

**ECONOMIC DECLINE AND A RURAL MANITOBA VILLAGE:
STRATEGIES FOR SURVIVAL**

By

LYNN MARGARET LAWLESS

A thesis presented to
the University of Manitoba in partial fulfillment
of the requirements for the degree of
MASTER OF ARTS
in
THE DEPARTMENT OF ANTHROPOLOGY

Winnipeg, Manitoba

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ABSTRACT

This thesis examines several factors which are contributing to socio-economic decline in the rural Manitoba village of Elphinstone and its surrounding area. The local situation of decline is related to more general trends in the economy of Canadian grain agriculture. An argument is brought forward for the use of theoretical constructs which link micro and macro levels of analysis -- in particular, a conceptualization of capital in economic, cultural and social forms -- and the influence of ethnicity and culture in shaping economic behaviour and local stratification systems. Data collected through participant observation and formal case study interviews are presented to indicate the variation in social and economic strategies being employed in the local setting and to elaborate the local system. An examination of local strategies, in terms of levels of the various forms of capital they embody, is used to interpret the conflicts found to arise from the co-existence of kin-ordered and capitalist forms of production and the resulting ambiguous position of certain individuals in the local stratification system. The argument concludes with speculation as to the direction of change in the local system in light of current trends in the macro system.

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I alone take full responsibility for any errors contained in this thesis.

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Chapter 1

INTRODUCTION

In light of the high level of attention being given to the farming crisis in the popular media, relatively little scholarly research has been forthcoming concerning the state of rural areas most directly influenced by this crisis. Most of what we in anthropology know about Canadian agricultural communities comes from the works of John Bennett (1969) and Jean Burnet (1951). This thesis focuses on the community of Elphinstone, Manitoba in an attempt to begin rectifying the apparent knowledge gap. For the purposes of this thesis the community of Elphinstone refers to the two hundred and thirteen residents of the village of Elphinstone proper and the surrounding farming population of approximately the same size. At issue here are the strategies being employed by the people of Elphinstone in the face of the farming crisis and their implications for the future of the community. There are three interrelated processes which have contributed to economic decline in farming: the intensification of agriculture, the cost-price squeeze, and the centralization of capital and social services.

Intensification in agriculture, encouraged by lending institutions, elevator companies, and manufacturers of farm chemicals and machinery, has involved expanded land holdings and increases in the use of machinery and

petro-chemicals. Initially, this highly capital intensive approach had a positive impact despite the increased farm debt loads and decrease in both the farm population and the need for farm labour.

The cost-price squeeze, however, brought about by fluctuations in, and manipulation of, the world cereals market, has reversed the positive impact of intensification. Simply stated, the cost-price squeeze has resulted from a situation where costs of farm inputs have continually risen over the years, while international grain prices have dropped. This drop in grain prices has decreased the relative returns from farming, devalued farm land, and consequently impaired the farm operators' ability to borrow further capital from lending institutions. Of those farmers who incurred high debt loads in an effort to intensify production, many face bankruptcy. Thus, there are fewer people in the region making a living from agriculture and there is less disposable income for those who remain. As farming is the primary economic activity in this region, a decline in farming has led to an overall decrease in local economic activity.

The centralization of capital and social services are the direct result of decreased local economic activity and decreased population. As the local farming population has diminished and has spent increasingly less on goods and services in the village, local businesses have been forced to close or relocate. With these small businesses, jobs have also left the village and people have gone elsewhere to find employment. The decrease in population has increased the per capita costs of providing education, health, and welfare services locally. These services have been removed from the town and located in larger centres. The combined effect of lost employment and removal of locally provided government services from an

area can be viewed as a decline in the local standard of living, as Padfield (1980:177) has noted, contributing to the decision of even more people to move away from the village.

Socio-economic decline, then, refers to the process by which the local economy becomes depressed and stagnant, and the standard of living declines. In addition to this, there is the implication that this process is beyond the control of the local population. Despite their inability to stall or reverse the process of decline, those individual people and households that remain in the community of Elphinstone have generated various adaptive strategies in response to their changing situation.

