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ECONOMICS AND THE SPACE OF MODERNITY:

Tales of Market, Production and Labour

This text was the original second chapter of the author's doctoral dissertation (Escobar 1987); this chapter was never included in the book that eventually grew from the dissertation (Escobar 1995). Although the chapter's contribution to debates on the economy are largely synthetic and certainly not original, the author wanted to publish it for a number of reasons. First, the alleged triumph of neo-liberal ideologies and the increase in depth and scope of market cultures at present make even more important the task of cultural analysis of economics and the economy. This paper was an effort in this direction, particularly to mapping the genealogies of what in the paper is called 'the Western economy'. Second, there have been some recent claims that the cultural analysis of economics and the economy has hardly been broached. References to Polanyi's foundational role in this respect are, of course, de rigueur, but one only needs to point at the pioneering work of Stephen Gudeman since the 1980s to dispute this claim. Third, the same cultural analysis is experiencing a much needed surge, with several groups today fully engaged with it from various – some times overlapping – perspectives. Finally, the impetus for this piece also comes from the creative efforts by a number of social movements in the world – such as some of the autonomistas in Argentina – to go even beyond 'rethinking' the economy to propose that what is needed is a new invention altogether.

Keywords cultures of economy; anthropology of modernity; genealogy; resistance; third world

All types of societies are limited by economic factors. Nineteenth century civilization alone was economic in a different and distinctive sense, for it chose to base itself on a motive rarely acknowledged as valid in the history of human societies, and certainly never before raised to the level of a justification of action and behavior in everyday life, namely, gain. The

self-regulating market system was uniquely derived from this principle. The mechanism which the motive of gain set in motion was comparable in effectiveness only to the most violent outburst of religious fervor in history.

(Polanyi 1957a)

Production, power, signification

The concept of the 'western economy'

'The unidimensional and almost exclusively economic basis of the development paradigm' – said a leading development thinker recently – has 'undermined the prospects for not just development, but for the sheer survival of large strata of the world's peoples' (Kothari 1984, p. 22).¹ This 'economism' has been quite striking a feature ever since the beginning of development in the post-war period. Of all those figures associated with development and with the production of development knowledge, one stood out clearly above the rest: that of the development economist. The concern of this powerful figure was with growth and capital: how to insure sufficient capital supply to pave the way for the rapid growth of the manufacturing industry of the less developed countries and for the modernization of their economies and societies; how to break 'the vicious cycle of poverty', general backwardness and lack of enterprise; how to encourage governments to carry out the comprehensive programmes necessary to initiate the process of self-sustained growth.

But even this crude summary of the axioms of development economics in its early years reveals one basic fact: From the very beginning, development was not a process which involved only the material conditions of living, the upgrading of living standards and the modernization of the productive apparatus. More than that, development was, inevitably and perhaps more significantly, a mechanism through which a whole rationality was to be learned. For development to occur, the rationality of 'Economic Man' – orientation towards profit and the market, individual behaviour and forms of production, rational economic choice in the sense of maximizing one's goals given scarce resources, etc. – had to be brought to the peoples of the Third World. This was achieved, as we will see in succeeding chapters, through the introduction of specific practices and forms of knowledge.

If development economics 'economized' development, giving it 'an almost exclusively economic basis', it was because certain economic rationality already existed in the Western developed countries which could invest and utilize development in order to extend itself to the rest of the world. To be sure, the extension of Western forms of rationality to non-Western societies

(i.e. the process of ‘Westernization’) had begun much before, but if found in development a powerful medium. For capitalist rationality and accumulation to continue, a more coherent strategy was needed. It is thus important to see development from this vantage point. If the ‘economism’ of development has indeed been so pervasive a force, and we believe it has been, how did it develop? Moreover, how was it effected through knowledge and practices, sciences and programmes? What systems of enforcement did it have recourse to? These questions are part of a process characterized by a double movement, which surely did not begin with development: the extension of the Western economic rationality to the Third World; and various forms of resistance to such an extension. Both aspects should be studied.

As we will see, the Western economy (in the sense of a set of institutions, rationality, and practices, i.e. a way of organizing our perception of the world and our actions in it), provided, in many ways, the very same fabric out of which the net of development was to be woven.² It was going to constitute the firmament and, at the same time, the very surface of development. Indeed, the Western economy constituted a sort of ‘positive unconscious’ of development knowledge, that is, a field of which development experts were unaware but which nevertheless was constitutive of their conceptions and practices.³ Hence the importance of studying the constitution of such an institution if one wishes to have a better understanding of development.

Development then became a mechanism for the extension to the Third World of the dominant economic rationality of the West. This was, as we shall see, linked to the needs of accumulation but not reduced to it. We may thus ask ourselves what that rationality is, and how it developed in the West. In fact, this question is rarely raised, especially in relation to development. The fictions of the market – production, labour and, in general, the whole set of notions and practices associated with Western views and experiences of the economy – are rarely questioned. They are already part and parcel of everyday life in industrialized society, normal or natural ways of seeing life, transparent ways of behaving, economic crises notwithstanding. Like development, however, there is nothing ‘natural’ about them, nor about the ‘objective’ sciences that have rationalized them. Such notions, and the practices that go with them, are too historical contingencies. Their histories can be traced, their genealogies demarcated, their effects of truth and power revealed. In short, they can be individualized as discourses.

One realization emerges clearly when one looks at the constitution of the Western economy: that this economic view is a relatively recent phenomenon, and that it is specific to Western culture. It took a vast development of civilization (ideas, practices, institutions, etc.) before the dominant economic rationality could be taken for granted, as something ‘natural’, by people in industrialized societies. Still today, as we will see, that which is taken for granted in developed countries may be considered as unnatural or, even, as

evil in some parts of the Third World. How, then, were the dominant notions of the economy – which are now spreading throughout the Third World through development – constituted? This is the question that we will try to answer, in broad terms, in this chapter.

The formation of a dominant economic view in the West, especially during the past 200 years, is associated with several major processes: of production, of signification, of power. All of these processes are rooted in the large-scale Western tradition; yet, they seemed to coalesce at the end of the eighteenth century in Europe, giving rise to a very powerful institution, that we shall call the Western economy. We can define this institution as the ensemble of three systems and the processes through which these three systems were formed:

- 1 A system of production that placed people in social relations of production. The process by which this system was instituted was related to the rise of the market, changes in the productive forces (agricultural revolution, technology, industrialization), demographic changes, the development of financial mechanisms, etc. It set into place forms of exploitation and domination.
- 2 A system of power which placed people in relations of power. This system was effected through dividing and disciplinary practices, normalizing mechanisms, and bio-political technologies. It produced a series of forms of control and relations of power and knowledge.
- 3 A system of signification which placed people in linguistic and discursive relations. Through economic sciences (classical political economy) and broader philosophical conceptions (derived from the Enlightenment, utilitarianism, empiricism), this system produced a certain subjectivity, namely, that embodied in the modern producing subject. It brought into existence a dominant code articulated around the notions of production and labour, which has since conditioned all conceptualizations of economic life.

These three systems are very closely related to the development of capitalism and the coming of the ‘modern age’ in Western European experience. These three systems were necessary for the constitution of the Western economy and its accompanying rationality; the relations among them are very complex, defying any easy characterization. They should be seen as forms of objectification by which, in modern culture, human beings are transformed into producing subjects, i.e. as processes of formation of human subjectivity. It is the movement of these three systems as a whole – which certainly took centuries, achieving its peak during the nineteenth century – and not any one of its components considered in isolation, which made that economy and

rationality possible. It is this movement that we will try to recapture in this chapter.

This chapter then investigates, in a very general and provisional manner, the formation of these three systems and their interrelations. The signposts for such an investigation in contemporary scholarship have already been set in place by a handful of writers, of which the most important may be Karl Polanyi, Michel Foucault, Louis Dumont, Joseph Schumpeter (1954), Fernand Braudel, Martin Heidegger (for a view of modernity) and Jean Baudrillard (1975). We will draw heavily on their work and on that of others as well in order to weave the connecting threads of the process of formation of Western economic practices, a task not yet approached from this perspective, at least not in relation to development.

We shall first provide an account of the development of the market economy in Western Europe. The formation of markets provides an ideal entry point to the study of these three systems, as it seems to agglutinate a number of characteristics of the process as a whole. The institutionalization of the market economy in the nineteenth century, however, seemed to have a prior requirement: the provision of docile individuals and regulated populations that fit the new system. A whole system of discipline and normalization was thus necessary; this system was in ascension since the beginning of the seventeenth century. We study this aspect after dealing with the rise of the market and its institutionalization. However, for this system to become consolidated, it had to be stabilized through discourse; the 'economy' had to be demarcated as a separate domain, and a proper science had to be elaborated. This feat was accomplished by building upon certain philosophical currents that were on the rise since at least the middle of the seventeenth century. The science so established, classical political economy, succeeded in consolidating a way of viewing life dominated by the notions of production and labour. This represented a radical break with the previous age and inaugurated modernity. The structure of signification so defined is treated at length in the third part of the present chapter. Finally, a view of economic rationality as a set of practices is given, including a brief account of forms of resistance to such practices found in the Third World today.

