

Some Concepts of Economic History:  
A Discussion and Application

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Introduction

This paper is composed of three separate sections, the only thread of unity being their relevance to the paper on "The Semantics of General Economic History."

Sections 1 through 4 of Part I are concerned with conceptual problems in economic theory successfully solved or so reformulated that as problems they no longer exist. Sections 5 and 6 suggest a direction that a conceptual extension might take.

Part II explores some of the ideas contained in the concept 'forms of integration,' extending the area of relationship on bases implied in the "Semantics" paper. The kula ring, Babylonia through Hammurap's Code, and classical Athens are briefly discussed for illustrative purposes.

Part III is an analysis of some anthropological material which in its original presentation by Margaret Mead seemed to have been prejudged. The arguments presented in Part I are illustrated here as is the conceptual extension of Part II.

In no sense are any of the arguments developed here to be considered as any more than hypothetical in the strictest sense. Where the position concerns conceptual problems, pragmatic considerations will probably always supercede the ideals of inquiry. Where the position concerns empirical material, the permanent control clause of science is always operative.

A twentieth century historian writing of Babylonia during the reign of Hammurapi would probably soon lose his professional status if he insisted upon interpreting the materials from the Code in terms of <sup>a</sup> schema of political democracy. It is obvious to most of us that the institutional arrangements (and the motivations channelled through them) are not of a type to which such a scheme is at all applicable. And to the extent that such a scheme were employed, to such an extent would he be "wrong" about the Babylonian solution to the general problem of order in a society.

Where, however, our intellectual tradition has deeded to us an awareness of a sort in the political realm, it has done the opposite in the economic. From the eighteenth century to the present, there has been an interpretation, as remarkable for its consistency as for its inadequacy, of the economic sphere in terms of a schema of supply-demand-price market system. Just as the <sup>bias of the</sup> authoritarian/monks of Galileo's time prohibited them from looking through the telescope to see the moons of Jupiter, so has a similar bias prohibited economists from viewing other social systems as having economic organizations different from that formulated by the founding fathers of economic theory.

## 2.

As significant as this conceptual limitation has been, there is yet another which functions complementarily. In the face of the successful developments of physical theories, many social scientists have been led either to deny the commonness of the goals of inquiry or to insist upon the application of an identical methodology. Whereas the former response does not represent a conceptual problem as such, the latter does. Just as the intellectual tradition functions to limit the scope of inquiry, and hence what questions will be posed for investigation, the methodology employed functions to determine the points for systematic inquiry, and hence implicitly which of the questions posed are the more significant.

In economic theory we can see the limiting consequences of both the intellectual tradition and the methodological choice very clearly. A previous paper, on the problem of method, suggested that these limitations of economic theory made it inapplicable to the range of phenomena treated in anthropological research. Neither is the empirical scope of sufficient extent nor is the analytical scheme of sufficient variability, since for the variable of a system to be treated simultaneously with all other variables (all elements of the system proper being variables), "...it must vary only in numerically quantitative value on a continuum."<sup>1</sup>

~~(See above)~~ For economic theory proper such a limitation has had <sup>two main</sup> consequences. Certain substantive problems are only theoretically solvable because of the complexity of the differential equations to be manipulated. Those variables systematically treated are selected on the basis of logical manipulability <sup>help</sup> rather than empirical significance. ~~Although these have not been too important~~ <sup>the</sup> ~~However, fortuitous this was for~~ for the development of price theory in context of an empirical market system, it has been disastrous for the other social sciences, as illustrated by anthropology. <sup>and</sup> ~~and~~

If this critical position is maintainable for sociology and anthropology, how much more appropriate it is for general economic history! By separating the terms in the phrase, one can see the inapplicability of economic theory at once. History implies the whole temporal range of man's activities, obviously/<sup>s</sup>scope of inquiry much wider than that handed down to us in the scheme of interpretation of economic theory proper. General implies a level of abstraction and interdependence inconceivable in terms of the analytical scheme of economic theory. At this point, one is faced with the conceptual implications of the term economics. By what empirical referents can its extent be limited without the limitations basically altering either the empirical range implied in the term history or the analytical range implied in the term general? The answer to this problem is, of course, to be found in the area of conceptual clarification.

If we compare the discussions ranging about physical versus social science theories in terms of the structures of the theories, one point becomes outstandingly clear. In both fields, the logical structure of an empirical generalization is the same: if a, b, c, then d. Whereas, in the physical sciences the question of applicability of, for example, "b", to its empirical referent is seldom raised, in the social sciences this is the central area of discussion. In other words, in the physical sciences there exists a well defined criteria as to the validity of the applicability of concepts to phenomena. In the social sciences such a criteria does not exist and consequently most of the discussion concerns whether a given phenomenon is "a" or is "d."<sup>2</sup> This is the range of the discussion of the famous Oikos controversy. Such a controversy resolves into a pseudo-problem once the initial steps in conceptual clarification are taken. Three steps, interrelated but logically distinct, are comprised in this operation: denotation of the empirical content of the concept, (Schlick), 'connectibility' (von Wises) of the concept in terms of prescribed logical rules, and specification of the operations in terms of which the concept will be used. (Eridgman). Through such a procedure the terms "a", "b", "c", and "d" will have 'meaning.' (as defined by the procedure), and whether or not the assertion containing the terms is true or false will be a matter of confrontation.

For economic history, the groundwork for such a procedure has been laid in the paper on "The Semantics of General Economic History".<sup>3</sup> The great significance of this brief exposition lies precisely in its removal from the area of pseudo-problem the whole discussion of economy and economics and <sup>the</sup> <sup>of</sup> putting it on a level at which assertions formulated in terms of the conceptual framework can be tested and either confirmed or disconfirmed. Needless to say, the second great area of philosophical analysis, postulational condification, (Feigl) has hardly been touched, but since this depends to a great extent upon conceptual reconstruction in light of empirical research, such an attempt at this time would be probably regarded more as piety than

as science.

Initially, the paper distinguishes between formal economics as that branch of rational action in which the means are specified as scarce relative to the ends to which they may be allocated, and substantive economy as those empirical relationships comprising man's dependency for material satisfaction of his wants or his natural and social environment. (That these are combined in the compound use of the term economic and that this use is contemporarily applicable is pointed out as being "logically incidental.") In denoting the empirical content of the term economy the paper states also what an economy is not.

