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Karl Polanyi's Analysis of Long-Distance Trade and His Wider Paradigm

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"He who only knows his own subject does not know that either."
—S. R. Steinmetz

"History [of science] suggests that the road to a firm research consensus is extraordinarily arduous."
—Thomas Kuhn

"In a subject where there is no agreed procedure for knocking out errors, doctrines have a long life."
—Joan Robinson

"Everything that can be said can be said clearly."
—Ludwig Wittgenstein

SEVERAL PRELIMINARY MATTERS

This is an expository paper, an attempt to express clearly what we already know and to clarify what today is still difficult or unresolved. I have learned over the last fifteen years that in writing on topics for which scientific experiment, mathematical model, or statistical measurement cannot be employed, exposition is indeed difficult. When one is confined to words, one must very consciously choose words very carefully. One must also illustrate general statements with examples drawn from the real world, quote what one wants to criticize (rather than attribute positions to opponents, thereby risking unconscious distortion of what opponents are actually saying), and contrive diagrams, charts, or analogies to say the same thing more than once.

I have several reasons for not restricting myself in this paper to Polanyi's analysis of long-distance trade. One cannot understand his treatment of external trade without understanding other parts of his conceptual scheme, such as the internal organization of early and primitive economies and the inappropriateness of conventional economics as a universal frame of reference for all economies.[1] I shall have to demonstrate this quite explicitly. In doing so, I shall try to find fresh ways to explain Polanyi's work.

In the writings of Polanyi and his associates, long distance trade under early state conditions is more fully analyzed and illustrated with examples than any other single topic: chapters, 2, 3, 4, 5, 7, 8, 9, and 13 of *Trade and Market* are devoted wholly or partly to external trade; so too a journal article (1963) and a book (1966) by Polanyi, a survey article by Leeds (1961), and part of a long article by Humphreys (1969) assessing Polanyi's work. It may be of use to archaeologists if I consider other economic institutions and the meanings of several theoretical concepts mentioned but not so extensively considered by the Polanyi group.

It is now sixteen years since *Trade and Market in the Early Empires* was published. During those years, a good deal of analytical writing as well as fresh ethnographic, historical, and archaeological description has been forthcoming. It seems sensible to refer to recent work whenever it contributes explanations of interest to archaeologists and anthropologists concerned with economy.

Archaeologists, historians, and social anthropologists who want to understand the economies of the societies they are professionally concerned to analyze have to acquire what I shall call (following Kuhn [1970]) an economic "paradigm": a theoretical framework, a language of concepts to interpret the actual economies of time and place they study. Polanyi's is only one of several economic paradigms that exist. I shall have to mention some of the others to show how Polanyi's differs.

I am told that archaeology is changing in two ways. First, archaeologists themselves are bringing to bear new physical, chemical, and statistical techniques of analysis, or they are engaging the technical expertise of consulting physical scientists who analyze the properties of bones, stones, earth, flora, and shells in ways that create more usable data for the archaeologist. Carbon dating, flotation processes, and computers allow more precise establishment of facts, provide methods to extract more information from materials recovered, and permit special sorts of numerical analysis.

The second sort of innovation is conceptual rather than technical. Archaeologists are asking new questions, or, in expressing their dissatisfaction with old answers, seeking new answers to old questions about social organization, economy, polity, and culture, questions of a sort that ordinarily interest social anthropologists and historians. In short, archaeologists are looking for new theories and concepts capable of powerful explanation of the societies, economies, and polities they unearth: "Archaeology gives the appearance of being in a crisis . . . there is a strong reaction within the discipline against the familiar excursions into prehistoric religion, economics, or art appreciation that are neither grounded in, nor controlled by, theory or adequate knowledge" (Finley 1971:169).

It strikes me that technical and conceptual changes are also influencing subjects close to archaeology (for example, the economic history of early medieval Europe), and subjects much more distant from archaeology (such as modern economics). Medieval economic and social historians are also acquiring fresh data in addition to the written sources upon which they have traditionally relied: sunken ships, coin hoards, and burial remains dug up by archaeologists; linguistic analysis of place names; and photography from airplanes to reveal early field systems used in farming and the location of village settlements which have disappeared. The French historians, I believe, began some time ago to study village-level demographic and social history in order to estimate the size of peasant households and of village population changes, studies of a sort which the British now also undertake. Indeed, witchcraft in early Europe has again become a respectable topic for historians; in 1972 Marc Bloch's old work on the magical power of medieval kings to heal was finally translated into English. In the long run, it seems, we are all sociologists: "Research into [monetary and nonmonetary] payments must . . . become a social study; and so indeed must all research work in economic history" (Bloch 1967:241).

Actually, some archaeologists and historians of medieval Europe are changing their economic viewpoint in the same way. They no longer implicitly assume that economic organization, whether prehistoric or medieval, in Mycenaean Greece or in Charlemagne's France, is simply some crude commercial variant of our own twentieth-century economy, to be interpreted in the terms of "supply," "demand," "price," "buying," "selling," and "capital" that economists since David Ricardo have contrived for industrial capitalism (see Finley 1957; Grierson 1959).[2]

PARADIGMS IN ECONOMIC ANTHROPOLOGY: UNDER WHICH LYRE?

This section describes the range of topics considered in economic anthropology and the sorts of theory so far contrived to analyze its component segments. We shall see that Polanyi's theory relates to only one segment of economic anthropology and see also why theory in economic anthropology is difficult to create and why at present theory is not unified and not widely shared.

I have said repeatedly in print that the theoretical portions of economic anthropology are only beginning to be formulated systematically. I am now convinced that the clearest way to explain this point is to use the terminology of Kuhn.[3]

As used by Kuhn, *paradigm* is a stronger concept than the term *theory*. A paradigm provides a theoretical framework, a vocabulary of conceptual terms, and, in some sense, a picture inside of one's head about the nature of the real-world activities to be analyzed. A new paradigm redefines the scope of the subject and points up the most interesting problems to be solved. A paradigm, then, is a deep and important theory which renovates a field of study. Not only Copernicus, Newton, and Einstein, but also Ricardo, Marx, Weber, Freud, and Keynes were makers of paradigms: deeply persuasive theoretical constructs which illuminated some portion of reality in a new way. Their concepts and analytical conclusions, moreover, were adopted, refined, and extended by those who followed as the best approach to investigating some range of processes and problems newly revealed, partially formulated, or finally solved by the inventor of the paradigm. Persons in the same subject adhering to different paradigms choose somewhat different problems to address and use different conceptual terms in their analyses. They also arrive at different analytical conclusions about real-world activities and institutions.

