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## **Getting a Bargain? Some lessons from a Toba Batak marketplace**

### **Precis:**

Some have suggested that an unregulated marketplace will adjust itself through the forces of a powerful leveling system, namely, supply and demand. Recent evidence from the current global economic downturn seem to indicate otherwise, forcing us to question whether there ever has been, or can be, a truly unfettered marketplace.

Leaving the macroeconomic questions for the experts in that field, this paper will present ethnographic information about one exchange venue during a brief moment in time: the marketplace of touristic souvenirs on Samosir Island, Lake Toba, North Sumatra, Indonesia, circa 1995. I hope to show that this single example from Southeast Asia can help illuminate the unpredictable nature of globalizing marketplaces that resist formal economic modeling and confound the expectations and assumptions of both the “demanders” and the “suppliers.”

### **Introduction:**

I'd like to talk today about notions of a “free” market, something mentioned often in the news lately. While I have been contemplating this topic in my work on art--and souvenir--marketplaces for some time, my presentation's immediate inspiration came from an unlikely source: my admission to students in my Visual Anthropology course that I mistrusted the value of the letter grades I used to assess their academic work.

You might wonder how free markets and grades are connected.

As an alumni of a university where narrative evaluations ruled,<sup>i</sup> I learned that higher education is not a “marketplace of ideas,” as so many have described it, but rather an

“arena for learning.” There is a huge difference between the two metaphors, I warned the students, further noting that one must wonder how a single, lonely letter grade can adequately and objectively represent both their processes of learning and their academic output over a dozen or more weeks. I noted to them that letter grades are essentially a crutch for the difficult job of assessing student learning, that our society actively supports the use of this and other similar simplistic judging systems in a vast array of venues (“two thumbs up!” “On a scale of one to ten...” and the like), and that we endow such systems with much more credibility than they can possibly handle.

As an example, I alerted them to a report that very morning (September 13, 2010) in the New York Times<sup>ii</sup>: a Moody’s Investor Services executive stated that the letter grades given to investments by his company’s raters had been compromised by “potential conflicts” inherent in the “issuer-pay ratings model, in which banks and borrowers that sell debt securities pay for the ratings.”

He was particularly concerned about the subprime mortgage-based collateralized debt obligations which had been given Triple A ratings by his company. Neither I nor my students are economists, but all of us recognized the now-infamous term “subprime mortgage-backed collateralized debt obligations” as referring to the main culprits in bringing the global economy to its knees. With this allegation from an insider that the investments were graded Triple A (the best!) because the issuers were paying the graders for the grades, my point was made, albeit to a roomful of students whose mouths continued to gape open, dumbfounded by what they had just heard.

A student then asked me if I thought these kinds of “regulations” are what had caused the collapse, and if the solution wasn’t for the government to allow a “free market.” I have to admit that I was confused, so I asked her to go on. She wondered aloud if it was the investors’ dependence on this kind of grading of securities--what she saw as regulation of a free market--which had caused all the trouble. Seeing a chance to move from high finance back to one of the topics of the course, art markets, I cowardly retreated to begin a discussion of the meaning of “value” and definitions of “art.”

Since that class, however, I have been pondering what a *real* free market is. Is it one completely unfettered by regulations and rules, one that is “self correcting”? Is it a market where simple supply-and-demand define interactions and where such things as grading and rating are brakes on its engine?

What I’d like to do today is to discuss a single marketplace venue, a souvenir marketplace on Samosir Island, Lake Toba, North Sumatra, during a relatively brief moment in time (the mid-90s and early 2000s) in order to discover something about the nature of markets in general. I hope that by looking at some specific exchange interactions in this limited ethnographic example, we can perhaps extrapolate the findings to make more sense of global markets.

I hope to explore what the term “unregulated market” might mean, and to wonder what the rules of interaction might be in such a venue. Can cross-cultural marketplace interactions be truly free, without rules, considering that both parties are making their own cultural assumptions? If this is the case, is the market by nature unpredictable? Can we assume anything about markets, or must each arena and interaction be investigated to make sense of the whole?

### **An Overview and Assumptions**

The free marketplace in its most idealized form is actually a very simple thing: a venue for interactions of exchange. In this ideal construction, humans are rational and methodical, and the space for their interactions is neutral, possibly unfettered by any but the most essential rules or limits, perhaps even consensually “fair.” Examining and discussing such an ideal marketplace would be relatively easy: predictable behaviors could be identified, and explanatory models could be constructed.

