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Market and State after the Cold War

The Informal Economy Reconsidered

KEITH HART

11.1

Like Hegel's owl of Minerva, we live in the twilight of the short twentieth century. The abrupt collapse of Stalinism allows us the wisdom of hindsight, giving us a perspective on the seven decades since the first world war and the Russian revolution which eluded us during their hectic passage. Vulgar triumphalism views the result in terms of a football match – the west won the cold war. Market capitalism beat state socialism; Free Enterprise and liberal democracy defeated The Plan and the one-party state. A revived bourgeoisie claims that we have witnessed the victory of economics over politics.

The immediate antecedent of this sudden transformation was the period of the 1980s, when neo-liberal conservatives swept to power in the west with the aim of dismantling the welfare state consensus which lasted from the 1930s to the 1970s. Responding to a half-understood sense that national autonomy had been undermined by developments in the world economy and the people scared by unprecendented levels of inflation, Reagan and Thatcher (backed by Kohl and Nakasone) pinned their hopes on sound money and the revival of 'the market'. What they overturned was the twentieth-century idea that only the nation-state could fix the problems of capitalism. The right was quicker than the left (which had so much at stake in the welfare state) to see the political opportunity offered by accepting the fact that the ability of the nation-state to represent society was inexorably on the wane.

Even so, this 1980s rhetoric of the market obscures the universal dominance of the state over national economy from the first world war onwards – whether welfare state democracy or totalitarian regimes of the right and left. It was Keynes's (1936) supreme achievement to reconcile this fact with the intellectual tradition of economic liberalism, to legitimise state management of the economy as 'macro-economics'. The welfare state system he envisaged may have recently suffered from privatisation and a growing polarisation of rich and poor; but national governments are still holding out as best they can against the inevitable erosion of their economic power.

Following C.L.R. James and his associates (1950), I look on the convergence of state bureaucracy and corporate industrial capitalism in the twentieth century as a world-wide system of 'state capitalism', where the state, not the market, was primarily

responsible for reproducing capitalist relations of production. The collapse of Stalinism, which was crucial to that system's maintenance from the 1930s, is the most dramatic evidence so far of its decline. The fall is yet to come and it will necessarily involve the heartlands of western capitalism. This linkage between the fate of east and west has been obscured by the polarities of cold war rhetoric, even more so by the exaggerations of the 1980s which would have us believe that the United States is a 'free-market economy', as if the Pentagon were not a huge bureaucratic collective and the Federal Government did not administer almost half of the nation's wealth. State capitalism.

The term 'command economy' is more conventionally applied to countries ruled by The Plan or to democracies at war; but, when compared with any nineteenth-century state, all modern economics are controlled from above to a degree that was previously unthinkable. Yet we have retained the rhetoric of liberalism versus socialism which flourished in an earlier age when each doctrine was predicated on the withering away of the state. In the late nineteenth century, the polarisation of political creeds around the respective dominance of individual and collective principles of social organisation was premised on the inevitable triumph of egalitarian society over the hierarchical legacy of agrarian civilisation. Our century has confused matters by imposing control from above onto one or other variants of popular egalitarianism, by representing, in other words, state capitalism as either liberalism or socialism, thereby discrediting both. NB origin of ideologies.

Our task is to rethink the relationship between the state and the market at this moment of history, to disentangle the confusion arising from the cold war opposition between market individualism and the communist state. The rivalry between the United States and the Soviet Union for world dominance as successors to European imperialism led to the conflation of one pair of essentially egalitarian ideas (individual and community) with another stressing the difference between control from above and below (state and market). Now, having become identified for a while with the nation-state, the concept of society has begun to struggle free from its embrace, without yet having found a new universal referent. This allows many variants of collective principle to flourish above and below the level of the state. The relationship between individual and society is more moot than for a century. That is our problem and our opportunity.