....the economy is not comprised in economic institutions but is rather co-terminous with society. It cannot function apart from the culture, the motivations and valuations of which permeate the society.

The paper goes on to discuss further points in the conceptual analysis of economy and to critically analyse, and <sup>to</sup> define institutionally ~~define~~ three concepts of economic analysis, trade, money, and markets. Although these will be returned to later, at this point, I would like to <sup>attempt to</sup> clarify a set of conceptual relations implicit in the above quotation.

Whether, as used in current sociological theory, the concept of functional prerequisites of a social system is tautological or not,<sup>4</sup> it does serve to point up those areas of existence which an analysis of an empirical society must take account of. In general we can distinguish three minimal areas, the maintenance of the psychological condition of the members, the maintenance of the physical conditions of the members, and the maintenance of a certain amount of coordination in their activities directed towards such <sup>conditions</sup> ~~sub-conditions~~.<sup>5</sup> In other words, it is useful to think of any society as organizing its members in such a way that they are biologically and psychologically provided for. Shifting the focus of formulation from the needs of the society to the needs of the members, the problems can be stated as the satisfaction of material and non-material wants as culturally defined and institutionally directed. As such the problems are those of economy, motivation, and order. By applying a scheme of interpretation the essential elements of which are summed up in

the phrase price-determining, competitively-organized market system, economic theory reduced the problems of motivation and order to that of economy. In its policy formulation as the doctrine of laissez-faire, the problems of order (political and legal considerations) were defined as adjacent and subservient to that aspect of the market which was co-ordinative and the problems of motivation (meaning, values, ideals) were defined as mere mechanisms to insure the dependency of the members of the society on such a system. Normative considerations aside, the range of problems which are properly the field of economic history, sociology, and anthropology excluded by such a scheme of interpretations is very great. In the light of contemporary developments one can insist that the most significant problems are excluded.

The formulation of the concept economy put forth in the "Semantics" paper restores a conceptual balance to the relations between order, economy, and motivation. The empirically open questions, regarding the relations between activities directed towards the satisfaction of material wants and the politico-legal structure and between these activities and the motivations utilized by the institutional arrangements, become formulatable.

6.

Approaching a set of historical materials with this general formulation, one realizes very quickly that whereas fairly explicit material, i.e., factual data, is abundant concerning the culturally defined material needs, the institutional arrangements which function to satisfy these, and the ways in which coordination of the activities directed towards these is achieved, very little is available regarding motivations. It would seem then, that although it is important to consider the aspect of motivation theoretically, we cannot develop a set of propositions from empirical materials. Rather, at the present stage of our knowledge, it would seem more fruitful to go to the data, develop sets of propositions regarding the areas of economy and order, keeping in mind, however, the specifically formulated cultural goals to the extent that these are available, and then to hypothesize regarding the motivations required for the functioning of the system as empirically given and

as systematically (logically) treated. Since such a formulation takes account of the tendency of logical systems to closure without committing the fallacy of imposing a closed system upon empirically open phenomena, it would seem to have the dual merits of allowing for logical consistency while at the same time guaranteeing empirical control. At any rate, in the brief considerations to follow, this will be the approach.



## II.

As developed in the "Semantics" paper, empirical economy is "...an institutional process between men and their natural and social surroundings..." and is functionally differentiated into three kinds of elements, "ecological, technological, and institutional, according to whether they primarily belong to the natural environment, the mechanical equipment or the human setting." The institutional element, i.e., those "...activities which form... relatively stable sociological traits...of an economic character," is central in the focus here. In dealing with the problem of coordination in terms of relatively stable patterns which function to satisfy material wants, it would appear useful to make an elementary distinction between conscious and unconscious coordination. Whereas the latter would be the direction the activities take by virtue of the pattern itself compared to alternatives, the former would be the direction given to the activities by active members of the going society. This consideration gives rise to two different formulations of power: in the first case, the notion of power is related to the maintenance of the going system and in particular to the system of stratification, whereas in the second case, it is related to a group or class defined in terms of their control decisions over the general population and over the instruments of power. These are not different modes of conceptualization but different levels. Prior to establishing the system of coordination extant in a given society it is logically necessary to establish the relative areas of dependence and interdependence. From such a set of propositions, the interdependence, integrational aspects, can be generalized.<sup>6</sup>

The two central questions, then, are: 1. What are those institutionalized activities having consequences for the satisfaction of material wants? 2. What is the range of selectivity of functionally alternative subpatterns open to the members, and on what basis is the differentiation of availability of these made? The first question is in regard to the empirical economy, the second is in regard to economic power and the system of stratification. Implicit in the consideration of the range of alternatives is the notion of motivation; a technically possible alternative will

not necessarily be a motivational alternative to the members. If it is culturally proscribed, it of course cannot be institutionalized, though the choice of such a pattern, along with one to which the cultural norms are indifferent, is an instance of the structural source of deviance and as such may be considered as a structural basis of institutional change.<sup>7</sup>

2.

Thus the orientation suggested by the statement that "...the economy...is coterminous with society...and cannot function apart from culture..." would seem to direct attention first, to the institutional structures of a given society and to ask of them what consequences relevant to the satisfaction of material wants they have, and second, to the motivations required of the members such that institutional structure (as generalized by a set of empirical propositions) can be maintained. Further, it has been submitted here, that a legitimate object of such an inquiry is to frame empirical propositions regarding both the range of selectivity of functional alternatives and the bases of the availability of these alternatives. This would seem to have the merit of positing one of the coterminous points of economy and society, and thus, in terms of the notion of functional prerequisites, rounding out the major areas of consideration. From this point, the "Semantics" paper proceeds to a discussion of integration and of three empirically based forms of integrations and their supporting structural patterns. Integration is defined in terms of the operational index of interdependence, and the "...forms of integrations consist in the formal relations between the economic elements so integrated...", their effectiveness being a function of the supporting institutional pattern. Lastly, that form to which the integration of land and labor is due is the dominant one by which the economy is characterized.

a) Reciprocity is the form of integration involving the "...existence of at least two groups, members of which behave in economic matters similarly towards one another", the structural basis for which is an institutional pattern of symmetry.

