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# Conversations between Anthropologists and Economists

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**Conversations between Anthropologists and Economists**

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## **Abstract**

Interdisciplinary citation patterns and other indicators of the flow and sharing of academic knowledge suggest that economists and anthropologists do not talk to each other. Previous studies of this puzzling trend have typically attributed the problem to methodological differences between the two disciplines. Although there are significant differences between economics and anthropology in behavioral assumptions and modes of inquiry, similar differences exist between them and other disciplines (some with much heavier volumes of cross-citations with economics or anthropology), suggesting that the source of the problem lies elsewhere. This paper considers the problem at a deeper level by examining systematic differences in the preferences, capabilities, and literary cultures of economists and anthropologists. Adopting a rhetorical perspective, I consider not the firms, households, or tribes as the principal objective of analysis in the two disciplines, but the conversations between these units. These conversations (through non-verbal as well as verbal media) can be grouped into two genres, based on the type of problem they aim to solve. Those in the first genre aim to solve the problem of interest—how to align the incentives of the parties involved. Those in the second genre deal with the problem of knowledge—how to align localized, and dispersed information. Economists are interested and capable of dealing with primarily, if not exclusively, the first genre, and anthropologists focus on the second. This difference has far reaching consequences for how economists and anthropologists conduct their own scholarly conversations with their own colleagues, why they are having difficulty talking to each other across disciplinary boundaries, and what can be done to change the patterns of communication.

**Journal of Economic Literature Classification:** A12, B4, O5, Z1

**Keywords:** anthropology, conversation, interest, incentive, knowledge

For presentation at the 4th International Rhetoric Culture Conference Johannes Gutenberg-University, Mainz, July, 16-20, 2005

## Conversations between Anthropologists and Economists

Economists and anthropologists do not seem to talk to each other systematically. The evidence on the flow and sharing of academic knowledge suggests that they have little interest in exchanging ideas or joining interdisciplinary efforts with each other regularly. Studies of citation patterns show that economists rarely cite the works of anthropologists, and anthropologists similarly do not find much inspiration in the works of economists.<sup>1</sup> No formal channels of communication have been established to facilitate a sustained conversation between the two disciplines. No journals regularly publish contributions from both disciplines, and no professional associations exist with significant membership from both groups. There is something very wrong about this picture, and the Rhetoric Culture Conference is a welcome event to start changing it.

The broken relationship between economics and anthropology cannot simply be attributed to the continual fragmentation of social sciences into narrower disciplines since the nineteenth century and the general difficulty of communicating across fragmented disciplines. Although economists and anthropologists have failed to sustain conversations with each other, they were able to maintain them with others. Patterns of interdisciplinary citations and formal networks show various active communication flows between these disciplines and others. Economists have been able to meet regularly with their colleagues in law, business, history, political science, and others at the annual meetings of various interdisciplinary professional associations (such as the Economic History Association, Public Choice Society, and American Law and Economics Association) and read each other's work in the publications of these

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<sup>1</sup> Rigney and Barnes (1980), Pearson (2002), Pieters and Baumgartner (2002).

associations. Anthropologists have been able to do the same with their colleagues in medicine, biology, psychology, and history. The broken flow of communication between economics and anthropology stands out as an exception to the trend. Although there may have been economists and anthropologists continuing the conversation individually, their efforts have remained for the most part as isolated attempts, not systematic movements.

Although the puzzling relationship between economics and anthropology has attracted significant attention, the problem has typically been studied as a matter of methodological differences resulting from the division of labor. Economists are said to subscribe to the assumption of rationality, in sharp contrast to the anthropologists' broader view on human behavior. The two disciplines are also said to differ significantly in their use of abstract models, organization and classification of knowledge, and methods of gathering and processing data. Although these differences may be accurate and important, they could not have been solely responsible for preventing economists and anthropologists from talking to each other. Given that economists and anthropologists have been able to overcome similar differences in cross-fertilizations with psychology, sociology, political science, and other social sciences, the source of the problem appears to lie elsewhere.