These strategies are both economic and social in nature. On the surface they consist of combinations of income from different sources to support a household. Chronic conditions of underemployment and unemployment in this region produces heavy dependence on municipal, provincial, and federal income support and social programmes. Farmers have had to seek additional sources of income as well as adjust their farming practices and investment strategies to deal with fluctuating markets.

Diversity in the adaptive strategies being employed stems from an inequality in access to and ability to make use of available resources and economic opportunities among the major ethnic components of the local population. Although there exists at the local level an ideology of communality which demands equality and justice among neighbours, within the local system opportunities and advantages are differentially available to people based on the possession of certain economic or social characteristics. While objective economic factors such as demonstrable

wealth and position in the production process can result in advantages or disadvantages at the local level, such characteristics as level of education, occupation, ethnicity (cultural background), religion, or family affiliations are also significant. Bourdieu (1983 and 1984) as well as LiPuma and Meltzoff (1989) similarly have suggested that class can be analyzed in terms of the intersection of economic capital such as position in the process of production, cultural capital such as speech and manners, and social capital such as ancestry. The specific expression of each of these forms of capital will differ by locality or region. It will be the main contention of this thesis that the analysis of social stratification at the local level demands a broadened concept of class which includes not only universally relevant characteristics such as position in the production process, but also characteristics which are of variable importance such as ethnicity, religion, family affiliations or education. As far as the local social system remains the sphere of relevant social ties, the adaptive strategies employed by actors in the local setting are in some part the product of and response to the immediate local system as well as the regional and national economic and social systems in which it is embedded.

1.1 Development and Decline in Canadian Grain Agriculture

From the beginning, the operation of capital has demanded the eventual decline of rural communities and like many small agricultural settlements across North America, economic instability has always characterized the history of the community of Elphinstone. The initial motivation for settlement on the prairies was the availability of abundant free land

beginning in the late 1800's and ending by 1920. Grants of 160 acres were available to all who filed claim and broke the land. An additional 'pre-emption' of 160 acres was also available at a cost of one dollar per acre. While many people came, stayed for a few years, then sold out for a profit, others came to settle, seeking land as a source of prosperity and economic independence. With these settlers came the small businessmen and entrepreneurs, as well, with similar notions of prosperity and independence. Villages sprang up across the prairie landscape.

Within the functioning of a capitalist system, however, the ability to protect and improve one's position depends on political and economic power, and this is held by big capital, not by small entrepreneurs and commodity producers. The independent agricultural producers and rural areas in general have always been under the sway of the railways, grain companies, large manufacturers, and banks; the attempts of these interests to maximize their own profits and control markets; and the concomitant pressures towards growth and capital centralization.

Transportation and the associated costs have always been a concern for prairie agricultural settlements. The railways have held an important share of economic power as a result of their early monopoly on moving commodities in and out of the west. The Crows Nest Pass Rates Agreement, concluded in 1897 between the CPR and the federal government, was an early attempt to guarantee producers reasonable rates for transporting prairie grain. In return for a land grant of 3.7 million acres in the Kootenay mineral fields and a \$3.4 million subsidy to build a line through the Crows Nest Pass, the CPR agreed to move grain and flour at the rate of one-half cent per ton/mile "in perpetuity". In 1925 this rate was

established by a Statute of Parliament and was applied to the CNR as well (The Peoples' Food Commission 1980:49).

Despite protections on the cost of transporting grain, and rising wheat prices on the international market in the early 1900's, rising costs of production made farming a losing venture for many. Aside from land prices being driven up by speculators, five large grain companies dominated the Winnipeg Grain Exchange and the manipulation of prices was common. Grain prices fluctuated wildly, often being so low in the fall when farmers wanted to sell that the costs of production could not even be recovered. The railways, however, would not accept grain directly from farmers so the farmers were forced to sell to elevators run by the grain companies at the established prices.

In an attempt to remain viable, prairie farmers began in 1906 to organize their own co-operative grain marketing companies to compete with the private elevators. In addition, production was intensified in an attempt to become more profitable. Because of the low rainfall and tough soils encountered in the prairies, this move towards intensification involved mechanization. "The prairies and semi-arid plains became the cradle of farm technology" (Padfield 1980:163).

