for anthropologists
 - cultural relativism is NOT ethical relativism

- Caution against **reifying** culture
 - **Reify**: to treat an abstract concept as if it were a physical thing
- **Society** (a group) vs. **culture** (their lifeways)
- Some mainstream, somewhat old-fashioned definitions of culture:
 - “the total lifeway of people, the social legacy the individual acquires from his group”
 - “a kind of blueprint for all of life’s activities”
 - “a set of techniques for adjusting both to the external environment and to other men”
- Another way to define culture, by specifying some of its characteristics:
 - Culture is:
 - Learned
 - Shared
 - Symbolic: involves assigning meanings to things
 - Integrated: all parts affect all other parts
 - Practical (often said as “adaptive”)
 - Naturalized and unconsidered
 - A key point:
 - cultural meanings seem natural, normal
 - but are actually unconsidered, arbitrary ideas
 - “culturally standardized unreason”
- We react not to things, but to meanings placed on things
 - Lexus vs. Kia
 - example of the dignified older Peruvian gentleman riding a Stingray bike
- We also react to systems of meanings, or relationships between the meanings of things
 - Couches in a classroom
- Meanings and relations among them are **socially constructed** (or **culturally constructed**)
 - Not “out there” in the world
 - Rather, created in people’s heads (“constructed”)
 - Through social interactions (“socially”)
 - And to fit with other aspects of the culture (“culturally”)
 - Social constructs are shared by members of the culture
 - they are a sort of unplanned consensus
 - well, anthropologists usually think of cultural constructs as unplanned
 - but in this course, we will see that advertisers explicitly plan to change the consensus (the culture)
 - this is something of a special case: intentionally manipulated culture
 - there are other examples, too, including the intentional promotion of political ideas and values like nationalism
 - As simply shared ideas, cultural constructs are in general arbitrary, and variable from culture to culture
- Culture affects us profoundly, more than people generally recognize
 - so profoundly that it can affect what makes us feel hungry or sick

- examples of things that people in some cultures see as tasty foods, and those in others find so repulsive that they might vomit if forced to eat them, or might starve rather than eating them
 - raw fish or sashimi
 - tripe
 - cuy (guinea pig)
 - crickets
 - pumpkin pie
- **Naïve realism:** the assumption that a concept is so basic that it is universal, a “real” feature of the world, rather than arbitrary and socially constructed
 - related but different from the concept of ethnocentrism
 - ethnocentrism is a value judgment
 - naïve realism is an assumption or mistake about facts
- So, what about globalization?
 - These tools of anthropology were initially to help us understand other cultures
 - but as we look at how other cultures differ, we see what is specific to our own culture
 - studying other cultures, we see our own better by contrast
 - this is one reason why anthropologists think we have a particularly useful view of globalization and the culture of capitalism
 - because we are used to seeing our own culture from a somewhat removed point of view
 - we are, by training and practice, prepared to recognize and question assumptions of our own culture: the culture of capitalism
 - we think we have a clearer, more (but certainly not fully) objective view of our own culture than do many people who are immersed in it and not accustomed to reflecting on it
 - this view should help us work out what is going on with globalization...
- Much of the rest of these notes are based on my understanding of the introduction to part I in Robbins
 - this material can seem simple, but it is more slippery than it appears
- The society of perpetual growth (Ernest Gellner)
 - 1880-1930: transition to
 - “society of perpetual growth”
 - consumer capitalism
 - vast increase in production, purchase, use, and waste of “stuff”
 - note that food production rose 40% 1899-1905
 - but piano sales rose over *11 times* in a similar period: 1890-1904
 - toiletries over 6 times
 - involved the creation of three human types, or roles
 - laborer
 - sole support is sale of his/her labor
 - capitalist
 - does not labor or produce directly
 - instead, invests money in order to make a profit from it

- consumer
 - sole (?) purpose is to buy and consume goods and services
 - infinite wants: always wants more
- yes, people always produced and consumed, but ...
 - production for self, direct support, unlike laborer
 - few or none “invested” money to get back interest or profit
 - maybe merchants would count
 - but they had to transport goods, divide them, store, etc.
 - consumption was not a goal in itself
 - no “infinite desire”, but instead, sought satisfaction
 - then reserved the remaining time for other purposes
 - social, family, religious, etc.
- most people may play two or all of these roles at different times
- all related through the medium of money
- and embedded in the nation-state
 - which mediates the system through laws and enforcement
 - of contracts, limiting abuses, etc.
- The amount of production and consumption must constantly grow or the system collapses
 - so the amount of money in the system must grow
- why?
 - In order to pay back loans with interest
 - This requires growth for two reasons
 - 1. to pay the interest
 - 2. to pay the principle if it is “credit money”
 - We’ll look at the “credit money” issue later
 - Let’s start with the simpler reason: interest
 - I need a tool for my craft, but don’t have enough money
 - I get a loan, but have to pay back plus interest
 - so I have to charge my customers that much more
 - so they have to earn that much more by producing more
 - if lots of people take out loans each year,
 - the system overall has to produce enough more than the previous year to pay them all back with interest
- Well, of course, says the economist!
 - Naturally, no one would lend something with no expectation of return
 - People do only what is in their self interest
 - Psychological studies show that, right?
 - Evolution would ensure that, right?
- Could it be otherwise?
 - Yes -- and it has been for most of history
 - Say people lived in large groups with a sense of responsibility towards each other
 - like large extended families or networks of kin
 - with economic exchange based mostly on