Such patterns are developed in terms of a system of norms which function independently of their economic consequences. That is, the symmetrical relationship <sup>as</sup> a structural pattern tends to be developed in terms of the given institutional structure, ecological conditions, or technological distribution. A dominant observable feature of this pattern is a sub-pattern of reciprocal give and take, as a consequence of which certain material objects change hands. It is in terms of the structural pattern that one would speak of the relevant motivations and these would tend to be, in this form of integration, non-economic. For such a system the questions to ask would seem to be are there any institutional patterns requiring specifically economic motivations, and, if so, what is the functional significance of these for the dominant institutional pattern? If not, are there any deviations the motivations to which might be inferred as specifically economic, and what are the consequences of these deviations for the deviant, the pattern deviated from, and the social system? What are the sanctions, if any, employed?

In the best known system of reciprocity, the kula ring of the Trobriand Islanders, the general range of functional alternatives is given by the normative system. This is actually quite wide, but can be so because a more limited and determinant range is given by the bases of availability of the alternatives. In general, status, is ascribed by birth to the Trobriander, and what gifts he will give to whom, and what gifts he will get from whom are differentiated in terms of the relative positions occupied in the system of stratification. <sup>8</sup> Thus, in the Trobriand Islands, one may speak of an institutional pattern of symmetry developed in terms of relative rank which is a function of birth. Social rank, at the upper reaches of the scale of stratification is co-extensive with political power. That the theoretically possible range of alternative gifts remains fairly wide is functionally unimportant because expectations are framed in terms of rank determined availability of the alternative gifts. The organized give and take of the kula ring functions as a mechanism of distribution of material objects, the evaluation of which by the receiver is a function of both

of an impersonal scale of equivalences and of the rank of the giver. From this the inference would seem to be that no specifically economic motives are involved, but, rather prestige-oriented motives are so channeled that they have reciprocal economic consequences for persons symmetrically aligned.

b) Redistribution is a form of integration involving the existence of a center and of channels through which goods move to and from the center, its structural pattern being one of centrality. Almost without exception this structural pattern is similarly manifested in coordination of activities, whether the institutional area from which it is derivable is the kinship, the religious, or the political as such. Thus, whereas in the reciprocal form of integration, the functional political structure tends to determine to a certain extent the content of the form, in redistribution the form itself tends to be determined by that political structure.

The range of selection of functional alternatives in this case would seem to be a function (in the mathematical sense) of the degree of arbitrariness of the legal system, i.e., of the degree to which it is a system of men and not of laws. To the extent that an ideal of equality before a set of laws which are functionally specific enough to insure a minimum of non-legal activity and to the extent that the relevant norms to such an ideal are active, then to those extents will the differentiated bases of availability be a function of the system of mobility maintained concomitantly within the political structure.

Motivations may then be inferred to be of a type consonant with the kind of loyalty required for the maintenance of that structure. Contemporarily we tend to identify with such motivations a rigidity derived from their embodiment in nationalism or partyism. However, in the structure which we will briefly investigate here, the empirical variations in political stability would seem to indicate the possibility of a great deal more variability than is ideologically considered consonant with contemporary interdependence.

Whatever the specific date of Hammurapi, his reign is probably somewhere near the chronological center of Babylonian civilization. As such, the code of laws

erected during his reign can be construed, first, as representing a codification of already extant laws, and, second, as embodying a "spirit" (as distinguished from "letter") probably maintained until the Greek and Parthian periods nearly 1500 years later. At any rate, the vicissitudes of the political fortunes of Babylonia on either historical side of Hammurapi's Code are sufficient to force attention to the consistency of the declared equivalencies in staples. In organization as rationalized as the Babylonian system, the degree of stability of the elites is relatively uninfluential in terms of the maintenance of the structure itself. Despite the tendency of conquerors to drain resources from a territory, two considerations must have affected such exploitation of Babylonia. One, the functioning efficiency of the going system, and two, the degree to which the amount of produce was dependent upon that efficiency as it affected the ecological condition of irrigation. At any rate, except for the destruction of Babylon by Sennacherib in the 7th century B.C.,<sup>9</sup> it would seem that both the physical and organisational aspects of the irrigation system remained intact over the period under consideration.

As Durkheim pointed out, when one considers a legal statute as a sociological document, not only the norms but the sanctions are important. These he divided into two types, restitutive and repressive, the former being characterized in general by specificity, the latter by diffuseness. Moreover, contrary to Maine, Durkheim maintains that "...the attacks (on laws) are as severely punished as they are rare."<sup>10</sup> This is important here because of the severity of the punishment relating to the state or to common welfare.

What, sketchily, is the picture of the society which we can draw from Hammurapi's Code? In general, only two classes of people were recognized, men and slaves, though sanctions are often tempered by considerations of wealth. That occupational groups are differentiated affected only a little the essential equality of the law, though sanctions tended to favor those employed by the palace or temple. However, severe sanctions were stipulated for higher officials abusing their authority either in terms of lower officials or of the non-officials, i.e., not only were official

rights and obligations demarcated, but severe sanctions were imposed for lack of observance. Similarly the severity of the sanction increased with the increase of the general harm resulting from carelessness. Rents, wages, equivalencies, payments, deposits, etc. were all either specifically stated or proportionately regulated. In general, an individual was considered responsible for that over which he had control, the state over which the individual had little. But whereas in regards to material goods, equality was the rule, in regards to personal life and limb, the sanctions varied relative to social status."

From other sources it is known that the major economic transaction pattern was the proportionate payment to the palace or temple of taxes. These then were redistributed partly in accordance with need, partly as the 'salaries' of the functionaries, partly for the payment of needed imports. Babylonian society, then, can be said to be stratified into three main classes of slaves, freemen, and patriarchs. Superimposed on this is the political ranking in terms of temple or palace offices from which are gained the higher positions with regards to material goods. Nominal or appropriational patterns of movement both function in terms of and are regulated by the structural-political pattern of centrality. The range of selectivity of functional alternatives is confined into a set of laws which also contain statements as to the availability of these. These laws are administered by an officialdom part of whose reward is a higher rank in the system of stratification but this reward is dependent upon adherence to the controlling normative system set up in terms of the dominant structural pattern of centrality. Hence, motivations can be inferred as mostly loyalty-oriented, tempered by the considerations of equality as contained in the legal system. (The motivational questions relevant to reciprocity are here also relevant, part of the answers to deviance being given in Hammurapi's Code.) In neither of the empirical reciprocity and redistribution forms of integration considered are we given any of institutional patterns having economic consequences or any structural basis for these which allow us to hypothesize the channeling of specifically economic motives. To set up a conceptual scheme which assumes such a motive to operate