Paradigms are extremely important to physical and social scientists because paradigms provide satisfactory explanations of the physical, chemical, biological, or social processes they spend their professional lives trying to understand. It is not fanciful to suggest that a paradigm is like a professional religion: it is the theoretical framework inside one's head used to make deep sense of the segment of the world one is professionally concerned with. Indeed, what differentiates the chemist from the anthropologist from the economist is the paradigm each has professionally acquired (and also what Kuhn calls his "disciplinary matrix"), his theories and methods:

> . . . I take [paradigms] to be universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners. . . . paradigms provide scientists not only with a map but also with some of the directions essential for map-making. In learning a paradigm the scientist acquires theory, methods, and standards together, usually in an inextricable mixture. Therefore, when paradigms change, there are usually significant shifts in the criteria determining the legitimacy both of problems and of proposed solutions. (Kuhn 1970:viii, 109)

Kuhn's points require qualification for economic anthropology because Kuhn is dealing with theory in physical sciences. Physics and chemistry differ in several important ways from subjects like economic anthropology.

(1) There are many more physicists and chemists doing research than there are anthropologists. And physical science is more uniform internationally than anthropology, a subject influenced, for example, by each nation's colonial experience.

(2) Physics and chemistry are older subjects than anthropology, which means that paradigms were established much earlier. This is a very important matter because it means, for example, that Einstein's work published in 1905 and after was addressed to solving problems or explaining anomalies that an already-established paradigm could not solve or explain, something that was immediately recognized by a number of physicists brought up on the old paradigm. But in a new, small,

and esoteric subject like economic anthropology, there were no strongly established paradigms when Polanyi wrote, no theoretical frameworks elaborately spelled out and widely shared; there were only bits of theory, partial paradigms, and few adherents to each because there were so few doing research in the subject (see, for example, Herskovits 1952). It is difficult to name more than a half-dozen anthropologists, who, in 1957, had a specialist's interest in economic anthropology—say, more than half of whose publications were in economic anthropology. And the few anthropologists interested in economy were not really in professional touch with the archaeologists and the economic historians of early societies who had similar interests.

Polanyi's work did not contradict any theory strongly and widely held by economic anthropologists (such as "formal economics"). In 1957 there was no strongly held theory of any sort in economic anthropology. Rather, there was an awareness that two unsolved problems existed: (i) Primitive and peasant economies both resembled and differed from industrial capitalism. But how anthropologists could cope with the systematic presentation of these similarities and differences was not clear (see, for example, Goodfellow 1939; Firth 1951: chap. 4). (*ii*) The second unresolved problem was rather complicated: How, if at all, could anthropologists make use of the elaborate corpus of conventional economics to interpret the primitive economies of the Trobriand Islanders and Tikopians? Firth (1929a; 1929b: chap. 1) had been aware of both problems as early as 1929, and indeed attempted to solve them over the next forty years, without, I think, succeeding. He is still ambivalent about the role to be played by conventional economics in economic anthropology (see Firth 1967; 1972). Herskovits too wrestled with these problems in 1940 and 1952 without solving them.

Polanyi attempted to solve both problems. His "substantive" definitions of the terms *economic, external trade, money*, and *market* indicated the *similarities* among primitive, archaic, and modern economies. His "formal" definitions of these terms indicated their special meanings in industrial capitalism. His "institutional" definitions indicated the *differences* between aboriginal and developed-industrial market economies by showing the special forms money, markets, and external trade took in aboriginal economies. Throughout these presentations, Polanyi argued forcefully against the use of market theory to analyze nonmarket economies. The formalist writers (for example, LeClair 1962; Cook

1966) did not state their formalist positions until after Polanyi wrote. It was Polanyi and his associates they were reacting to.

(3) Physicists and chemists specialize much more than do anthropologists. It is not common for many anthropologists to work precisely on the same problem or process, say, the nature of foreign trade in aboriginal economics.

(4) There is a much greater need for economic anthropologists to incorporate theory and factual information from other subjects, such as early economic history and recent economic development, than there is for physical scientists to incorporate outside theory and facts.

(5) Physical scientists, and, to a lesser extent, economists, use several research methods not at all employable in anthropology, such as controlled experiments and mathematical models, although anthropologists have recently begun to employ one such technique, statistical enumeration. Demonstrable proof of theory, therefore, is easier to establish in physical science and in economics than it is in verbal subjects. This complicated matter of methodology requires additional explanation.

Theories, concepts, methods, paradigms are to be judged by the explanatory power of the conclusions they reach about real-world activities and processes. The theories of Einstein and Keynes were powerful because their concepts allowed them to explain important physical and economic processes that could not be as satisfactorily explained without their theories. In short, paradigms are like mousetraps: we decide which of two mousetraps of different design is superior by choosing the one that catches most mice. Effectiveness in use is the paramount criterion, not strength of materials or elegance of design. In social science, effectiveness in use means explanatory power demonstrated to the satisfaction of the professional audience (Kuhn's "scientific community"):

> Paradigms gain their status because they are more successful than their competitors in solving a few problems that the group of practitioners has come to recognize as acute. . . . After the discovery had been assimilated, scientists were able to account for a wider range of . . . phenomena or to account with greater precision for some of those previously known. . . . As in political revolutions, so in paradigm choice—there is no standard higher than the assent of the relevant community (Kuhn 1970:23, 66, 94).

The scientific community's assent is obtained by demonstrating the explanatory power of a paradigm. In economic anthropology, this means the explanation of external trade, primitive valuables, bridewealth, palace economics, and such.

One's ability to persuade professional colleagues of the superiority of one's new theory in any subject—physics, economics, anthropology—depends to a great extent on the methods of proof conventionally used in that subject, its "disciplinary matrix"—in short, the methodology available to it. "Soft" subjects, such as political history, literary criticism, and much of cultural anthropology, are soft because they are confined to verbal analysis only. Persons doing research in such subjects frequently are polarized permanently; that is, they commonly adhere to markedly different theories. (Actually, in Kuhn's view, such subjects are not sciences because, since they have no strong and widely shared paradigm, theoretical progress is not evident; they are in a "pre-paradigm" condition.)

In contrast, physics is a "hard" subject, in the sense that persuasive proofs can be adduced to support new paradigms because controlled experiment, mathematical equation, precise measurement, and statistical quantification can be employed to prove theory. Closer to home, economics is "harder" than the other social sciences. Paradigms in economics, such as those contrived by Ricardo, Marshall, Keynes, and Samuelson, come to be widely shared among economists because mathematical model, statistical quantification, and policy application to real-world problems of unemployment, development, and inflation are usable in economics (note that policy application is another way of proving theory).

