

Monetary Policy and Economic Imbalances: An Ethnographic Examination of the Arbee Rituals*

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Introduction

In his “Life Among the Econ” Axel Leijonhufvud (1973) took an ethnographic approach to describing the Econ tribe and, especially, two of its components: the Macro and the Micro. My purpose is to delve further into the life of the Macro, specifically examining the Arbee sub-tribe.

Like Leijonhufvud, I take an ethnographic approach, having lived amongst the Arbee for two lengthy periods totalling twenty-four years. The Arbee sub-tribe that I have lived within, and will examine here, is situated in a small set of islands in the southern Pacific Ocean, that some call Aotearoa and others call New Zealand. They are related to Arbee sub-tribes elsewhere in the world through tight kinship connections.¹

In ethnographic research,² it is common to collect data through direct, first-hand observation of participants’ activities. Interviews may be used, varying from formal interviews to frequent casual small talk. Suffice to say, that no formal interviews have been adopted for this research. However there has been much first hand observation both of the Arbee people and of their relationships with other tribes and sub-tribes both in Aotearoa and beyond.

The Imbalance

The task of our research is to examine the nature of the Arbee reaction to claims by other tribes and sub-tribes that the Arbee rituals have caused *The Imbalance* in *The Economy*.³ Specifically, their highly formalised OC Ritual (OCR) has been blamed for creating *The*

* I wish to thank Professor David Bettison who, in teaching me economic anthropology, taught me more about the subject of economics than did any economist before or since.

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¹ Like most within the Econ, the Arbee do not have tight kinship connections to other tribes identified by Leijonhufvud: the Polscis and the Sociogs.

² For a discussion of the role of the ethnographer in economic anthropology see Firth (1951); for a classic early example, see Malinowski (1922).

³ Here we will not dwell on the fact that *The Economy*, being a reification, does not actually exist as an entity (Berger and Luckmann, 1971) so it is not clear how an entity that does not exist can have an imbalance. Nevertheless we will treat *The Economy* in the same way that the Arbee and other tribes and sub-tribes of interest treat it, i.e. as an objective reality.

Imbalance. Going back in history, a previous Arbee ritual, the PL Ritual, which many regarded as a much more base form of ritual, was also alleged to have caused *The Imbalance*. Thus it may be the existence of the Arbee sub-tribe themselves (White et al, 1990) or their collective objectives rather than the precise ritual,⁴ that many see as the root of *The Imbalance* in *The Economy*.

One problem that immediately confronts the ethnographer in this task is that *The Imbalance* means different things to different tribal groupings. Some say that the whole Aotearoan tribe spend more than they produce in a year and that this is *The Imbalance*. Others say that the price of goods brought in from overseas is too cheap and that this is *The Imbalance*.⁵ Yet others say that the West Island tribes have become richer than those in Aotearoa and that this constitutes *The Imbalance*.

The problem of defining such claims is not unique to the issues faced by the Arbee.⁶ We will interpret *The Imbalance* as some combination of the various tribes' claims, and define it as something to do with relative prices that result in the Aotearoan tribe spending more than it produces which in turn somehow leads tribal members to be poorer than their West Island kin.

It is the rituals of the Arbee that many claim to be the cause of *The Imbalance* in *The Economy*. If only the Arbee were to conduct their ritual in a different manner, the prices, expenditure and living standards would all right themselves. The Aotearoan tribe would then be as wealthy as the West Island tribe. (No matter that the West Island tribe has discovered artefacts that are in huge demand by tribes elsewhere who, through the principles of reciprocity, are willing to exchange vast quantities of goods for these artefacts.⁷) In terms of Arbee ritual, a little less flagellation is sometimes recommended – though others argue for more flagellation at times – so indicating the tightrope that the Arbee must walk when conducting their OC Ritual.

The importance of ritual, in certain belief systems, for delivering intended outcomes is well-known to ethnographers and social anthropologists. Several examples, known collectively as “Cargo Cults,” exist in the South-West Pacific, and they are highly instructive for our purposes.

Indigenous peoples who had little or no experience of the world beyond their own island, saw vast wealth being disgorged on their shores as foreigners arrived during World War

⁴ In a survey of New Zealand economists undertaken in 1990, 49% disagreed with the proposition that “The quantity of money has no long-run influence on any real variable”; only 16% agreed with the proposition and a further 20% agreed with reservations (Coleman, 1992).

⁵ Those making this claim are often from the same tribe that claim the cost of living for Aotearoans is too high and getting higher. We are unable to fathom how this tribe can maintain both of these claims at once, but it does demonstrate the complexities that the Arbee must confront.