In sum, we will try to understand in this chapter the coming into being of the Western Economy as a comprehensive view of reality. By understanding how the economic character of the West's vision influenced development, we hope to understand the constraints that such a vision imposed upon development's (and ours) understanding of social life. Indeed, some of the most hopeful current critiques of development seek explicitly to deconstruct the West's economism as an important contribution to bringing about alternative realities.

The rise of the market

One of the most important factors that accounts for the formation of the modern Western institution of the economy is the development and consolidation of the self-regulating market during the nineteenth century. Although very much linked to the development of capitalism, the self-regulating market was the product of a slow and steady process of formation of markets that achieved its maturity and rationalization at the end of the eighteenth century. In its mature form, the self-regulating market implied, on the one hand, the full commodification of labour, land and money – and, consequently, the subordination of all social aspects to the laws of the market – and, on the other, the constitution of the economy as an autonomous realm, separate in particular from morality and politics. Once these conditions were obtained, the ‘economic view’ achieved pre-eminence.

How did the market arise, develop and become ‘instituted’ – to borrow Polanyi’s expression? For Braudel, the market economy expanded slowly at the expense of the vast realm of material life, first through elementary markets, later on through more complex forms of exchange and markets:

Imagine, therefore, the vast layer that would be formed over a given region by all the simple market places, by the cloud of tiny dots representing markets often involving only a modest amount of merchandise. With these numerous starting points begins what we call the exchange economy stretching between the vast world of the producer, on the one hand, and the equally enormous world of the consumer, on the other. During the centuries of the *Ancien Régime*, 1400–1800, this exchange economy was still an imperfect one. Although it had existed since time immemorial, it certainly has not succeeded in joining the total production to the total consumption, for an enormous share of the production was absorbed by the self-sufficient family or village and did not enter the market circuit . . . Until the eighteenth century . . . the *market economy* and *capitalism* affected only a minority, and the mass of mankind remained encapsulated within the vast domain of material life.⁴

(1977, p. 16, p. 40)

It must thus be concluded, and this is one of the conclusions drawn by Braudel, Hicks and Polanyi, that economic systems were not controlled by the market pattern until relatively recently. The process by which isolated markets developed into a market economy, and after that, into the self-regulating market of the nineteenth century was more complex than the traditional conception assumes. The conventional view is that the market economy was the natural outcome of the spreading out of the markets. Markets developed from the natural propensity of individuals to trade and barter, which led to the

development of local markets, division of labour and, at a later stage, long-distance trade. The present account, however, suggests otherwise. It rather seems that markets developed out of long-distance trade in ports, towns and cities located along the routes of trade. There were local markets, but these were part of local existence, not points of origin for regional or national trade. Moreover, the separation of long-distance trade and local trade was, according to Polanyi and his co-workers (Polanyi *et al.* 1957), a major feature of medieval society. Towns actively protected their own markets, and indiscriminate trade between towns was precluded. By maintaining towns relatively isolated from each other and from the countryside, local merchants were able to maintain non-competitive conditions in local and long-distance trade and to oppose the capitalist wholesaler's attempt at integrating markets regionally and nationally.

The formation of national markets started to take place in the fifteenth and sixteenth centuries as a result of state intervention, which finally succeeded in forcing the mercantile system upon the protectionist towns. The mercantile system that emerged was a response to a given historical situation, marked by the intersection of several processes: the formation, on the ruins of the shattered feudal order, of the great territorial, administrative and colonial states; a commercial revolution which shifted the centre of the core of the European economy to the North Atlantic; the reorganization of the poorer agrarian states for commerce and trade. Financially, this transformation was achieved thanks to the unification of capital, whereas an extension of the traditional municipal system served as the administrative basis for this process. In this way, the self-sufficient communities and peasant households, while remaining the basis of the system as a whole, became progressively integrated into larger internal markets.

Until the eighteenth century, however, although the market economy had expanded significantly, it was far from grasping economic life as a whole. At the higher level of economic activity there was an incipient third level, built on top of material life and the market economy, namely, capitalism (the third component of the Braudelien triptych: material life, market economy, capitalism), whose control over the market economy was still very imperfect. Up until then, all that had been accomplished was the freeing of trade from certain local controls, for which the introduction of state regulation and intervention had been necessary. However, the economy was still submerged in broader social relations, the economic system was still absorbed in the social system, and markets were no more than an accessory mechanism of a system controlled and regulated more than ever by social authority.

All this was to change drastically with the Industrial Revolution and the appearance of the 'self-regulating' market. However, before describing this new transition, a point of clarification should be made: the purpose of this investigation on the rise of the market is not to negate the historical

development of markets, nor to subscribe to, or dispel, the view that sees capitalism as a process of the organic development and progress of the 'market', with their corresponding stages, nor to analyse the importance of the market for the development of a particular mode of production. We seek to dispel the notion that the market is the 'natural' state of society, the apex of evolution, the only possible form of the organization of the economy (whether 'free' or 'centrally planned'); more importantly, our interest is to trace the connection between the market economy and the dominant economic rationality, to discover the role of the market in the formation of the modern view of the 'economy' and to analyze how the market organization constitutes the grid for the consolidation of certain economic practices.⁵

To return to the market. 'The Rise of the Market', to use Hicks' catchy heading, started out of non-market forms of social organization, usually village situations in which there was no trade. The possibility of producing and extracting a 'surplus', leading to 'tribute-paying' or 'revenue' economies, is usually seen as the prerequisite for the next step in the appearance of the markets.⁶ Specialized trade started to develop, reaching a point at which traders changed their base of operations to a market place. Kings and lesser lords became engaged in long-distance and domestic trade in order to increase their revenue. At a later point, merchants organized themselves into a community, a mercantile or commercial organization, and turned to the state to demand the removal of market constraints (and the concomitant introduction of others). This allowed the mercantile economy to flourish. '*Petit commerce*' became '*grand commerce*', and cities emerged. These conditions were met in the City State, especially those of the Mediterranean.

Hicks calls this the first phase of the mercantile economy, a phase that had inherited money and law as the great legacies from the ancient world. But trade diversified, markets expanded through external trade and colonization (offsetting the tendency of diminishing returns or for the rate of profit to fall), monetary standards were introduced and linked, after the Renaissance, with credit and finance. Financial intermediaries appeared who, when specialized, became bankers; insurance mechanisms had to appear, too, for financial markets to spread. On the other hand, agriculture became more monetized, increasing production for the market; independent farming slowly became generalized. 'Free' labourers appeared in towns and cities, and a labour market was formed as well. Proletarianization and the accumulation of money capital, those two conditions which accompanied the breakdown of feudalism and which are considered the prerequisites for the capitalist mode of production, were now a reality. This constituted the middle phase, and placed the European economies at the threshold of the modern period.

In the modern phase, the financial institutions extended tremendously, states took control over the money supply, and tax systems were introduced. If in the middle phase the political authority of the state was not strong enough to

control the mercantile economy, the very same dynamism of this economy now made control by the state easier. Nation-states, based on professional bureaucracies, had become established and, as a result of the religious and scientific revolutions, a new rationalist spirit was spreading rapidly. Land, labour and money slowly become market items; with this, and along with developments in science and technology and the progressive advance of the Industrial Revolution, the market economy blossomed fully.

In sum, starting at approximately the tenth century, self-sufficient medieval Europe started to evolve slowly into an economy based on exchange and profit. The process was temporarily interrupted at the beginning of the fourteenth century when a long period of depression, which also saw the Black Death of 1348–1349, set in. A new forward surge set off with the territorial expansion in the New World and the Orient. Based on this expansion, and especially on the unheard of quantities of bullion provided by the New World, the development of the market economy took off at full speed. Output grew, world trade became a reality, the money supply expanded to unprecedented levels, and the centre of activities moved from the Mediterranean cities to the North West (Antwerp and later Amsterdam, before moving definitely to London in the late eighteenth century), where the commercial success of this part of Europe and the rise of Protestantism seemed to reinforce one another.

This account still gives the impression of orderly progression and naturalness in this crucial process of constitution of the market economy. It assumes that markets have some inherent tendency to spread, without noticing that this very spread was the result of active state intervention and the introduction, as we will see in the next section, of various systems of control. But markets, as Polanyi and a number of anthropologists have shown, have had a limited and unexpansive character in other social formations. The market is not the only possible pattern of integration of the economy; outside the Western world, non-market forms have been and are still important. We shall return to this point shortly, but before this we should conclude our account of the constitution of the self-regulating market.

Regulation and markets had grown together throughout the mercantile period, so that the idea of a self-regulating market was unknown. Polanyi defines the market economy as that economic system which is controlled, regulated and directed by markets. We may add that, in this system, individuals (or firms) behave in such a way as to maximize their money gains (in modern terms, utility or profit maximization/optimization based on 'marginal' quantities), and the supply of goods will equal the demand for them at a given price (general equilibrium). Order in this system is insured by prices alone. All production is for sale in the market, and not only goods, but labour, land and money will also be organized in markets according to prices (wages, rent and interest respectively). The state, finally, should not interfere with the

workings of the market, but only create minimum conditions for the market to work.