at all much less to be necessarily operative when economic consequences are part of the functions of an institutional patterns is highly gratuitous at best and grossly biased at worst. Further, in both forms, what is of comparative significance is that the "economic" system, is, in effect, a mere function of social organizations. " 17

c) The exchange form of integration involves "...a two-way movement of goods between persons whose attitude is oriented on the gain ensuring for them from the resulting terms", and its supporting structural pattern is a supply-demand-price market system. In so far as this is the dominant form in a society, it requires that the general problem of co-ordination be solved in such a way as maintain the conditions for its own maintenance, i.e., the political system must function to maintain but not to interfere with the market mechanism of coordination. Further it requires that motivation be directly oriented towards economic consequences. Thus where the market system is most effective, i.e., where the integration is achieved through exchange, its co-ordinative functions are relatively independent of the political coordinative structure and its motivational requirements exclude specifically non-economic motivations. In such a social system, the social organization in general tends to become a function of the economic system, in that changes in the structure of the latter produce greater changes in the former than a vice-versa relationship.

In so far as such a form is not dominant, but is yet extant, points of significance lie in the extent to which the problem of coordination lies outside the market system and in the extent to which other motivations are ranked culturally. Such a situation is in the Athens of Classical Antiquity. External trade in Athens was "...extensive enough to provide the Athenian State with considerable revenue, to require a class of full-time professional traders, and to make the financing of merchant sea voyages profitable to private financiers." <sup>13</sup> Internal trade through the channels of a market was extensive on the coastal areas, a full time trader class existed, and coined money was in use. But what are the institutional arrangements regulating these "facts"? One of the conditions which any Athenian social organization

was faced with was the requirement of the importation of grain. This activity was carried on in the main, along with other import and export activities, by alien metics who lacked political and legal rights and thus access to status. The only major financial operations entered into by citizens were the "sea loans" for the provision of grain, which of course was more consonant with the political oligarchy of Athens than would have been a system of state finance. Thus the foreign exchange pattern is seen to be a function of the ecological conditions and the political organization. Internal exchange was even more sharply controlled: the limited technology restricted market areas to the coast and made supply more an effect of natural elements than of price movements. The variations in supply were further complicated by the political activities of gift and plunder irregularly dumped on the market, so that despite the relatively constant demand for necessities, any price system was out of the question. Those whose profession was trading in the agora were a pariah class called "kapelo" having almost no status. As Weber points out, money by itself is an unreliable index of market development and this is true of Athens. Pearson states that "in no sense can the introduction of coined money... be regarded as having redefined all values in its terms". To the extent that money is not the standard of value for exchange, to that extent is the self-regulation and self-coordination of the market limited. Further, the self-sufficiency of the peasants and the political interests of the citizens reduced the operative area of the markets to relatively few goods. It is here submitted that the higher the degree of specificity of the markets, the lesser is the extent of their regulatory and coordinative functions.

In the light of this analysis the existence of the distribution of certain necessities through organized buying and selling has very different consequences for the social system as a whole than when distribution of all goods is organized in this manner. Here we see, then, that for those to whom we would impute economic motivations, the kapelos, emperos, and naukleros, either low status or the denial of access to status functioned to maintain the supremacy of non-economic motivations.



For the non-trader classes of the society, it is suggested that economic consequences were ~~latent~~ functions of institutional patterns requiring a combination of economic and non-economic motivations for their maintenance.

In such a situation as this, questions regarding inferences of motivation would be: how was the <sup>ranking of</sup> motives culturally worked out and what were the motivational requirements of the intersecting institutional patterns? The kind of control mechanism illustrated in the status consideration of the metics probably has functional equivalents at other points in the social structure.

### III.

It has been contended in this paper that the conceptual reformulation developed in "The Semantics of General Economic History" is badly needed for the treatment both of "traditional" historical materials and of the "newer" anthropological materials. In this final section I am going to analyze briefly the material presented by Margaret Mead on the Tchambuli in terms of that conceptual scheme. <sup>15</sup> If this section is compared to her original it will appear, I think, that the kind of bias suggested initially in this paper is the basis for some of the unfortunate analogies which Mead makes and for some of the conclusions she draws as regards the lack of integration of the culture. Since anomie is a function of malintegration, the very fervor put forward with regard to the ceremonials would be hard to explain if the basic structural contradiction were as significant as Mead seemed to think it was. I recognize, of course, that what we <sup>each</sup> are interested in specifically with <sup>re</sup>gard to the Tchambuli are different. Nevertheless, her negative conclusions might have been more tempered if twenty years ago she had had the benefit of such an approach <sup>to</sup> economic phenomena.

The three villages of the 500-odd Tchambulá are situated ~~ed~~ on a large lake at the base of a large New Guinea mountain. Relatively isolated, physically they nevertheless carry on a constant exchange of articles both with tribes to the north and to the south of them. Although the rocky terrain limits movement on land to walking (Mead mentions no carrying animals) the villagers are able to travel extensively by canoe on the lake.

A description of their social structure is both simple and difficult. The lack of an explicit political, economic, or religious structure limits such considerations to kinship and secondary groupings. These, however, are rather complex, but since their relevance to trade, money, and markets is rather slight only a few words will be said about them. Each village is laid out paralleling <sup>1</sup> the lake shore in two lines, the lower line of houses being the ceremonial men's quarters, the upper, the women's and children's houses. Two roads run along each line of houses and others

run from the men's ceremonial houses up the rocky slopes to the women's quarters. Each clan has a ceremonial house in which the male members sleep, work, and do their own fetching of firewood and cooking when no ceremonies are taking place. Two moieties exist which at one time functioned to regulate a sort of exogamous marriage system, but this is not much in effect now. In addition to his clan, each man belongs to a number of different groupings which are organized in terms of ceremonies and cut across clan lines. One of the ~~functions~~<sup>consequences</sup> of these groupings is to limit the coordinative function of the clans by reducing the importance both of the older men, considered the wiser, and of the earthly representatives of the clan shamanic spirits, since these men are not able to limit appreciably a tribesman's participation in the ceremonies. Further, the clan lines are drawn rather loosely and movement from one clan to another is not infrequent. Thus the Tchambuli have a very low degree of stratification with age being the main basis for such differentiation.

