Economic Anthropology with Chinese Characteristics:  
Yang Tingshuo Xiangji (Interphase) Operational  
Theoretical Model  
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Microeconomic Activities

ABSTRACT  The Chinese economic anthropological theorist Professor Yang Tingshuo based on his understanding  
of China as well as his intensive ethnographic work, has put forward the “interphase (Xiangji) economic principle  
theoretical model” in the process of localization of economic anthropology in China. It is one of the significant  
new contributions to the development of economic anthropology theory by Chinese scholars. This paper holds  
the opinion that Yang’s masterpiece work represents the best efforts of Chinese scholars’ to localize economic  
anthropology in China. We cannot underestimate its theoretical contribution and significance in terms of practical  
guidance in national and regional economic development. It provides a theoretical and practical scheme for the  
country to build a comparatively affluent society, especially for the development of minority areas in the Western  
part of the country; at the same time, it provides a theoretical model of economic anthropology for regional  
economic and -societal development in areas that are similar to the Western part of China in other parts of the  
world.

INTRODUCTION  

The xiangji (interphase) economic principle theoretical model developed by the Chinese economic  
anthropologist Yang Tingshuo, a distinguished professor at Jishou University, was put forward for the first time in 1995.  
The theoretical model drew scholars’ intense attention at the very beginning when it was proposed (Feng 1995),  
and was later listed as one of the greatest contributions by Chinese scholars to the development  
of economic anthropology theory. It is necessary to congratulate Yang’s work when evaluating  
the development of economic anthropology, as well as its achievements in terms of localizing  
economic anthropology in China. Also, it is important that we need to constantly probe and  
explore the intrinsic value of the theoretical model that Yang proposed, particularly its social practice  
guidance value to China’s national comprehensive development (Tian and Luo 2013: 373-389).

Economic anthropology is an outcome of the dialogue between anthropology and economics; it takes  
human economic behavior as its object, which is different from the understanding of human  
economic behavior by economists in terms of research methods and scope. Economic anthropology has gone through different development stages, for instance at its early stage. Malinowski and his French compatriot, Mauss, focused on the nature of gift-giving exchange (or reciprocity) as an alternative to market exchange, then came the school of thought derived from Marx and known as Political Economy focused on production. Post-World War II, it was highly influenced by the work of Polanyi, who drew on anthropological studies to argue that true market exchange was limited to a restricted number of western, industrial societies. He argued that applying formal economic theory (Formalism) to non-industrial societies was wrong. In his thoughts, in non-industrial societies, exchange was “embedded” in such non-market institutions as kinship, religion, and politics. He labelled this approach Substantivism. The Formalist vs Substantivist debate was highly influential and defined an era (Hann and Hart 2011). Currently, it is the time that anthropologists are studying the world economy as a whole, so to take the development of economic anthropology into a new stage. Traditionally, economic anthropologists study human economic behavior by taking Western intellectual history as
the background, which generates some limitations. Therefore, we must have a newer and wider perspective to investigate economic activities, needs and motivation of human beings (Schrauwers 2011).

Along with globalization, the division between market and non-market economies (or between “the west and the rest”) became untenable; economic anthropologists began to look at the relationship between varieties of different exchange models within market societies. Neosubstantivists examine the ways in which the pure market exchange in market societies fails to fit market ideology. They have abandoned the primitivist niche they were relegated to by economists. They now study the operations of corporations, banks, and the global financial system from an anthropological perspective, and as a result business anthropology has been slowly emerged (Tian et al. 2013).

The spread and development of economic anthropology in China has been with some distinct Chinese characteristics. Early economic anthropology research mainly focuses on the study of China’s rural social economic model, but with limited outcomes. After the establishment of new China, in order to promote the comprehensive economic development in the minority areas, the Chinese government organized a large-scale economic and social survey in the ethnic minority regions, which laid a solid foundation for economic anthropology development in China. Subsequently, the creation of ethnic economics and the study of development in Western China accelerated the development of economic development and the process of localizing economic anthropology in China (Shi 2002: 43-54). More recently, the Chinese scholars are suggested to put more efforts on four research directions concerning economic anthropology, namely research horizon expansion research level combination research paradigm transformation, and research discipline integration (Zhao 2013).