The mercantilization of labour, land and money – on of the most basic prerequisites for the consolidation of the market economy – was not fully achieved until the nineteenth century. The mercantilists of the previous century were concerned with the development of the country, taking for granted the existing labour and land organization (e.g. the guilds, or the Physiocrats' 'natural' conception of the land). But the development of the new factory system and the new forms of industrial production required that all those elements that entered into the production process (including land and labour) were organized for sale. This commodification of labour, land and money also contributed to the institutional separation of society into an economic and a political sphere (as we will see, this separation is a product of the modern age). For Polanyi, the inclusion of labour and land into the market mechanism meant the subordination of the 'substance of society' (human activity, nature, the environment) to the laws of the market. Land and labour were turned into fictitious commodities by the market conception, and the commodity fiction became a central organizing principle of society.⁷

The commodification of land and labour and the spread of markets are intimately linked. The feudal (or petty) mode of production, centred upon the small producer and the local market, had to be dissolved in order for capitalism to flourish. This did not come about easily. A fundamental prerequisite for the commoditisation of labour was the exclusion of the majority from land ownership. For Marx, this historical process of divorcing the producer from the means of production was the central feature of 'primitive accumulation', a centuries-old period that resulted in the emergence of a capitalist class and the proletarianization of most of the population. 'Without this process' – Dobb (1946, p. 184) states building upon but re-working Marx's concept – 'it is clear that . . . [l]abor power would not have been 'itself converted into a commodity' on a sufficiently extensive scale, and the essential condition for the emergence of industrial surplus value as a 'natural' economic category would have been lacking'.⁸ For Dobb, the process of primitive accumulation had a double-faced character, namely, the enrichment of a few and the simultaneous dispossession of many, and took place in two stages (an original accumulation beginning in the fifteenth century, and the realization of this previous accumulation in order to invest in industry when this sort of investment became possible). Many were the factors that were associated with this process in England, which we cannot present here (e.g. the accumulation of land through forcible eviction, the purchase of land in times of distress, and the enclosures themselves; the supply of precious metals, and the rise in bourgeois incomes resulting from the ensuing price inflation; the growth of banking institutions and public debt; the benefits from foreign trade and slavery; state regulation and political privilege; the growing exclusiveness of

the guilds, etc.). Through all these changes, labour supply and markets expanded to the degree that was going to be required by the immense productive power occasioned by the industrial revolution.

It should also be pointed out that as labour power becomes commoditized, the market automatically expands because more people have to construe their needs more often as the need for a commodity, i.e. as individual needs. (It should be remembered that, for Marx, as human subjects objectify their subjectivity in the process of selling their labour, they treat their needs and capacities as if they were commodities). However, we should return to Polanyi's analysis of the significance of the development of the market system. With the institutionalization of the self-regulating market in the nineteenth century, the separation of the economy from other realms of social life, especially from politics and government, was completed. Through the convenient fiction of the market, labour and land (that is, human life and nature) were turned into commodities. The economy – to use Polanyi's apt term – became 'disembedded' from the broader social context, and this fact had enormous consequences:

A self-regulating market demands nothing less than the institutional separation of society into an economic and political sphere. Such a separation is, in effect, merely the restatement, from the point of view of society as a whole, of the existence of a self-regulating market . . . To include [land and labor] into the market mechanism means to subordinate the substance of society itself to the laws of the market . . . the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of the economy being embedded in social relations, social relations are embedded in the economic system. The vital importance of the economic factor to the existence of society precludes any other result. For once the economic system is organized into separate institutions, based on specific motives and conferring a special status, society must be shaped in such a manner as to allow the system to function according to its own laws.

(1957a, p. 57)

As we know, these laws consider that economic processes are the result of a series of independent acts, the product of individual choices oriented by price-making markets. Choices are informed by scarcity situations (insufficiency of means) and dictated by prices, which insures 'rational' action. Economic life is then reduced to the allocation of insufficient resources to meet desired ends, based on price levels. The production and distribution of goods are governed by the self-regulating system of price-making markets. Economic liberalism, although facing opposition from labour and land protecting measures, aimed at the establishment of this self-regulating market with *laissez faire* and free trade

as its methods. The development of class consciousness and working-class movements were to oppose this project. Economic analysis, on the contrary, with its notions of money, prices, supply and demand, capital, profits, interest, etc., sought to rationalize these accomplishments.

But the market is not the only possible way in which the economy can be instituted. In past societies, and in so-called 'primitive' societies, the economy was or is embedded in the rest of society, i.e. in non-economic institutions. It is not a coincidence that until the eighteenth century there was no term in European languages to refer to the economy (the French Physiocrats were the first to call themselves *economistes*). Many of the institutions of the market economy do not have counterparts in past or non-Western societies (which, unfortunately, does not make economists hesitate when they apply market economic analysis to those societies). The early economic anthropologists (e.g. Malinowski, Thurnwald, Mauss and others like Mead and Benedict) were adamant on insisting that in the societies they studied the process of satisfaction of material needs (the production of goods and services) was inextricably embedded in political, religious, social and cultural institutions; in other words, that the set of characteristics associated with 'Economic Man', and its corresponding institutions, might well be non-existent in those societies.

The key process in determining the character of a particular economy is the way in which it is instituted. Various authors have characterized this process from different perspectives (e.g. in terms of imperfect markets and production factors, or of modes of production and their articulation in specific social formations).⁸ Polanyi's account, although at once illuminating and problematic, is particularly useful for our understanding of the role of the market in the constitution of the modern economy. For Polanyi, very briefly, this process of instituting can be best visualized by studying the basic *forms of integration* of the economy and their supporting structures. Three basic forms of integration seem to have existed in history: reciprocity, redistribution, and exchange; their corresponding structures are, respectively, symmetry, centrality and the market (1957b).

The integrative character of these forms is given by certain institutional arrangements. In other words, only in a symmetrically arranged society (e.g. one organized around kinship groups) will reciprocated behaviour shape the economy; only where central mechanisms of allocation exist do individual acts result in redistributive economies; and, finally, only under a system of price-making markets will individual exchanges result in prices that organize the economy. Several of these forms may coexist (as in some parts of the Third World today), and one of them may become dominant depending primarily on the way in which land and labour are organized. Therefore, these forms do not constitute 'stages' of development, nor do they depend solely on the accumulation of 'surpluses' to evolve. The fact that the operation of the market leads to the formation of surpluses does not mean that what happens in

the market economy is a 'natural' feature of all economies. It is the superimposition of notions such as 'surplus' on the historical record which naturalizes those very notions (a point that Marx had already debunked by showing that capitalism is only one possible form of organization of the economy, and that the said 'surplus' was actually the result of social exploitation, namely, the production of surplus value).

To sum up, with the advent of the market economy – and thanks to other factors that will be studied in the following sections – the economy was disembedded from the rest of society. (Although we may legitimately wonder if today the economy, or the market, does not remain embedded in society, e.g. as an ideology of individualism institutionalized through the market. Historically, one could make this case. We will remain, with Polanyi, at the level of the concept itself.) The economic analysis that emerged at the end of the eighteenth century (classical political economy) makes sense, if at all, if the primary form of integration of the economy is a price-making market in which individuals behave 'rationally' (i.e. trying to maximize their utility in the face of scarcity, allocating resources to maximize profits, etc.). However, the market is only one major pattern of economic organization. In those societies in which the economy was or is embedded in broader social relations, other patterns of integration, such as reciprocity, self-sufficiency or redistribution may prevail (these forms, of course, should also be the subject of other types of analyses in terms of class, gender and ethnicity). These forms of integration require in turn different structural matrices (based on symmetry and centrality).

'The Rise of the Market' and, particularly, the consolidation of a market economy during the nineteenth century, contributed to the disembeddedness of the economy and to laying down a system of production and social relations which we already know all too well. Capitalist relations and market dominance had been evolving forcefully within the structures of European society; by the end of the eighteenth century, a capitalist society was firmly in place, not as a replacement of an old order, but rather as the end result of a long process. This process was only part of a more generalized movement that included several historical processes (a demographic expansion, connected with a general increase in wealth; the transition to intensive agriculture; advances in science and technology, etc.), ideological factors (chiefly associated with the Enlightenment and various utilitarian and empiricist philosophies developed during the seventeenth and eighteenth centuries), a set of mechanisms of discipline to make individuals and populations conform to the new system and, finally, the normative discourses of classical political economy. These other factors that went into the formation of the Western Economy will be analysed in some detail in the pages that follow.

The economy and the structures of signification

Labour and production: the analytic of finitude

The transition from the Classical Age to the modern period, in Foucault's analysis of epistemes (1970), was characterized by a radical rupture in the forms and possibilities of knowledge, of which the formation of a separate economic realm and of economic science was an important part. The 'Analysis of Wealth' of the Classical Age gave place to another way of ordering empiricity, namely, economics, not due to an increase in the objectivity of knowledge or the consideration of new concepts, but rather to the radical break in the conditions of possibility and modes of knowledge. Within the new configuration of knowledge, labour emerged as the irreducible and absolute unit of measurement, and wealth was to be broken down into the units of labour that have gone into producing it. In the Modern Age, it is the toil and time of production, namely, labour, which becomes the basis of knowledge and production. People exchange because they experience needs and desires but, above all, because they are subject to time and toil and, ultimately, to death itself. What gives value to objects is something that can no longer be reduced to representation: labour. It is on the basis of labour that exchange can be carried out and prices achieve equilibrium.

