

demands. On the other hand, the new possibilities open to trade unionism seem to depend above all on the ability to interpret and mediate management's growing need to involve workers more closely in the company, by qualifying the requested co-operation/involvement and subordinating it to the attainment of workers' general interests and objectives. From this point of view, it may become very important for trade unions to develop an ability to induce companies and institutions to give up market strategies based exclusively on costs, and to adopt, instead, a competitiveness model based on product quality and a highly skilled workforce – that is, a model aimed at the full development of human resources rather than the development of only a few crucial segments of the workforce.

References and further reading

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MARIO REGINI

TRADITIONAL ECONOMIES

Anthropologists have generally used a substantive definition of economy as a system of production, distribution and consumption of material goods and services. This definition allows for study and comparison of traditional, mercantile and capitalist economies, in which traditional economies have been described as those in which mercantile and capital integration are marginal (Earle 2002), but not necessarily entirely absent. The enormous variation in traditional economies, past and present, studied by anthropologists and archaeologists, suggests that it is more appropriate to think of a continuum of economies, in

which trade and capital are more important in some economies than in others, than of different types of economies.

Traditional economies are subsistence economies in which households produce most of their wants, although exchange figures prominently because of temporary resource deficiencies as well as sociocultural reasons. Traditional economies are often classified by their primary food procurement strategy and studied as adaptive systems to the environment. Anthropologists distinguish four basic adaptive strategies: foraging, horticulture, agriculture and pastoralism. The terms 'adaptive strategies' and 'modes of production' are often used interchangeably as both concepts rest on the notion that the way people make a living has predictable consequences for a society's culture and social structure. Julian Steward (1955) was the first to outline this in a theory of cultural ecology, arguing that a society's culture core, i.e. the features closest related to subsistence activities, which include social, political and religious patterns, can be explained as adaptations to the environment.

Studies of recent and contemporary foraging populations – San in southern Africa, Inuit of northern America, and Northwest Coast Indians in northern America – have shown that the life of foragers were not as nasty, brutish, and short as once thought. On the contrary, the foraging strategy is characterized by relative abundance of food sources and efficient food procurement, meaning low work hours and energy expenditures, such that Marshall Sahlins (1972) described it as the original affluent society. Foraging societies are generally characterized by small group size, high mobility, flexibility in group composition, and a relative egalitarian social structure. However, there is a significant variation in the culture core, which is partly explained by differences in the foraging environment, e.g. seasonality of resources, availability of meat. Reciprocity is the

dominant form of exchange in foraging societies, particularly in those with great variation in food sources and limited options for storage, where reciprocity functions as 'social storage'. Foraging societies with storage of surplus, on the other hand, have more hierarchical socio-political organizations and redistributive forms of exchange (e.g. the **potlatch** of the Northwest Coast Indians).

Until the domestication of plants and animals, starting 10,000 years ago, all humans lived as hunter-gatherers, as they were called before it became clear that gathering contributed the bulk of the calories and nutrients to most foraging diets. Although anthropologists do not view contemporary foragers as relics of the past, they have used ethnographic descriptions to gain more insight into the evolution of early humans. Inversely, behavioural ecologists have used an evolutionary approach to explain economic behaviour of foragers in terms of fitness (e.g. correlation between hunting and reproductive success).

Others who warn that contemporary foragers should not be studied in isolation have shown that foraging economies were incorporated in larger regional economies that included neighbouring farming and herding populations, and that foragers did not rely on hunting and gathering alone (e.g. Mbuti foragers and Bantu farmers in the Congo; San foragers and Tswana herders in southern Africa). Eric Wolf's (1982) historical study shows that many traditional economies, including those of pre-state agricultural and pastoral societies, were incorporated in world systems centuries before the European expansion, e.g. cattle hides from FulBe pastoralists in West Africa were traded via trans-Saharan caravans to the Maghreb. Similarly, 'isolated' horticulturalists in the Highlands of Papua New Guinea and the Amazon were growing new and old world crops respectively centuries before direct European contact. Traditional economies as they are studied by

anthropologists are thus in part a product of the capitalist world system. The work of Structural-Marxists focused on how traditional economies articulated with capitalist modes of production (e.g. Meillassoux 1981).

Although no longer employing models of unilinear sociocultural evolution, archaeologists see important correlations between traditional economies and the emergence of complex societies. Timothy Earle (2002) argues that the type of political economy, i.e. the control of production, distribution, and consumption in society to extract wealth that supports ruling institutions, plays a critical role in the emergence of complex societies in what he calls Bronze Age economies, agricultural societies with chiefdoms. Earle's work demonstrates that the political economy is also a useful concept in the study of traditional economies.

Whether concepts and methods for the study of market economies can be applied to traditional economies was one of the questions that dominated economic anthropology in the 1960s and early 1970s. Formalists argued that traditional economies could be studied using the same tools, while substantivists argued that traditional economies were fundamentally different from modern capitalist economies. The substantivists showed that economic behaviour, in particular different forms of exchange, was embedded in the socio-cultural structure of a society and thus had to be understood within that institutional context. One famous example is the **kula exchange** system of the Trobrianders, in which shell necklaces and armbands were exchanged between trading partners from different islands over kilometres of open sea. Bronislaw Malinowski found that the kula exchange made sense within the sociopolitical context of Trobriand society primarily because it conferred prestige on the participants. The concept of embedded economies was later adopted by social sci-

entists studying economic behaviour in modern firms.

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TRANSACTION COST ECONOMICS

Context and contribution

Transaction cost economics (TCE), while part of the wider institutional turn in economics and social science, is distinctive because of its relation to mainstream economics. TCE does not involve a decisive methodological break from mainstream economics but instead provides a new substantive research agenda. Oliver Williamson (1975, 1985), drawing upon Coase (1937), is primarily responsible for systematizing TCE and promoting it as an internationally significant movement. The initial impetus for the development of TCE is the recognition that mainstream economics traditionally neglects transaction costs and fails to address the key institutional and organizational questions associated with their existence. TCE involves recognizing the existence of institutions and designing a suitable framework for their analysis. For TCE the analysis of institutions can be fully accommodated within a modified mainstream framework. The core contribution

of TCE is not the focus upon institutions per se. It is acknowledged that this would be far from novel. TCE addresses institutional questions while responding to the felt need to develop arguments taking a certain recognizable form. Williamson is explicitly concerned with framing explanations to institutional questions which meet certain operational standards, essentially those of mainstream economics, with the hope that eventually TCE might evolve into a fully formal science of organization capable of providing robust predictions.

Primary substantive focus and extensions

Transaction costs themselves are usefully, if ambiguously, considered as the costs associated with the coordination of economic activities. The extent and nature of these costs varies from one configuration of transactions to another. TCE acknowledges that to move from the recognition of such costs to the analysis of resulting organizational issues requires a re-examination of, and amendment to, certain assumptions of mainstream economics. TCE maintains that it is necessary to abandon, at least for the purposes of institutional analysis, the stronger forms of rationality often adopted within mainstream modelling exercises and incorporate bounded **rationality** as a guiding behavioural assumption, thereby acknowledging the inherent limitations of human foresight, cognition and calculative ability. TCE also insists that it is necessary when addressing institutional issues to drop the routine assumption of the efficacious enforcement of promises and accept the ever present possibility of opportunistic behaviour where individuals conceal and misrepresent facts, skirt rules and exploit loopholes. Even if bounded rationality and opportunism are recognized, few organizational problems arise, according to TCE, within models framed in static terms: 'Transactions conducted under certainty are