The greatest differentiation, however, is in terms of sex. Nominally, in this patrilineal society, the men own the clan land strips running from the lake up the mountain, the houses, and their wives. However, tangible and intangible 'property' is actually under the control of the women, and it is this basic contradiction that for Mead is so significant. The lives of the men are formal, artistically oriented and insecure. The culturally directed competitive striving for recognition leads to insecurity in their relations with other members of their clan with whom they live, whereas the group work pattern of the women contributes to a strong female solidarity in general and sense of belonging in particular. As other points are mentioned, the extent and consequences of this differentiation will become more obvious.

Mead attributes the functional control of the women mainly to two structural patterns: it is the women's ways of doing things which give a sense of belonging to children of both sexes since these are raised in the 'women's houses' and it is the women who do the basic economic work of providing the food. By the operation of the fishing 'industry' and the manufacture of the mosquito bags which are traded, the work

of the women secures the staples of fish and sago. Further, two kinds of shell money, kina and talibun, which are of high cultural value, are secured in exchange for the fish and the mosquito bags. Thus, through the satisfaction of two functional prerequisites and because of the institutional arrangements centered about these, Mead asserts that the superior position of the women is anomalous in terms of the dysfunctional traditional position of the men. I submit, however, that only conceptually prejudging the cultural significance of the control of the means of livelihood in favor of a sort of Western European ethnocentrism, will this "cultural lag" seem so significant. That there exists a structural contradiction is evident; but that it is as important to those living in and through the culture as Mead makes it to be seems doubtful.

Central to the existence of each and every Tchambuli is the institutional pattern of ceremonies. These are not a by-product of 'more important' considerations-- they are, to the Tchambuli, the *raison d'etre* of these other considerations. "...It cannot be said," writes Mead, "that in order to initiate boys the Tchambuli hold a ceremony, but rather, in order to hold ~~ix~~ a ceremony the Tchambuli initiate boys." And it is in terms of the centrality of this institutional pattern and its functional requirements and diverse consequences that Tchambuli life can be understood. Further, if economic phenomena are interpreted as quite secondary to this, then neither the position of women nor its significance seem so relatively great.

It is in terms of ceremonies that 'economic' events are considered, that religion has any importance, that co-ordination is effected, that motivations are channelled, than, in effect, Tchambuli life has meaning. And it is by the men that the ceremonies are run.

Certain conditions contribute to the ability of the tribes to hold frequent ceremonies. Fishing need not be done every day since enough can be caught to hold for quite awhile and they are preserved by smoking. The placidity of the lake makes constant attention to the traps unnecessary. The rockiness of the hillsides makes agriculture quite unimportant, and thence such daily labor there is not

institutionally necessary. A few mosquito bags will exchange for a large amount of sago and this can be stored in earthen pots. Thus the rhythm of Tchambuli life is work a few days, ceremonialize a few days, work a few days, etc. While the women engage in the culturally lesser tasks of providing, the men are busily at work practising dance steps and flute playing, decorating masks, gourds, house tops, canoes, or anything workable, teaching the boys the ceremonial arts and arguing among themselves the important things of village life, i.e., the rules governing ceremonies, the incidents relating to past ceremonies (in particular, one's own performance), the infractions of ceremonial rules, the coming ceremonies, etc.

Mead speaks of the dependence of the Tchambuli on the market exchanges of mosquito nets for sago. Because sago is a staple and the women make mosquito nets, ergo, the women are important. But--ever so often a ceremony is held at which time various men take the mosquito bags, and instead of bickering about themselves among their clan members, they go meet the bushmen and bicker with them, or they go meet the middle-Sepiks and bicker with these. At the end of such bickerings, they have either sago, fano, and areca-nuts or canoes, and talibun. The acquisition and exchange<sup>of</sup> these functionally very important goods is actually a latent function of the ceremonial pattern. Similarly, internal trade on a pattern of reciprocity is carried out as a latent function of the ceremonial pattern. Whatever be the event, scarification, death, marriage, market day, etc., groups of the men walk about the village distributing gifts of food and shell 'money' to the kinsmen who are supposed to receive these in connection with the particular ceremony being held.

Not only in external exchange and internal gifts, but for the dressiest apparel and bride-price and shamanic payments, talibun and kina are culturally important. These are both highly polished shells. Talibun is a green mussel shell which comes to the Tchambuli through the middle-Sepiks from a far off island. Each piece is considered as unique and in the exchanges, the middle-Sepik generally has to argue the valuableness of his particular pieces of Talibun rather than the Tchambuli argue the merit of his mosquito bags. It is thus hardly significant as a standard of value

since each piece has its own value. (Kina is worth quite a bit more (twenty-fold) than talibun. It is a mother-of-pearl highly polished and carved.)

Thus, to the Tchambuli, what Mead speaks of as the "underlying economics of life" is probably seldom thought of, except perhaps when the wars among the bushmen interfere with the supply of sago at the same time that the fishing is very bad. Even ~~from~~ such a situation is culturally recognized in terms of the prescribed ceremony. <sup>16</sup> When it is seen that the institutional pattern of ceremonies is the *raison d'être* for the Tchambuli, that it is the occupation of the men to manage these, that what to us are of basic importance are to the Tchambuli only recognizable as aspects of ceremonies, then, perhaps, the structural discrepancy will seem to be less significant.

That "...the lives of men are one mass of petty bickering, misunderstanding, <sup>17</sup> reconciliation, avowals, disclaimers, and protestations accompanied by gifts..." is probably true. But when it is seen that at the functionally important time of exchanging with a middle-Sepick, the Tchambuli man will "...hesitate and equivocate, advance here, draw back there, accept this talibun, reject that one, demand to see a more slender kina or one that is better cut, insist on changing half of the purchasing ~~items~~ <sup>18</sup> items after they have been spread out..." the relevance of such a living pattern becomes clearer. If a basic contradiction were manifested at such a point as the 'markets', then maladjustment would probably be a more frequent phenomenon.

Finally, not only do the women do the food providing, but they control certain real property, the talibuns and kinas, although all ceremonial equipment belongs to each man or to the *édat*. Practically, it would seem that this control would give the women a great deal of power since the cultural value put upon these shells is obviously quite high. However, only if some explicit relationship established that they exercised this <sup>control of the</sup> supply ~~of them~~ arbitrarily would this be of crucial importance. The indication is, though, that they exert the control most infrequently, that one of the cultural patterns is the "whedding" of such objects from the women. Furthermore there is no indication that any man is "short" of them, in terms of maintaining his prestige, because his wife withheld them, though he would be short if she were

unproductive as regards mosquito bags.