Ricardo carries the role of labour even further: not only is labour, in his work, a unit common to all merchandise, but it is the very source of all value since it embodies the producing activity. Labour then appears as a transcendental that makes possible the objective knowledge of the laws of production. In this way, production replaces exchange as the fundamental element of knowledge; and political economy will be a science based on labour and production. All value is determined not according to what makes its analysis possible (a sign: money), but according to the labour used in production. But labour itself, or, better, the quantity of labour that is used to make things, depends too on the forms of production (that is, on the division of labour, the forces of production, the accumulation of capital); moreover, the product of the labour of one process will go into another. Production thus becomes a system of successive processes based on labour, and economics becomes inextricably bound to the time of successive productions. This not only introduces accumulation according to temporal sequences, but also makes possible historical time and the articulation of economics upon history.

At another level, what makes economics possible is a perpetual situation of scarcity; the existence of a humanity that labours under the threat of death. In the Classical Age, land still produces abundantly and there is scarcity only to the extent that people represent to themselves things they do not have. For Ricardo, on the contrary, the apparent generosity of the land is due precisely to its limitation to produce; it is a reflection of the fundamental insufficiency of the means of subsistence, the need to find new resources, to always apply

more labour. The phantom of population, too, looms in the distance (Malthus is a contemporary of Ricardo). *Homo Oeconomicus* is thus the being who wears out and spends his life away while trying to avert death. In sum, humankind discovers its fundamental finitude. Economics will be part of this analytic of finitude; indeed, it is humankind's finitude that makes positive knowledge possible. The cumulative time of population and production is also the time of the history of scarcity.

This is why, for Ricardo, history can only bring progressive impoverishment. History (i.e. labour, production, capital accumulation, etc.) exists only insofar as humanity is finite and resources scarce, and humankind will never be able to escape this limitation. At the other end of Ricardo's pessimism (i.e. the erosion of history determined by scarcity) lies Marx's revolutionary promise, namely, the recovery of humankind's true essence by the reversal of history. For Marx, the accumulation of capital and the progressive dispossession of the working class will necessarily culminate with the re-apprehension and reconstitution of humanity's essence by the dispossessed. Both positions, Marx's and Ricardo's, are actually ways of examining the relation of anthropology and history 'as they are established by economics through the notions of scarcity and labor' (Foucault 1970, p. 261). Both visions, and their supporting structures: the bourgeois and revolutionary economics of the nineteenth century, are made possible by the same epistemological arrangement. What is essential to notice is that

at the beginning of the nineteenth century a new arrangement of knowledge was constituted, which accommodated simultaneously the historicity of economics (in relation to the forms of relation to scarcity and labor), and the fulfilment of an end to History – whether in the form of an indefinite deceleration or in that of a radical reversal. History, anthropology, and the suspension of development are all linked together in accordance with a figure that defines one of the major networks of nineteenth century thought.

(Foucault 1970, p. 262)

Within the analytic of finitude so defined, human limitations are not only seen as manifestations of finitude but, more importantly, they are taken as the very possibility and basis of knowledge. Polanyi, too, was quite aware of this aspect of the great transformation that took place at the end of the eighteenth century. A consequence of the push for the formation of a labour market in England in the period 1795–1830 was a dramatic increase in pauperism. A famous law (Speenhamland Law) was introduced in 1795 with the purpose of caring for the poor, of ensuring the 'right to live' to all people. This law actually prevented the constitution of a competitive labor market until its repeal in 1834 (The Poor Law Reform). For Polanyi, the focus of these events

was the pauper, and this very fact was to shape the constitution of modern social consciousness. It was in relation to poverty that people began to inquire about the meaning of life in society:

The Poor Law discussion formed in the minds of Bentham and Burke, Godwin and Malthus, Ricardo and Marx, Robert Owen and John Stuart Mill, Darwin and Spencer . . . It was in the decades following Speenhamland and the Poor Law Reform that the mind of man turned towards his own community with a new anguish of concern . . . A world was uncovered the very existence of which had not been suspected, that of the laws governing a complex society. Although the emergence of society in this new and distinctive sense happened in the economic field, its reference was universal.

The form in which the nascent reality came to our consciousness was political economy . . . Pauperism, political economy, and the discovery of society were closely interwoven. Pauperism fixed attention of the incomprehensible fact that poverty seemed to go with plenty. Yet this was only the first of the baffling paradoxes with which industrial society was to confront modern man. He had entered his new abode through the door of economics, and this adventitious circumstance invested the age with its materialist aura . . . it was in relation to the problem of poverty that people began to explore the meaning of life in a complex society.

(1957a, p. 84, p. 85)

Raymond Williams' reflections on the same issue are quite instructive:

The increasing poverty in the village became a system of pauperism . . . the entry of 'Pauper' in the burial register became more regular through the eighteenth century, and was eventually shortened to a crude 'p'. Unemployment was registered from the 1780s. The smallpox came recurrently, and the consequences of its heavy toll of lives led to peaks of poor relief in the 1770s . . . The friendly and comparatively informal relief of an earlier period gave way, under just this pressure, to the cold and harsh treatment of a separate class of the 'poor'.

(1973, pp. 103–104)

In other words, the articulation of economics upon history resulted in an analytic of finitude that was to last until our day. Scarcity and finitude, as understood since the birth of political economy, were elevated to ontological status and granted independence from history (e.g. from the distribution of wealth, the development of the productive forces, and so on). The notion of scarcity became the foundation of economics ('Political economy' – as Lionel

Robbins defined it – ‘is the science which studies human behavior as a relationship between ends and scarce means in an alternative use’.) On the myths of scarcity and rationality, the whole edifice of modern economic analysis was built (Caille 1986, p. 3).

The emergence of the economy

Let us now go back to the question of the formation the ‘economy’ as a separate domain of experience and knowledge. With Quesnay, the economic domain achieved a high degree of internal consistency, a step that was fundamental for the constitution of the economy as a separate domain; yet it still remained tied to politics and morality. For economics to be severed from politics and morality, it was also necessary to show that, beyond its internal consistency, the economic whole, by itself, was oriented to the good of humankind.⁹ This was achieved once the theory of the natural harmony of interest was developed by Adam Smith. A number of works prepared the groundwork for this achievement; they were part of a philosophical trend that was going to place the individual at the centre of life and knowledge. Locke and Mandeville exemplified these developments.

For Locke, politics was subordinated to morality and economics. A key notion in his political theory, which was going to gain crucial importance in economics, was that of property. Although this notion was understood in a broad manner (‘Life, Liberty, and Estate’), and was thus not strictly an economic category, its introduction raised to a central position a variable which was exclusive of the individual (i.e. the property that individuals have in their persons and belongings); and it did so in a system that was previously governed by holistic and hierarchical considerations (i.e. by the order of the social system as a whole). From then on, happiness will be equated with human order but only as it appears to the individual who is bound to think of his/her own interest.

How could economics become separated from morality? For this step to happen, the economy had to appear as embodying a moral characteristic of its own: it had to appear as possessing an automatic mechanism that led to the public good. The most clear statement of this moral prerequisites was contained in Smith’s notion of the ‘Invisible Hand’, a mechanism that ensured that people unwittingly worked for the common good while pursuing their individual interests. In this way, economics naturalized an alleged harmony of interests. This idea, that self-interest works for the common good, arrived to Smith from Mandeville, although, as Hirschman (1977) has pointed out, the idea was the end result of a long process, very much linked to the development of statecraft, which sought to oppose ‘the passions and the interests’ in such a way as to insure rational action (e.g. the rational acquisition of wealth would counteract a set of turbulent passions).

Mandeville marked the beginning of a transition from a traditional morality to an utilitarian ethics, within which society no longer imposed constraints on the individual. In the economic realm, each subject defines his/her actions by reference only to his/her own interests, and society is no more than a mechanism (an 'Invisible Hand') by which interests are harmonized. Individual happiness inevitably leads to the social good, which in turn implies economic prosperity and development. Society is thus reduced to individual agents, stripped of all social characteristics, and the economic aspect takes on paramount importance.

Dumont identifies this shift – to which Mandeville, Locke, Hume, and other thinkers contributed – as a crucial moment in the transition from pre-modern and traditional society to modern ideology. As a result of this shift, the primacy of the relations among people, which characterized traditional society, gave place to the primacy of the relations between people and things. This transformation is certainly related to the difference between an ontology based on use value and another, based on exchange value and to the phenomenon of commodity fetishism described by Marx. We shall come back to this point. From an epistemological point of view, although there is the empirical, factual recognition of something that lies beyond the individual (something social), normatively the individual is taken as a transcendental category, the complete embodiment of humanity at large. This separation of fact and norm, of the empirical and the transcendental, which will be completed with Kant, marks the beginning of the modern age. It is an essential feature of a Platonic-Cartesian-Kantian epistemology which, linked to the success of the natural sciences, was to see its most extreme – and perhaps pathetic – applications in the field of economics.