I might point out that it was impossible to construct a satisfactory national Graduate Record Examination in anthropology because the subject is so variously taught in American universities. Anthropology is so variously taught for two reasons: There is an enormous range of specific research specialties engaged in by archaeologists, physical anthropologists, and cultural anthropologists. And in many branches of anthropology there are no strong and therefore widely shared paradigms. What is true for economic anthropology seems, then, to characterize other branches of anthropology as well: an absence of systematically formulated theory so persuasive as to be widely shared among anthropologists.

Any theory or paradigm in any subject has three very closely related components: (1) the specific real-world processes, situations, or events the theory is designed to analyze (that is, designed to reach conclusions about); (2) the special concept it employs; and (3) the analytical or explanatory conclusions it arrives at. A theory is essentially the way the concepts (2) are used to explain the real-world processes (1). A theory, moreover, can always be stated in terms that provide answers to specific questions. Keynes's theory, for example, answered the question, "What causes short-run fluctuations in national income, output, and employment in the highly developed, industrial capitalist economies of Western Europe and North America of the 1930s"? The real-world process he analyzed was national income determination and its fluctuation in the special set of industrial capitalist economies. The special concepts he employed were (among others) "marginal propensity to consume," and "liquidity preference"; and the most important of his several analytical conclusions was that Britain and the United States in the 1930s were inherently unstable because the private market sector contained no mechanism to assure automatically that all goods produced at full employment would be bought. The same holds true for Polanyi or any other creator of theory. His paradigm also comprises a special set of real-world processes, special concepts, and analytical conclusions reached by using the concepts to analyze the processes.

Economic anthropology considers village-level economies of bands, tribes, and peasantries on all the continents and inhabited islands of the world in three historical time periods of utterly different length. It also considers the economic sectors special to larger-scale economies and societies—for example, the palace economies and foreign trade sectors of chiefdoms and state systems such as kingdoms and empires. Let us call the oldest or the earliest subset "aboriginal" or "traditional" or "indigenous" or "precolonial" economies:[4] the Kwakiutl Indians of the northwest coast of America before the white man arrived; the Inca before the Spanish arrived; village and rajah India before the British arrived. These are usually called, rather loosely, "primitive" or "peasant" economies. I would suggest, incidentally, that the village and state sectors of the economies of Western Europe up to 1200 or 1300 A.D., Japan up to about 1600 A.D., and China up to about 1800 A.D., belong in the same category of traditional or aboriginal economies.[5]

Now things become rather complicated and I have had to contrive table 1 to help convey my meaning. This first subset of aboriginal-

TABLE 1
BANDS, TRIBES, PEASANTRIES, AND STATES
IN AFRICA, LATIN AMERICA, THE MIDDLE EAST, ASIA,
NORTH AMERICA, THE CARIBBEAN, AND OCEANIA
STUDIED BY ANTHROPOLOGISTS

Paradigms, Partial Paradigms, and Bits of Theory	*Aboriginal*		*Colonial*	*Postcolonial*
	(Existing and changing over millennia)		(1500–1950 A.D.)	(Since 1950 A.D.)
	Static:	Marxian Economics		
		Formal Economics		
		Substantivist Economics		
				Macro (Nation) and Micro (Village)
	Dynamic:	Marxian	Marxian	Marxian
		Energy/Evolution	Energy/Evolution	Energy/Evolution
		Contact/Subjugation	Acculturation	Macrodevelopment
		Diffusion	Applied anthropology	Macromodernization
		Multiplier effects (Renfrew 1972)	Culture contact	Differentiation/Integration
			Dualism	Cumulative Causation
			Agricultural involution	Microdevelopment
				Micromodernization

traditional or precolonial economies on all the world's continents and inhabited islands existed and changed over millennia. According to the classification I employ here, we would include the economy of any society of interest to archaeologists; any of interest to historians and anthropologists before European colonial incursion into Africa, Asia, Latin America, the Caribbean, and the Middle East; and, for the portions of the world that were not colonized in modern times (Japan, Europe), before modernization and economic development began (see Dalton 1972).[6] Archaeologists, anthropologists, and historians of preindustrial economies anywhere in the world have a common interest in aboriginal economies.

Two kinds of theoretical questions are put to aboriginal economies:

static and dynamic questions (see table 1). By static I mean questions relating to the organization or performance of an economy at one point in time: for example, how foreign trade was organized by the Maya in the period immediately preceding the Spanish conquest; or what the role of cattle as primitive valuables was in the Nuer of the 1930s. By dynamic I mean questions relating to the strategic causes or important consequences of change—in this case, of course, change under aboriginal, precolonial conditions: for example, the causes and consequences of settled agriculture, or of the emergence of civilization (Renfrew 1972), or of the decline of early empires (Cipolla 1970).

There are at present three contending paradigms used to analyze aboriginal economies under static conditions:

(1) The formal economics of conventional price theory, with its market terminology of *price, capital, economizing, maximizing, scarcity, choice, rationality, decision making,* and such (see LeClair and Schneider 1968). To use formal price theory to interpret aboriginal economies is to stress the similarities between them and modern capitalism.[3] Those who adopt the paradigm of formal economics to analyze aboriginal economies do so because they regard economic "scarcity" as universal, and "choice making" and "economizing" or "maximizing" as universally necessary. They assume that all economies, therefore, work like market systems and are usefully described in market terminology. They put economists' questions to aboriginal economies: How do persons in primitive economies "maximize"? (Cancian 1966; Burling 1962). How do they decide between alternative economic activities? (Ortiz 1967).

(2) The second paradigm, used by some economic historians (Kosminsky 1956), archaeologists (Childe 1936), and anthropologists (Wolf 1966), to analyze aboriginal economies at one point in time, is Marxian, which is not nearly as elaborate a paradigm as formal price theory. Marx was principally concerned with nineteenth-century industrial capitalism. His remarks about aboriginal economics were fragmentary (see Marx 1964): "Now it is generally agreed that Marx and Engels' observations on pre-capitalist epochs rest on far less thorough study than Marx's description and analysis of capitalism. Marx concentrated his energies on the study of capitalism, and he dealt with the rest of history in varying degrees of detail, but mainly in so far as it bore on the origins and development of capitalism" (Hobsbawm 1964:20).