The multi-disciplinary setting and the rhetorical perspective of this conference provides a unique opportunity to break free from previous tendencies and approach the problem with a fresh perspective, viewing it not as a matter of methodological conviction but rhetoric culture. One of the recent productive approaches within the rhetorical tradition has been to view the economy and culture as consisting of conversations.<sup>2</sup> Adopting such an approach, this paper will take not the firms, households, or tribes, but the conversations between these units as the principal

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<sup>2</sup> See, for example, Coşgel (1992, 1994, 1997), Coşgel and Klamer (1990), Coşgel and Minkler (2004), Gudeman and Rivera (1990), McCloskey and Klamer (1995), and Strecker (1988).

objective of analysis in both disciplines. I view conversation as a purposeful activity, aimed at solving a problem. Dividing conversations into two groups based on the type of problems they aim to solve, I examine how economists and anthropologists differ systematically in their preferences and capabilities in studying these conversations and what consequences this difference has had for their own conversations across disciplines.

### **SPECIALIZATION AND CROSS-FERTILIZATION**

A fundamental principle of economics with which Adam Smith begins *The Wealth of Nations* is the division of labor. Specialization and the division of labor increase the productivity of workers by allowing them to concentrate on simple, narrowly defined tasks. The division of labor is implied by the specialization of workers not just by distinct types of employment but even within each employment, a process observed not only in the town market or on the factory floor but also in the production of knowledge in the academic world. Just as Smith saw a division of labor between the baker and the butcher, the academic world has experienced a similar proliferation of specialties since his time, philosophy being divided into the smaller domains of economics, psychology, sociology, anthropology, and other social sciences and humanities.<sup>3</sup> Specialization has certainly been a key component of progress in the academic world. By specializing in narrow areas of teaching and research, each academic has been able to increase his or her contribution to the stock of knowledge.

The benefits of specialization ultimately reach beyond a discipline. In addition to the direct benefits received by the immediate consumers of knowledge, there are also external

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<sup>3</sup> For a brief history of academic specialization in the United States, see Dogan and Pahre (1990: 53-62).

benefits, which are realized as new ideas and methods are cross fertilized into other disciplines. Such cross fertilizations have been the genesis of some of the most innovative recent developments in the social sciences. As Dogan and Pahre (1990: 1) argue, “innovation in the social sciences occurs more often and with more important results at the intersections of disciplines.” Scholars have spread the benefits of specialization across disciplinary boundaries by exporting their own refined ideas, methods, and perspectives to other disciplines and by importing useful developments from others.

Economists and anthropologists have variously borrowed the products and technologies of other disciplines for cross-fertilization. Economists have always followed developments in mathematics and statistics closely, borrowing freely to improve their own techniques of mathematical proofs and quantitative analysis. Mirowski (1988) has even argued that it was developments in Physics that inspired the marginal revolution of the 1870s in economics, one of the most significant turning points in the history of economic thought. Economists have also borrowed from business and social sciences, developing such subfields as financial economics, demographic economics, and political economy. Anthropologists have similarly followed developments in other disciplines closely for inspiration. Viewing this as indispensable for the field, Belshaw remarked: “interdisciplinary connections are essential corpuscles in the lifeblood of anthropology, without which it would cease to be effective.”<sup>4</sup> Originating from a number of separate fields, anthropology has borrowed heavily from sociology, biology, linguistics, psychology, medicine, and various other fields, throughout its history.

Specialization has also led to various sorts of lending from economics and anthropology to other disciplines. To extend the benefits of specialization, economists and anthropologists

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<sup>4</sup> Belshaw (1989: 17), cited by Dogan and Pahre (1990: 89).

have crossed disciplinary boundaries to contribute to developments in other disciplines or to create new subspecialties at the cross-sections of two or more disciplines (Dogan and Pahre, 1990). This type of cross fertilization has allowed disciplines to extend their conventional boundaries by identifying fertile areas where narrow applications of the traditional tools and concepts of other disciplines have proven inadequate or incomplete. Economics has extended into law, history, and sociology, leading to the establishment and development of various subdisciplines, such as economics of the law, economic history, and rational choice sociology. Developments in anthropology have similarly had widespread influence in sociology, psychology, philosophy, and other disciplines.

To see the direction of borrowing and lending between disciplines, we can examine citation patterns between them. In a recent study, Pieters and Baumgartner (2002) used citation analysis to document “who talks to whom” between economics, other social sciences (anthropology, political science, psychology, sociology), and business (accounting, finance, management, marketing, and MIS/operations research). Using the citations of the five most influential journals in each of these disciplines between 1995 and 1997 for analysis, they aggregated citations by discipline and determined the percentage of intra- and inter-disciplinary communications flows between these disciplines. The results show that articles in economics journals cite and receive citations from those in business, political science, and sociology. Journals in (general and cultural) anthropology, on the other hand, cite only the journals in sociology and receive citations from those in sociology and psychology. One has to be careful, however, in interpreting these results appropriately. Anthropology is a diverse field with several semi-autonomous subfields, making it difficult to compare citation patterns directly with other disciplines. Moreover, this study was based on citations by a limited set of journals within a

limited set of disciplines, rather than all citations to all types of scholarly publications, including books, conference proceedings, and other journals. Despite these limitations, the results are sufficiently robust to show some of the general tendencies in interdisciplinary communication.