By using a conceptual scheme with regard to trade, money and markets different from that of economic analysis, a sufficiently different 'explanation' of the Techambuli society emerges which casts doubt upon the adequacy of Mead's conclusion.

### Notes

1. Talcott Parsons, Essays in Sociological Theory, Pure and Applied, The Free Press, Glencoe, Ill., 1949, p. 21.
2. This formulation that the major differences between the sciences is actually a difference of levels of discussion is suggested by a graduate philosophy student at New York University, Stefan Mengolberg, in an unpublished manuscript. When von Mises criterion of simplicity of subject matter is introduced, the relevance of this formulation becomes more explicit.
3. An unpublished manuscript by Karl Polanyi, available on reserve at Butler Memorial Library.
4. Robert K. Merton, Social Theory and Social Structure, The Free Press, Glencoe, Ill., 1949, p.52.
5. cf. Parsons, Op.Cit., pp.6-7.
6. It will be recognized of course that whether or not one can 'generalize upward' or 'infer downward' in this case is largely a matter of the kinds of material available. Where only legal statements exist, only inferences as to how these probably worked out can be made.
7. cf. Parsons, Op.Cit., pp.43-44.
8. This, in one sense, is the antithesis of the market economy of an 'open society' in which one's status is to a large extent a function of the results of one's exchanges.
9. George H. Barton, Archaeology and the Bible, American Sunday-School Union, Phila., 1925, 4th Ed., p.67.
10. Emile Durkheim, Division of Labor in Society, The Free Press, Glencoe, Ill., 1947, p.146.
11. Barton, Op.Cit., Ch. XIII.
12. Karl Polanyi, The Great Transformation, Rinehart and Co., Inc., N.Y., 1944, p.49.
13. Harry W. Pearson, Trade, Money, and Markets: Their Function in Athens of Classical Antiquity, unpublished M.A. thesis, Columbia University, 1949, p.25. This section is based directly on Pearson's thesis; some of the conceptual ideas earlier developed are used to stress certain points, but by and large this is a "re-hash" of part of his thesis.
14. This of course is not to suggest any inherent tendency of economic motivation to become dominant, but is simply a way of stating a relationship.
15. Margaret Mead, Sex and Temperament in Three Primitive Societies, Mentor Books, New York, 1950, pp.165-169.
16. For example, theft of food is punishable by death. However, the thief is 'ceremoniously' delivered to one of the other two hamlets for the application of his sentence. This receiving hamlet pays in talitum for the thief since his head will be used to glorify a clan house.



17. Mead, Op.Cit., p.178.

18. Ibid., p. 176.

U.

The Background of the Market System

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Economic History, 152  
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To trace out the broad outlines of developments in the past 1000 years, it would seem useful to divide the period into four parts according to the principles of social organization which are most applicable <sup>to</sup> for these different times. In the first period, at the opening of the second millenium, most of the peoples of Western Europe lived under a type of social organization which we call feudalism. The dominant principles operative then were manorial autarchy, political atomism, and normative universality. In the second period to be considered, two other sets of principles developed to a point of conflict with those underlying feudalism. Itinerant traders tended to settle in advantageous places and from these settlements towns developed. Although maintaining autarchy as a political policy, the very basis of city existence depended upon the diminished operation of the principle of economic self-sufficiency, as developed in the manorial estates. The other threatening principle came from the more powerful princes who were consolidating territories into realms over which direct, not feudal, authority was exercised. The problem of legitimacy raised by the progressive development of the social forces founded on the principles of commerce and centralization were to prove the normative system of feudalism to be inadequate. In the third major period under discussion, territorial consolidation and central administration were the dominant political principles. Commercialization, which was developing both intensively and extensively, was the dominant economic principle, and legitimacy was based upon a divine right, the divinity of which was subject to national dictates. Mercantilism, however, gave way before a principle of economic organization which predicated that individual private interests would produce greater common welfare when removed from direct political control. In this last period, that of the "self-regulating" market, constitutional democracy in the political sphere, market capitalism in the economic, and utilitarianism in the normative were the organizing principles of society.

This paper will attempt to show in general the structural changes which led from period to period and in specific <sup>e</sup> to locate the point at which the cumulative

regularity of functioning markets developed sufficiently to be called a market system. It is at this point that the market became the dominant structural feature of the economy, channeling economic developments according to its own logic rather than having these developments channelled by the logic of a religious or political structure. The consequences of this for the elements of the economy, man and nature, have already been developed in The Great Transformation. It is the preceding period of time which is of significance here.

## II.

Compared with the subsequent periods to be discussed, the period of feudalism is rather simple in social organization. The unit of organization was small, generally no larger than was needed to support a population dependent almost entirely upon a locally produced food supply. <sup>People</sup> ~~Periods~~ were of one of three strata, the nobility, the clergy, or the serfs. The internal political structure of each unit was held together by interpersonal vows regarding certain stipulated rights and obligations. Since political atomism was the overall principle, no generalized structure as such existed; there was, however, a major external course of action and that was war. European feudalism, developing as it did in a period of decay, was the product of the disintegration of an historically prior centralized system not of the integration of a conquered land into a going political structure. The historical basis of the nobility was their military function and intimate an ideology developed which justified their privileges in terms of military ability.

Within and above these socio-political units was the Catholic church. For our purposes here it is important to touch on only a few of the functions of this organization for feudalism in general. In the first place, the dogma of the church legitimized the going set of political arrangements. Despite the invocation of peace for certain places at all times and at certain times in all places, the church recognized how dysfunctional strong men ruling large territories could be to its position and never consistently pursued a policy of 'peace on earth'.

Secondly, the church through its wide population base was the wealthiest unit, maintaining the wealth within the church proper through the system of clerical celibacy. Economic activity, that is, production and distribution of material goods, was subject to a set of church propounded norms, just as was all other activity. One of these norms proscribed adding to the cost of a good any profit which was based upon either space or time differentials. The church refused to countenance the actions of anyone who took advantage of material scarcity to further his own ends. Thus, since the church held both this principle and the major accumulation of wealth, the only loans which occurred were consumption loans without interest directed towards famine alleviation. And as far as was possible, the church tried to control the actions of those who would supply the grain in these cases.