The protagonists of the cold war designated the poor remainder of humanity 'the Third World' and gave the name 'development' to their economic predicament. Third World development was inevitably construed through cold war rhetoric, even though the precarious structures of state capitalism established there began to unravel as early as the 1960s and had (with the exception of parts of Asia) become completely unstuck by the 1980s. The focus of this chapter is on the political economy of post-colonial Africa, roughly from 1960 to the present, and particularly on the concept of 'the informal economy' which arose to denote an aspect of the relationship between the state and the market there during that period.

I coined the expression 'informal economy' (sometimes also known as 'the informal sector') at the beginning of the 1970s, following anthropological research a few years earlier into the proliferating street economy of Accra, Ghana's capital city. I shall argue here that this neologism reflected the cold war ideology of a frozen opposition between the state and the market; that its popularity was indicative of the blindness of academics and policy-makers to real conditions and historical trends in Africa; and that the ongoing political struggle between the people and bureaucracy was obscured by an assumption of the latter's natural dominance.

11.2

I went out to Ghana in 1965 to do fieldwork for an anthropology PhD on the politics of the new states. Following the academic fashion of the day, I wanted to study migrants to the cities, to see how their free political associations helped them to respond to the novel demands of citizenship and development. Instead I soon found myself in a slum concentrating on the economy of the streets. The migrants I knew had no connection to the state, except for occasional harrassment by the police. They were alienated from politics and their formal associations were a shadow of what the literature had led me to believe existed. In sharp contrast, everyone seemed to be engaged energetically in a prolific range of self-employed enterprises, both legitimate and illegal. The organisation of this world of petty commerce became the main focus of my research; and I eventually wrote it up as a case-study in 'modernisation' (Hart 1969).

I felt that I had absorbed the lessons of economic life as seen from the perspective of the people I had studied; but, like them, I was unable to understand the wider social forces which shaped so much of their lives – the economic shortages resulting from the collapse of the world cocoa price; the army *coup* which displaced the Nkrumah regime. Moreover, my experience of that slum posed questions of history and social connection which I could not answer without exploring the broader international context of decolonisation and development. With this in mind, I joined a group of development economists at the University of East Anglia and began a life of teaching, consultancy and economic journalism. Active participation in the world of 'development' enabled me to fit my research findings into the prevailing economic discourse of the day, the early 1970s.

6 This led to my taking part in a conference on 'Unemployment in Africa', held at the Institute of Development Studies at Sussex University in 1971. The papers mainly addressed what was taken to be the phenomenon of mass unemployment in Africa's cities. Estimates of the number of jobs available were subtracted from the burgeoning urban work-force and the residue, in Keynesian fashion, was termed 'unemployed'. A typical example of the genre was a paper by Hans Singer, a prominent development economist from the host institution, entitled 'Rural unemployment as a background to urban unemployment'. Having arrived by dubious means at a figure of 30 per cent for urban unemployment, Singer was forced to conclude that, since migrants were still flocking to the cities from the countryside, rural unemployment must be even higher, possibly 50 per cent!

In my paper, 'Informal income opportunities and urban employment in Ghana' (Hart 1973), I argued that the new urban poor were certainly employed, if not always for wages. Their incomes were qualitatively more irregular and uncertain; but in

quantitative terms they covered a wide range above and below the unskilled wage rate at which the majority of uneducated migrants found jobs. The goal of most people was to combine wages and self-employed incomes. I talked about an 'informal economy' or sector of urban income opportunities, drawing on Max Weber's (1981) theory of rationalisation to contrast the stable wage employment offered by corporate organisations with the more unpredictable commercial activities I had studied in Accra. The exposition combined vivid fieldwork descriptions with speculation on the significance of this zone of economic activity for development prospects. I left it open whether the informal economy might be the basis for productive accumulation or was merely a redistributive mechanism.