- **generalized reciprocity**: everyone just shares, without keeping track (except sanctioning obvious slackers)
 - as you probably do within your own family
- **balanced reciprocity**: people give something expecting something comparable in return later
 - as we do in exchanging birthday gifts or doing favors for friends
- both give people access to resources, just like loans
- but no interest, no credit money, so no growth
- Participating in generalized or balanced reciprocity *is* in the individual's self interest
 - it ensures that he/she can count on others in the future
 - and that he/she does not face social sanctions
 - ...assuming that everyone
 - knows the rules and roles involved (what to do and how)
 - shares the necessary sense of responsibility
 - believes that this system is legitimate: normal, right, natural
 - and expects it to continue (can depend on it in the future)
 - that is, it has to be part of the culture
 - In fact, the same is true of getting and paying back loans with interest
 - barring the explicit use of force, it only works if it is part of the culture
 - someone from a culture that emphasized generalized or balanced reciprocity might not reliably pay back loans with interest
 - since it would not seem to that person to be a legitimate, appropriate, necessary thing to do
- Large groups with generalized or balanced reciprocity are typical cultural features of
 - foragers
 - farmers in simply organized societies
 - these have been the norm for most of human history
 - studied a lot by anthropologists and archaeologists
 - so a world without loans with interest is not a fantasy
 - although it is less clear that it would work in the densely populated, highly specialized and interdependent world of today
 - but at least we can recognize that this feature of economics is not inherent in being human; it is culturally constructed
- So, what happened to change the way humans had lived for so long?
 - The shift towards the culture of capitalism has involved
 - a reduced role of large kin networks
 - a shift towards **negative reciprocity**
 - people exchange goods with the intention of gain
 - each tries to get the best deal possible, not the most balanced deal possible
 - hence the origins of the concept of loans with interest
 - the earliest loans are documented already by 2500 BC in Sumer, the first literate, complex society on Earth
 - this shift from general or balanced reciprocity to negative reciprocity is

- an **arbitrary cultural construct**:
 - a culturally-defined category or meaning of something, rather than one inherent in nature
 - not an inherent necessity for humans
- Money
 - Links laborers, capitalists, and consumers
 - Acts as **currency**, or a **medium of exchange**
 - portable
 - easily measurable and dividable
 - exchangeable for many or all things
 - this simplifies exchange
 - you don't have to find someone who has what you want
 - and also happens to want whatever you happen to have
 - early currencies in Sumer
 - barley, measured by volume
 - silver, measured by weight
 - other societies have used
 - cowry shells
 - gold
 - ingots of iron
 - cacao beans, etc.
 - Money is also (and not incidentally) a **key metaphor** in our culture
 - something that people talk about a lot
 - and use as a metaphor to express many other things
 - “time is money”
 - “money can't buy happiness”
 - it buys so many other things that we find it necessary to point out that it can't buy an emotion
 - (sports and war are other key metaphors for us)
 - key metaphors suggest what is important to members of a culture
 - not only that they value the thing
 - but that it is an important part of their world view
 - we need money for everything, since we produce almost nothing individually
 - for food
 - housing
 - health care (!)
 - even social interaction (to travel, dine, talk on the phone, etc. with anyone but a neighbor takes money)
 - naturally we are strongly motivated by money – it encompasses all most of our needs at once!
 - **commodity money**: has value as a good, like gold coins or bushels of barley
 - problems with commodity money
 - hard to carry around a lot of it