During the process of localizing economic anthropology in China, Chinese scholars made their new contribution to the development of economic anthropology by considering China’s national conditions and upholding Marxism-Leninism and Mao Zedong Thought as the instruction. Chinese scholars proposed a new theoretical viewpoint that the ethnic economic interest is relatively independent. They put forward a rational reflection on the modernization process from different perspectives, and presented the interphase (xiangji) economic principles theoretical model, which is substantiated as the most important contribution to the development of economic anthropology by Yang Tingshuo (Tian and Luo 2013: 354-355). This paper explores Professor Yang’s interphase economic principle theoretical model from different angles, discusses its value and significance in the aspects of theory and practice.

**XIANGJI (INTERPHASE) OPERATING PRINCIPLES**

Professor Yang has long been engaged in teaching and research work in the fields of economic anthropology and ethnic economics. His main research interests include ecological anthropology, the history of national development, and ecological history in China. He is well known among Chinese domestic economic anthropologists and ethnographers; has written and published several books on the subject, and plays an important role in promoting economic anthropology and development ethnology, especially the development of ecological anthropology in China. Professor Yang’s contributions to economic anthropology are embodied in Xiangji (Interphase) Operating Principles: the Theory and Practice of Trans-Ethnical Economic Activities (hereinafter referred to as Yang’s book). Guizhou Nationalities Publishing House published the book in 1995.

We should not underestimate the contributions and the significance of Yang’s masterpiece book to the localization of economic anthropology in the Chinese content, nor should we underestimate its theoretical contribution and practical role in guiding the work for economic development in the Western China Minority Regions (WCMR). Professor Yang, through a comprehensive investigation and literature review, proposed a positive solution to major social and economic issues that China currently has to face. It covers how non-economic factors, such as religion, culture, family relationship, affect the social and economic development in WCMR regions, the history and causes of them, how to assess their specific role in economic development in the region, how to identify the relationship between promoting the development of production and non-economic factors, how to avoid and over-
come non-economic factors’ adverse impact on economic development. By analyzing and summarizing the theoretical models about the backward areas of economic and social development from both the viewpoint of domestic and international society, Yang’s book clearly pointed out that history and reality forces us to be aware of non-economic factors. It suggests to make a systematic study of the national development of the developing countries, and to find the overall economic and social development solutions for the economically backward regions (Yang 1995: 2).

Yang’s book not only puts forward the new political economics concept of the “developing ethnic group”, but also generates great original and concise thinking about the xiangji (interphase) economic principles theoretical model, which is the major contribution that Yang’s book has made to economic anthropology with strong Chinese characteristics. According to Yang’s book and our own understanding, xiang (refers to phase, pronounced xiang, fourth tone in Mandarin Chinese pronunciation) is full of rich meanings. Its major meaning can be summarized as below: 1) it refers to a person’s appearance, such as photography, facial expression; 2) it refers to the appearance of objects, such as the moon, the metallography; 3) it refers to actions of seeing or judging, such as observing, physiognomy; 4) it is an official title, such as the prime minister; 5) it refers to some physical or chemical material state, such as steam, water, ice, which is water in three different phase; 6) it refers to sinusoidal physical quantities, in a time (or a position) state which can be measured to determine the value, called “phase”. Therefore, xiang (phase) is full of complex content with multiple meanings. In Yang’s book xiang (phase) refers to different economic, social and cultural environments, the different national economic operational mode as well as its scope and characteristics. It also states that these economic operation modes are all with certain limitations in scope and administration, including natural, historical, political, cultural and other factors.