Before long the idea took off as an organising theme in academic and policy-making circles (ILO 1972). A new branch of the development industry concerned with Third World urban poverty found a measure of coherence in debating the forms and functions of the 'informal sector'. It was criticised heavily by Marxists, who preferred the expression 'petty commodity production'. Since I was undergoing a Marxist conversion at the time, I did not feel like taking up the cudgels on behalf of a concept whose value I had never been entirely convinced of.

Nevertheless, the shelf-life of the 'informal economy' has turned out to be longer than that of many ideas produced in the 1970s. Having become an entrenched part of the International Labour Office (ILO) bureaucracy, it has recently been taken up by the World Bank as a major theme of their latest attempt to redress Third World urban squalor. The term crops up with increasing frequency in the sociology of countries like Britain and has been recognised as a part of economic doctrine (Hart 1988a). Hernando De Soto's book *The Other Path* (1986) used the idea to make quite an impact on public opinion in the New World. In my own field of economic anthropology, 'the informal economy' has come to indicate a division of the sub-discipline (Plattner 1989, Smith 1990).

The phenomenon of self-organised urban commerce, often on the wrong side of the law, was not unknown before my article; and there are many other labels for it – the 'second', 'black', 'hidden' and 'underground' economy, to name just a few. How then do we account for the prominence of the 'informal economy' as an organising concept in some sections of the intellectual division of labour, especially those concerned with Third World development? The short answer, in my view, lies in the language of paired negation. 'Informal' refers to the absence of form, to the lack of established regularity, in this case to economic evasion of the bureaucratic rules which underpin state management of the national economy. As such the informal economy is the conceptual negation of Keynesian macro-economics, of economic management from the state's commanding heights; and it expresses well within its own static parameters the cumulative failure of bureaucracy to contain the untamed market forces which have been undermining state capitalism on a world scale to increasing effect since the 1970s. By stressing what it is not (not 'good form', not amenable to the dominant form of rationality, beyond 'management'), the concept appealed to the sensibilities of an intellectual class who could not grasp what the economic activities in question positively represented.

Within development circles use of the idea of an informal economy has followed some huge swings in ideology. In the 1960s, when the world economy was booming under American hegemony, the emphasis of Third World governments and international agencies was on growth or bust, on capital accumulation at any cost, concentrating on cities, industry and mechanisation. This was reflected in my doctoral thesis's focus on 'modernisation'. By the 1970s, the costs and failure of this reckless programme were being recognised and the political threat of mass urban disaffection prompted a new concern for keeping the peasants happy on their farms. Under the prevailing Keynesian consensus of the time, this was called 'growth with equity' and its arrival as orthodoxy was signalled by World Bank President MacNamara's Nairobi speech in 1973. In the 1980s, following the electoral victories of neo-liberal conservatives in the west, the international agencies began a concerted attack on the post-colonial state in the name of the free market, a process highlighted by the publication of the 'Berg Report' on African development (World Bank 1981). Since the collapse of Stalinism, the International Monetary Fund and World Bank have been ever more explicit about linking economic support to 'good government', human rights and, above all, the free flow of capital.

In the early 1970s, when the concept of an 'informal economy' took off, it was a universally held assumption that only the state could organise a push for enhanced economic development. This led to the problematic of the day: how could the state (conceived of both as a planning agency and as welfare provider) meet the demands of a rapidly growing population for jobs, housing, education and healthcare? Above all, how could it cope with rising unemployment, the scourge of western politicians since the Great Depression and the *idée fixe* of Keynesian macro-economics? The informal economy offered itself as a form of self-organised unemployment relief and it was grasped eagerly by politicians and intellectual bureaucrats as a solution to their dilemma. A decade later, the attacks of the IMF and the World Bank on excessive public expenditure, state monopoly and restrictions on free trade and capital movement were reflected in promotion of the informal economy as an image of popular creative energies finding expression in an unregulated market. In this way the ideology of Third World development mirrored trends in the west and the concept in question swung with it. ⇒ informal changed character.