⁶ Dawkins (2006) quotes David Attenborough as being told that John Frum, the messianic target of a famous cargo cult in the New Hebrides (Vanuatu), was “a tall man”, which contradicted the existing accounts that he was a short man. Dawkins (page 205) concludes: “Such is the way with evolving legends”.

⁷ The principle of reciprocity in exchange is central to the study of economic anthropology; for instance, see Belshaw (1965).

Two with enormous quantities of previously unknown sophisticated goods. There was no evidence that these new arrivals made the goods themselves. Instead, the goods appeared only after the new arrivals had performed certain rituals. Chief amongst these rituals was talking into a microphone while wearing headphones, and preparing a flat piece of ground for enormous planes from an unknown location to land and unload cargo. Once the arrivals left in 1945, the rituals ceased and no further goods arrived. It was clear, therefore, that the indigenous people must restart the rituals for the cargo to arrive.

A number of cargo cults were borne in the region, though the rituals have yet to succeed beyond attracting a few sporadic visitors, some of whom are elderly Americans revisiting their wartime locations. These occasional visits are seen as partially vindicating the merits of continuing with the appropriate rituals (Raffaele, 2006). In the case of the John Frum cargo cult in Vanuatu, the belief is that if the rituals are maintained, John Frum will arrive on 15 February with the desired cargo. Unfortunately, the only missing detail is the year, so the cult's followers turn out at an airfield every 15 February to await arrival of the cargo (Dawkins, 2006).⁸

Worsley (1957) argued that cargo cults are a reaction to the social changes that occur as a result of exposure to foreign practices. Their origin lies in "the disenchantment and frustration of a people whose hopes for social and economic betterment outstrip their command of the practical knowledge and technical means to achieve their ends" (Read, 1958). In such cases, the "bigfella man" (local societal leader) may initiate and lead a cargo cult with rituals designed to attract the cargo that cannot be obtained through known production systems (Cochrane, 1970; Belshaw, 1972). However, in similar societies where commercial practices have been shown to bring material rewards, the activity of the bigfella man tends to shy away from ritual and towards standard production methodologies to achieve wealth (Finney, 1968).⁹

These observations from Melanesian society are apposite for the Aotearoan case. Members of the Aotearoan tribe see greater wealth, not just in the West Island, but also in other major island groups to the north-east and increasingly to the north-west. But as in Read's description, the local people's "hopes for social and economic betterment outstrip their command of the practical knowledge and technical means to achieve their ends." Thus ritual, and particularly the OC Ritual, is seen as supplying the magic to bring additional cargo for the tribe and to correct *The Imbalance*.¹⁰

⁸ When David Attenborough asked about the non-arrival of the said cargo, the conversation went: "*But Sam, it is nineteen years since John say that the cargo will come. He promise and he promise, but still the cargo does not come. Isn't nineteen years a long time to wait?*" Sam lifted his eyes from the ground and looked at me. "*If you can wait two thousand years for Jesus Christ to come an' 'e no come, then I can wait more than nineteen years for John.*" (Dawkins, 2006, page 205.)

⁹ Finney (page 407) argues: "in some areas one can almost talk about a competition between rational and cargo cult means of obtaining wealth, and it can be observed that where significant and reasonably rapid returns from cash cropping and commerce are possible, rational economic effort prevails over the cargo cult."

¹⁰ Smelser (1963), building on Malinowski, emphasizes the importance of magic as a supplementary force to well-exercised craftsmanship in bringing about success from labour (for example, in canoe building).

Ritual and The Imbalance

At this point, we attempt to catalogue the economic arguments surrounding *The Imbalance* and its relationship to the Arbee. In a fully employed island, all resources can be considered to be devoted either to production of cargo destined solely for on-shore consumption by the local tribe or to production of cargo that may be traded for reciprocal goods from far-away islands. If more people are assigned to production of the former class of cargo, fewer people can be assigned to production of the latter and hence there are fewer goods that can be traded for goods from far-away.

Consider what happens if there is an arrival of distant kin from offshore to the Aotearoan settlement. New whares (houses) must be built for the newly arrived kin, and while these whares tend to be of poor quality – cold with copious leaks – they nevertheless require resources to be shifted from production of reciprocal traded cargo to production of cargo for on-shore consumption. Production of cargo destined for far-away islands must therefore decline. The same result occurs if the tribe's bigfella man (or bigfella woman as sometimes occurs in Aotearoa) orders that extra cargo be produced for on-shore consumption, for instance to care for the elderly or to teach the young in the ways of the tribe.