Smith's model of the economy was composed of two spheres, production and distribution, as it was already in the Physiocrats. But, unlike the Physiocrats, he developed a view of production based on a theory of value in which the root of value is labour. Dumont points out how this theory of value was informed by Locke, i.e. by an individualism which was unknown to the Physiocrats. The question was to explain the creation of wealth, which pointed to a living entity: land for Quesnay, the individual person for Smith. This shift also determined that for Smith, things have value not because of their potential use, but because they can be exchanged. For Quesnay, nature provides use values necessary for human subsistence; for Smith, on the contrary, wealth consists not in use value, but in the exchange value created by labour.¹⁰

The economic process is thus seen as rooted in some sort of substance (labour). This conception is not fully developed in Smith's work, in which labour and exchange are still inseparable. According to Dumont, Smith does not succeed in dissociating value from the activity in which it appears, namely,

transactions or exchange. In other words, he did not construe production as a self-sufficient entity. Moreover, he was still very much within the confines of natural:

Man [in Smith] is the creator of wealth: man, and no longer nature, as with Quesnay. This active man who creates value is the individual man in his living relation to nature, or the material world. Moreover, this natural relation between the individual and things gets somehow reflected in the egoistic exchange of things between men. And this exchange, in turn, albeit a substitute for labor, imposes its law on labor and allows the progress of labor. As with property in Locke, we see here the elevation of the individual subject, of man as 'self-loving' laboring-and-exchanging, who through his toil, his interest, and his gain works for the common good, for the wealth of nations.

(Dumont 1977, p. 97)

Only with Ricardo will the separation of exchange and production take place. Production becomes separated, reified and turned into a transcendental – a metaphysical object far removed from experience, as Dumont puts it. From then on, the notion will remain that the creation of wealth is the work of the individual agent and not of collectivities, a notion later on deconstructed by Marx, although not without falling into certain substantialism. The relational aspect is thus eliminated, or, conversely, emphasis is laid on the relations between things and on things themselves, which are seen as the product and property of individuals, not of society as a whole.

For Dumont, then, the rise of economics and the rise of the Individual are aspects of the same phenomenon: the transition to modernity, with the fundamental shifts it entailed, especially the subordination of the social whole to the individual, the fetishization of the commodity, and an anthropology based not on needs and use value, but on production and exchange value. Political economy was built upon these processes. The *economy* as a category and as a separate domain of thought and organization of life factors had fully emerged. Since then, a particular view of 'the economy' has been constructed by economic science, always keen to derive further abstractions, more refined tools and conceptualizations. However, the primacy that the economic view has achieved in modern society means that this view is deeply rooted in the constitution of the modern individual, i.e. that it is embedded in the most basic practices of individuals and societies. This, as we shall see, is of crucial importance. But before we talk about practices, we need to deal with one more aspect of the structures of signification: the semiology defined by production and labour.

Anthropologizing the West: modernity, the Western economy, and the Third World

We would like now to explore briefly some of the wide-ranging philosophical implications of the preceding inquiry. How are we to think of the modern period, that is, the period that saw the birth of *Homo Oeconomicus*, in relation to both the 'West' and the 'rest'? What was it that was fundamentally new in modernity, and what is its relevance for those two different, but interrelated, fragments of the world? Is 'modern man' (sic) and his mutant, economic man, a western affair? Has he been extending its values to the non-Western world? If so, how has this encounter taken place? Has it been welcome or resisted? How are we to interpret the fact that the Western economy, as a mode of thinking, a social practice and a set of structures and social relations has been spreading steadily – although with uneven results – throughout the rest of the world? Finally, what is the effect of this process on real people and real places, that is, on the ways in which life is perceived and lived daily in the 'Third World'?

Here, of course, we enter a terrain trodden in various ways by anthropology, philosophy and history. In short, we would like to contribute to the analysis of the Western economy as a Western representation, as a social fact, and follow one of the research strategies proposed by Paul Rabinow in this regard:

We need to anthropologize the West: show how exotic its constitution of reality has been; emphasize those domains most taken for granted as universal (this includes epistemology and economics); make them seem as historically peculiar as possible; show how their claims to truth are linked to social practices and have hence become effective forces in the social world.

(1986, p. 241)

We must point out at the outset that in what follows we will attempt only a tentative and broad exploration of this research strategy, building upon what has already been accomplished in the chapter and bringing in some new elements. First, we will try to understand the Western economy a little bit better from the point of view of representation, practices, and modernity. What is the philosophical significance of modernity, and what is its relation to economics and, in general, to contemporary science? What new kinds of economic practices came into being with modernity? Is Latin America 'modern'? How have Latin Americans been resisting the incursion of the Western Economy, both as a discourse and a form of social organization? For the philosophical investigation, we will rely, again, on a handful of thinkers (Heidegger, Foucault, Wittgenstein). Resistance in Latin America will be studied from the point of view of intellectual history and from a new trend in

anthropology that can be called 'ethnography of resistance'. This latter will help us understand better, on the one hand, the historical character of the Western economy and, on the other, the different agenda that this kind of investigation entails for the Third World itself.

Modernity: 'the age of the world picture'

In the short essay 'The Age of the World Picture' (AWP), Heidegger succinctly states the most basic features of the modern period:

What is decisive [in the modern age] is not that man frees himself to himself from previous obligations, but that the very essence of man itself changes, in that man becomes subject . . . Man becomes the being upon which all that is, is grounded as regards to the manner of its Being and its truth. Man becomes the relational center of that which is as such. But this is possible only when the comprehension of what is as a whole changes. In what does this change manifest itself? What, in keeping with it, is the essence of the modern age?

(1977, pp. 132, 128)

For Heidegger, the answer to this question, that is, the very essence of modernity, lies in humankind's ability to produce, as fundamental representation of itself, a 'world picture', that is, a structured image of itself and the world; in other words, for the first time in history, the world comes to be what it is 'to the extent that it is set up by man' (1977, p. 130). Neither the Ancient Greeks nor the Middle Ages had a world picture. In the modern age, things come into being through the representedness of their being by the human being; consequently, 'man' has precedence in the picture that he, himself, builds. But

What is decisive is that man himself expressly takes up this position as one constituted by himself, that he intentionally maintains it as that taken up by himself, and that he makes it secure as the solid footing for a possible development of humanity. Now for the first time there is such a thing as a 'position' of man.

(1977:132)

The consequences are manifold. The first one is the emergence of humanism as an anthropology, understood in the sense of an interpretation of humanity and the world from the standpoint of the human being and in relation to him/her. It also opens up the possibility of 'slipping into the aberration of subjectivism in the sense of individualism' (1977, p. 133), a possibility that is inevitably tempered by the opposite tendency, the struggle for community. Another consequence: as the human being ('man') becomes the centre of the world

picture, other possible centres of relationship to the world are displaced (this has consequences especially in terms of people's relation to nature). A fundamental aspect of this displacement is the development of modern science and technology. For Heidegger, science is one of the essential phenomena of the modern age, to the extent that it makes possible the construction of world views and the establishment of 'man' in the world.

A pre-condition for the development of modern since was the certainty of representation as the foundation of truth. Truth is defined as the certainty of representing first in Descartes' metaphysics, which implied liberation from Christian revelation as truth principle. This liberation 'had to be intrinsically a freeing in which man makes secure for himself the true as the known of his own knowing' (1977, p. 148). It is, then, a freeing to a certainty, and it is precisely man's thinking, as the fountain of representation, that secures certainty (the fundamental certainty being the equivalence of thought and being). But this self-certainty is possible only because the human being decides what it knowable, and what are the standards to be used to assess the certainty of knowing (other standards being forbidden). The human being's freedom to know the world entails her pre-eminence among all knowable objects.

Inevitably, Cartesian metaphysics introduced a new way of objectifying the world. Things exist to the extent that they can stand before us as objects ('Representing is making-stand-over-against, and objectifying that goes forward and masters', p. 150). This process relies on the ability to delimit the realm of possible objectification. The human being becomes the measure for all standards of measure. But, more importantly, he becomes a new kind of subject, as he had never been before, and this can be actualized either as subjective egoism or as insertion into a 'we', which contemporary technology nevertheless tends to reduce to some sort of organized uniformity. Free to be a subject, this freedom at the same time tends to vanish in the objectification that is commensurate with it.

It should be clear that the 'man' Heidegger is talking about is modern, Western 'Man' (even more precisely, North-Western European men and women). Pre-modern societies certainly do not fit this description. Societies defined as 'non-Western' in the contemporary world (including the largely westernized Latin America) have become 'modern' only in partial ways. Modernity and post-modernity are quintessential Western notions that define a Western experience. We will explore some of the consequences of this below. Heidegger believed that the power of contemporary science and technology would make its spread to the entire globe inevitable and that, increasingly, humankind's fate is being decided by Western European science. He believed this to be unavoidable within modernity, but he also believed that modernity has not been, and will not always be, the only way of living out the human experience. In the investigation of the past, in pondering the future, and in

dialogue with other cultures (e.g. the East Asian world) a different set of possibilities emerge.