11.3

The scale and character of the phenomena referred to by the term 'informal economy' are moot. In my original article I restricted its application to the economic activities of the Third World urban poor; and this has remained the principal referent since. But, as state capitalism continues to unravel at the seams, it becomes clearer that negation of the economic forms subject to bureaucratic regulation by the state goes far beyond rule infringement on the streets of cities like Accra. The rampant informalisation of economy is a global phenomenon embracing the international drugs traffic, bribery by multinational corporations, corrupt arms deals, tax evasion, smuggling, embezzlement by bureaucrats, peculation by politicians, offshore banking, 'grey' markets, insider trading, the black market of communist regimes and organised crime, as well

as such legitimate activities as small businesses, own account dealing and do-it-yourself. In countries like Jamaica and Zaïre, the informal economy has taken over state bureaucracy. It is the origin of new mafias springing up in the aftermath of Stalinism in Eastern Europe and the Soviet Union. Thatcher's Britain became notorious for unconstrained greed. Everywhere, the commanding heights of the informal economy lie close to the centres of power and reach down to the petty enterprises which first caught my attention.

At first, the informal sector was seen by development economists as lying in the minor interstices of a bureaucratic economy controlled from above and afar, as the insignificant omissions of a largely effective system of statistical monitoring – matchstick sellers and the like, 'taking in each others' washing'. It certainly was true that economies like Ghana's were structured by the state to confine the commercial energies of the people into areas with restricted prospects for capital accumulation. But, in my original perspective, the informal sector was the bulk of the market economy in Accra and it supplied much of indigenous demand for food and drink, housing, clothing, transport, entertainment and so on. According to this view, the rapid growth of cities, in excess of the capacity of organised public and private sector production to supply the population's needs, was made viable only by spontaneous self-organised enterprise on a massive scale. Moreover, a dramatic development in the rural-urban division of labour was made possible in this way, laying the groundwork for substantial capital accumulation in the future (Hart 1988b).

National governments and, initially, the international agencies saw things otherwise. They preferred to believe their own statistics, which missed most of these activities, just as they virtually ignored the principal employment of Africa's food farmers and women. Policy initiatives aimed at improving the informal sector were cosmetic and piecemeal. They usually ended up negating it, making it official and rule bound – issuing licences, offering bank credit, organising market-places, setting up training schemes and, above all, taxing the operators made visible by formalisation. State intervention in the informal economy inevitably removed the cost advantages which made it commercially attractive in the first place.

In a book written at the watershed of the 1970s and 1980s (Hart 1982), I did point out that the post-colonial state in Africa rested on the pre-industrial contradiction between centralised power and the size of the agricultural surplus. Moreover, I suggested that the modern drive towards state expansion would collapse if African economies did not soon develop to a higher level of productivity; and this seems now to have happened in many cases. Survival, not development is the economic policy imperative of the day; and this is reflected in the dominance of the international undertaker, the IMF, in dealings between the west and the Third World. But it has taken the end of the cold war to reveal to me the full extent of the contradiction which I witnessed as a fieldworker twenty-five years ago.

I cannot help reflecting on the immense disservice done to ordinary Africans by all participants in the development industry over the last three decades. Most consultants, unlike their colonial predecessors, do not stay long enough to see what is happening on the ground, even if their economists' logic has not made them blind already. Dominance of the economy by state bureaucracy is a blatantly political process, whether it is abused or not; yet it was consistently laundered for public consumption as an essentially quantitative economic analysis. Economists have no room for political contradiction in their theories. In any case, they refused to comment on how post-colonial regimes stifled popular energies in the name of 'development'. The mystifications of the international state capitalist system, not to mention their own interest in retaining lucrative salaries, dictated otherwise.