But as we might all imagine, such an ideal construction is of limited use when we are confronted with a reality that differs from it so dramatically, where the arena for interaction is not neutral, where regulations and restrictions proliferate, and where engagements are motivated by carnal desires that cannot be controlled, merely at

best channeled or influenced. The truth is: we human beings, when thriving in the marketplace are not restrained or rational but rather rapacious and manipulative, and given the chance, many of us will complain, beg, bargain, cajole, entreat, and exaggerate to get the price we want, and when that doesn't work, we might trick, cheat, lie, and steal; many of us as buyers are not above switching price tags or returning items we have misused, and as sellers not above inserting drained batteries in our electronics or using inadequate stitches on garment buttons.

Because abstract models are of such limited use, some say we must look at the marketplace as a bundle of generalizations. They might say that a market is "free" because the participants' choices at each transactional step are made freely and voluntarily and that the market is built on an agreement that everyone can prosper within their own standard of living. They might say that only those able and willing to be in the marketplace actually end up there, and that both the admissions and concessions that are made will only occur when they are "acceptable." Theoretically and experientially we know these statements are preposterous. There are plenty of times when people sell low and buy high, buyers are swindled and sellers coerced, supply overwhelms demand and demand yawns at supply.

So, because no economic model can effectively incorporate all of our varied human charms and trickeries in the marketplace, and because generalizations about our exchange logic and ethics are so often countered by examples of unpredictable irrationalities, we must try to understand the market in other ways.

### **Free in Sumatra**

(start power point imagery)

Interestingly, the notion of a free market in Sumatra was a topic of discussion as early as the 1820s. John Anderson, an agent of the East India Company noted in his 1826 report on the market potential on the east coast of that island that Dutch monopolistic desires were in violation of the "spirit of freedom which had been previously in force" (216) and disparaged of their attempts to "promote their own

advancement, without any regard to the rights of their neighbors” (218). What Anderson wanted for his company was a “fair” chance to sell British textiles and other such goods in order to affect a trade balance for all the wealth they were handing over to the local Sumatrans for such things as pepper, camphor, and tobacco. No matter that the trade was with squabbling despots keen to find financial advantage by breaking treaties or blocking trade routes. The “free” here seems to have taken its meaning from “free-for-all.” And it is exactly that sort of “free” market that I will now turn to: the arena of souvenir sales on Samosir Island.

By all reports, Samosir’s market of souvenirs began to expand in the early 1970s, directly correlated to the increase in international tourists seeking out Lake Toba’s cool weather and the Toba Bataks’ seemingly intact traditional culture. Western interest in the Bataks’ handicrafts, including intricate brasswork, fine fabrics, and carved wood sculptures, was not new: Dutch and other colonials living in the area had been collecting for decades, eventually depleting the available antiques in the area. Carvers, in particular, realized that they would need to create new works in the old styles if they were to take advantage of tourists’ interest in purchasing souvenirs of their visits.

At first, since buyer demand was for antique items, artisans such as my carving teacher Partoho and his brother-in-law Golom attempted to carve replicas that they then manipulated in various ways to imitate great age. According to their own reports, they covered up their careless workmanship with various combinations of smoke, dirt, glue, mud baths, and shoe polish. They even went so far as to copy the animist shamans’ carvings, using gummy candies where the magical potions *pupuk* and beeswax *puli* had been used. Throughout the mid 1970s and early 1980s, their fakery was successful and profitable. In time, however (and as you might expect), the carvers’ clumsy attempts to fool tourists intent upon having ancient heirlooms backfired. Their fakes were recognized and the Bataks’ reputation, culture-wide, was severely impacted. Well into the 1990s, guidebook entries for Samosir Island stated in print such things as, “if you go here to shop you will be assaulted with open-air

stalls selling identical handicrafts. Most are woodcarvings recently made for tourists...often said to be old, but don't believe it...most likely they were drug through the mud to look old" (Krannich and Krannich 1996).

Soon afterwards, I was told, tourists refused to buy carvings in the marketplace, forcing vendors to use their limited capital to purchase such things as t-shirts and leather bags from itinerant outsiders in order to have something to sell in their stalls; only a handful of sellers had enough money and time to go outside the area to shop for new stock. These outsiders sold freely to any and all vendors who had money, rather than choosing a limited number of outlets, so they made enormous but momentary profits. Since most vendors had purchased their stock from the same roving salesmen, of course, they all had essentially the same thing for sale, and there was fierce competition between family and neighbors. Tourist buyers ruled the market, compelling sellers to enter into protracted haggling sessions in order to obtain even a meager profit. Vendors would buy almost anything to get an edge over their competitors, which means that the stalls began to fill up not only with quickly made clothing and hats, but leather bags, Thai pottery, and resin Buddhas, in addition to wood carvings from Java and Bali.