### **THE PUZZLE:**

#### **NO CONVERSATION BETWEEN ANTHROPOLOGISTS AND ECONOMISTS**

One of the most striking observations of Pieters and Baumgartner is the conspicuous lack of a single citation between the economics and anthropology journals during this period. It is also striking that a similar study of citation patterns (based on random samples of articles in a single journal in each discipline) by Rigney and Barnes (1980) had found essentially the same result, almost no citations between economics and anthropology about two decades earlier. The implication that the two disciplines may not have talked systematically for some time is supported by other recent studies of citation patterns. Pearson's (2002) analysis of citations by all economics journals (tracked by citation reports) during the period between 1955 and 2000 to a carefully selected group of twenty three publications "relevant to the broad themes of economic anthropology" shows that only a small proportion of the citations to these works have come from economists. Economists have paid much greater attention to the works of their own colleagues than those of anthropologists, even to those generally considered to be monumental in this field. Citation studies thus variously lead to the same unfortunate conclusion. While specializing, economists and anthropologists have continued the conversation with other disciplines but somehow failed to sustain it with each other.

The lack of a systematic conversation between economics and anthropology is surprising, because the two disciplines appear to share numerous areas of common interest. At a basic level,

both disciplines are interested in human behavior and institutions. Judging by the types of behavior and institutions that appear in their textbooks and journals, economists and anthropologists appear to teach and research in parallel areas. The subjects that have traditionally been of widespread interest in both disciplines include work, poverty, religion, race, gender, education, urbanization, and economic systems. Despite these commonalities, there must have been substantial differences between economics and anthropology in other areas to prevent them from continuing the conversation and exploiting opportunities for cross fertilization.

The puzzling relationship between economics and anthropology has attracted significant enough attention to generate a literature of its own. The puzzle has been at the core of numerous professional gatherings and scholarly publications, the phrase “economics and anthropology” variously appearing in the titles of conferences and essays devoted exclusively to discussing the general relationship between these disciplines.<sup>5</sup> Leading journals have hosted famous exchanges and discussions on the subject, such as the Knight-Herskovitz exchange published in the *Journal of Political Economy*, the conference session “Economics and Anthropology: Developing and Primitive Economies” published in the *American Economic Review*, and the minisymposium on the history of economic anthropology published in the *History of Political Economy*. There was also the well-known debate between “formalists” and “substantivists” surrounding the applicability of economic models to anthropological phenomena.<sup>6</sup> These debates and controversies have of course attracted further attention from those focused on specific

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<sup>5</sup> See, for example, Bardhan (1989), Booyens (1998), Buckley and Chapman (1996), Casson (1996), Cooter (2000), Dowling (1982), Epstein (1975), Grossbard (1978), Lipton (1992), Lodewijks (1994), Mayhew (1999), Posner (1980).

<sup>6</sup> For brief accounts of the debate, see Lodewijks (1994), Mayhew (1999), Posner (1980), and Wilk (1996).

dimensions of the relationship between these disciplines or in the subdiscipline of economic anthropology.<sup>7</sup>

Despite devoting significant attention to the problem, previous studies have generally approached it from a narrow angle, searching for methodological differences between the two disciplines. The differences that have received the most attention in this literature are those in behavioral assumptions and modes of inquiry. Behavioral assumptions are said to differ significantly because economists subscribe to the assumption of rationality, in sharp contrast to the anthropologist's more holistic approach to human behavior. Whereas economists build models featuring only the profit or utility maximizing homo-economicus, anthropologists consider a plurality of motives and objectives, including various cultural, social, and moral influences on behavior.<sup>8</sup>

Modes of inquiry are also said to differ significantly. Economists rely on models and theories to hypothesize about reality, approach it from a macro perspective, construct general categories and stylized facts, remain detached from actual events and subjects, focus on outcomes, and use secondary sources to gather quantitative data. Anthropologists, on the other hand, observe reality up-close, maintain a micro perspective, attend particulars, consider actual people and events, focus on the process leading to outcomes, and use field research to gather qualitative data.<sup>9</sup>

By focusing on methodological differences, previous studies have basically attributed the problem to specialization, viewing it as an unintended consequence of the division of labor

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<sup>7</sup> For example, see Billig (2000), Ensminger (2002), Gudeman (2001), Lavoie (1990), Mirowski (1994).