It was obvious in the 1960s that the post-colonial state had become detached from its roots in the local society, a parasitic bureaucracy feeding in equal measure off its own downtrodden farmers and the international alliances which for a time were willing to sustain it (Hart 1986a). Africa was going to the dogs then; but nobody noticed or they pretended not to notice until it was too late. They just took the money and ran. I had no excuse. I had lived in a slum for two years; fieldwork had given me a chance to see what was going on, even to take the side of the people. It would be nice to say that anthropological method is inherently democratic and superior to the remote speculations of academic bureaucrats; and so it ought to be. I saw the alienation from politics, the economic energies. But I was so anxious to get the big picture, to go with the power and join the bureaucracy, that I transformed my fieldwork into a gimmicky idea that development economists were able to absorb into their Panglossian vision of the world.

It is worth stressing how little of what transpired in the Third World after decolonisation was picked up by intellectuals while it was happening. Parallel to Africa's deterioration was the rise of the South-east Asian NICs which were likewise diverging in the 1960s from the common pattern of economic backwardness. Neither phenomenon was recognised until years after it had become obvious to the inhabitants. This is a function of an intellectual division of labour in which the people with an overview never stir from their air-conditioned hotels and the people on the ground, such as anthropologists, lack any overview of the historical processes involved.

I did not refer explicitly to the cold war opposition of state and market in my original paper; but I reproduced it in the formal–informal dualism, two poles fixed for eternity in perpetual oscillation. The ahistorical rationalism of Keynesian economists in the 1970s assimilated the informal economy concept to the assumption of natural dominance of the state bureaucracy, making it a tool of employment creation. The neo-liberal rationalists of the 1980s claimed the informal economy for what it was, the untamed market; but they also chose wilfully to misrepresent the state capitalism that they served, disguising the ubiquity of bureaucracy behind a fetishised conception of 'the market'. Both were equally blind to the historical realities; and neither has contributed to the improved welfare of Africans.

11.4

The relationship between the state and the market came to be seen as antagonistic in the Anglo-American world of the 1980s. This conflict was already enshrined in the simplistic antinomies of the cold war; and before that it was expressed as the idea that individual and collective principles of social organisation (liberalism and socialism) are contradictory. The alternative position – that state and market may reinforce each other and that there are many ways of reconciling the individual and society – has underwritten, for example, the history of Germany and Japan for a century (Hart 1986b). It is embodied in the prominence now given in Europe to the concept of the 'Social Market', as well as in the search for new forms of political hierarchy based on the principle of subsidiarity – the assumption of limited powers by a higher level of organisation only when it has been shown that lower levels cannot cope with the social forces involved.

The context for our present theoretical dilemmas is a period in which the structures of state capitalism are being rapidly undermined. The decade beginning in 1989 is likely to see the emergence of a quite new political map of the world, with the formation of large trading blocs and increased concern for means of organising global society. In the process the nation-state will be forced to abandon its claim to represent the universal form of society, as it is squeezed by a combined movement towards internal devolution and incorporation into more inclusive political bodies. How the development of areas like Africa will fare in all this is anybody's guess; but the plight of Africa is likely to remain for a long time the sharpest reminder of humanity's need to find material and social expression for its collective conscience.

The failure of the post-colonial state in Africa was the first sign of the vulnerability of the international state capitalist system, its weakest point and most recent addition. But where did state capitalism come from? The political structures of the modern world were born in the turmoil of the 1860s. The decade began in 1861 with the American Civil War, Russia's abolition of serfdom and the Italian Risorgimento. It ended in 1870–1 with German unification, the Franco-Prussian war, the Paris Commune and the French Third Republic. In between Britain launched its class compromise with the second Reform Act of 1867, while Marx wrote *Capital* (1867) and the First International was formed. In 1868 Japan's Meiji Restoration began that country's meteoric entry onto the world stage. Thus in one turbulent decade all the major players on the stage of the twentieth century took their definitive political form as nation-states capable of containing and advancing the social forces of industrial capitalism.