Yang points out that human economic activity is carried out in culture under certain laws, and in a particular environment. The function of the state and its administration of culture and environment have a direct influence on human economic activities (Yang 1995: 17). The concept of xiang (phase) refers to the different natural, economic, social and cultural environments, the relationship and influence, the scope and characteristics of the different factors, as well as the relations and interactions between the different national economic operation modes. The concept of xiang (phase) is derived from historical processes and each nation has its own historical process. Also each nation has its own contacts with neighboring ethnic groups, and with the political, legal system, and history of other nations. The concept stresses more the living environment of the processing, transformation and the use of materials. It highlights the society and its natural characteristics by coupling concise national culture under the law as a xiang (phase). Yang’s theoretical model highly generalizes and abstracts both the Chinese classical philosophy tradition and also modern China’s reality. The model is consistent with the modern natural science idea. Therefore, speculative philosophy and interdisciplinary integration which includes the new concept of xiang (phase), is far more comprehensive and meaningful than the traditional “ethnic” concept.

The xiangji (interphase) economic principle theoretical model is chiefly based on the skilled grasp, digestion, absorption and a fully comprehensive understanding of cultural anthropology, economic anthropology, and economic theory developed both inside China and in the world. This theoretical model has exceeded the traditional economics assumption of “the rational individual”, as well as its abstractive way of thinking about human economic activities. It goes beyond traditional anthropological theory concerning human motivation and cultural impacts on the decision-making, by adopting a comparative paradigm of human economic activity. It brought the development of economic anthropology to a new climax, and at the same time, it advanced the development of localization economic anthropology in China and enriched economic anthropology theory with Chinese characteristics.

**CULTURE IN ECONOMIC SOCIETY**

There is a great difference between economists and economic anthropologists in terms of study method. In general, economists pay more attention to the analysis of economic data. They are keen on constructing mathematics models; therefore they do not need to conduct field investigations. By contrast, economic anthropol-
ogists are more concerned about cultural factors that lay behind the economic behaviors of humans, from the abstractive description and analysis to the construction of theoretical model, and as such they are keen on observing and analyzing individuals’ daily economic behavior, so that they must conduct in-depth field investigations, usually termed economic ethnographic work. In the study of economic issues, economists tend to ignore the relations between economic activities and cultural as well as moral values, but economic anthropologists are good at studying this relationship (Nash 1981).

Yang’s masterpiece book contains 10 chapters, nearly 600 pages and 500,000 words, which is entirely based on a large number of field notes and historical documents about the minorities in Guizhou province. In other words, the first hand data collected in the fieldwork and the historical records are the main sources for the in-depth analysis, which enhances the reliability and validity of proposed policies and action plans. In order to accomplish this monumental work, Professor Yang Tingshuo and his student assistants made comprehensive investigations in 26 Buyi and Miao ethnic communities in Anshun and Qianxinan prefectures in Guizhou province. They studied 31 enterprises, collected 108 questionnaires from local business firms, collected 76 copies of questionnaires from a survey of the primitive agriculture and forestry sector, collected 89 questionnaires about commercial awareness on the part of local residents, and collected 380 questionnaires about education. At the same time, they also made in-depth interviews with 24 respondents. Their participant observation lasted for several years (Yang 1995: 38-39).

After analyzing the large amount of fieldwork data, Professor Yang drew a conclusion: xiangji (interphase) business activities, regardless whether practiced by individuals or by institutions, must rely on their own specific cultural inherent characteristics to engage in economic activities, and must be completed in their relative cultural rings. The cultural difference is unavoidable when conducting business activities cross xiangji (interphase) boundaries, so the parties involved in this type of business must face reality and try to adapt to the cultural differences between each other. Yang’s theoretical model also points out that, without the cultural interaction the xiangji (interphase) business activities cannot be completed. Therefore, the cultural interaction is an important part of xiangji (interphase) business activities. Moreover, no matter how many ethnic groups are involved in the xiangji interphase business activities, and no matter how many environmental differences are among these groups, there must be at least one cultural function as the basis of the interaction. The party based on this culture will be the host (subjective) partner while others will be guest (objective) partners. This type definition of cultural interaction and the clarification of subjective and objective partners is an important theoretical contribution by Yang (1995: 44-45).