<sup>8</sup> Dowling (1982), Lodewijks (1994), Wilk (1996).

<sup>9</sup> Bardhan (1989), Cooter (2000), Epstein (1975), Gudeman and Rivera (1990), Lipton (1992), Mayhew (1994), Pearson (2000), Wallerstein (2003), Wilk (1996).

between the two disciplines. Focusing on the consequence rather than the cause of disciplinary specialization is consistent with Smith's approach to the division of labor. As a member of the Enlightenment, Smith believed that "all men are created equal" and neglected the possibility that the division of labor might be based on differences in inherent abilities and comparative advantages between individuals. He focused instead on the benefits of simplicity and repetition. He argued that the division of labor increased productivity "owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labor, and enable one man to do the work of many." (Smith, 1976: Book I, Chapter I) The invention of machinery in an industry is analogous to the development of disciplinary "capital" in academia.<sup>10</sup> By specializing in narrow fields, not only has each academic been able to increase his or her own "dexterity" and saved resources that would have been wasted in passing from one sort of task to another, but he or she has contributed to building the field's capital by introducing or developing labor-saving tools, concepts, theories, and research methods used in the production of knowledge. The scenario based on methodological differences and a Smithian approach to division of labor would thus suggest that, during the process of specialization, these disciplines must have somehow drifted apart from each other and developed in isolation different modes of

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<sup>10</sup> On the nature and benefits of division of labor within "philosophy", Smith (1976: Book I, Chapter I) writes: "In the progress of society, philosophy or speculation becomes, like every other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment, too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers; and this subdivision of employment in philosophy, as well as in every other business, improves dexterity, and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it."

inquiry and behavioral assumptions. These differences must have then prevented them from cross-fertilizing the tools, concepts, theories, and research methods with each other.

While these observations may be accurate in general terms, they do not get to the root of the problem. Methodologies are human creations, and they adjust to the changing needs of a discipline. Economists and anthropologists typically learn about the methodologies of their own discipline during professional training and follow them in research at varying levels of commitment. Emphasizing methodological differences to explain the lack of cross-fertilization, therefore, begs the question. It does not explain, for example, why economists would refuse to learn field methods to be able to study the preferences of individuals or the behavior of the businessmen up-close (Lavoie, 1990). Similarly, it is not clear why anthropologists would not learn the tools of mathematical analysis to build mathematical models of a primitive economy if it was desirable to do so. Previous studies of the problem thus show only the consequences of the problem, without explaining what caused it and why it persisted for so long.

Similar methodological differences that exist between these disciplines and others do not seem to have prevented their conversations. Economists and sociologists, for example, despite their historically different views on rationality, have continued the conversation, helping to shape each other's views on the matter. Similarly, economists' general distaste for survey data does not seem to have prevented their conversation with political scientists. The source of the problem appears to lie elsewhere.

The problem is not merely a matter of formal boundaries between disciplines. Economists have shown no respect for traditional boundaries, maintaining that their models and theories apply to all times and societies. Given the natural accusation they have thus received for being imperialistic, it would be ironic to accuse them of not exporting their approach to

anthropology out of respect for disciplinary boundaries. But on their part anthropologists have not shown much respect to these boundaries either, as can be seen from the recent anthropological analysis of issues pertinent to modern economies traditionally studied by economists.

The problem persists even in subfields where economists and anthropologists would be expected to work closely. There are subfields of economics and anthropology that share similar interests, such as “economic anthropology” and “economic development.” Despite the common ground, however, these have remained as separate subfields, with little interaction between them. Economic anthropology has remained primarily a subdiscipline of anthropology, failing to attract economists in the same way some of the other interdisciplinary subfields such as “economic history” or “law and economics” have achieved. As a parallel development, economic development has remained a subfield of economics, dominated by economists interacting only occasionally, if at all, with anthropologists. Another field where one would have expected close interactions between the two fields is the study of religion. Contrary to this expectation, recent economic analysis of religion has established close ties with sociology and political science but not with anthropology. There appears to be a deep-rooted difference between the approaches of economists and anthropologists that is preventing their conversations, a problem more fundamental than the methodological differences identified by previous studies.