The immediate context for this sequence was the transport revolution of the 1850s and 1860s (railways and steamships) which opened up the world market in staple commodities: food, industrial raw materials, textiles (Lewis 1978). The consequence of global economic integration was imperialist rivalry and the first world war. It was this last event which revealed the state's powers of economic mobilisation and precipitated the desperate competition between varieties of corporatism which has produced this century's economic boom, as well as its terrible toll of destruction. The period since the second world war has seen another revolution in communications – mass movements of people, goods, money and information on an unprecedented scale. Accelerated integration of the world market, especially in new areas of production such as industrialised agriculture, hi-tech manufacturing and long-distance services, has placed growing pressure on national autonomy. The war-making powers of the state capitalist system, having apparently pulled back from the brink of nuclear annihilation, now confront an uncertain period of international realignment.

It should not be surprising if, under these circumstances, a new critique of the state were to be launched, nourished by a desire to see its 'withering away' which goes far beyond the bogus rhetoric of Thatcher and Reagan (who assiduously built it up, while enhancing the private incomes of their friends in the name of the 'free market'). If the dominance of the state is to be reduced, scope arises for the development of new connections between individuals and communities at both higher and lower levels of social organisation. The dialectic of individual and society has been polarised in the twentieth century as an extreme contradiction between market individualism and state collectivism. This has had the effect of marginalising intermediate levels of association, many of which are compatible with the market. It has also diminished the power of more inclusive notions of civilisation, capable of unifying people across political boundaries through shared religious or humanist values.

The reproduction of social forms is intrinsic to human life. Formalism is crucial to the rational solution of problems of social organisation. It is worth remembering that western capitalism and science are the winning team so far; and modern economics is their intellectual synthesis. Even so, if the structures which sustained that synthesis are in decay, it may pay to develop an institutional approach capable of exploring the ground excluded by formal theory. Modern social science conceives of society as two levels: organisation from the top down (the state and bureaucracy) and organisation from the bottom up (the individualism of the market and democracy). These levels are more normally seen in isolation than in interaction. Other forms of association are left out; yet it is here that solutions to the problem of state and market are most likely to be found.

It is widely supposed that nation-states and their industrial capitalist economies broke down the ties linking individual citizens to the particularistic structures and religious identities of agrarian civilisation. At least that has been the prevailing intellectual orthodoxy. Ideological struggle focuses on the appropriate balance between co-ordinated public action (the state) and individual freedom (the market). I would suggest that intermediate forms of association, hitherto largely invisible to modern social theory, are essential to the functioning of institutions at all stages of economic development. Whereas states and markets may be plausibly described in terms of abstract social principles, membership in bodies between the two extremes is always specific and concrete. This is why social scientists have been reluctant to take associations seriously (it is too much empirical work to find out what they are), even though they have long been a preoccupation of anthropologists, historians and lawyers.

Participants in states as well as markets are represented as individuals whose aggregate patterns of behaviour are generated on the ground by a mass of independent decisions (Hacking 1991). A statistical logic postulates quantitative variation within a population made up of isomorphic units (voters, households, firms and so on). A highly centralised administration confronts a decentralised, anonymous mass. This is how the bureaucracy conceives of its antagonism to the people. But ordinary

people seek some measure of protection from the power of the state and from their isolation as individuals. They find it in associations where they can identify with others like themselves, whether in corporations, political parties, churches, ethnic groups, classes or informal networks – a vast variety of social movements and semi-stable reference points in a chaotic, frightening world. Social life is impossible without such associations; one of their chief tasks is education.

British social anthropology announced its aim to concentrate on this intermediate level of social organisation in a collection of essays published fifty years ago (M. Fortes and E. Evans-Pritchard 1940). Here the customary political organisation of African societies was used to highlight the exclusion of this practical level of human life-forms from the abstract political philosophy then current in the west. To this critique we may now add the limitations of formal economics: we need to investigate both the place of associations in social life and the interaction of state and market mechanisms. The idea of an informal economy addressed the second of these issues, if not the first.