Because culture, such as religion, has a decisive impact on economic activities and economic achievements by people (Rudnyckyj 2010), Yang’s book has made a profound exposition of culture. In Yang’s book, the discussion of culture makes up nearly 200 pages, about 180,000 words. Three chapters especially discuss various influences, forms, and outcomes of cultural factors on economic activities. These forms and outcomes are related with culture, and the cultural and economic life of humankind. Yang discovered the similarities and differences among various xiangs (phases) in terms of product standards and cultural barriers. He further stressed cultural differences compared with the difference between economic and cultural customs. He also identified culturally induced interference factors, information transferring and applications, organization, property and production organizational culture, science and technology popularization in terms of cultural roadblocks and the solutions, the interaction between ethnic education and ethnic economy, intangible characteristics potential cultural network, cultural adaptation and other major topics in economic anthropology (Yang 1995: 99-284).

**NEW APPROACH TO DEVELOPMENT ECONOMICS**

Economic anthropology theory has made certain contributions to the development of economics, and becomes a significant feature of present economic anthropology. According to the principle of economic anthropology, social development refers to the forward movement of the complete human society. It includes the longitudinal development of human society, especially the movement from a lower status to higher status and the development process itself. It
also includes horizontal development, and especially refers to the overall movement and development in the stage of social development in a specific society (Chen 2000). Therefore, development first is generally considered economic growth and industrialization along with the urbanization. As such, development inevitably be accompanied by the existing economic and social damage. Schumpeter (1975: 82-85) once proposed the “theory of creative destruction” aims to explain the beginning, development, and decline of capitalism, and to explore the reasons for the decline of capitalism. By the middle of the twentieth century, scholars generally believe that to achieve sustainable growth will be the best economic development outcome, along with the redistribution of societal wealth by the government. After the Second World War, this economic model has become the economic standard of developed countries and newly independent countries (Dai et al. 2012).

Economic anthropologists Rahnema and Bawtree (1997) proposed a post-development model with the belief that current development is over. They focus on the social movements which are more likely to criticize neoliberal globalization theory and practice. In addition, the most prominent critics of development, Ferguson (1990) and Escobar (1996) argue that, development is a kind of speech, and has not had any real impact on society, except ironically to sustain the current situation in which the rich get richer and the poor become poorer (Hann and Hart 2011: 117). Certainly, times are different; the scholars therefore have made different definitions about development in different stages. After the Second World War, with the new advancement of production technology, the development of the rich countries and regions made them richer, while the poor countries and regions become more backward, the imbalance of regional development therefore became a very serious theme. Economic anthropologists have been keen on various social inequalities and applied the fieldwork method into the investigation of real problems, as such, made their enormous contributions to discover and solve the inequality issues (Meadows and Randers 2004).

To study development is the characteristic of economic anthropology. Its development within the last 30 years in China is mainly embodied in two aspects: first, research on the development of the Western China Regions (Liu 2010); second, research on “kaifa” (initial development) and economic development in ethnic minority areas (Li 2004). Yang’s theoretical research achievements share a very full coverage of these two aspects. It is necessary to remind the readers that in the Chinese context “kaifa” actually refers to the development in economic anthropology and development economics. In the traditional theory of economic anthropology, so-called “development” means that the advanced, developed nations and regions “help” less developed nations and regions to make economic growth. Specifically referring to China, development refers to the central government developing remote areas, Eastern Regions to help the Western Regions, and the Han majority to help the ethnic minorities. However, Yang argues that under new economic and social conditions, in order to achieve the modernization of the whole country, there needs to be more xiangji (interphase) business activities, which include not only letting Han develop the ethnic minority areas, but also to encourage development of the Han areas by the ethnic minorities (Yang 1995: 53).

From the historical perspective, Yang’s book made an in-depth analysis on the development of Chinese ethnic minority areas by the central government. It argues that this type of development relies on the expansion of Han Chinese culture in the minority areas, and often does not pay attention to economic efficiency. Some projects are oriented with military goals, others for political interests as a bargaining chip. In most cases it forces the original folk mainstream of economic activities relegated to a secondary position, which is one-way directional xiangji (interphase) business activities, while inhibits the enthusiasm of minority to participate and reaps the benefits of economic interaction (Yang 1995: 53-86). In the traditional economics theory, the development criteria is consisting of a series of statistical indicators, and this statistics index is basically in accordance with the standard of the western developed countries. Economists then used this Westernized standard to evaluate different national and regional economic and social development. Yang explicitly pointed out that, in the different social and cultural backgrounds, measurement of social and economic development should have different criteria. As such, using the complete index system in accordance with the west to measure the level of economic
development in developing countries is wrong; such as in WCMR there are many economic activities take place in everyday life but are unable to measure within the Western economic index. By the same reason, to use the economic statistics index system in accordance with the Han Chinese areas to measure the economic development of ethnic minority areas inside China is not acceptable because there are many economic activities and life styles in the minority areas are not reflected in the Chinese economic statistics index system (Yang 1995: 88).