We should say a few words about Heidegger's reflections on the technological character of the modern age, as they may contribute an important set of questions for our goal in this section, namely, to understand the relevance of modernity for the Third World. These reflections are contained in a number of essays.¹¹ In 'The Question Concerning Technology' (QCT), technology is presented as a way of bringing forth new realities, but this bringing forth is different from the creative power of arts and crafts and the manifestations of nature (*poiesis*). The creative element in technology stems from the fact that technology imposes on nature a type of order or approach the fundamental feature of which is a challenge to release nature's energy for human purposes (thus, for instance, land cannot be seen separate from agriculture, and the latter becomes inevitably associated with the food industry; similarly, the Rhine becomes a source of power supply or, as an element in landscape, an item in the itinerary of tourist groups). Moreover, this ordering that technology imposes upon nature is driven by criteria of maximum yield at minimum expense. Everything is called upon to stand by ready for our purposes. But if this can happen, it is because (with modernity), man himself is challenged to adopt this posture towards nature (i.e. to see nature as an object of research and utilization), to such an extent that the posture itself becomes transparent, 'natural'. Modern man inevitably orders the real as composed of things that stand in reserve for his use. Heidegger calls this characteristic of modern technology 'enframing'.

Enframing thus entails certain posture towards the world. This posture is first displayed in the development of modern science, which 'entraps nature as a calculable coherence of forces' (1977, p. 21). In this way, modern physics heralds enframing and prepares the way for modern technology. Enframing belongs to the essence of modern technology. Man is destined to adopt this posture to the extent that modern technology encourages him and gathers his forces in his direction; this 'destining' is not simply a constraint, but a vocation: a vocation to hear and listen to nature in a particular way, to reveal it in a certain way, to bring forth new realities; in short, a way of exercising freedom. However, at the same time, this destining is a source of utmost danger, first and foremost because it precludes man from approaching nature in a more primal way (for instance, in the sense of *poiesis*). Science may make correct determinations through its calculations, yet truth itself may recede in the process. Man may be able to order nature to stand ready for him, yet he himself comes to be ordered to stand ready for use, precisely when he enthral himself as the lord of the earth. He fails to see himself as the object of enframing, and comes to hold the illusory belief that everything that exists does so because of him. And because he has to regulate his task of bringing forth and secure its results, the bringing forth of itself (i.e., the

revealing brought forth by technology, its primordial creative aspect), is concealed from man's consciousness. The emergence of truth is thus blocked.

Heidegger makes the clarification that what is dangerous is not technology but the particular destining that produces the type of enframing that sends man into ordering:

The destining that sends into ordering is consequently the extreme danger. What is dangerous is not technology. There is no demonry in technology . . . The threat of man does not come in the first instance from the potentially lethal machines and apparatus of technology. The actual threat has already affected man in his essence . . . Thus, where enframing reigns, there is danger in the highest sense.

(1977, p. 28)

This 'danger in the highest sense' is, of course, the threat of being denied a different (more 'primal') way of access to being and truth, especially in the sense of *poiesis*, a way of revealing that 'lets what presences bring forth into appearance' (1977, p. 27). But this other possibility is not totally lost in technology. Technology (as a 'revealing that challenges') and *poiesis* (as a 'revealing that brings forth') – as ways of revealing, as destining – exist side by side, even if enframing blocks *poiesis*. With the correct preparation, we may find a different way of access to Being. How is this so? Even as enframing, Heidegger continues, technology partakes of the fundamental experience of bringing about the revealing of truth; it is precisely because of this feature that technology can bring forth new realities, even if, in the process, it is led astray by the need to challenge nature into an ordering in which all objects stand in reserve to be used. This feature is 'granted' to technology, so to speak (in the sense that technology uses man so that he may share in revealing), as it is granted to *poiesis* as well. So, because of this granting, technology possesses – along with the danger it poses – a 'saving power' that may free man into a different relationship to truth.

To release this saving power, however, we must understand how technology came into being, and watch over it. For this, we must go beyond the instrumental character of technology (which would only lead us to the will to master it), and consider its creative power as well. Then we will behold both 'the irresistibility of ordering' and 'the restraint of the saving power'. Indeed, it is in this contrast that we may find the deepest meaning of the question concerning technology. We must foster and increase technology's saving power, 'holding always before our eyes the extreme danger' (1977, p. 33), which, if not averted, may bring us someday to a point in which, technology having become so encompassing, its essence will come to fill completely the firmament of truth. It is not clear how the saving power is to

be fostered, but Heidegger seemed to find part of the answer in the kind of poetic revealing founding the arts, and on a reflection on art that is not oblivious to technology. But he also believed that there are still – scattered in the midst of our contemporary, objectified and subjectifying practices – a sort of pre-technological understanding that embodies a non-objectifying way of relating to nature and human beings. It is thus necessary to unearth this understanding, muted by our everyday busy concerns and dispersed by post-Enlightenment achievements, and encourage their growth.

As we will see in the conclusion, the technological revolution that is being produced by the new information and communication technologies is having a profound effect on the entire world. Heidegger's reflection on technology thus becomes relevant to assess this impact, particularly, in our case, in relation to the Third World. Heidegger's work has also motivated reflection by some of the best Western thinkers (e.g. Foucault, Gadamer, Habermas, Rorty), although it would be impossible to even begin to analyse these reflections here.¹² There is one aspect that is important to touch upon, however, since it will provide our link to economics. Like Heidegger, Foucault, in his account of disciplinary society, sees a pervasive trend towards the objectification of cultural practices; Heidegger's paradigm of our (Western) cultural situation, namely, the hydroelectric power station on the Rhine, becomes, in Foucault's case, the prison. But Foucault proposes a different way of examining the cultural situation. He, too, chooses to focus on social practices but highlighting the question of the regime(s) of truth that have gone into their constitution. In this way, the concern with representation and certainty that arose with Descartes is not merely the result of a mutation in philosophical discourse; it is a broader phenomenon that was being worked out at the same time in a series of social and political domains. Thus the concerns with order, truth and the modern subject (who produces both truth and order), become with Foucault inextricably bound with the study of truth and power. More specifically, the triumph of epistemology and the advent of modernity are seen by this author as intimately interrelated with the development of capitalism. The anthropology of modernity is that of economic man, the subject that seeks certainty is the disciplined individual, the order achieved is the order of a given rationality and capital. The slow awakening of Western Europe to modernity – one might add – is also that of European expansionism and colonialism.

We can now go back to Rabinow's research strategy and begin to appreciate, even after this crude glance over such a vast territory, the 'exotic' character of Western economy and epistemology. We should now pursue the second part of Rabinow's strategy and show in what specific ways are both institutions linked to practices which have become effective forces in the social world, especially the Third World. First, we will introduce some remarks on the nature of practices as they relate to economics, before proceeding, in the

last section of this chapter, to study the resistance to the spread of the Western economy in the Third World.

* * * * *

Ethnography of resistance and the Western economy

Capitalism, industrial civilization and the market economy – as well as the whole realm of cultural practices associated with them – are not immanent qualities of all societies, but rather historically contingent productions. Moreover, there has been in the Third World (and there are still today) important forms of resistance to the extension of the practices associated with the dominant Western economic rationality. As we shall see, development has become the most powerful mechanism for extending the practices of industrial civilization to the Third World; it is thus important to understand development from this perspective.

Colombian sociologist Orlando Fals Borda describes an incident that took place in the Tierras de Loba of the Atlantic Coast region of Colombia at the beginning of the twentieth century, propitiated by the first US corporations to enter the region. Among the many practices that these companies introduced was the use of barbwire, an apparently innocuous fact that nevertheless had great significance for the local population:

It is known that the foreigners were adamantly opposed to the communal use of lands, which was a substantial part of local cultural identity and the local economy . . . Moreover, the Americans introduced the use of barbwire (brought first to the country between 1875 and 1880), fostering its use as a rational and natural practice for agricultural production. This practice, however, was particularly upsetting to the peasants of Loba, whose rationality and survival logic was quite different; their irritation increased even more when they saw their communal lands and their customary paths crossed by the fences, supposedly in defense of the sacrosanct principle of private property.

(1984, p. 172b)

In another study of cultural resistance in Western Colombia, Australian anthropologist Michael Taussig provides an interpretation of certain practices through which:

peasants represent as vividly unnatural, even as evil, practices that most of us in commodity-based societies have come to accept as natural in the everyday workings of our economy, and therefore of the world in general. This representation occurs only when they are proletarianized and refers only to the way of life that is organized by capitalist relations of production. It neither occurs in nor refers to peasant ways of life.

(1980, p. 3)

These practices, associated with certain devil beliefs, emerge as a response of the peasant's precapitalist orientation to the experience of commodification that they increasingly have to face. In a similar vein, several authors have studied resistance in other areas, for instance, the persistence of 'petit-commodity' production in Guatemala as a viable alternative to capitalist production (Smith 1984); the ways in which Andean peoples have defended their communities in the face of commercial and capitalist intrusion; forms of 'non-capitalist' behaviour among *ejido* dwellers in Mexico, etc. For Florencia Mallon (1983), for instance, in her study of community resistance in the Peruvian highlands, 'community' becomes the terrain for both class struggle and class transformation; and even if the peasants have been losing the battle against proletarianization, they have nevertheless greatly set the terms, through their struggle, for the transition to capitalism.