Marxian categories relating to aboriginal economies consist of only a few concepts, like "surplus" and "exploitation"; who owns the means of production and how labor is organized in any economy are regarded as crucially determinative for social and political organization. The Marxian paradigm regards class conflict between owners and nonowners as endemic. Marx employed a sixfold evolutionary classification of economic systems, the first three classes of which refer to aboriginal economies: primitive communism; slavery; feudalism; preindustrial and then industrial capitalism; industrial socialism; industrial communism. Marxians address such questions as, How do owners and rulers extract economic "surplus" from rank-and-file workers? Economic anthropologists use Marxian concepts most frequently in discussing peasant economies (Wolf 1966); they do not seem to use them in discussing aboriginal bands and tribes.

(3) The third paradigm is Karl Polanyi's formulation of concepts and conclusions taken from Weber, Maine, Tönnies, Menger, Bücher, Thurnwald, and Malinowski, and, I believe, significantly extended and made systematic by himself. The terms used are *reciprocity, redistribution, (market) exchange, special-purpose money, administered trade, port of trade, operational device*, and others. Polanyi's paradigm stresses the differences between aboriginal economies and modern capitalism, and shows how economic organization in aboriginal economies is socially controlled by polity, kinship, religion, and the like.[8]

Polanyi argued repeatedly against the employment of formal economics as a universal paradigm. He deliberately intended his own paradigm to displace market economics in the static analysis of aboriginal economies.[9] More accurately, perhaps, he intended to solve the problems that had been raised by Firth (1929: chap. 1) and Herskovits (1940; 1952) by explaining why formal economics is not usefully applicable to nonmarket economies, and by showing how one can take account of both the similarities and the differences between aboriginal economies and modern industrial capitalism. Polanyi's paradigm at the time of his death in 1964 was by no means a finished scheme of analysis. Rather, it was an important beginning, and it continues to be extended and clarified by others, including Bohannan (1959; 1960), Sahlins (1965, 1972), Neale (1971), and myself (Dalton 1971a; 1971b; 1971c).[10]

One reason, then, why the theoretical portions of economic anthropology are only at the beginnings of systematic formulation is that three rather different paradigms, partial paradigms, and bits of theory contend at present for professional acceptance in the static analysis of aboriginal economies. Polanyi's theory, moreover, is still being extended (which, incidentally, is quite in keeping with Kuhn's remarkable description of the sequential development of new paradigms). Most anthropologists, perhaps, would still consider that the question of which theory is best to explain which economic sectors in which aboriginal economies is yet to be firmly settled (see Dalton 1969).

We are far from exhausting the subject matter of economic anthropology and the need for theoretical constructs. There are also the dynamic aspects of aboriginal economies—a matter, of course, of special interest to archaeologists: What were the strategic causes and important consequences of deep change in aboriginal economies and societies? How did larger-scale stratified civilizations emerge from smaller and simpler societies? How did empires arise and decline? Please note that neither formal economics (price theory) nor Polanyi's substantive economics provides a theory of change under aboriginal conditions. Both are concerned exclusively with static structure and performance, the actual organization of the Tiv, Nuer, Inca, Maya, or Trobriands as these economies functioned at specific (precolonial) dates.

For the dynamic aspects of aboriginal economies, there were—until Renfrew's recent book (1972)—several partial paradigms and bits of theory.[11] Most seem to stress economic and technological change as the prime movers in aboriginal societies; such theorists include the Marxians, Wittfogel, and the Energy/Evolutionists (White 1949: chap. 13). Thurnwald (1932), however, has a different sort of theory. He suggests that larger-scale socially stratified societies and economies came into being under aboriginal conditions through culture contact, military conquest, and political reorganization of the conquered. The result is some variant of a feudal system or a state system, with the conquering elite forming an aristocratic or upper stratum economically, as well as militarily and politically (see for example Oberg 1940). This larger-scale linking up of different ethnic groups rearranges labor allocation and increases the economic specialization of the different ethnic components of what is now one larger system, as, for example, with the caste-jajmani stratification of traditional village India (see Neale 1957a). The newly amalgamated and newly stratified society is now technologically more diverse, because each component ethnic group brings its own technology into the new and larger society.[12]

Aside from static structure and dynamic change in aboriginal economies, there are two other broad segments of economic anthropology, both concerned principally with dynamic matters.[13] One concerns the same set of bands, tribes, peasantries, and kingdoms as they underwent economic, technological, social, cultural, and political change under historically recent European colonization, that is, since 1500 A.D.; the other is concerned with change since 1947: very recent postcolonial economic development and cultural modernization in the entirely new historical context of newly created nation-states—India, Nigeria—beginning to construct nationally integrated economies and polities.

For economic change under colonial and then postcolonial conditions, we have no strong paradigms. The Marxians and the Energy/Evolutionists do have general or universal dynamic theories; that is, they purport to explain deep change under all historical conditions, aboriginal, colonial, and postcolonial.[14] For change under colonial conditions, we have in addition to the Marxians and the Energy/Evolutionists many bits of theory, each of which analyzes some aspect of change under some sort of colonial situation in some part of the world: acculturation (Herskovits 1938), culture contact (Mair 1957; Wilson and Wilson 1954), applied anthropology (Spicer 1952), dualism (Boeke 1942), and agricultural involution (Geertz 1963).

Why is there no strong paradigm for economic and social change under recent colonial conditions? The short answer would emphasize three points: (1) The postcolonial period, except in Latin America, began only in 1947. It is not yet, I think, commonly understood that postcolonial national and village development differs sharply from the economic and social change that took place under colonial conditions. (2) There was extreme variability in the types of aboriginal economies and societies that were colonized: bands, tribes, and peasantries in North, Central, and South America, Asia, Africa, Oceania, and the Middle East; Eskimos and Kwakiutl, Tiv, Ashanti and Bantu, Inca, Maya, and Aztec, Asian Indian villages and states—and many more—all were colonized. (3) The impacts of European colonization on aboriginal societies differed utterly: the Spanish, the Portuguese, the Dutch, the English, the French, the Germans, the Americans (who themselves were colonized until 1776), all colonized. The Caribbean Indians and the Indians of Latin America were colonized early, the Highlanders of New Guinea late. Europeans settled in large numbers in North, Central, and South America and South Africa, but not in West Africa or parts of Asia. Around 1500, when the Spaniards colonized Central and South America, the Spanish themselves were barely out of feudalism and the industrialization of Spain was centuries in the future; in contrast, the British colonized parts of West Africa after 1875, when the British themselves had been industrializing for a century.