Yang expresses a very important economic anthropology principal, namely: the modern economic statistics index is determined in accordance with the needs of the market economy; the result measured according to the statistical index generally must take into account the market system as a whole. Since China has for a long time been a planned economy, the majority of the minority areas are far away from the areas in the country which may be described as having a market economy. As such, a serious problem has occurred: because the economic indicators often lack compatibility with local conditions, the evaluation of business activities on the xiangji (interphase) effect will bear a greater deviation. Therefore, we must face up to this deviation in evaluating xiangji (interphase) business activities, which are bidirectional or multidirectional. In other words, when designing and implementing fundamental social and economic development strategic policies, it is important to take care of non-market economic system factors, which are not compatible with a market economic system (Yong 1995: 92-95). There is no doubt that the market economy does not represent all human economic activity. A one-sided understanding of economic development as mere marketization is an extremely naive and irresponsible behavior, which deserves serious criticism (Tian and Dai 2012).

STUDY THE MICRO ECONOMY ATA MACRO LEVEL

Economic anthropology has gone through three different development stages. Currently, it is time for anthropologists to further study the world economy as a whole. When this occurs, economic anthropology will thus enter its fourth stage of development. This will undoubtedly help economic anthropologists gain a new perspective in order to study economic development (Wilk and Cliggett 2007). In the eighteenth century and nineteenth century, the most basic problems in the world economy were to confirm the form of the market economy, which allowed the North Atlantic group to dominate the world economy. However, the question remains: are these forms following the universal validity principle? The debate about the similarity and difference, to a certain extent, restricted the development of economic anthropology. Nevertheless, anthropologists did not interrupt the study of the thoughts and behaviors of the residents in different regions. It is feasible for economic anthropologists to study the highly developed market economy of the small community of Wall Street as a hunter aggregation, in order to analyze the financial impact of the western economic model on Wall Street. However, the market model, which uses rational analysis of non-market economic behavior, tends to lack effective persuasion (Carrier 2005).

The authority of economic anthropologists is based on their investigation in remote areas, as such, their ability to interpret the world economy and the development mode is challenged by traditional economists, but this suspicion did not impede the efforts of economic anthropologists to continuously study human society and the economic development mode. The maximum theoretical contribution by economic anthropology is to let people better understand the process of reproduction, distribution, exchange and consumption behavior, as well as the relationship between human economic activities and other kinds of behaviors (Gudeman 2001). Of course, economic anthropology has some shortcomings; for example, economic anthropologists did not focus on issues related to time and space. Therefore, the research results are often categorized as case studies by scholars in other fields of social science, because its nature is excessively micro and atypical (Ortiz 1983). The theoretical model by Yang allows us seriously to rethink the critique of economic anthropology.

The method Yang employed, adhering to ethnographic research methods, we admire. He extends the method not only to the interdisciplinary study of ethnic economy, but also extends to the macro level, so that we can recognize the world economy and history in a broader perspective. In Yang’s book, the author lists hundreds of microeconomic cases which describe various
economic activities to illustrate xiangji (interphase) business operations. For example, through his economic ethnographic fieldwork in Sidazhai Miao Village, Ziyun County, Guizhou, he found the local Miao people are good at firing bricks, making farm tools, building houses. They do not need to hire foreign skilled crafts men in fulfilling these valuable creative works, all done by the village farmers themselves. Those who are good at this type of technology also have agricultural production talents. They often conduct these economic activities in the seasons when no agricultural work needs to be done, and they do not need to be paid for doing these economic jobs for others but only to receive some types of hospitality. When their family needs assistance in such economic activities, the other villagers will give unconditional help (Yang 1995: 94).