11.5

The informal economy is a market-based response of the people to the overweaning attempts of bureaucracy to control economic life from above. The social forms capable of succeeding state capitalism are likely to be grounded, at least embryonically, in that response. But where are we to look for evidence of how people construct the relationship between individual and community outside the dominating presence of the nation-state? Anthropologists have traditionally sought answers to this question in fieldwork-based ethnographies of so-called 'primitive' societies. Now that decolonisation and the ongoing process of global integration have undermined that strategy, it is likely that fieldwork will be used to show how people everywhere are making bridges between everyday life and world history (Marcus 1985, Grimshaw and Hart forthcoming). The social history of industrialising societies in the nineteenth century, before the dominance of economy by the nation-state, offers another fertile source for such an enquiry.

The post-Stalinist regimes of Eastern Europe, or at least their intellectuals, look to England's revolution in the seventeenth century, when the struggle between market and state took the form of a commercial landed gentry's attempts to emancipate itself from absolutist monarchy. The English concept of civil society, later adapted to the needs of a continental bourgeoisie (*Bürgerlich Gesellschaft*), now animates their desire to escape from the legacy of the totalitarian state. Their avid embrace of market principles will soon reveal the crippling lack of corporate structures which, although hidden by ideology, have organised western capitalism for at least the last century. Potentially more interesting, because less encumbered by historical precedent, will be the political experiments thrown up by the democratic revolution now sweeping through Africa.

For all its mystification by ideology, I am reluctant to abandon the concept of the market: buying and selling constitute a historically distinctive form of economic life. But the anomaly of using individual market competition as a model for the functioning of capitalist bureaucracy has to be laid to rest. Fortunately, this task is well under way, especially in the economic anthropology of Indonesia (Geertz 1963, J. and P. Alexander 1991), as well as elsewhere in this volume. In what sense then can the idea of market relations be retained?

Marcel Mauss (1925), while emphasising continuities in the forms of exchange, opposed the market to the gift in terms of the timing of a return for the thing given: in the latter case there was a delay, whereas in markets exchange is simultaneous. The instant equalisation of each party's interest made it unnecessary for the individuals involved to maintain a social relationship and this accounts for the impersonality characteristic of market dealings. This model for market relations is used by economists as an excuse for making society, time and space extrinsic to their basic approach. It is embodied in the financial institution of the spot contract. But market relations are rarely spot contracts involving two individuals in a narrowly bounded present time and place. Rather they extend backwards and forwards in time, normally requiring economic actors to engage with social organisation as a means of reducing the uncertainties involved.

Market relations consist of the buying and selling of commodities for money. The point of using money is that sellers do not have to find buyers who are selling whatever specific commodities they themselves want at that time (which is barter, Hart 1988c). Instead they take money for their sale and make their own purchases some other time. That is why we use different words for the two sides of market exchange. But it is also rare for buying and selling to take place in a temporal or social vacuum: selling entails past production schedules, buying entails future consumption or investment; and the money realised by sale can be held indefinitely for a variety of possible uses. Some of the key market contracts have time built into them: wages involve working before payment; rent involves payment before occupation. And credit, the basis of finance, is nothing if not a contract in time.

Moreover, the spatial dimension of market relations is always potentially infinite: attempts to insulate local transactions from the outside world are subverted by the market's proliferating connections with a social universe which can never be known or controlled. The decades since the second world war have seen a remarkable integration of market transactions on a global scale. The extension of market relations in time and space thus necessarily requires participants to face a source of profound uncertainty, which is compounded if their livelihood depends on successful negotiation of such uncertainty. Two principal methods arise for bridging the gap between the known and the unknown: social organisation and individual calculation. Market economy places a premium on finding ways of reconciling these needs. The resulting forms of individual and collective behaviour are highly varied. They are not given by the structure of markets as such; nor are markets practicable without them. Market relations depend heavily on ritual for their reproduction in that they attempt to bridge the gap between the known and the unknown (compare Durkheim 1976).