In a primitive setting, prior to the advent of money, this redirection of resources came about directly through the influence of the bigfella man. Indeed, the influence of the bigfella man was achieved principally by showing his largesse through gift-giving that yielded a delayed, but tangible, return through the loyalty of those that benefited from the gifts (Belshaw, 1965; Finney, 1968).

The Aotearoan society is one step above this very primitive non-monetary economy. It has money – which is the magical preserve of the priesthood of the Arbee – and hence it has prices. It is these prices that change in order to achieve the aims of the bigfella man to increase his largesse with regard to on-shore consumption of cargo. Prices also change in order to attract the resources to build new whares for incoming kin. In each case, relative prices change in such a way that able-bodied workers see it as beneficial to switch to production of cargo for on-shore purposes and away from production of cargo for far-away islands. This needs to happen since there is only a limited number of able-bodied people deemed fit for work.¹¹

The Econ have a name for the price that achieves this redirection of resources from one form of cargo to another: *The Real Exchange Rate*.¹² If the bigfella man directs more (less) resource to be put towards producing whares for kin or to produce more cargo for onshore consumption, *The Real Exchange Rate* is said to appreciate (depreciate). In order to achieve these changes, the Arbee priesthood – and specifically the high priest who has

¹¹ Some claim that there are many able-bodied people who are deemed not fit for work and that the constraint on resources is therefore artificially tight. This is similar to the claim of Leijonhufvud with regard to the Econ themselves whereby he finds (page 330): “the Econ show their compassion in the way that they take care of the elderly. Once elected an elder, the member need do nothing and will still be well taken care of.” However, examination of these claims takes us beyond our central theme.

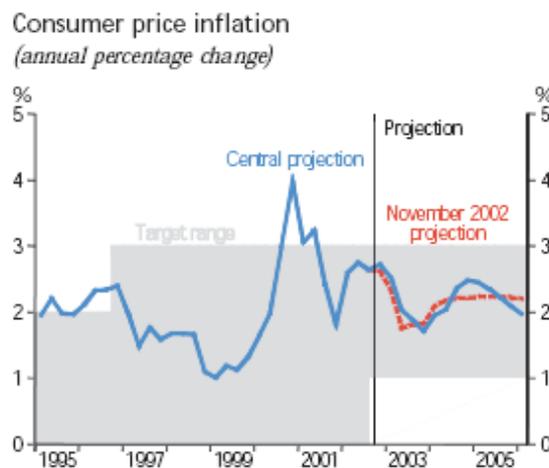
¹² This name, in which a purely notional concept is denoted as something “real”, demonstrates the ability of the Econ to live in their own fantasy world.

complete authority over all other priests of the Arbee (and even over the council of elders who sit around the same table¹³) – engages in the OC Ritual.

The OC Ritual is a highly stylised dance. The first move involves no actions by the priests, just observation of other dancers.¹⁴ The priests observe the effect on all prices that result from the bigfella man’s resource directives. If these directives place too much upward pressure on resources, so that more resources are required to produce cargo than are available to produce it, the price of resources tends to rise. The high priest has a contract with the bigfella man that these price rises must be kept to within a certain sacred range. While the bounds of this range at any one time are sacrosanct, the belief system does evolve so that these bounds vary over time.

The sacred range forms a totem,¹⁵ that the Arbee traditionally colour in a sombre grey. Exhibit 1 demonstrates one such drawing by the Arbee, depicting how the sacred range has changed over time. Oddly, the Arbee are quite content to draw lines in gaily coloured hues on their own totem, as shown in Exhibit 1. Generally, these gaily coloured lines stay within the sacred range of the totem, but occasionally they burst outside. This is taken by many to imply that the Arbee are flexible, rather than strict, totem-followers.

Exhibit 1: Totem of the Arbee¹⁶



¹³ The council of elders has its own rites and rituals, but the author cannot divulge these on pain of excommunication.

¹⁴ This step in the ritual is thought to be the origin of the phrase: “Oh! See!” which, over the passage of time, has been shortened to OC.

¹⁵ Leijonhufvud discusses the totems of the Macro and the Micro. Each is a diagonal cross (but with different lettering) and so differs from the shape and complexity of the Arbee totem.

¹⁶ Source: Arbee (2003) Figure 2, page 4. The grey shaded area represents the totem. I am indebted to my field assistant, Alex Tarrant, who made the discovery of this totem.