### **SPECIALIZATION BY CONVERSATION GENRE**

For a more satisfactory analysis of the problem, we need to adopt a different view of specialization, one that emphasizes not just the consequences of the division of labor but also its causes, and its advantages due not just to mere repetition but to the accommodation of natural

differences between individuals. This requires us to move beyond Smith's approach to the division of labor influenced by the Enlightenment and to consider a different tradition, representing the views of Plato and many others prior to Smith, which emphasized nature over nurture and attributed the advantages of the division of labor to differences in inherent capabilities. This tradition gained strength after Smith, with the emphasis Ricardo placed on comparative advantage. The nineteenth century writer well-known for his views on the division of labor within this tradition was Charles Babbage, who criticized Smith for overlooking a key advantage of the division of labor and leaving the analysis seriously incomplete. He argued that in the absence of specialization each worker would be required to perform a number of tasks involving a variety of skills and capabilities. Because the supply of these skills and capabilities vary considerably in every society, the great virtue of the division of labor is to unbundle them and allow workers to specialize in tasks that they are best suited for (Babbage, 1835).

To identify the capabilities relevant to the problem, I follow a rhetorical approach and choose the conversation as the appropriate unit of analysis. That is, rather than follow the conventional procedure of distinguishing between economics and anthropology by the subject matter, I propose to distinguish by the types of conversations that cut across these subjects. Although the distinction between the two disciplines has often been drawn in terms of differences in geography (e.g., eastern versus western societies), culture (peasant versus civilized), and time (primitive versus modern), economists and anthropologists have frequently crossed these boundaries, which suggests that the subject matter has not been the basis for the division of labor between them. The relevant basis may have been the difference in the types of conversations primarily studied in the two disciplines and in the capabilities required to study these conversations.

Conversations have been a primary object of study in the rhetorical tradition. In parallel development in the two disciplines, economics and anthropology have recently joined this tradition, variously showing the centrality of conversations not just in scholarly inquiry but in the culture and the economy as well. Gudeman and Rivera (1990:4) have proposed “the model of conversation as the practice of anthropology and as the activity of other cultures.” McCloskey (1994: 367) has similarly argued that “the economy, like economics itself, is a conversation.”<sup>11</sup> Conversations in the economy and culture include both verbal and non-verbal forms of communication. We engage in conversations not just when we talk at the dinner table but every time we consume goods, go to work, and participate in exchange. We might express our identity through consumption, our abilities and interests at work, and our passions and incomes at the marketplace.

To distinguish between the different types of conversations, we can use the concept of the genre. Though primarily pertinent to the analysis of the narrative text, genre theory has also been useful to examine the ethnography of speaking (Carbaugh, 1988). It can also be useful to distinguish groups of conversations in the economy and culture that share distinct features. Adapting the terms and definitions of the theory to the analysis of conversations, genre would refer to a classification based on the routines and expectations about the setting, time/place, medium, participants, or the purpose of the conversation. Although the classified sets may overlap with one another and vary according to the system of generic classification, genre is a

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<sup>11</sup> For examples of variations on this approach, see also Brown (1994), Coşgel (1992, 1994, 1997), Coşgel and Klamer (1990), Farrell (1995), Klamer (1983), Shiller (1995), and Zeitlyn (2004). See also Rosaldo (1987) for a rhetorical analysis of the anthropological literature.

useful concept because it articulates the boundaries of the sets and provides a way to interpret single acts of speech within a network of conversations.<sup>12</sup>

To maintain focus on the problem of communication between economists and anthropologists, let us classify conversations according to their purpose, the type of problem they aim to solve. Classifying conversations by their purpose rather than by their setting, time/place, medium, or participants is consistent with the position adopted earlier of deviating from the conventional procedure of distinguishing between economics and anthropology by the subject matter. Although not all conversations may aim to solve a problem, considering them as purposeful activities solving problems helps to focus on those that are of primary interest to economists and anthropologists. It also helps to construct an analytical procedure to distinguish between the two disciplines.

Based on the types of problem they aim to solve, conversations in the economy and culture can be grouped into two genres. Those in the first genre aim to solve the problem of interest, how to align the incentives of the participants. The problem arises because people have their own interests, which often conflict with the interests of others. In situations where people's actions may create a conflict with others, conversations may resolve the conflict by allowing participants to recognize their mutual interests and generating agreements that will ensure mutually beneficial behavior.