Four developments over a period of 300 years, however, imposed such strains upon the operation of this kind of social organization that it was unable to maintain itself. The economic base of feudalism was the agricultural labor of the serfs. But the political principle of feudalism was atomistic warfare. This contradiction was accentuated by occurrence of a natural catastrophe, the Black Plague, and these two devastating forces tended to subvert the operation of the principle of manorial autarchy. During the same period, the Mediterranean re-opened, trade routes developed, and towns, the existence of which was threatened by this principle, undermined it by operating local markets in which foodstuffs were exchanged for either locally manufactured items <sup>or</sup> imports.

But not only were towns an economic threat to the feudal system, they were a political threat. It was precisely in response to the political atomism of the times that the early merchants had banded together. The town political structure was basically the guild, an organization which developed out of those early groupings. Not ties by personal loyalty but functional interdependence and antagonism to the alien competitor held the towns together.

Further, the founding fathers of the towns were not culturally motivated to trading; it was a business developed because they had no other. And as each would amass a small amount of fortune, he would turn to the surrounding countryside to buy an estate. But land was not saleable; it neither was a good nor considered a good. It was not even owned but, rather, was held in entail. Whatever were the situations which decided the princes, however, land was gained by the early merchants, and thus began the process of alienation of the land which culminated hundreds of years later in the commodity fiction of land and the concept of rent.

But these incursions would not have actually destroyed the feudal system. Autarchy was periphally <sup>imposed</sup> ~~imposed~~ upon but so long as it was the surplus of the manor which was marketed, it was not seriously impaired. The towns themselves were autarchical, intermunicipal trade being mostly by treaty. Itinerant alien traders still existed but each town erected statute barriers prohibiting them from access to their local market. The guilds which enforced these as well as other statutes did not contravene the church norms but actually made them effective. And the towns, after securing their charters, merely added another small power unit to the general chaos.

It was not the development of towns, which actually were incorporated into the feudal system, that imposed the severest strain on the feudal structure; it was the extension of the feudal principle to territories larger than those to which it was applicable. This extension reduced the number of small holdings and thus negated the overall political principle, atomism. But the extension of the crown holdings required a military organization superior to the feudal army and this was developed by including in the ranks of the army the yeomanry and peasantry. These were not subject to the same system of loyalty as the nobility, however; a new basis was required and the nationalistic mercenary army was re-invented. Funds were needed and the crowns took notice of the merchants. Those secure in their guild-manipulated towns had little use for the monarchs except to secure charters. But

those outside of the town structures, those denied access to the local markets, did need the monarchs. A centrally run state would break down the barriers now virtually prohibiting the development of internal trade. Further, lending money to these princes would be profitable. Since it was against profit on consumption loans, which was the major province of the Jews, that the church inveighed, the prohibition was not directly applicable to political loans. It was these early royal loans which were the first step in creating a new legitimacy structure for economic activity. Once the prohibition against profit was circumvented, it became progressively insignificant until a few centuries later its antithesis was the driving force of a whole civilization.

The consolidation of the national states with the help of merchant bankers signalled the end of feudalism. Political atomism was negated and the princely rôle of fighting was opened to the "freed" serfs. Manorial anarchy could not survive against a force which had as its protector a superior political power. And the normative system of the church simply was in certain respects inapplicable. But at this time, there was no generalized market system. In the only actual markets, those of the fiercely protectionist towns, all prices were regulated in accordance with the principle of the 'just price'. The market was simply a mechanism of distribution of goods to consumers. Even these lacked the definitional element of a market system, regularity. Outside of these towns, there were no discernible uniformity of any supply or of any demand crowd. The situation with regards to money, or capital, was even less systematic. Both ~~both~~ with regards to goods and money, the state constituted the main stable demand element. And an autocratic state is not the most likely political form to subject itself to the vagaries of a 'self-regulating' market. Rather, as the centralization of administration increased, more and more of the regulatory aspects of the towns were transferred to the state level. But this carries us to the third period, mercantilism.

Mercantilism is a term describing the nation-oriented policies of the European states on the Atlantic seaboard from the 15th to the 19th centuries. The political structure of these states was new to Europe just as the existence of such states themselves was a new socio-political entity. In terms of ruling groups, it was essentially a modification of the late feudal structure, there being a ruling aristocracy which was advised by a commercial elite. But out of the previous years of alliance with the merchant bankers, the crowns had learned one lesson, "the king cannot have treasure when his subjects have none." Mercantilist policy, then, was directed internally towards fostering those commercial and industrial development which would make the country richer and externally towards securing a supply of raw materials, foodstuffs, and precious metals. Spain failed not because she was mercantilist but because she was not mercantilist enough.

Not only the direction of the policy but the continuity of the results was important. A stable government requires a stable financial system. To this end, mercantilist policy worked to regularize the growth of production, to even out distribution, and to administer a monetary and fiscal policy which would guarantee a stable crown income. But this is precisely the feature most important for an industry-oriented capitalism. Commercial and colonial ventures were risky, but they also paid off handsomely in profits. And the risks were reduced as much as possible by the crown policy of granting monopoly rights. But industrial capitalization cannot command such a rate of profit. Rather, it is the regularity of the return over a period of time which is important. Although widespread industrial capitalization did not develop until the late 18th and 19th centuries, this most important pre-condition was an explicit aspect of mercantile policy.

The results were more successful than expected. Industry developed as an adjunct of export trade and in time was directed to the state-supported (policy-wise) internal trade. The squirearchy in England and the nobles of France directed larger and larger tracts of land to be cultivated for sale and as this commercialization became progressively important, the traditional methods of culture became outmoded



and new ones were developed. That each time a spurt of commercialization<sup>24</sup> effected a section of society certain social dislocations developed was not too important under mercantilism since the policy was framed in terms of common welfare and such dislocations meant governmental assistance. But what was most "new" about the mercantilist political system is that it was a structure of political compromise: interest groups developed which oriented activity about economic ends, and directed political activity towards securing differential economic advantages. As Cunningham observed, "The problem, which confronted the government, was that of detecting and pursuing the welfare of the community through the maze of private interests--of discouraging some and fostering others, so as to obtain the best results for the nation as a whole." This very regulation and fostering of commerce led finally to the middle class revolutions. As the growth of commercialization progressed, the complexity of the administration required an increasing delegation of the regulatory functions to private hands. The differential privileges so obtained fostered jealousy. Also, the regularity required by the governments was achieved to such an extent that the major random impacts came from governmental decisions and those decisions sanctioned by government through delegation. Further, the increasing costs of administering the total society required heavier taxation and those who bore it most heavily were those denied the privileges. In effect, the economic system had outgrown the political structure. But the framework developed by mercantilist policy was to be maintained.