Control of manufacturing by industry in eastern Canada and the United States and discriminatory freight rates by the rail lines drove the costs of farm equipment up, increasing the capital requirements of the individual producer. Many farmers turned to the banks for credit, or to off-farm labour. Rising interest rates during the economic crisis of the 1930's and the associated high levels of unemployment forced many into bankruptcy.

Following the crisis of the 1930's, the need to stabilize wheat prices was recognized by the federal government, and in 1936 the Canadian Wheat Board was set up to "buy all Canadian wheat at reasonable prices, to allocate equitable quotas for delivery, and to sell the wheat at the best price" (The Peoples' Food Commission 1980:49). The prices set and quotas for delivery are still based on international sales and trade agreements and are thus subject to a great deal of variation.

The costs of agricultural production continued to rise, but during World War II and the years directly following, grain prices were high and the tempo of intensification of production and expansion of individual land holdings increased rapidly. The intensification of grain farming included not only the use of large gas or diesel powered machinery, but also new varieties of high yield seed, and an increased use of inorganic fertilizers, herbicides and pesticides to further increase yields and reduce losses. This process has produced economic and social problems similar to those discussed in reference to the "Green Revolution" (Lappe and Collins 1978, George 1977).

The major outcome of the Green Revolution has been to make agriculture so capital intensive that smaller farmers cannot compete. The use of higher yield hybrid seeds requires the use of additional inputs in terms of fertilizer, pesticides and herbicides. In turn, in order to be profitable with such high investments even more land must be put into production. The use of gas powered machinery which is necessitated by large tracts of land reduces the need for large inputs of human labour, thus contributing to rural unemployment.

The logic of this type of agriculture is to maximize yield per acre through increased capital investment. A bad crop year under high capital investment conditions has resulted in massive debts being incurred by individual producers. Under these conditions only the largest farms have been able to remain in operation without additional capital inputs. The 1981 Statistics Canada Summary of Agriculture indicates an increasing trend among small and medium farm operators towards a dependence on seasonal, part-time and in some cases full time non-farm labour to supplement farm incomes.

In my own research it was apparent that in addition to non-farm incomes being sought on the part of farm operators -- which for census purposes generally refers to the male farm household heads -- farm women make a substantial contribution to household income. Recent American studies would suggest that the contribution of women to family farm incomes through non-farm labour is forty percent or higher in some cases (Vail 1982:26).

In addition to these trends, events over the past fifteen years have exacerbated the situation for prairie farmers. In 1973 Cargill Grain, the world's largest grain trader, bought Pioneer, a private Canadian elevator company. At about the same time Otto Lang, then minister responsible for the Wheat Board, took the selling of feed grain away from the Wheat Board, undermining the stabilizing effect of the Wheat Board and leaving a large opening for private traders such as Cargill (The Peoples' Food Commission 1980:50).

In conjunction with this change in wheat marketing, Otto Lang, the CPR and Cargill launched a combined attack on the Crow Rates, planned the

establishment of large centrally located inland grain terminals and the closure of smaller elevators, and the abandonment of 6,808 miles of branch rail lines in the prairies. In sum, this created a situation whereby the producer was forced to pick up an ever greater portion of the transportation costs.

What is really at stake is control over the grain resource in the foreseeable future. Under the Canadian Wheat Board, grain had become a publicly-regulated commodity with limited profit potential for either the railways or private grain trade. But with a return to the flexibility of the open market, the possibility of unloading a greater burden of the costs on to farmers and lifting of the long-standing Crow Rates, the profit future is golden for agribusiness (The Peoples' Food Commission 1980:51).

With the support of the Chase Manhattan Bank, as well as other major banks, Cargill and other multinationals have gained manipulative control over the world cereals market. These international firms have been the instruments of a shift in U.S. policy from "keeping large wheat stocks, sold at a loss to poor nations, to a policy of reducing wheat stocks through hard sell and a cutback in supply" (The Peoples' Food Commission 1980:51).