Conversations in the second genre deal with the problem of knowledge, how to align localized, dispersed information. In some situations a person's actions would depend on information about the preferences, beliefs, plans, and behavior of others, information about how they will act and what they know or care about. The problem arises because this information

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<sup>12</sup> For theories of genre and narrative form, see Fishelov (1993), Keen (2003), and Martin (1986).

may not be readily available to everyone. Note that although the unavailability of information may be a problem in both genres, the nature of the problem is categorically distinct between them. In the first genre the availability of information becomes a problem when individuals may withhold it strategically or reveal inaccurate information because of conflicting interests, as seen in the type of problems known in economics as “hidden information” or “adverse selection” (Akerlof, 1970). The focus in the second genre is not on the desire to withhold the information but on the inability to obtain it freely. The problem remains even if interests do not conflict and individuals are willing to share the information voluntarily, because the information is dispersed and needs to be gathered through conversation.

To see the difference between the two genres, suppose you were able to hear some of the conversations taking place in a restaurant. In some tables you might hear conversations of the first genre between two friends contemplating whether to start a new business and who should be responsible for what, between an engaged couple discussing where to live after getting married or whether one of them should change jobs to accommodate the other, and between a job candidate and the head of the search committee for an academic position discussing the qualifications of the candidate or the match between their interests. In the same setting and even between the same types of characters, conversations of the second genre could be taking place in other tables. You might hear two old friends talking about their recent accomplishments to catch up with each other, a couple on a first date sharing with each other their religious beliefs or preferences in music and movies, or two academics discussing recent research in their own fields to learn about new developments. The examples can easily be extended to other settings and characters. Whereas a conversation between two businessmen working out a merger between their companies would be an example of the first genre, their conversation to learn about each

other's families, hobbies, or worldviews would be of the second genre. In the entirely different setting of a meeting between the chiefs of two primitive tribes, they would be engaged in conversations of the first genre while resolving disputes on hunting grounds or deciding the exchange rates between bartered commodities, and they would be engaged in conversations of the second genre while learning about each other's food, dance, gods, or tribal traditions. It is not the differences in participants or time or setting that determines the genre of these conversations, but their purpose.

This does not mean, of course, that there are no other ways of classifying the conversations in the economy and culture. There may be various other genres or other basis for differentiating between them. The objective here is not to contribute to the theory of genre or the theory of conversations, but to find a way to distinguish analytically between economics and anthropology that will help to understand the problem of the lack of communication between the two disciplines. Given the enormity of the task and the limitations of previous approaches to it, even though the problem may have other dimensions worth studying, I am simply proposing to start a new avenue for exploration by making a simple division between two genres that I think are sufficiently broad to cover the possibilities most interesting to economists and anthropologists.

## **ECONOMISTS AND ANTHROPOLOGISTS STUDY RHETORIC CULTURE**

### **DIFFERENTLY**

The emphasis on conversations suggests a definition of rhetoric culture as the set of institutions that assist in conversations. Participants to these conversations do not start from scratch; they rely on a variety of rules, norms, customs, traditions, and other institutions that assist

communication by guiding and constraining an individual's choice of “words” and his or her interpretations of the choices of others. The distinction between the two genres of conversations helps to identify two subcategories of rhetoric culture. The first category consists of institutions that assist in the alignment of interests, and the second those assisting in the alignment of knowledge.

Individuals have different preferences and capabilities for studying conversations and rhetoric culture. Just as two individuals may differ significantly in their preferences for music, literature, and sports, they may have different preferences for conversations, one preferring conversations of the first genre and the other the second. They may similarly have different capabilities for studying these conversations. Just as some individuals might excel in playing the clarinet, writing novels, playing football, or studying conversations of the first genre, others might excel in singing, poetry, swimming, or studying conversations of the second genre. Based on these preferences and capabilities, individuals would be expected to self-select into different types of occupations in music, literature, sports, and conversation analysis in the division of labor in a society.

Anthropologists and economists presumably differ systematically in their preferences and capabilities for studying conversations and rhetoric culture. Although economists and anthropologists have shared a general interest in studying the institutions of conversation, they have specialized in genres that require different types of skills. Economists have preferred the first genre and have had capabilities better suited to studying it than the second genre. Specializing in the first genre and improving these capabilities, they have collectively studied the rhetoric culture surrounding the genre, variously showing how the law, markets, firms, contracts, and other institutions have helped to solve the problem of interest. As scholars with preferences

and capabilities better suited to studying the problem of knowledge, anthropologists have specialized in the second genre and studied how the art, language, rituals, customs, and other institutions have helped to solve the problem.