We have no strong paradigm for economic and social change under recent colonial conditions.[15] We do have the components out of which a paradigm can be made: excellent descriptive accounts and some theoretical insights and conceptual terms which can be fashioned into a mosaic of unified theory to make deep sense out of variability.[16]

So, too, for postcolonial village change in the new context of national (or macro) economic development and cultural modernization. Despite the newness of the subject, excellent components for a strong paradigm already exist for reasons that are clear: Processes of acculturation and applied anthropology under colonial conditions were studied by a relatively small number of social anthropologists; in contrast, postcolonial macrodevelopment, microdevelopment, and modernization are studied by an international army of economists, sociologists, political scientists, and psychologists, as well as by anthropologists. Important insights into Third World national and village development today are being provided by writings on the historical development of the industrialized countries of Britain, Western Europe, Japan, and Russia (see, for example, Landes 1969; Kuznets 1966; Gerschenkron 1962; 1968; 1970; Smith 1959). Some recent theoretical work is addressed to the complicated interaction processes of economic development and social change: Smelser (1963) on "differentiation" and "integration"; Myrdal (1957) on "cumulative causation"; Epstein (1962; 1973) on the different social consequences following from different sorts of economic innovations at the village level in South India; Hagen (1962) on the enormously difficult topic of how personality formation affects the emergence of entrepreneurial capacities in colonized peoples; Adelman and Morris (1967) on the use of statistical techniques to show how economic and social change mutually affect each other.[17]

To summarize the points stressed in this section on paradigms in economic anthropology: It is necessary to see the full scope of the subject, the enormous range of economies considered, economies existing in utterly different historical conditions, and the welter of paradigms (e.g., price theory), partial paradigms (e.g., Marx), and bits of theory (e.g., acculturation) so far contrived, in order to understand the difficulties encountered in creating theory. It is also necessary to see the reasons why at present a unified theory of economic anthropology does not exist.

Four large subfields make up the subject, each of which requires its own theoretical framework: (1) the organization and performance of aboriginal village-level economies of bands, tribes, and peasantries, and the the elite and state levels of kingdom and empires; (2) economic and social change under aboriginal conditions; (3) economic and social change under historically recent conditions created by the European colonization of Africa, Asia, Latin America, Oceania, the Caribbean, and the Middle East; (4) postcolonial economic development and cultural modernization of village communities within newly created nation-states.

For each of these four subfields in economic anthropology there is a literature of empirical description and theoretical analysis written by archaeologists, historians, economists, sociologists, and others. One must draw on this literature as well as on the ethnographic and theoretical writings of anthropologists in order to construct paradigms in economic anthropology.[18]

For aboriginal economies under static conditions, we have three contending paradigms, only one of which (the formal economics of neoclassical price theory) is highly elaborated. Marxian theory as it relates to aboriginal economies is very sketchy (only a few concepts and generalizations are given). Polanyi's paradigm is still being clarified (as, indeed, I am trying to do in this present paper) and extended, for example, to include aboriginal peasantries. For aboriginal economies undergoing change, we have several partial paradigms—sketchy theories, really—except for Renfrew's recent and more comprehensive theory. For economic change in the Third World under European colonial conditions, we have a half-dozen or more bits of theory, but no strong paradigm. Nor do we yet have a strong paradigm for the very recent situation of microdevelopment, that is, village-level transformation within newly formed nation-states instituting regional and national programs of industrialization, education, and such. For colonial change and postcolonial development, however, there exist very important theoretical components for constructing paradigms.

POLANYI'S STATIC PARADIGM FOR ABORIGINAL ECONOMIES[19]

The published work of Polanyi and his associates consists of two parts: theory and its application to actual economies of time and place. "A new theory is always announced together with applications to some concrete range of . . . phenomena; without them it would not be even a candidate for acceptance" (Kuhn 1970: 46). The theoretical part, in turn, has two components: a positive paradigm for the analysis of nonmarket aboriginal economies—what Polanyi called institutional analysis; and a negative critique, an elaborate explanation of the unsuitability of formal economic theory as a universal paradigm for all economies of record.

Polanyi and his associates apply their own positive theory to sectors, processes, and institutions of actual economies, and, while doing so, continually illustrate the inappropriateness of formal price theory to analyze those aboriginal economies they are writing about. The subjects of their works include external trade and internal economic organization in eighteenth-century Dahomey (Arnold 1957a;b; Polanyi 1966) and in the prehistoric Middle East (Polanyi 1957a; Oppenheim 1957); ports of trade in the Eastern Mediterranean (Revere 1957); the internal economic organization of villages in parts of traditional India (Neale 1957a); preconquest Aztec-Maya long-distance trade (Chapman 1957); marketplaces in precolonial Berber Highlands (Benet 1957); the usage of primitive valuables in parts of Africa and Oceania (Bohannan 1959; Dalton 1965); kinds of marketplaces and market transactions in aboriginal and colonial Africa (Bohannan and Dalton 1962); variants of reciprocity in aboriginal bands and tribes (Sahlins 1965).

Every essay in *Trade and Market* repeats Polanyi's strong negative message: what primitive and archaic economies were *not*. They were not early market variants of nineteenth- and twentieth-century capitalism. Indeed, Polanyi's first book, *The Great Transformation* (1944), and an article written shortly thereafter, summarizing the main themes of the book, "Our Obsolete Market Mentality" (1947), are principally concerned to show the historical uniqueness of nineteenth-century capitalism, the real-world economic system for which conventional price theory was invented (and the system against which Marx was reacting).

Polanyi's strong critique of formal economics—maximizing, economizing, scarcity, the uncritical use of supply-and-demand concepts to characterize any economy—evoked several sharp rejoinders, resulting in what is inelegantly called the "formalist-substantivist controversy."[20] Two aspects of this controversy are particularly revealing: the formalists do not take issue with Polanyi's positive paradigm—reciprocity, redistribution, ports of trade, and such—about which they say almost nothing. Their concern, rather, is to dispute Polanyi's negative critique of formal price theory as a universal paradigm (see, for example, LeClair and Schneider 1968). The second revealing feature is the vituperative language used by some of the formalists, a sure sign that a clash over paradigms is taking place. For example, Cook (1966) calls Polanyi and me romantic, unscientific antiquarians, ignorant of economics, with a curious interest in "moribund" or "extinct" economies (that is, aboriginal economies, the ones archaeologists and ancient historians study). Here is a nosegay:

> The present critique is intended . . . [to elaborate] . . . the thesis that the substantivists' intransigency concerning the cross-cultural applicability of formal economic theory is a by-product of a romantic ideology rooted in an antipathy toward the "market economy" and an idealization of the "primitive". . . . given the fact that marketless subsistence economies are rapidly disappearing as ethnographic entities, being displaced by market-influenced or -dominated transitional and peasant economies, it seems rather pointless to persist, as Dalton does, in concocting tortured arguments in defense of a theory [Polanyi's] which was designed specifically for the analysis of these moribund types of economies (i.e., substantive economic theory). (Cook 1966: 323–25)

Another anthropologist, who himself has never written on the theoretical issues separating the formalists and the substantivists,[21] nevertheless finds it therapeutic to dismiss Polanyi and the rest of us in language whose only virtue is that it is barely audible because it is spoken from such an enormous height:

> From the beginning the substantivists (as exemplified in the justly famous works of Polanyi and others) were heroically muddled and in error. It is a tribute to the maturity of economic anthropology that we [*sic*] have been able to find precisely in what the error consisted in the short space of six years. The paper . . . written by Cook [1966] when he was a graduate student neatly disposes of the controversy. I did not think it necessary [in Nash 1966] to regale readers with the history of error. [In social science] . . . it is virtually impossible to down a poor, useless, or obfuscating hypothesis, and I expect that the next generation of creators of high-level confusion will resurrect, in one guise or another, the substantive view of the economy (Nash 1967:250).[22]

Heated disputes between social scientists or between historians are always about one of two things: *policy* (how should we change the real world?) or *paradigms* (how should we analyze the real world?). This one, of course, is about paradigms: What is the most useful theoretical framework of questions to ask, processes to study, concepts to use, in order to arrive at deep understanding of aboriginal economies?

The Subjects of Polanyi's Paradigm

Which real-world economies and which sectors, transactions, processes, and institutions in those economies is Polanyi's paradigm designed to analyze? Polanyi is concerned with the sociology of economic institutions—foreign trade, money—for those aboriginal economies in which markets are not dominant, that is, aboriginal bands, tribes, and the economic sectors of early state systems:[23]

> . . . the study of the economy in early societies comprises several related empirical fields: *primitive societies*, mainly kinship organized, non-literate; *archaic societies*, as a rule literate, practicing plow agriculture, but not using money widely as a means of [commercial or market] exchange. . . . The third overlapping field is *antiquity* which includes both societies of the primitive and archaic types as well as "modern" societies, i.e., such as widely employ money in [commercial or market] exchange. (Polanyi Mimeo, no. 1: 11).

Polanyi considered the internal organization of such economies and their foreign trade, as well as what we now call the "subsistence sector" (the acquisition, production, and disposition of foodstuffs and other ordinary goods) and the "prestige sector" (the transaction of valuables such as kula bracelets, cows as bridewealth, and such). He concentrated particularly on what he regarded as three very important institutions: markets, monetary objects (including primitive valuables), and foreign trade. These exist in a wide variety of past and present economies and so are capable of detailed comparison and contrast.

One of his central concerns was to show how, in aboriginal economies, external trade, local marketplaces, and money usages had independent origins and independent organization, that is, were not fused as they are in modern capitalism. There is a dynamic component to Polanyi's work, but it has to do with the institutions of external trade, money, and markets, rather than with change over time in entire economies or economic systems; and so his dynamic component does not fit neatly into table 1. He thought that a major problem in the economic history of Europe was to come to understand how external trade became overwhelmingly private commercial or market trade, how monetary objects overwhelmingly came to be used as means of commercial exchange, and how market transactions came to be dominant and integrative, regionally and nationally as well as internationally; hence his concern with the rise of market economy in *The Great Transformation*, a book linked in several ways to his later work on aboriginal economics.

I use the phrase "sociology of economic institutions" to characterize Polanyi's work because his continuing concern is to show that in the absence of market dominance (and therefore the absence of modern market exchange money as the prevailing kind, as well), the production and distribution of ordinary and prestige goods in aboriginal economies is socially controlled; that reciprocal transactions are rooted in social symmetry; that redistributive transactions are rooted in political centrality; that aboriginal economies are Gemeinschaften; that just as land tenure in aboriginal Africa (Bohannan 1960) and Melanesia (Malinowski 1935) are direct expressions of lineage affiliation, so too are all important allocations and transactions of natural resources, labor, and goods direct expressions of political, kinship, or religious institutions.[24]

Polanyi's Analysis of Long-Distance Trade

Concepts and Terminology

The concepts used by any theorist rivet our attention on the processes to be analyzed (and point as well to the conclusions to be reached). Concepts are the link between the real-world processes and the analytical conclusions about them the theory is designed to produce. When Srinivas, for example, contrived the concept "Sanskritization," he compressed into a single fabricated word an analytical conclusion about a real-world process: In sharply stratified Hindu India, upward mobility of lower caste groups is achieved by their emulation of the practices and values of higher castes. So too Marx's "exploitation" and "surplus value," Freud's "Oedipus complex," and Keynes's "marginal propensity to consume." Concepts are crucial ideas expressed in words and are an integral part of any theory designed to analyze any real-world process in any subject.

Some of Polanyi's concepts are simple and easily understood; some are more complicated and difficult. The simple concepts are terms he used for tangible objects or narrowly defined or quite specific institutions and practices, such as *operational device, port of trade, administered trade,* and *sorting*. The difficult concepts are the terms he used for broad institutions and practices whose specific forms vary in different societies such as *reciprocity, redistribution,* and *special-purpose money*.

Polanyi uses three sets of concepts, "substantive," "formal," and what he called "institutional" terms. The substantive meanings of *economic, external trade, money,* and *market* indicate what all economies, all sorts of foreign trade, all sorts of money, and all sorts of markets have in common. Here, Polanyi meant to call attention to the similarities among all economies. The formal meanings of these terms indicate their special organization and functioning in modern capitalism, that is, national industrial economies integrated through markets. The institutional terms relate especially (but not exclusively) to the forms money, markets, and external trade take in nonmarket aboriginal economies.

Polanyi meant by the "substantive definition of *economic*," then, material provisioning, that is, what all economies have in common. Any society, past or present, has an economy of some sort in the sense of systematic arrangements to provide its people with food and shelter and to provide goods and services to sustain community life—defense, warfare, religious practice, marriage, and so forth. All economies bear a family resemblance because they all provision people living in communities. In their provisioning, they all use natural resources, human labor, technology (that is, tools and knowledge about producing goods or using the physical environment), and they all employ some range and forms of institutional practices, that is, man-made conventions and rules, such as foreign trade, monetary objects, and, frequently, markets of some sort.