In the U.S. and Brazil such moves have put Cargill and other multinationals in a position to buy up agricultural land. As the costs of transportation to the farmers is forced up and grain prices are forced down, a similar move could occur in Canada.

The practice in Western Europe of guaranteeing high prices to farmers and the government purchase of surplus produce has exacerbated the situation for farmers in other regions by further driving down prices on the international market (Winnipeg Free Press, October 22, 1987:30). It is clear, then, that one must look beyond the individual producers and

specific local conditions to understand the source of economic decline and crisis in rural areas. As Padfield (1980:173) suggests, "clues to the mystery of the small community's demise are not to be found locally, but in faraway places, like the central headquarters for multinational corporations and regulatory agencies."

1.2 Parameters of the Micro/Macro Distinction.

The terms micro-level and macro-level are relative to the type of research being conducted. All research involves particular units of analysis as well as the study of processes. These units are composed of smaller units as well as being part of larger units in the same way that processes contain sub-processes and in turn are a part of larger systems. DeWalt and Pelto (1985:2) suggest that the discussion of micro and macro levels for any given research must involve parameters of space, causality and time:

In all these dimensions the concept "micro" and "macro" cannot be defined as absolutes but have meaning only in terms of the inter-relationships of the units, processes and time frames under consideration.

The parameters of space in the micro-macro distinction are commonly defined in terms of the size and location of the units being considered, i.e., the individual versus the aggregate or levels of organization such as village, region, province, nation, world. The distinction of a scale of causality in anthropology has frequently revolved around the question of whether events are to be understood as resulting from processes originating at the local level or as a result of external forces. The time scale of micro-macro relationships pertains to whether the research

is designed to consider immediate causes or to consider a broader dimension of time.

Any discussion of the relationship between micro and macro phenomena or processes must then define the parameters of the units. These units of analysis and the relevant scales for defining them will by necessity vary depending on the demands of the problem being researched and the theoretical perspective that guides the research, all of which will have implications for the research methodology.

1.3 The Development of Micro-Macro Distinctions in Anthropology.

For anthropology or more specifically ethnography, the minimum distinction of the micro-level has most commonly been the village, band, or local group. In thinking about the relationships between small demographic groupings of people -- the micro-level, and larger more inclusive pluralities -- the macro-level, anthropology has gone through a number of shifts over the years. As the changing world situation has brought new aspects of these relationships to our attention, the emphasis has shifted from the micro-level to the macro-level. These changes in emphasis have also signified dramatic shifts in ideological perspectives. In addition, these developments in anthropological thinking have involved a type of cross-fertilization from related disciplines such as sociology, history, political studies and economics.

One of the earliest modes of thinking about micro and macro grew up in the context of urbanizing and industrializing 19th century Europe where social evolution, the dominant intellectual tradition of the time, portrayed society as moving from a homogenous structure to a heterogenous

structure. Tönnies's (1955) formulation of *Gemeinschaft - Gesellschaft* (community - society) is representative of this intellectual tradition. At this time a division of labour occurred in the social sciences whereby anthropology went on to dedicate the bulk of its efforts to the study of the small scale primitive community and sociology concentrated primarily on large scale society.

Robert Redfield, influenced by the Chicago School of Sociology and its pioneering work in the area of community studies, formulated the idea of the folk-urban continuum. Redfield identifies certain elements of a social system as belonging to the folk or traditional end and others as belonging to the urban or modern end. For Redfield there were four essential qualities of the folk community: distinctiveness -- where the community begins and ends is apparent to insiders and outsiders; small size -- amenable to direct personal observation; homogeneity -- only distinctions of age and sex are primary; self-sufficiency -- providing for all or most of the needs of the people (Redfield 1955:4). The ideas of a typical biography, group personality and common outlook on life are also thought to be embodied in the folk community. Redfield's typifications focus on an ideal isolated folk community, however, which he concedes does not exist in reality. Those elements such as state institutions which do not correspond to the folk ideal are treated as "frontiers" on the margins of which folk society adjusts to the new conditions. In so doing the folk-urban continuum fails to take account of the political and economic forces that shape these communities (Redfield 1955). This formulation suggests that the micro system can be geographically defined and the

characteristics of the micro system are not typical of society as a whole and will eventually give way to the dominant macro system.