This framework was the market system. By the end of the 18th century techniques of production and distribution had been sufficiently developed for regularity to be a predominant feature of economic activity. This is not to suggest that natural causes did not disrupt shipping or that, more important, fluctuations in trade did not occur. These not only happened within a wavering<sup>but</sup> increasing rate of trade but they happened in such a way that the interdependence of export trade and internal employment was ignored. And it was the ignorance of this relationship--that as commerce grew, economic interdependence increased--that finally brought

about the downfall of mercantilism.

When in the 11th, 12th, and 13th centuries, local markets were introduced into the towns in order to gain and insure a food supply, these functioned simply as a distributive mechanism. Raw material and food supplies were secured as much as possible through municipal policy. Allocation of material, prices of goods, wages, occupations, and business opportunities were decisions made by the guilds which were run by the early merchant-founders or their families. Initially potentially antagonistic to the principles of social organization underlying feudalism, the early towns were soon integrated into the system with minimum dislocation. In fact, these initial towns reinforced local particularism in the economic sphere, atomism in the political, and the church prepounded dogma in the normative. The long distance trade was intermunicipal and treaty organized, all details being worked out by the city guilds. There is nothing in any of this which suggests an autonomous market mechanism.

With the differentiation of towns into export-maritime and local market types, the rise of the national state, and the alliance of this with the later towns and the independent (alien) merchant-bankers, certain kinds of trade developed which were free of the protectionist restrictions of the older towns. Also, money began to be loaned in sufficient quantities and to sufficient numbers of people such that one can distinguish going rates of interest. But these rates were not market produced at all: they were set in terms of political considerations, "the dual ethic," etc. Gain was probably more often than not the dominant motive, but this was directed towards immediate returns on non-rational capital ventures more than towards long range productive investment since there was no structure in terms of which long range calculation could be made. For purposes of state administration the economic aspects of mercantile policy were directed towards creating the kinds of conditions in terms of which such calculation could be made. And when the various phases of industrial production culminated in machine-

produced machines, a structural framework which would guarantee to the capitalist, the basic stability of the economic system necessary to long range risk calculation was extant. But by this time that same system which was the authority behind the market mechanism and whose policies were the raison d'etre of its existence was also the very system whose activities were most dysfunctional to calculation. Besides the <sup>often</sup> other non-economic nature of the decisions made by an aristocratic elite governing in terms of common welfare achieved through a structure of political compromise, the policies directed towards the factory and agricultural workers reinforced their basically non-economic (marketwise) "traditional" orientation. Land had already been subject to the commercialization process: not merely had alienation gained legitimacy but production was organized with respect to the saleability of the commodities. Money was no longer a single instrument of exchange: the financial requirements of state, commerce, industry, and agriculture had invoked a rationalization process which differentiated moneys into complex categories and uses, with a multitude of different kinds of banking and credit facilities having been concomitantly developed. Trade was organized in all respects: local, city-countryside, exchanges had become involved in a system of increasing interdependence such that the resources of continents figured in the plans of the state and private policy <sup>makes.</sup> ~~makers.~~ But this whole development was extraneous to markets proper. Since they were mechanisms of distributions within a political-oriented framework, as economic activities increased in functional significance and cultural evaluation so also did the scope of the market increase. But the increase was a consequence derived from the same logic which had produced the market not from the logic of the market itself.

The middle class revolutions destroyed the principles in terms of which this basic logical was operative. And henceforth, until the Great Depression, the logic of an apolitical, self-regulating market was to be the guide to policy decisions. With the downfall of the aristocracy went its paternalistic regulations and the market system became the dominant structural basis of economic power, replacing the political basis found in mercantilist <sup>at</sup> states. Economic policies of govern-

ment were now directed towards maintaining, not the conditions of a self-regulating system as liberalism would have us believe, but the autonomy of the market. Governing groups were to keep themselves from interfering with the system the success of which is one of the bases of their continuation in authority.

It was not the conditions of a self-regulating market which were to be maintained because self-regulation with respect to a given element is a contradiction. Not self-regulating, but non-governmental regulating is what liberalism demanded. Classical theory went too far when it included in its postulates the condition of self-regulation. This never could exist, for as soon as an element becomes a market factor, organization of these men whose interests <sup>are</sup> were affected prohibited any "self" regulation. Nevertheless, the organization was developed in terms of the market. The remarkable effect was that the most effective political system, economic grouping organized with respect to the market, was completely divorced from the legitimate authority structure. Not the commodity fiction which allowed basically non-market elements to become market factors but the set of ideas which proclaimed the functioning of an apolitical economic system because it was constitutionally decreed separate from the legitimate authority structure was the greatest intellectual fallacy which was maintained for so many years.

Thus this paper comes to the conclusion that the concept 'self-regulating market' is a contradiction in terms. A market system came into being when the middle class revolutions tore down the political basis of the logic which dictated the existence of a governmentally regulated market mechanism. The elites at the time directed the constitutions to except economic affairs from state control. Henceforth they each would act to their own market-oriented interests and common good would result. As such this system functioned as the dominant structural source of economic power. Groups securing differential advantages within this system from which governmental policy could be influenced were "free" from governmental dictates. But "self-regulation" never existed. Adam Smith was patently aware of group regulation and warned against it. Ricardo, however, could not

develop formal postulates about a mechanistic system if that system were not mechanistic but voluntaristic. And somehow population laws could not be invoked as deterministic if what they determined was simply a broad configuration allowing an infinity of cultural variations. And so the true statement that henceforth governments would let economic interest groups run their own affairs was turned into the untrue statement that such affairs were run by an impersonal mechanism. What the use of the mechanism at the structural level did mean was that certain power available in certain ways and that these kinds of power in these ways might not have existed if another kind of system had predominated. But there is nothing in this that suggests 'self' regulation. A)

The market system, then, was a product first of a system of religious and then of a system of political logic. Not until another system of political logic which championed a specific economic logic replaced the first was the market the structural feature it so often is claimed to have been since the first two savages exchanged snails' horns. At that point its own logic channeled economic developments, but only because groups of men directed their activities along lines conducive to the maintenance of that logic.

The trade depressions are the proof  
of the "self-regulation" --