The mere presence of a practice like foreign trade does not tell us anything interesting about an economy, because foreign trade was carried on in various ways for different purposes in many differently organized economies. Today, the USSR and the United States both engage in foreign trade (and both use monetary objects and marketplaces) despite their being differently organized economies. But *how* foreign trade is organized in each, the *range* and *kinds* of imports and exports involved, the *quantitative importance* of foreign trade in each, these sensitively reflect the internal organization of each economy (as well, incidentally, as its achieved level of economic development; see Kuznets 1966).

This simple example of the United States and the USSR yields several general points of importance to Polanyi's concepts and mode of analysis: (1) Like warfare, language, and the family, foreign trade, monetary objects, and markets are institutions widely present in utterly different societies. (2) But foreign trade, money, and markets vary enormously in how they are organized, what specific purposes or functions they serve, and how important they are. (3) In any economy—the Maya just before the Spanish conquest, the Trobriand Islands of Malinowski's day, the United States at present—the organization of foreign trade, its purposes, its quantitative importance are all direct consequences of the internal organization of that specific economy. Foreign trade, monetary objects, and markets do not have an independent existence; their organization and importance are determined by the internal organization of the economies, societies, and polities in which they function. (So too for religion, the family, warfare, and other institutions present in widely differing societies.)

For the Maya, Trobriands, and the United States, then, *economic* means material provisioning, that which is necessary to sustain individual physical existence and community life. The substantive meaning of *external trade* is the peaceful acquisition of goods from a distance by trading other goods for them in any of several ways. The substantive meaning of *money* is quantifiable objects used in specific sociological (e.g., bridewealth) or economic (provisioning) situations to perform any (not necessarily all) of four functions or operations: (commercial or noncommercial) payment, exchange, hoarding, or the use of monetary units as a standard of accountancy.[25] The substantive meaning of *market* is a site where buyers and sellers meet to buy and sell at prices formed in various ways.

Now for the "formal" meanings of these terms, the meanings they have come to have in formal economics, the subject invented to analyze the highly developed, nationally and internationally integrated industrial capitalism of the nineteenth and twentieth centuries in Britain, Western Europe, and America.[26] European mercantilism from 1400 to 1750 and the Industrial Revolution that followed created this "market economy"; and a century of price theory, from Ricardo's *Principles* in 1817 to Joan Robinson's *Imperfect Competition* in 1932, concentrated on the minute functioning of markets:

> Economic analysis [price theory] is a derivation of formal economics, itself a branch of logic dealing with rules that govern behavior in scarcity situations, i.e., situations of choice induced by insufficiency of means; while substantively, economics deals with the causal dependence of man upon his natural and social environment for the material means of his existence. The value of economic analysis as a discipline lies primarily in the intellectual mastery of the phenomena of a market-structured economy; the importance of economics in the substantive sense, in its [presently] sub-organized state hardly deserving the name of a discipline, is given by the knowledge it conveys of the human economy in its anthropological, historical, comparative, and developmental aspects (Polanyi Mimeo. no. 2: 3).

Industrial capitalism is the system under which we American and West European archaeologists, historians, and anthropologists live, in the same sense, of course, that Christianity and democracy are the religious and political systems under which we live. Capitalism, obviously, is the economic system we are most familiar with, just as English is the language we are most familiar with. I belabor the obvious for two reasons, one psychological, the other semantic. Living in a market system means that we all do fieldwork in it every day, as buyers, savers, investors, wage earners, and so on. Because of its ingrained familiarity to us, our own market economy becomes a kind of unconscious model of "the" economy, and the Maya and the Trobriand Islanders are then perceived by some as being merely early or crude commercial variants—Model T's—of our own market-dominated economy. This unconscious (or at least, unexamined) predisposition to perceive early economies as simplified versions of our own—and money, markets, and external trade wherever they occur as simplified versions of our own—is what Polanyi called the "economistic prejudice."

Our own economic vocabulary, moreover, is also the most familiar one to us. We associate the word *money* not with cowrie or pig-tusks, but with dollars, sterling, or francs. We associate *foreign trade* not with the kula circuit, but with private U.S. firms importing Volkswagens and exporting farm machinery.

Money, markets, and foreign trade are subjects of enormously elaborate analysis by economists, who, up to the 1930s, were concerned exclusively with their organization and functioning under market or capitalist institutions.[27] Formal economics is a powerful paradigm for the analysis of money, markets, external trade, and much else *in our own system*, a system in which our money, markets, and foreign trade are intimately linked together, and in which all express our dominant and integrative mode of transaction or organization, market exchange (see Polanyi 1944).

Markets in modern capitalist economies are local, regional, national, and international; there are markets for labor, natural resources, consumption goods, specialist services, capital goods, finance, and transportation. Money income is required to live; every income recipient receives income in the form of money wage, rent, profit, or interest, the amount of which depends on the money prices of the labor, specialist service, or inanimate property the income recipient owns. Production depends on money profit; profit depends on two sets of money prices made in markets: the prices of labor and resources which form costs of production, and the sales price of the finished product. Markets are important in the sense that we all depend on them for livelihood. Most labor, natural resources, and produced goods are transacted through purchase and sale in markets. Indeed, with us, even gifts are usually gifts of goods first purchased on markets, and all levels of government acquire the goods and services they dispense by first buying them on markets.

In a market system, both the substantive and the formal meanings of *economic* apply: *economic* takes on its double meaning of "provisioning" by "economizing," whether it is a consumer maximizing utility by carefully buying consumption goods, or a producer maximizing profit or minimizing costs of production. To "economize" is to do a cost-benefit comparison in order to choose an outcome which is the best available, a maximum. Cost-benefit comparisons to choose maximizing outcomes also occur in a wide variety of "noneconomic" (nonprovisioning) situations, for example, in games such as chess and poker where the rules of the game specify options available, as prices do in markets, and the maximizing goal is to win; also in war, where the aim is to win with the least expenditure of our army's lives. Polanyi called all such situations "the logic of rational action" to emphasize two points: that economizing can occur in scarcity situations other than material provisioning through markets; and that the least ambiguous meaning of the treacherous term *rational* is economizing, that is, a cost-benefit calculation to achieve a preferred goal with the least expenditure of means.

Economizing is of superb relevance to market economies, as, indeed, the detailed elaboration of price theory shows. Consumers and producers are confronted with many alternatives among which to choose; precise calculation is possible because all labor, resources, and goods bear money prices, and material livelihood, material security, and social position are achieved through economizing choice. The market society makes material acquisition very important to the participants.