The division of labor observed between economists and anthropologists is the outcome of a process of self-selection and professional training, a process best understood by combining the insights of Smith and Babbage on the division of labor. Recall that whereas Smith emphasized the benefits of professional training and repetition to explain the division of labor, Babbage emphasized the differences in inherent skills and capabilities. Smith is right because the division of labor has allowed economists and anthropologists to improve their individual capabilities and acquire the common skills developed in their disciplines through doctoral training and professional growth. Babbage is also right because those who have become economists have presumably had an inherent special capability to notice and study the misalignment of incentives in a conversation which other scholars might have failed to notice or study adequately. Otherwise they would not have pursued graduate education in economics, their application would not have been accepted, or they would not have been able to graduate and become professional economists. Similarly, others have become anthropologists because they have better capabilities for studying the rhetoric culture in conversations solving the problem of knowledge. Whereas an economist would have a capability for studying how religious rituals help align interests in a society, an anthropologist would have the capability for studying how distribution and exchange of goods help transmit information.<sup>13</sup>

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<sup>13</sup> For the capabilities of economists and anthropologists and the process of self-selection and professional training, see Chun (2000), Geertz (2002), Goldschmidt (2000), Goodenough (2002), Keane (2003), Klamer (1983), Leach (1982), Klamer and Colander (1990), Swedberg (1990).

But it is also possible for the process to generate the “wrong” outcome for some economists or anthropologists. Individuals are not always the best judges of their own preferences and capabilities, and various imperfections and rigidities in the screening, training, and placement of academics may have caused some to end up in the wrong specialization by mistake. Someone with preferences and capabilities better suited to studying the problem of knowledge might turn out to be in a department of economics, and someone else with a comparative advantage in being an economist might instead end up being an anthropologist. Moreover, preferences and capabilities may have changed over time, causing some to find themselves in the wrong specialization at some point in their careers.

Although some economists have been interested in the problem of knowledge, research on the problem has primarily remained outside of the mainstream, confined mostly to showing the role of prices in carrying information. Mainstream economists have typically either assumed away the problem based on the assumption of perfect information or they have restricted it to informational asymmetries studied in the domain of the problem of interest. But the Austrian School of Economics has always taken a deep interest in the role of knowledge in economic outcomes.<sup>14</sup> In his famous 1937 article titled “Economics and Knowledge,” Hayek (1937: 33) criticized the concept of equilibrium, contending that “the tautologies, of which formal equilibrium analysis in economics essentially consists, can be turned into propositions which tell us anything about causation in the real world only in so far as we are able to fill those formal propositions with definite statements about how knowledge is acquired and communicated. As O’Driscoll (1977: 21) has argued, however, “Hayek’s early diagnosis of the problem has been largely ignored.” I would argue that this is not because economists have failed to realize the

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<sup>14</sup> Knudsen (2004), Langlois (1992), O’Driscoll (1977).

importance of the problem or somehow decided collectively to forego research and publication opportunities on the subject, but because their preferences and capabilities have been inadequate to deal with it properly. As Lavoie (1990: 169) has also urged, economists interested in the problem of knowledge need to “become more like anthropologists, in the sense that they should do more of their empirical work 'up close' through participant observation rather than only from the distance required for statistical work.”<sup>15</sup>

Similarly, although some anthropologists have studied the problem of interest, research in the field has been confined primarily to the field of economic anthropology. Some of the debates and controversies that have plagued the field might be attributed to the mismatch between the specializations and the preferences and capabilities of some anthropologists. It is quite telling, for example, that the “formalists” in the famous formalist-substantivist debate were almost all anthropologists and several of the substantivists were economists (Mayhew, 1994: 302). Their positions followed not directly from specialization and professional training but from differential preferences and capabilities for studying rhetoric culture.