In the meantime, reputable middlemen began to buy the Samosir carvers work to sell in venues outside the Batak homeland. Carvers told me they were desperate to get their reputations back, realizing that their attempts to trick western buyers with fakes had essentially burst their fantastically lucrative bubble. But some carvers still tried to sell their carvings at the tourist market stalls, jumbled with the t-shirts and bags. They no longer pretended that the objects were ancient, merely made as "copies" of the antiques. This meant that carvers were competing for the tourists' scarce foreign currency not only with each other on the island (not to mention the vendors selling souvenir clothes and luggage), but with their own middlemen selling on the mainland lakeshore, as well as entrepreneurs in Jakarta and Bali.

By the time I arrived in the area in the mid-90s, Batak carvers had regained some of their reputation with westerners as careful craftsmen and sincere vendors.

International tourism in North Sumatra had declined slightly, which took some of the pressure off the intense competition between carvers, but now there was a glut. So many Bataks living in the touristic areas had risked the shift from farming to carving that there were now hundreds of identical neo-traditional carvings being offered in the marketplaces. The profusion of objects confused tourists who perceived them as “cheap” even though most were carefully hand-made.

A clever carver like my teacher eventually saw that the competition for selling traditional replicas was too limiting, so he began inventing his own innovative styles using the traditional works as inspiration. Others innovated by copying foreign forms, often with disastrous results. Partoho’s novel works happened to sell well ...until his competing neighbors stole his designs, then undercut his price by churning out poor quality copies. Since he had no “rights” to his inventions, he had no legal recourse to stop these knock-offs; his solace was that he enjoyed thinking up the new forms.

When the necessary raw material for their carvings, hardwoods that would not split or warp, were depleted locally and then became increasingly difficult to obtain from the government (which claimed proprietary rights to these products which grew amidst pulp woods planted by the international logging concessions), Partoho tried to form a cooperative of carvers who would have more negotiating power. The other carvers liked the idea, but could not move beyond their decades-old disagreements with and suspicions of each other.

In desperation, Partoho and his wife Ito decided to consult a well-known shaman, a *datu*, up in the mountains. Because I was working closely with Partoho and his family, and thus might be part of the problem (and perhaps its solution), I was urged to join them on the climb up to the isolated village and to participate in the *datu*’s investigation and prognostication ritual.

(Brief explanation of ritual, diagnosis, and remedy.) (Note that the efficacy of the ceremony as unclear.) (Note that upon return in 2003, tourism and thus souvenir market essentially gone.)

(end powerpoint presentation)

### **Extrapolations**

This ethnographic example from the Toba Batak homeland of North Sumatra has been presented to address the question: What *is* a free market? Is it a market where buyers and sellers are free to negotiate prices? Is it a market where ideas and innovations are shared by all? Is it a space where manufacturers and vendors can offer “what sells” and where the motto is “caveat emptor”? As you have seen, Batak carvers were free to carve whatever they wanted: fakes, replicas, and innovations. Batak vendors were able to promote them freely: as “original,” “antique,” as “magic” and “authentic.” Tourist buyers of souvenirs were also free in this market: to choose what they wanted, to bargain furiously, to be swindled, or to get a good deal. They were also free to take their money elsewhere. Competition for customers and for raw materials was moderated by a fundamental rule of exchange balance between buyer and seller.

So here is an example of a truly “free” market: one, depending on your perspective, that is free as in “unfettered” or one that is free as in “free-for-all.”

Having pondered the topic now, I am still unclear what the recent calls for “free markets” are really seeking: no regulations...or preferential regulations? Can a market function with no rules except for those of supply and demand? Is the assumed human in economic models actually “rational”? Are such things as copyright, trademark, patent, fixed foreign exchange rates, stabilized prices and price guides, sales taxes, tariffs and trade protections, embargoes, advertising, rating systems like consumer reports and underwriter labs, subsidies, bailouts, laws that allow and abet the formation of corporations and limit monopolies...are they simply



“regulations” in a variety of guises, all of them disrupting the *truly* free market? Do they create the bubbles that we should simply let pop?

I hope that my brief presentation of the souvenir marketplace on Samosir Island has helped to illuminate the unpredictable, rather than rational, nature of globalizing marketplaces, which in truth not only resist formal economic modeling but also confound the expectations of researchers and the assumptions of both “demanders” and the “suppliers.”

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<sup>i</sup> Recent changes in assessment criteria at the University of California, Santa Cruz mean that the narrative evaluations are now accompanied in many, if not most, cases by a letter grade.

<sup>ii</sup> [http://www.nytimes.com/2010/09/14/business/14moodys.html?\\_r=1&scp=4&sq=moody&st=cse](http://www.nytimes.com/2010/09/14/business/14moodys.html?_r=1&scp=4&sq=moody&st=cse)