With the benefit of hindsight provided by such reflections in the context of the unravelling of the post war order, I can return to my own original fieldwork in Accra and ask what other lessons may be drawn from it than the existence of an informal economy. Now I find that the city's unregulated market economy was not just

composed of an assortment of individuals, but rather had its own social forms, each reconciling the individual and the collective in a distinctive way. I have begun to explore these matters in a recent article (Hart 1988d). I would stress the following pertinent ethnographic observations. Because of a general scarcity of cash, market transactions were dominated by credit which entailed a wide range of strategies for projecting social relations forwards through time. The cultural material for market relations came from a variety of associations based on kinship and marriage, ethnicity, religion, political patronage, criminal fraternity, occupational status, personal friendship, legal contract and business partnership. At the same time, individuals had to base their calculations on idiosyncratic experience and could not afford to sacrifice their autonomy unduly to an over-restrictive system of rules. Out of this creative dialectic an innovative and highly variable pattern of economic life was spawned.

It remains to be seen what part will be played by relations established over the past few decades in what I once called 'the informal economy', now that democratisation and the market have begun to weaken Africa's rickety state structures. Having been adapted to the exigencies of a dominant bureaucracy, they may not be the ideal basis for a new political order. Even so, as in Eastern Europe, social forms which have learned to live with the market, often illegally, will be prominent in the uncertain times ahead.

The individual and society are thus not as contradictory as cold-war rhetoric would have us believe. Indeed both are indispensible to viable human life-forms. So the idea of an 'informal sector', resting as it did on the static negations of state capitalism, was always a vulgar and limited concept. But the social reality which gave rise to it – the initiatives of migrants living beyond the reach of the state in Accra's slums – yields alternative interpretations of the development process which are relevant to our own time. It is not the ideas of intellectuals but the people's struggles which offer hope for a better world; and a constructive anthropology of development would stress the tradition of fieldwork-based ethnography, not ways of conforming to the intellectual order of economists and bureaucrats.

We have to search for new social forms which are compatible with market economy. They are likely to be plural and opposed to an oppressive role for state bureaucracy. They should draw inspiration from the modern successors to world religion, ideologies such as free-trade liberalism, international Marxism, the Green movement, 'Greater Europe' and Pan-Africanism, which make sense of the need to transcend existing political boundaries. They will construct the relationship between the individual and the community in a harmonious, not an antagonistic way. Then perhaps public organisation and private interests will be combined flexibly for the general good. That at least is the meaning I have tried to rescue from my own participation in Africa's post-colonial débâcle.

One thing more remains to be said. The argument of this chapter owes more to Hegel than to Marx. Perhaps one can expect little else from the critique of ideas. But then Hegel was a better prophet of the twentieth century than Marx. State capitalism is the historical realisation of Hegel's prediction that capitalism would seek to resolve its contradictions through an absolute bureaucracy manned by a state-made intellectual class (Hegel 1819). The opposition of state and market represents the internal division within bureaucracy between those who organise public life and those who organise capitalist enterprises. Max Weber's (1978) gloomy prognosis that the future would be shared between state bureaucracy and market capitalism simply had the advantage of being historically closer to the thing itself. What neither took into account was the people's capacity to resist command from above; and for an understanding of that resistance and our own future we have to turn first to Marx.

Socialism is the extension of the political principle of democracy to economic life. Since work, the central fact of human experience, is still for most people organised in a disagreeably unequal and unfree way, it follows that the historical project of socialism is barely begun. Marx got his timing wrong; but he did discover that industrial capitalism would be a force conducive to the emergence of people power where it counts, in the organisation of production. That is why *Capital* (Marx 1867), written during the 1860s in the face of state capitalism's origins, must still be the intellectual starting point for our own moment of world history, its imminent demise in the aftermath of the Cold War (Grimshaw and Hart 1991).

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