## **CONCLUDING REMARKS**

So where does all this leave us? It may be possible to proceed from here in two opposite directions. The first is the pessimistic and protectionist direction, supporting the views of those who consider the approaches of economists and anthropologists as incompatible with each other

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<sup>15</sup> A related area of interest in economics originating from the problem of knowledge and similarly neglected in most economics textbooks and mainstream approaches is the theory of coordination games or the problem of coordination in the theory of organization. For the relevant literature, see Milgrom and Roberts (1992), O'Driscoll (1977), and Schotter (1981). See also Chwe (2001) for applications in other disciplines and Langlois and Foss (1999) in the theory of the firm.

or reject one of the approaches as wrong. If studying the conversations and rhetoric culture of the first genre is incompatible with studying those of the second genre, then one might be justified to discourage cross-fertilizations between the two disciplines for fear of complications from the mismatch. Similarly, if one vehemently opposes some elements in another discipline, then one might seek to protect his or her discipline by discouraging cross-fertilizations for fear of contagion of those elements. Variations on these positions may also be used to support unorthodox approaches in their opposition to the mainstream. An unorthodox approach in economics might seek to form alliance with anthropologists or to extend its applicability by identifying its similarities with anthropology and highlighting the mistakes of mainstream economics and the differences between anthropology and mainstream economics. Various synergies have been found, for example, between anthropology and institutional economics, along with predictions for the continuance of the bleak relationship between anthropology and mainstream economics.<sup>16</sup>

The second is the optimistic and tolerant direction about the future of the relationship between economics and anthropology. Given the troubled history of this relationship, it may seem ironic and even contradictory to maintain an optimistic attitude toward its future. But if we can see the previous areas of difficulty as sources of challenge and change rather than frustration and fortification, the future need not seem so bleak. The optimism lies in the fluidity of disciplinary boundaries, the mobility of academics between these boundaries, and the rewards of cross fertilization in research and teaching.

The optimistic position clearly indicates to those who have found themselves in the wrong discipline to take advantage of this unique opportunity. The task of cross-fertilization

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<sup>16</sup> For example, see Billig (2000), Greenfield (1982), Lodewijks (1994: 84-86), Mayhew (1994), and Mirowski (2000).

may fall initially, if not primarily or exclusively, on them, who may need to improve on their capabilities before being engaged in full-fledged cross fertilization. If they have somehow escaped the forces of specialization outlined by Babbage in their choices of disciplinary affiliation, they can nevertheless ignore formal affiliations and disciplinary boundaries and take advantage of the benefits outlined by Smith by building on their comparative advantage in capabilities. Someone with a comparative advantage in studying conversations solving the problem of knowledge but who somehow became an “economist” may thus learn anthropology and field methods to be able to better study these conversations and to cross-fertilize between the two disciplines. This may equip such a person with skills ideally suited for the analysis of preferences, entrepreneurship, technology or other “black-box” phenomena of conversations typically ignored or inadequately explored in both disciplines. Similarly, an “anthropologist” who actually has a comparative advantage in studying conversations solving the problem of interest may learn the appropriate economic theory and the methods of modeling and quantitative analysis to be ideally suited to studying how marriage, religion, kinship groups, and other social and cultural institutions align incentives. Although this would clearly be a costly procedure because of the time required to make the overhead investment in acquiring the knowledge and skills, the benefits of the investment would also be expected to be high in personal reputation and social knowledge, as the outcomes of previous episodes of cross fertilization in other disciplines would indicate.

Given that the conversations between the two disciplines have not thrived under the status quo, a different type of action may be required to recharge the relationship with new energy and to set a new course. One way to reduce the cost of the investment required for cross-fertilization is for economists and anthropologists to collaborate across disciplines.

Interdisciplinary collaboration would also facilitate better appreciation of the different genres of conversation by colleagues and better marketing and placement of joint research products.

Another possibility is to go beyond the old-fashioned ideas that have failed to provide sufficient fuel to interdisciplinary conversations and look for new developments in one of the disciplines for inspiration. An example of a recent development in economics that has been instrumental in generating interdisciplinary conversation is New Institutional Economics. By replacing some of the narrow and controversial assumptions of economics (such as rationality) with broader ones (bounded rationality) that admit a wider range of observed reasonable behavior, this approach has developed a strong track record for extending the applicability of economics to other disciplines and generating interdisciplinary research and cross-fertilizations. More tolerant and curious of the multiplicity of human motivations, complexity of behavioral patterns, and path-dependence of history, New Institutionalism has rapidly reached beyond economics and found acceptance in sociology, political science, and business disciplines, recently being promoted for application in anthropology (Ensminger, 2002). There may, of course, be other developments currently taking place in economics or anthropology that might better stimulate the stalled conversations. The rhetoric culture conference is an excellent occasion to search for the right set of stimulants.

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