If the bigfella man's directives have the effect that observed price rises may depart from the sacred range, the priests begin the active portion of their dance. They raise (lower) their OCR depending on whether they want to reduce (raise) overall pressure on resources. If they raise (lower) the OCR, *The Real Exchange Rate* appreciates (depreciates) so achieving the bigfella man's wishes with regard to resource allocation between cargo for on-shore versus far-away uses.

On rare occasions, the high priest also dances the OC Ritual to appease the gods. In a well-documented recent example, the high priest reverentially reduced the OCR in response to the destructive rumblings of the gods in the southern tribal region. However dancing to the tune of the gods is regarded as an extraordinary, rather than commonplace, occurrence.¹⁷

Despite being elaborate, some say that the Arbee's OC Ritual is only as effective as the rituals of the John Frum cult. Others ascribe strong magic to the Arbee and contend that their ritual is behind the gulf in living standards between those in Aotearoa and the West Island. The latter group, however, fall into the trap studied by Simmel (1907), as documented by Frankel (1977), who warns of "the dangers of ascribing to money abstract powers which it does not possess." Applying this approach to the case of the Arbee, the OC Ritual is a response to the bigfella man's resource choices. The OCR is associated with the resource choices but it is not the cause of them.

If the Arbee cannot affect the resource allocation determined by the bigfella man, why do they engage in their elaborate OC Ritual? The answer is that, to avoid punishment, the high priest must keep overall price rises to within the sacred range – which, extraordinarily, he is generally able to do through the OC Ritual.¹⁸ The Ritual is a means to an end, where the end is prescribed by others. The best that the Arbee can do is to contain overall price pressures to within the sacred range; others determine how the tribe's resources will be split between producing cargo for on-shore versus far-away uses.

From this observation, it can also be deduced that the OC Ritual itself can have no tangible bearing on the divergence of living standards between tribal members in Aotearoa and those in the West Island. Indeed, if the local tribe were to find large quantities of artefacts that were very highly valued by far-away tribes, the living standards of the Aotearoans would almost certainly increase via reciprocity of exchange; and this would happen no matter how the Arbee high priest danced the OC Ritual.¹⁹

Some Concluding Observations

The logical difference between association and causation is well-known in the social sciences, but even today some cannot distinguish between the two. It is confusion of the

¹⁷ Source: Personal communication with the high priest.

¹⁸ This may, in part, be due to the high priest having power to affect the beliefs of those in the tribe.

¹⁹ The bigfella man has recently directed that the tribe search for artefacts that he believes are buried throughout the land, but many in the tribe argue that the land in which these artefacts are buried is tapu (sacred) and so they should not be recovered. Indeed, the definition of tapu land seems to be any land under which artefacts may be buried. (Thanks are again due to my field assistant for this observation.)

two concepts that has led to the specific forms of the Melanesian cargo cult rituals. An observed association of the arrival of cargo with the prior ritual of donning a headset and speaking into a microphone was seen by local indigenous groups as connoting a causal chain.²⁰ Their mistake (according to external observers) is that they did not understand the fundamentals determining the production of the cargo, and they lacked “the practical knowledge and technical means to achieve their ends” in the absence of the ritual.

Believing in a causal relationship between the observed outcome of the Aotearoans spending more than they produce (accompanied by a high level of *The Real Exchange Rate*) and the Arbee’s prior OC Ritual represents a similar confusion. *The Imbalance* is seen to be a result of ritual embodying strong magic. But the OC Ritual is only associated with *The Imbalance*, it is not its cause. Nor is the ritual responsible for the divergence of Aotearoan living standards relative to those of the West Island.

Rather, to understand *The Imbalance*, the observer must understand the motivations of the bigfella man in the way that Finney and others have done within Melanesian society. Gift-giving, and the welcoming of strangers, is central to the nexus of reciprocal relationships in a society. The bigfella man gives gifts generously and people reciprocate (perhaps only once every three years). Visiting kin are housed and this raises the mana (prestige) of all people, indigenous and arrivals alike. The result of these processes is a shift in resources from production for far-away islands to cargo destined for on-shore uses. Not even the magic of the high priest of the Arbee can undo the effects of these forces, but perhaps he serves as a useful scapegoat for those who believe that new rituals are all that is required to make Aotearoans as wealthy as their western kin.

²⁰ Given that the ritual occurs prior to the delivery of the cargo, a time series economist (just like the indigenous observer) would conclude that the ritual does Granger-cause cargo delivery.

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