In the colonial period anthropology became concerned with describing and explaining the rationality of traditional ways of life in order to defend them against interventions of the colonial power. The micro-macro issue began to be expressed in terms of the impact on local groups and communities of the external institutions and organizational apparatus of government. This issue, however, was not seen as having any relevance in rural areas of North America or Europe:

The local external relationship there was visualized as "normal": rural communities were seen as components of the total society, conducting their affairs in full awareness of their role and position in the nation. Nation was an accomplished fact; not a social problem. Change was part of "progress"; it was normalized, accepted by the rural population (Bennett 1985:25).

Because the local-external relationship was not viewed as a problem, there was a tendency to assume that the processes that were at work in a given village or locality were representative of the nation as a whole. Both Warner (1952) and Stacey (1960) are examples of research conducted under this assumption.

At the close of the colonial era, with the dismantling of colonial empires and the formation of new nation states, anthropologists were forced to take a new view of micro-macro relationships. As the national state came to be the dominant political frame for tribal and peasant societies, anthropology soon discovered "that the social forms of the small community or any localized demographic unit were not created in situ, but evolve in complex relationship with the institutions of larger societies" (Bennett 1985:27). In addition, the problems of

micro-macro interaction were no longer viewed as restricted to post colonial populations; they began to be viewed as applicable to all societies and all nations. The focus became one of discovering how the local and external combined into a large and interactive whole (Bennett 1985:28).

Early efforts in this vein attempted to show the relationship between the local level and the institutions and processes of society. Walter Goldschmidt's As You Sow, (1947), is a study of the effects of industrialized agriculture in the town of Wasco, California. Goldschmidt documents the advent of industrialized agriculture in Wasco; using town records, United States census data, and his own survey, he shows how the concomitant changes in the town's economy has resulted in stronger class distinctions. A comprehensive review of the institutional structure of the town indicates that non-local institutions gained importance and the function of town institutions changed to promote and perpetuate social and economic distinctions rather than address common local problems as the local institutions had originally done. Case studies of individuals and households from different positions in the town's social structure show how the formal and informal institutions and associations are used by members of the town to cope with the changing situation and attempt to achieve their goals.

In Viddich and Bensman's Small Town in Mass Society (1958) the authors examine the institutional and ideological relationship between the town of 'Springdale' and the state and nation, as well as the way in which both internal and external processes contribute to the rural 'class structure'. Class, as it is used by Viddich and Bensman, is an index of productive

activity, consumption patterns and social behavior or lifestyle (1958:51-52). In addition, the relationship of the individual to the community is examined and the authors present a psychological interpretation which suggests that the people of 'Springdale' use techniques such as self-avoidance and self-deception in order to deal with the overall domination of their community by the mass society.

1.4 The Use of Macro Theory in Anthropology

In the process of coming to terms with the large and interactive whole, anthropology began to draw heavily on the theoretical advancements being made in other disciplines, including dependency theory, and the concept of mode of production. As a result of these influences, the frame of reference for anthropological research changed radically from the locality based or community-centred approaches. Anthropologists began to consider the effects of more global forces, including worldwide politico-economic systems and the history and theory of capitalist development, especially in terms of how these affect and change the lives of local populations (Frank 1967, Stavenhagen 1975, Wolf 1969). These approaches to social and economic phenomena incorporated broader scales of time, space, and causality than had ever been used in ethnography, leading to several problems in connecting these grand schemes to micro level research.

At the basis of the approach rather loosely termed "dependency theory" is the view that even the smallest of communities are linked to larger and more inclusive groupings through the operations of the capitalist market. André Gunder Frank is a proponent of such a dependency approach with his

metropolis-satellite model of the development of capitalism (1967).

