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It is a decade now since Frank Cancian poured oil upon waters roiled by substantivist and formalist economic anthropologists throwing punches past each other (1966). Perhaps to celebrate the anniversary of Cancian's peace effort, John Dowling resurrects the issues in this volume. His distinctions between universal, societal, and sub-societal economic assumptions, and between economic demand and individual desires are refreshingly clear and quite significant. He shows that exotic people such as foragers can be seen as having the same general human values with respect to increased income as industrialized peoples; if they behave differently, if their economic demand is severely restricted, it is because of the concrete socio-economic conditions of their environment. Similarly, his reminder that altruistic behavior and self interest go hand in hand in tightly-knit communities is valuable. But he then treats some issues that muddy the waters again. I must note that the good parts of Dowling are original, while the errors are derived from Eric Wolf and Marshall Sahlins, among others. In a helpful spirit I offer the following comments.

There is no doubt that it is silly merely to label the agricultural product of a tribal horticulturalist as "rent", "wages", or "interest". It is silly because to label is not to explain -- I will say more about this below. Dowling errs when he finds the cause of the silliness in the lack of a commercial factors market, and therefore concludes that "any attempt to divide the output of the effort among the factors of production is meaningless" (p.). This is mistaken -- every productive process necessarily has a physical production function associated with it. Given adequate data the analyst can estimate this function. Would it be silly to say that an additional unit of land, holding labor constant, yields x units of product while an additional unit of labor, holding land constant, yields y units of product? Surely economic anthropology would benefit from studies such as this. For even in societies where land and labor are not measured by the same monetary unit knowledge of their relative productivity is meaningful.

Herskovits' query about whether to label the subsistence cultivator's grain as wages or interest was silly because he thought that labelling the phenomena explained it. This is a common failing in science and has no necessary connection with economics or economic anthropology. The problem is general and lies in the relation of scientific terms to the theories they deal with, on one hand, and to the observed reality on the other. One of the most interesting examples of descriptive labels not meshing with the analytic matrix they relate to was the Goodenough -- Fischer debate over Trukese residence (Fischer,   ; Goodenough, 1956), which certainly had nothing to do with economic theory.

Dowling's distinction of profit from gain is an enormous step in the right direction in the formalist-substantivist literature. But he does not go into the question deeply enough. Profit is well defined, in general, as the residual share of the product after payments to factors have been made. But the leap from this very abstract definition to the conclusion that peasants are not ever profit-motivated is a serious mistake.

In the first place there is more to that definition of profit than meets the eye. Consider the following sub-definitions of profit as residual income:

1. Profit is implicit factor returns. When all cash payments have been made to the obvious factors of production (i.e., rent, interest and ages) what is left can be interpreted in large part as implicit payments to factors contributed by the entrepreneur himself -- his own skills, capital possessions that he contributed part-time, etc.

2. Profit is the return to innovation and enterprise. In the real world economic change is constant, and profits can be seen as the yield of the entrepreneur's ability to innovate and organize production.

3. Profit is the implicit return to the bearing of risk by the entrepreneur. Ordinary folk exchange some potential long-run income for security, while the entrepreneur undergoes risk. His profits are the payment for that risk-bearing ability. (Frank Knight, 1921; cf. Samuelson, 1964; Ch. 29).

It seems to me that these concepts are perfectly general. There is no necessary connection to a fully commercialized economy inherent in them. Certainly subsistence farmers, or peasants, have implicit factors of production; they innovate and organize their enterprises; and they bear risk. The application of these concepts to non-monetized societies may be problematical; but not so when the subject is a peasant society with commercial markets. Why should not the residual share of peasants' income be conceptualized in the same way?

I believe the answer lies in a deep-seated belief on the part of Wolf (1957), Sahlins (1972), and many others as well as Dowling that peasants are <u>basically different</u> than capitalist farmers. Wolf claims that peasants "aim a subsistence and not reinvestment"; while Sahlins resurrects Marx's distinction between production for use (C - M - C) and production for exchange (M - C - M). These concepts have been very influential in economic anthropology, which is regretable because they are gross non-sequitors. They describe a model of peasant behavior, supposedly unique to peasants, which fits just as well the behavior of many small, relatively poor businessmen in industrialized societies. I can testify to this first-hand because the economic behavior of my own father fits the model exactly. He opened an upholstery shop in New York City -- certainly a hot-bed of commercialism-- and produced upholstered furniture for retail sale. He used his own labor, skills, entrepreneurial ability, and capital for a number of years. But he never enlarged his scale of operation, amortised his business, or did any other fancy thing that Wolf and Sahlins said he should have done. He barely made a living and supported his family -- barely subsisted and maintained his social status. In the end he closed the business bankrupt -- so much for <u>his</u> "production for exchange". His behavior, as is the behavior of millions of other petty businessmen, was essentially similar to the behavior ascribed to peasants in the works mentioned above.

