

Preface

During 2008–2009 the world’s economy was mired in a terrible recession. As nations struggled with rising unemployment, failing businesses, massive deficits, and plummeting stock prices, their angry residents wondered what had caused these problems and how they might be resolved. Economists were often in the news during this time. Some commentators blamed economists for promoting policies that led up to the crisis; others looked to them for predictions about what might happen next. Prominent economists wrote books and columns analyzing the recession and proposing paths to recovery.

When most economists offer explanations of events such as the global recession of 2008–2009, they are guided by their discipline’s ideas about how individuals and groups allocate scarce resources. Many are influenced by rational choice theory, which assumes that such decisions are made by well-informed, intelligent people who consciously or subconsciously weigh the risks, costs, and benefits of alternative actions. Yet we all know that decision makers are often muddled about what they want, confused about the possible costs and benefits of different choices, and uncertain about what the future might bring.

Economic anthropology is a small subfield of a discipline that is much less influential than mainstream economics. Nonetheless, the heterodox views of economic anthropologists present an important, iconoclastic challenge to conventional ways of looking at choice. These scholars think that theories based on rational choice rely too much on elaborate mathematical models that make dubious assumptions about a limited set of variables and pay too little attention to the context and complexities of real-world decisions. Most economic anthropologists analyzing decision making emphasize how historical changes, cultural norms, and socioeco-

conomic institutions constrain the choices possible for different groups of people at particular times and places.

The heart of this book consists of a comparison of the ways that different social sciences—particularly economics and anthropology—have looked at five important issues in the analysis of economic decision making: choices between paid and unpaid work; ways people deal with risk and uncertainty; how individuals decide whether to cooperate with one another; the extent to which households can be regarded as decision making units; and the celebrated “tragedy of the commons.” These issues involve basic questions in the social sciences such as the distinction between “use value” and “exchange value,” the extent to which human beings are altruistic, the ways in which societies attempt to limit the untrammelled pursuit of self-interest, the nature of “rationality,” and the degree to which “economics” and “culture” can be analytically separated.

In recent years, economists have become increasingly confident that their methods can aid both in the understanding of such general questions and in the solving of down-to-earth practical problems. Although I do not share the economists’ confidence in the usefulness of their theories, I make no claims to have provided definitive answers to any of the questions that I raise in this book. My goal is to provide accessible explanations, as jargon-free as possible, of the ways that different groups of scholars have thought about some fundamental, intriguing questions about decision making. I have included numerous ethnographic examples of decision making from my own research. I do so because I think that the pluses and minuses of abstract theories can most easily be understood and assessed by looking carefully at their applicability (or lack of applicability) to real-world examples.

I have been an economic anthropologist for almost four decades. It would be natural to assume that my research methods incorporate techniques drawn from economics. This was certainly the case at the outset of my career when I carried out doctoral fieldwork in Belize. With a background in mathematics and a commitment to anthropology as a science, I attempted to apply models from economics to the agricultural decisions I studied. Although these models were useful, I found that they did not help my understanding of important aspects of what I observed. During subsequent research in Peru, Mexico, and United States, I became increasingly convinced of the value of ethnographic approaches to choice. I now think that anthropologists and economists see the world in very different ways. This book begins by exploring why this is so.