
The Relationship Between Economics And Anthropology

The relationship between economics and anthropology is probably one of the most complex relationships. With regards to economic anthropology, one of the earliest and most common debates is the formalist vs substantivist debate. This debate also forms two of the main aspects in economic anthropology known as provisioning and a strategy of economizing (Nath, 2011). Obviously with regards to all of these complexities there are some key issues that I am going to discuss in the rest of this piece. In order to have a better understanding of this debate, we have to get a better understanding of what both the formalist and the substantivists do. The formalist compares people rather than societies, where the substantivists compare societies rather than individuals (Wilk, 1996). Karl Polanyi was one of the main people of the substantivist debate. He believed that there was three major forms of exchange: reciprocity, redistribution and market exchange (Wilk, 1996). He basically believed that goods was more worth than society and human value.

The formalist side of the debate was probably the most used, because they used the formal logic of economics when regards to exchange. So they believed in production, distribution and consumption, which was all part of an industrial market (Nath, 2011). On the other hand substantivists were looking at how they can transform and modernize the economic system. They feel that everything should be gained through kinship, basically saying that everything should be commoditized and commercialized in terms of single standards. This is an issues because it is a selfish approach to an extent. The substantivists tried to implement a strategy of economizing (Nath, 2011).

With a reference back to the selfishness of the substantivist side, they rejected the economic universality of neoclassical axioms (Elrado, 2006), where the formalist would make a plan to modify the axioms to include whomever and whatever economic choices, therefore being more considerate. The substantivist side closed with rational economic logic. Both of these sides had fair points, the substantivists where relativist and they believed that economics were bound to change over time and they were very societal orientated. There formalist rather focused on the form, therefore focusing on the individual.

It is clear that the substantivists had a poor understanding of microeconomics, because they did not understand the fact that maximizing was possible without money or a market. They were not realists, indicating that their plans for maximizing the market might have been too big at that moment (Wilk, 1996).

At the end of the day it is clear that the formalist side of the debate was the better side and more logical side. But one of the main issues in the formalist substantivist debate was the fact that both sides had a poor understanding of micro and- macroeconomics and that both of the sides really had a vague idea of what the other side was trying to prove. At the time when this debate took place, the main people involved in this debate was anthropologists teaching in university. This indicates that this field of economic anthropology had room for a lot more research to be done, in order to have a better understanding of this debate.