It is important to note that my father's decision plan -- his economic values -- included provisions for growth. If his environment had rewarded him with a faster rate of sales he would have expanded and reinvested his capital -- exactly as millions of peasant farmers have done for centuries. He would have been happy to receive lots and lots of undistributed income, as so many peasant farmers would be also. We often forget that peasant communities are evolving systems, and that the fortunes of individual families rise and fall over the generations. Some few family lines may till the same plots of land over generations, but many others expand or contract their holdings. We similarly forget that the productive sector in capitalistic societies is not composed solely of millionaires and gigantic corporations employing teams of economists. In economic anthropology it seems as if the income of poor people is dignified and approved of with the labels "income" or "subsistence", while the income of rich people is denigrated with the nasty term "profit". But if profit is undistributed income then the pennies that poor people earn can be as much profit as Rockefeller's millions, if they are in excess of factor payments. Samuelson wisely points out that "Much of the hostility toward profit is really hostility toward the extremes of inequality in the distribution of money income that comes from unequal factor ownership." (1964: 608). This inequality is indeed nasty and should not be confused with the decision plans of individual producers.

The essential question is whether peasants have <u>different</u> decision plans than capitalist producers of similar economic status, or <u>similar</u> plans which interact with different environments to produce exotic behavior. The specifically peasant-like behavior Dowling analyzes is the phenomena of target incomes and backward bending supply curves. Peasants are said to sell less if prices rise, and more if prices decline, because all they seek is a "target" sum of money to pay a tax or buy some fixed quantity of goods. This behavior is attributed to their subsistence motivation. They are described as not embedded in the commercial economy, but entering it periodically, perhaps like mermaids flashing in and out of the water.

Now, backward bending supply curves have a long history in the literature of economic development. They first described the reluctance of the natives to work for the lush wages that European employers held out to them for laboring on export-oriented plantations, or the reluctance of natives to produce for market sale the export crops which European trading companies desired, or the exotic consumption products demanded by European settlers. In the early stages of colonialism such concepts validated the colonialists' mandate to rule and to exploit, by demonstrating that the natives were so devoid of common sense that they were incapable of defending themselves in the modern world economy. By the time of the 1960's many economists argued, and demonstrated with data, that the phenomenon was misinterpreted (Berg, 1961; Dean, 1945; Jones, 1960; Miracle, 1962; Miracle and Fetter, 1970; Neumark, 1958; Welsch, 1965;).

Marvin Miracle has published a summary article on the subject with respect to Africa (1976). He shows that the lack of a response to wage levels by African laborers in the early days of European colonization was attributable to severe "disincentives" connected to working for Europeans on their plantations or mines. These "disincentives" included a high rate of death and disease, malnourishment, undernourishment, substandard housing, brutal treatment of workers, and a large difference between the real wage and the apparent wage due to sharp practices by European employers. After presenting data showing that an extensive and lively market trade existed in Africa before the European presence (cf. also Jones 1960), Miracle concludes, "thus for these areas at least , if not for Africa generally, the backward sloping labor supply curve appears entirely consistent with maximizing (more precisely cost-minimizing) behavior" (p. 406).

Recently Carol Smith has edited two volumes which illustrate a new point of view in economic anthropology (1976a and b). Here the subsistence farmer's market performance is explained by his relation to a complex, hierarchical system of market places (see also Smith, 1975). G. W. Skinner has also shown that traditional Chinese peasant communities have opened and closed in response to changes in their social, economic, and political environments. (1971).

In other words, it is possible to explain the seeming irrational or uniquely <u>peasant</u> aspects of peasant behavior as rational responses to specific, concrete, albelt extreme environmental parameters. This is where Dowling began, in explaining the foragers' low demand for material possessions, and it is a fine beginning. I submit, by Occam's razor, that is is better to have one primary model of human rational choice, which produces different behaviors under different situational (secondary and tertiary) constraints, than as many primary models as there are cultural types.

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