- can be used (made into jewelry, eaten, etc.), taking it out of circulation
- commodity may have different value in different places
 - it might be rare in one region, and common in another
- it limits growth
 - growth in production and consumption requires more money to exchange for the additional goods
 - so creating more money requires getting more of the commodity
- Commodity money may also be a **token** of value:
 - exchange or demand notes (**paper money**)
 - redeemable for a specified amount of the commodity
 - Problems with token (paper) commodity money:
 - depends on trust that issuer can fork over the commodity
 - anyone can issue their own tokens
 - proliferation of different tokens makes exchange complex
 - when some issues lose people's trust, people lose faith in token money in general
 - reducing the ability of tokens to facilitate exchange
 - issuers printed more money than they had of commodity
 - in order to make loans
 - expecting to get it back with interest
 - this relieves the limitation on growth due to scarcity of the commodity
 - but fails in runs on banks: when many try to redeem at once
- US Federal Reserve Bank created in 1913
 - to require banks to hold \$1 in gold for every \$10 deposited
 - the deposits are then loaned out again
 - effectively creating new money
 - I deposit \$10
 - the bank holds \$1 of it as gold and lends \$9 to John
 - I can still withdraw and spend my \$10 at any time
 - as long as not too many others want to do that, too
 - but at the same time, John can spend \$9 that he didn't have before
 - this creates additional money to buy the additional goods produced every year
- **Fiat money:**
 - “fiat” = an authoritative order or decree
 - “fiat lux” = “let there be light”
 - not exchangeable for any fixed amount of a commodity
 - has value for three reasons:
 - the government legally requires everyone to accept it
 - the government accepts only this money as payment for taxes
 - everyone has to have some dollars or face the IRS, so they accept them
 - in practice, people accept it because others accept it, too
 - if I know I can exchange dollars for food, etc., I accept them as pay
- **Credit money:**
 - a promise to pay in fiat or commodity money at a future time

- the money in your bank account, for example
 - it is just numbers in a computer somewhere
 - has value because people trust the bank to pay
- 1971: Federal Reserve Bank declared that dollars were no longer connected to an amount of gold
 - making dollars into fiat money
 - banks still had to have reserves, but of money, not gold
 - freeing banks to create credit money through loans without limitation by the amount of gold available
- over 90% of US money is credit money
 - the value of which depends on the value of our fiat money
- Here is the magic of credit money:
 - I deposit \$1 of fiat money at my bank
 - This permits my bank to give Ann \$9 of credit money as a loan
 - this is just numbers on paper, redeemable for \$9 of fiat money
 - Ann will have to return the \$9 plus interest later
 - the bank hopes she pays up before they are asked to
 - there is now \$9 more money in the US to buy things with
 - Ann gives the \$9 to Bob for something she will resell
 - at a profit, to pay back the loan
 - Bob puts the \$9 in his bank
 - This permits Bob's bank to give Chris \$81 of credit money as a loan
 - there is now \$9 plus \$81 more money in the US to buy things with...
 - This is the second, much bigger cause of endless growth
- With commodity money, growth was limited
 - because the supply of money to buy things was limited
 - because the commodity was limited
- With fiat and credit money, the amount of money can grow without limit
 - growth is limited by the amount of things to buy
 - Chris can only repay his loan if he can buy \$81 worth of stuff that he can resell for a profit
 - that \$81 of credit was created from nothing by a bank
 - there is no guarantee that \$81 worth of stuff has been created from nothing to be exchanged for it
 - result: constant pressure to create more stuff that can be converted into money to repay loans: endless growth
- How can more stuff be created?
 - Robbins emphasizes the conversion of non-monetary things into things that can be sold for money
 - converting
 - trees into lumber
 - underground rocks into metal
 - tasks like child care by parents into services that are paid for

- Robbins does not mention converting
 - each day's new exertion of labor into goods and services
 - shouldn't the total product of labor be accumulating (growing)?
 - maybe not fast enough?
- Apparently not: our current crisis is due to
 - not enough additional production of goods and services
 - to be sold for money
 - to pay off loans
 - both the interest (a little bit of growth)
 - and the newly created credit money (a huge amount of growth)
 - because much of the loaned money was spent on things that do not actually produce more value, like houses
- Result:
 - borrowers don't make enough money to repay loans
 - so some banks don't have enough money to make loans
 - without loans, people can't buy materials, etc. to produce for sale
 - other banks can't even pay depositors, and go bankrupt
 - so depositors lose their savings and can't buy materials...
 - so production declines further, fewer loans are repaid, and on...
- As long as it keeps growing, the system works
 - Banks create money through loans
 - Borrowers use it to buy ever more stuff
 - Ever more stuff is produced
 - partially by converting things that were not salable into things that are
- This endless growth has led to
 - real advances in wealth and living standards
 - advances in technology
 - more exchange and interaction between all parts of the globe
 - but also a lot of environmental and social problems
 - and it obviously is not sustainable indefinitely
- A final observation:
 - Robbins: "This is not necessarily the fault of the individual, for, as we shall see, the culture of capitalism purposefully masks from its members the problems that result..."
 - Do you see the **reification** here?
 - Does this statement really make sense?
 - What or who is really "purposeful" here?