However, Yang does not stay in the description and analysis of the microcosmic economic activities he observed; instead, he studies and analyzes at the macroeconomic level by pointing out that the economic activities and business models are not a short-term economic phenomenon, but have a profound historical tradition and also profoundly fulfill practical needs. How to deal with the production mode in the process of market oriented economic system reform, will continue to challenge us for a long time. For example, how can we merge the economy of the Sidazhai Miao village into the market economy? How can we link their economic activities with the economic system of the province, the country, and even the whole world, to let villagers participate in the broader economy cycle? These issues are undoubtedly a great difficulty in the research of xiangji (interphase) business model in ethnic minority areas (Yang 1995: 95).

According to his analysis of many microeconomic cases, Professor Yang conducts an in-depth discussion about the planned economic system and the market economic system from the macro perspective. He points out that the long-term lag in the economic development in the ethnic minority areas is caused by inappropriate control of the planned economy rather than the implementation of planned economy (Yang 1995: 410). He then presents a unique academic idea in economics: for the specific individual economic man, he needs either to take the market road, or to follow the plan to run the business, these two roads cannot coexist at the same time. However, on the national level of operation, there should be a balance between the market and economic planning. In other words, at the macro-economic level, the planned economy and the market economy are two different means of economic policies for a country; to oppose these two economic operational systems or policies will eventually either bring the national economy suffering from the restrictions of plans, or make the national economy become less controllable market economy and affects the social justice, which will confuse the national macroeconomic management (Yang 1995: 411). This academic point of view is highly appreciated (Tian et al. 2012).

CONCLUSION

Research on human economic behavior and economic development by economic anthropologists differs from that by economists. In the field of economics, scholars pay more attention to production, the way of resource allocation and income distribution as well as other related variables, which to a certain extent reflect social relationships between people. Economists take economic rationality as the most basic and most important premise for their analytical method. They believe that all social exchange and economic participants have a common motivation: to maximize economic gain so that their interests and values will be maximized. However, when we analyze the whole process of human history, we find that the ideal principles or assumptions in economics are not generally applicable to each human development stage, but more or less are variables.

Economic anthropologists take it as the emphasis in their study area to care about human nature, and to reflect on human development. Economic anthropologists understand their own life through their research on the diversity of different human groups, social meanings and characteristics of times. Therefore, economic anthropology vitality lies in constantly extending its research field, and explaining the theories and methods, so as to realize the fusion of anthropology, economics, history, and sociology. Professor Yang Tingshuo’s Xiangji (interphase) economic theoretical model reflects this type of transcendence and fusion very well. It is this fusion of interdisciplinary approaches which
makes economic anthropology better than economics in producing basic theories about the development of human society, and about specific and realistic economic problems. Economic anthropology uses extensive and detailed research questions in order to delve into the contemporary world economic system’s problems of poverty, inequality, and development.

Taken as a whole, anthropology is still in the development stage in China, and economic anthropology as a branch of anthropology is still in the initial stage of development. However, the reality of economic and social development in China, especially social and economical development in the Western China ethnic minority regions, not only needs special theoretical research and guidance by economic anthropology, but also has created the foundation for the development of economic anthropology with Chinese characteristics. Therefore, in the process of learning and accepting western economic anthropology theory and method, Chinese economic anthropologists should continuously construct theories and methods with Chinese characteristics, and make their innovative contribution to the full realization of a prosperous society. From this point of view, now that Yang’s book has been officially published for nearly 20 years, we still believe that the Xiangji (interphase) economic operational principles have their theoretical significance for China’s all-round construction of a prosperous society.

Yang’s theoretical frameworks not only provide theoretical guidance and a practical scheme for the new round of economic construction in Guizhou, but will do the same for western regions in China, as well as for the similar regional conditions in terms of social and economic development in the world. Further, it even can be extended to the small area in the Wall Street of the USA. As such we are confident that Yang’s theoretical model provides us an economic anthropology paradigm not only in modern China but also in the whole world.

REFERENCES