This is to say that the extension of the Western Economy to Latin America (i.e., the integration into an international division of labour through export specialization, the formation of competitive land and labour markets, the establishment of viable systems of class domination, the diffusion of capitalist values, etc.) has not been an even, smooth process. This process began at an early date, took speed after independence, became accelerated in the first two decades of the twentieth century and took its most decisive turn with the inception of 'development'. The introduction of barbwire is a nice and revealing vignette of such a process. In spite of this resistance, however, the incorporation of Latin America into the capitalist world economy entailed the creation of 'modern' sectors which were financial, technological and, increasingly, cultural extensions of the central economies. The resulting extension of capitalist practices precluded the formation of autonomous systems of authority and resource allocation.

Yet, many obstacles remained in the way of the completion of this process. Even elite interests were at times at odds with it, for in many occasions their goal was to maintain the structure of domination rather than to extend capitalist rationality; this found a reflection also in their interests and tastes, and in intense debates that took place especially throughout the nineteenth century in fields like philosophy, history, economics, education, law and health concerning the adoption or rejection of the new ideas coming from Europe north of the Pyrenees (liberalism, utilitarianism, positivism). There were, of course, structural obstacles as well (limitations in terms of the size of the market, disarticulation of the productive apparatuses, etc.). But, more importantly, there was active cultural and economic resistance on the part of the popular classes. We will return to this point shortly.

For Fals Borda, the dialectics of the extension of capitalist forms and the resistance to it, seen in historical perspective, provides the basis for a participatory process of political organization and struggle. This process should start with people's knowledge (not necessarily 'scientific' knowledge), and

seek to build popular counter-power. Taussig emphasizes the fact that peasant resistance to capitalist rationality must be seen as an attempt to preserve not only communal structures but a whole different way of perceiving reality. For Taussig, the peasant resistance he analyses mediates the conflict between two ways of apprehending and evaluating the world: one based on use value (the peasant way, aimed at the satisfaction of wants and needs) and the other, based on exchange value (the encroaching capitalist rationality, aimed at the accumulation of profits and capital). While commodity fetishism pervades the latter, the former fetishizes the invading capitalist relations in devil beliefs. These beliefs, however, must be seen

as a response of people to what they see as an evil and destructive way of ordering economic life ... [as] collective representation of a way life losing its life ... [as] intricate manifestations that are permeated with historical meaning and that register in the symbols of that history, what it means to lose control over the means of production and to be controlled by them ... [T]he devil represents not only the deep-seated changes in the material conditions of life but also the changing criteria in all their dialectical turmoil of truth and being with which those changes are associate – more especially, the radically different concepts of creation, life and growth through which the new material and social relations are defined.

(Taussig 1980, p. 17)

It is the dialectics of extension and resistance that shapes communities and the pattern of their transformation. Contemporary anthropology is increasingly concerned with these issues. Indeed, the works by Taussig and Fals Borda just discussed are part of a new anthropological trend in which investigation of historical process, social practice and symbolic mediation are interwoven in the examination of specific responses to the spread of capitalism. Sensitive to the current problematic of representation in Western social science, works belonging to this new trend¹³ strive to provide, at the same time, a new understanding of the historical forces that have shaped the incorporation of peripheral communities to the capitalist world economy. As Marcus and Fischer (1986) have pointed out, this trend arose in part out of the need to bring together the analysis of global forces and that of local systems. More specifically, anthropologists have developed an awareness of other fields (e.g. political economy, development studies, gender), realizing that they cannot afford to ignore larger processes, global economic forces, and development policies that are transforming Third World societies. Political economists, on the other hand, are learning to recognize the essential role played by anthropologists in ethnography and the study of local systems, without which they cannot obtain a full picture of change.

The notion of resistance, although still quite undefined, is crucial here. Cultures are seen as produced by movements of appropriation, resistance, and accommodation and these, in turn, are seen as enacted in practices. This view is still tainted by certain Eurocentrism, to the extent that Third World cultures are still defined in relation to the European. The colonizing forms do not triumph completely; there are structures, relations and behaviours that constantly escape them and which act as means of resistance and creativity. To the colonizing and resistance movements, a third figure, that of cultural creativity, should be added. Colonization, resistance and creativity – three still provisional figures – produce subjectivities. In addition, it is increasingly around the production of subjectivity – that is, around the question of how life is seen, defined and lived – that the most important struggles are now gravitating.

But here we enter a different terrain, that of intellectual history. While political economy and anthropology are finding a new convergence, very little is being done to articulate the global account of political economy and that provided by intellectual history. Within this field, important attempts have already been done to understand the introduction in Latin America of European ideas (such as liberalism, rationalism, positivism, etc.), and their role in both the formation of Latin American identity and a social and economic order. It is of vital importance to study the introduction of European discourses in a 'peripheral' social formation, such as Latin America. Only then will we have an adequate understanding of Latin America reality, through interdisciplinary analyses of the formation of discourses and forms of knowledge, cultural and social practices, and economic forces; that is, by understanding the relations between the view of the global context provided by political economy and intellectual history, on the one hand, and the account of local history provided by anthropology, on the other. Only then will we see Latin America not only as 'periphery', but also as 'centre', and – as García Márquez would put it – render Latin American history believable, in all of its difference and complexity.¹⁴ Unfortunately, we cannot even begin to summarize here the already vast terrain covered by Latin American intellectual historians in this regard.¹⁵

To get back to resistance. As we saw, it was only through a long process that today's dominant practices became the common property of communities in Western societies. It is precisely these very same practices and rationality that, in a scale larger than ever before, are introduced now through development. Development has become the grand strategy through which the transformation of a not-yet-too-rational Latin America/Third World subjectivity is to be achieved. Once again, this attempt involves higher levels of colonization, forms of resistance which at times are creative, at times desperate, a creativity which seems to have developed a very unique character

(e.g. contemporary Latin American literature, very likely the most vibrant in the world today).

In this way, long-standing cultural practices and meanings – as well as the social relations in which they are embedded – are altered. The consequences of this are enormous, to the extent that the very basis for community aspirations and the character of possible desires (e.g. desires for change) are also altered. The effects of the introduction of ‘development’ has to be seen not only in terms of social and economic domination, but also, at the same time, in relation to its impact on cultural meaning and practices.

Two observations should be made in this regard. The first is that the models for social science and policy introduced in the Third World after 1950 are not equipped to understand the very effects of their introduction at the level of cultural meanings and practices. This situation is even more paradoxical if one considers that these sciences are equally incapable of accounting for the role of intersubjective meanings and background practices in those societies in which they originated. Based on an epistemology which gives primacy to the individual, empirical social science cannot account for those common meanings, the outcome of collective processes of relations and interactions, which in so many ways are the basis of human action. Empirical social sciences must decontextualize these meanings in their attempt at being predictive and complete. So they are of little use today for understanding the effects of something like ‘development’ on cultural meanings and practices.

The second observation is that to the extent that the categories that grant meaning to intellectual and social life in the Third World are partially different from those of more industrialized nations, tools must be developed to account not only for such a difference but also for the dialectical encounter between different cultural forms. Development and its entourage of empirical sciences and techniques as the ideal tools for comprehending reality and guiding social action, tend to obliterate that difference on two counts. On the one hand, they construct the difference at best as an obstacle to be overcome in the process of development, at worst as a manifestation of archaic behaviour, irrationality, or plain inferiority; on the other, they enable practices (those propagated by development programmes, as we shall see) which promote the normalization of behaviour.

It is perhaps at this level that the effects of the extension of the dominant economic practices can be more fruitfully investigated, without losing sight of their role in contributing to certain forms of domination. In other words, it is at the level of the clash of collective representations that the dynamic effects of development should be investigated. At least, this is one of the lessons one may derive from the studies of resistance and subjectivity. Although the question of Latin American ‘modernity’ cannot be answered satisfactorily without an in depth investigation of the continent’s intellectual history, we can conclude that far from ‘modern’, in the sense given to the term by Western philosophers,

Latin America has been resisting its complete inclusion into the modern world. (Moreover, a prominent intellectual historian, Richard Morse, has developed the argument that the Ibero-American world, although an active participant in the first stages of the scientific revolution at the dawn of modernity, chose a different path, more consistent with its 'pre-modern' (yet, in Morse's account, fully modern) view of the world. He then sees Ibero-America, not as the fortress of obscurantism and opposition to progress, but as a reservoir in which lies a life alternative different from that of the Anglo-American world).¹⁶ And that, in Latin America and other parts of the Third World, there has always existed – and still does – a different relation to knowledge and truth, a different attitude towards the world that has to be understood and built upon. Perhaps then we will be able to ask anew 'the question concerning technology', and realize that the ontology of Enframing is at odds with many of the centuries-old non-Western tradition, that *poiesis* has a rich content which has to be respected. We will return to these questions in the conclusion of the dissertation.

To conclude: we have tried to demarcate the discourse that came into being with classical political economy, the systems of power, production and signification that provided the components of such a discourse and, at the same time, reproduced the discourse's basic organization. The dispersion of such a discourse in a field of practices has been remarkably successful, to the point that it has become an integral part of modern identity; yet, as we have shown, what to us appear today as obvious and natural has a history that, no matter how solid it may seem, has nevertheless a certain precariousness. As we shall see, it is this very discourse which now starts to get in the way of accumulation in industrialized societies; paradoxically, while individualism enters a crisis in the advanced West, it is now more than ever promoted in the Third World, although, as we saw, not without resistance. After all, isn't there something of the rationality of that *Homo Oeconomicus* which does not feel quite right? That drive towards production and efficiency, that uncritical acceptance of discipline, is not there something in our bodies and our consciousness that wages against them an irrefutable rejection?