Within this model three contradictions of capitalism are central:

expropriation of economic surplus from the many and its appropriation by the few, the polarization of the capitalist system into metropolitan center and peripheral satellites, and the continuity of the fundamental structure of the capitalist system throughout history of its expansion and transformation, due to the persistence or recreation of these contradictions everywhere at all times (Frank 1967:3)

Metropolis-satellite relations, characterized by development in the metropolis and underdevelopment and dependency in the satellite, obtain not only between the world capitalist metropolis and peripheral satellite countries but also within these countries. "Regional, local, or sectoral metropolises of the satellite country find the limitations on their development multiplied by a capitalist structure which renders them dependent on a whole chain of metropolises above them" (Frank 1967:11). Frank rejects the idea that the penetration of capital in the periphery is only partial or simply incomplete, as is suggested by ideas of "dualism".

"Aside from the deleterious political consequences of what he regards as false conceptions, his stress on the 'development of underdevelopment' as an active process of appendagization and distortion entails absolute hostility to the idea of any currently existing social forms being seen as 'traditional' and hence extrinsic to the process" (Foster-Carter 1978:49).

Criticism of the dependency approach in general has focused on two basic problems. The first and primary criticism deals with the difficulty of operationalizing concepts like dependency, metropolis and satellite. "Dependency might well suggest a macro-framework, but it did not easily manage the shift from general statements of micro-fieldwork" (Foster-Carter 1978:49). The second shortcoming of the dependency approach is the lack of attention given to uniquely local processes. Wallerstein (1974)

documented the expansion of capitalism from its origins in 16th century Europe, characterizing it with the terms "core" and "periphery", however,

... emphasis on the effects of the overall structure of the system have led him to neglect the extent to which historically given class structures determine local responses to the market (Evens 1980:18, my italics)

The dependency approach treats the various levels of the metropolis-satellite or core-periphery relations as if they are qualitatively identical with a single relation -- that of dependency -- binding various levels together. The small community or locality is seen as being a miniature reproduction of the national and international class structure with no provision given for independent processes. The generated view is that of a passive, non-reactive local level.

Use of the mode of production concept has overcome some of the deficits in dependency and world systems approaches by directing particular attention to historically given class structures and uniquely local processes. Some anthropologists have gone to great lengths to emphasize the importance of local history and local class relations, often describing in detail the tenacious persistence of pre-capitalist modes of production despite capitalist incursions (e.g., Smith 1978, 1985). Others, most notably Laclau (1971), have suggested that in fact capitalism neither dissolves nor evolves from that which precedes it. Laclau suggests that in Latin America capitalism intensified or even created feudal and other pre-capitalist modes, thus strengthening its own hold in the region.

The present notion of articulation of modes of production, which can be traced to the work of Pierre-Philippe Rey (1973), distinguishes three stages of articulation in the process of transition to capitalism. In the

first phase capitalism reinforces the pre-capitalist mode, in the second phase capitalism subordinates but still makes use of the pre-capitalist mode, and the third phase is the total disappearance of the pre-capitalist mode (Foster-Carter 1978:56). The implication of this position is that with time and further integration into the capitalist mode of production, all other modes and social relations will be replaced with capitalist relations.

Eric Wolf defined a mode of production as "a specific historically occurring set of social relations through which labor is deployed to wrest energy from nature by means of tools, skills, organization, and knowledge" (1982:75). He emphasizes that the strength of the concept is not in its ability to classify but in "its capacity to underline the strategic relationships involved in the deployment of social labor by organized human pluralities" (Wolf 1982:76). The concept allows us to see intersystemic as well as intrasystemic relationships and the conflicts and contradictions which result from the articulation of different modes.

1.5 Micro/Macro Linkages.

Different types of problems have led researchers to think about units of analysis at either the macro-level or the micro-level. In both cases assumptions about one level have been stretched to discuss the other with unsatisfactory results. This has led to a new orientation in which researchers make a self conscious attempt to bridge the gap between the levels. Up to this point we have not been "able to adequately explain how relatively small-scale events and processes (micro-level phenomena) are related to larger scale events and processes (macro-level)" (DeWalt and