Contemporary economics defines itself in relation to the 'all-pervasive problem of scarcity'. Economics is thus the problematization of scarcity. Yet,

economic scarcity is but one manifestation of human finitude . . . The notion of economic scarcity is thus an anthropomorphizing of nature, an attempt to disburden our finitude on to the world. Correspondingly, to say, as economists tend to say, that human desires are unlimited and insatiable, is to confess secretly one's inability to confront, let alone accept, one's finitude, one's own death. Indeed . . . accompanying the growth of modern economy has been Western man's increasing tendency to deny his mortality, for Death poisons our material pleasures and mocks

all our ambitions for power and wealth as vain and futile . . . Now it is interesting to note that while modern Western economy bemoans the scarcity of objects for consumption, the 'niggardliness of nature', tribal people partake much more regularly in rituals of thanksgiving and celebrate the bountifulness of nature, even though by all objective measures the latter should be more acutely aware of the earth's presumed scarcity . . . life-communal peoples are more aware of another sort of scarcity: the relative scarcity, the finitude of human life.

(Stickers 1985, p. 168)

Majid Rahnema has captured well the role of the myth of scarcity for the myth of development:

The basic assumption of scarcity leaves little room for grasping the reality of the world in which pre-economic cultures have lived to this date: a world where resources have never been imagined independent of the people's capacity to meet their needs, a world where the imposition of unlimited 'material' goals is considered as an offense as well as a provocation . . . It is only now that development is driving these societies into the endless rat race between artificially induced needs and resources produced by the modernist outlook. For the development ideology, the wisdom of a culturally-imposed limitation of economic ends has been constantly disqualified: it was seen as apathy, conformism, and, especially, as a serious obstacle towards development, characteristic of a 'pre-modern' mentality.

(1986, p. 61)

To be sure, it is not a matter of searching for a pristine origin, a lost innocence of a past, golden age; nor to preach the defence of tradition, as if tradition were clear of ideology, free of forms of power that also bound discourse. It is rather a matter of understanding the historical and epistemological conditions that have determined our conceptualization, that have made us what we are today, and of advocating for a political practice that, at the epistemological and practical levels, confronts the present regimes of discourse and power. In other words, a search for a new epistemology and a new politics of truth. In this, obviously, we are not alone.

It is a puzzling paradox, however, that at the moment when Western constructs (philosophy, science, culture) break down or negate themselves (post-modernism, theoretical nihilism, holism, positivism, and empiricism self-destructing as standard epistemologies), the old Enlightenment rationality is exported to the Third World under the banner of 'development'. Uneven development of ideology?¹⁷ As if the Third World were perpetually condemned to mirror the West as it was, not as it is. Or is it that the said Western constructs have not really dissolved as it has been announced with

pomp? One thing is certain: in spite of the much-heralded ‘crisis of economic theory’, the metanarrative of economics is still pretty much still alive. As the practical discourse of the capitalist world-system, it continues to define a good part of the life space of most of the world. What if the economists’ theories do not work with precision, if they cannot really fulfil the needs and aspirations of the vast majority of the human beings! They speak to the operators of the system in ways that make possible for them to go on with their deadly games, to calculate their incomes and the levels of amortization of the maze of debts; moreover, they provide at the same time a powerful rhetoric to justify their failure and to smoothen with the veil of theory the inhumane effects of their policies. And what is most scary is that the model has become hegemonic. *Homo Oeconomicus*’ basic grammar engulfs capitalism and socialism alike (or is socialism not really needed ‘to develop the productive forces’?).

We have thus come full circle: from an analytic of finitude, which marked the transition from the Classical Age to the modern period and which provided the conditions of possibility for the human sciences, to an economic science which has turned the analytic of finitude into a problematization of scarcity. There occurred, it seems, a radical shift in the structure of the discursive field of economics, as it was demarcated by nineteenth-century philosophy. This shift, which entailed the petrification of economics, has had consequences well beyond the economic field. It permeated all kinds of figures and domains, indelibly tainting the ways in which we know and see the world. Among all those figures which inherited the blinkers of economics, full of hopes and aspirations, scouting the landscape with fruition and eager to apply the best of his knowledge to a complex but exciting task, after having just left behind the cataclysm of the War and perhaps with the smile of somebody who is new to the world, there arrived in the Third World, dressed in full regalia, the Development Economist. Let us now try to understand this very peculiar character.

(Here follows Chapter 3 of *Encountering Development*, ‘Economics and the space of development: tales of growth and capital’, on development economics.)

Acknowledgements

The chapter on which this article is based was largely written in 1983. It is important to place this text in the moment in which it was produced; these were the years, in the San Francisco Bay Area, in which studies of Foucauldian approaches (including on the now well-known notion of governmentality) were being developed in a multiplicity of contexts, including applications to the Third World, such as studies of development. The little known History of

the Present newsletter, produced by graduate students at Berkeley between 1983 and 1986, was devoted to these debates. In anthropology, 'writing culture' and the critique of representation were being worked out; the 'ethnographies of resistance' was another trend that carried the day. These trends are reflected in this text. Some parts have been left out from this version, including long sections on epistemes, discipline and governmentality (all of which are well known by now), and a section on 'the economy as social practice', drawing largely on Taylor and Wittgenstein (which is perhaps rather obscure); asterisks indicate the places where sections have been left out. I would like to thank Larry Grossberg for his interest in the piece and for his willingness to print it in the journal.

Notes

- 1 See also the special issue of *Development* on 'The limits to economics' (1986, no. 3).
- 2 Polanyi characterizes the economy as an 'instituted process'. We will adopt this definition, as well as Polanyi's concept of the market, in spite of the difficulties created by the fact that these definitions do not conform to either neo-classical or Marxist ones. See Polanyi (1957b).
- 3 Foucault defines the 'positive unconscious of knowledge' as 'a level that eludes the consciousness of the scientists and yet is part of scientific discourse . . . [the] rules of formation that [are] never formulated in their own right, but are to be found only in widely different theories, concepts and objects of study'. It defines in important ways the epistemological space specific to a given period (1970, p. xi).
- 4 See also Braudel (1982a, 1982b).
- 5 Most of this section is based on the works of Polanyi, Braudel, Hicks, Landes and Dobb listed below. This inquiry, then, differs from a strictly historical inquiry, or from those – such as those inspired by world-systems theory – which combine historical and sociological analysis. It attempts to blend historical, philosophical and sociological perspectives in an interdisciplinary fashion.
- 6 See Hicks (1969). On the general aspects of the development of markets, see also Braudel (1982b) and Landes (1966), especially Landes' 'Introduction'. A powerful critique of the notion of surplus is found in Polanyi (1957c).
- 7 See Polanyi (1957a), esp. ch. 6, and also ref. 2. Polanyi's account of the commodity fiction is invoked by Taussig (1980) in his recent study of resistance to capitalism in South America.
- 8 A great deal of attention has been paid to the notion of articulation of modes of production. According to this notion, a social formation which contains a variety of forms and relations of production cannot be explained by referring to a single mode of production, but rather be seen as the sum of two or

- more articulated modes, with one of them usually being dominant. Polanyi's view, although not cast in these terms, is not without some resemblance to these newer notions, commonly associated with the names of Balibar, Althusser, Meilassoux, Amin and others.
- 9 This two-step process of separation of the economy from religion and politics is discussed at length by Dumont (1977, p. 25). His argument has been summarized succinctly here.
 - 10 For an excellent analysis of theories of value in economics, see Dobb (1973).
 - 11 See Heidegger's (1977) essays, 'The Question Concerning Technology', 'The Turning', and 'Science and Reflection'.
 - 12 Some of the implications of Heidegger's analysis, especially in relation to the status of the human sciences, are explored in Dreyfus (1980).
 - 13 Some of the recent works that relate local and global concerns (as examined by anthropology and political economy) include, besides the works by Taussig and Smith already cited, Comaroff (1985), Nash (1979) and Ong (1987). To this list may be added Sahlin (1981), Fabian (1983) and Todorov (1982), which, although not 'ethnographies of resistance', deal with issues relevant to the current debate in anthropology and political economy.
 - 14 'Poets and beggars, musicians and prophets, warriors and scoundrels, all creatures of that unbridled reality, we have had to ask but little of imagination, for our crucial problem has been a lack of conventional means to render our lives believable. This, my friends, is the crux of our solitude' (García Márquez 1983, p. 8).
 - 15 In Latin America, intellectual history and philosophy of history have not been as marginal to history and philosophy as they have tended to be in the Anglo-Saxon world. A significant tradition of intellectual history exists (e.g. L. Zea, E. O'Gorman, J.L. Romero, E. Mayas, J. Jaramillo, etc.), which is currently being invigorated by a younger generation of historians and philosophers.
 - 16 See Morse (1982). It should be pointed out that this work, originally written in English, is still awaiting publication in the English language.
 - 17 This point ('uneven development of ideology') courtesy of Jim O'Connor.

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