Money in a market system has special characteristics (Polanyi's formal definition of money). First, it is what Polanyi called, unhappily, "general-purpose money." This is not a good phrase because it does not immediately convey the meaning he intended: that in France, Britain, or America, anything which can be paid for in money, or any commercial or noncommercial obligation that can be discharged in money, can be paid for or discharged with the *same* money—francs, sterling, or dollars. We buy goods with dollars (means of commercial exchange); we pay debts for past purchases of goods with dollars (means of commercial payment); we pay traffic fines in dollars (means of noncommercial payment); we pay taxes in dollars (also noncommercial payment—in this case, means of redistributive payment); we save dollars (hoarding, in Polanyi's terms). Dollars are used as units of account to measure all sorts of fees, assessments, emoluments, tithes, and obligations.

Polanyi did not mean by general-purpose money what at least one anthropologist has wrongly attributed to him: that everything in a market society is purchasable or all debts of whatever sort dischargable with money. If we are convicted for murder, we cannot discharge the obligation by a cash payment; rather, we "pay our debt to society" by going to jail or worse. We may have to pay cash fees to acquire Ph.D. degrees and Phi Beta Kappa keys; but the cash fees are not a sufficient condition for acquiring them. Ours is a general-purpose money in two senses: (a) commercial exchanges and payments are made in dollars (e.g., buying goods), and some noncommercial payments are made in dollars (e.g., politically induced payments, such as paying fines and taxes); (b) a single sort of money, dollars, performs all four monetary uses of payment, exchange, hoarding, and accounting. These characteristics of dollars, francs, and sterling are a direct expression of our market dominance and market integration. Our money is what it is because our market system is what it is.[38]

> Once money as a means of [market] exchange is established, the practice of [monetary] payment spreads far and wide. For with the introduction of markets as the physical locus of exchange [of labor, land, and goods] a new type of obligation comes into prominence as the legal residue of transactions. Payment [of money] appears as the counterpart of some material advantage gained in the transaction. Formerly [that is, in aboriginal economies] a man was made to pay taxes, rent, fines, or blood-money. Now he pays for the goods he bought. Money is now means of [noncommercial] payment [of taxes and fines] *because* it is means of [market] exchange [of labor, land, and goods]. The notion of an independent origin of [noncommercial] payment [of taxes, fines, bloodwealth] fades, and the millennia in which it sprang not from economic [provisioning] transactions, but directly from religious, social, or political obligations, are forgotten (Polanyi 1968:183).

Polanyi's formal definition of external trade is, of course, a description of its special organization in a national market economy dealing internationally with other national market economies, as with modern Europe and America. Where markets dominate domestically, foreign market trade dominates as well.

(1) Foreign commercial trade is essentially like domestic commercial trade. Goods move between London and New York for the same economic reasons (economic in both senses, provisioning and economizing) that goods move between New York and San Francisco, namely for regional comparative advantage expressed in cheaper money prices. Almost all the goods and services commercially imported by an industrial capitalist country are capable of being produced by that importing country. Goods are imported *not* because they are unavailable at home, but because they are either cheaper abroad or because our households and business firms prefer the foreign to the domestic good. America produces cars, wine, and cheese; it also imports them.

(2) Commercial foreign trade is a continuous, not a sporadic, activity, a regular business rather than an occasional expedition. Goods and services move internationally twenty-four hours a day and are bought and sold internationally by ordinary commercial firms. Polanyi stressed the point that in market economies, to export is regarded as more important than to import. During the preindustrial capitalist period called mercantilism, and then under industrial capitalism, a "favorable" balance of payments means to export more than a nation imports.

(3) An enormous range of goods and services is purchased and sold internationally: consumers' goods (wheat, fish) and producers' goods (tractors and trucks), services (insurance, transportation) and prestige goods (diamonds); goods used by households (cars), by business firms (computers), and by government (military aircraft). Although land and factories cannot be moved internationally, their ownership can, through foreign investment. Not only is the range of goods and services traded enormous—thousands of different items—but the economic (provisioning) importance of international trade to developed capitalist countries is also enormous. As table 2 shows, it is typical in recent years for the yearly exports plus imports of a capitalist country to be equal to 40 percent or more of its gross national product.

(4) The extent, variety, and importance of commercial international trade and investment between national market economies requires linked

TABLE 2
PROPORTIONS OF FOREIGN TRADE TO GROSS NATIONAL PRODUCT IN DEVELOPED COUNTRIES IN A POST-WORLD WAR II YEAR

Countries in descending order of GNP	*Exports plus Imports as % of GNP* — *Commodities and services*
1. United States	9.6
2. United Kingdom	41.7
3. France	26.5
4. West Germany	44.5
5. Canada	40.4
6. Japan	27.3
7. Australia	33.6
8. Belgium	65.5
9. Sweden	55.4
10. Netherlands	96.8
11. Switzerland	60.6
12. Denmark	67.3
13. Norway	88.7
14. New Zealand	53.0
15. Luxembourg	161.5

Source: Kuznets (1966: 301)

monetary systems. In the nineteenth and early twentieth centuries, this was provided by the gold standard (for details, see Polanyi 1944: chaps. 6, 16; Dalton 1974: chap. 1).

We shall see that none of these distinguishing characteristics of external trade carried on commercially by market economies typically holds true for nonmarket aboriginal economies, whose external trade Polanyi described as gift trade, or reciprocity, and as (politically) administered trade.[29]

Finally, we come to the institutional concepts, that special set of terms Polanyi contrived to analyze socioeconomic processes, transactions, and sectors, especially (but not exclusively) in aboriginal economies, and which he used to delineate the differences between aboriginal economies and modern market economies.

Polanyi's Analysis of Long-Distance Trade

Terms such as *subsistence economy, primitive economy, communal, collectivistic, status society, precapitalist,* and *Gemeinschaft* tell us only one thing: the economy being labeled is not one in which markets are dominant and integrative. But the Soviet Union today, the Trobriand Islands yesterday, the Maya five hundred years ago, the medieval European manor a thousand years ago, and, apparently, Mycenaean Crete thirty-five hundred years ago were all nonmarket economies. In short, terms like *subsistence economy* and *communal* do not specify modes of transaction, types of organization, or the exact workings of monetary, market, or foreign trade institutions. Polanyi set out to specify these processes.

Reciprocity, redistribution, and market exchange. These very broad categories are used by Polanyi to characterize transactions at different levels and in different sectors of the same economy—village and state, internal and external, subsistence and prestige—and also to refer to transactions in utterly different economies: aboriginal bands, tribes, and peasantries; industrial capitalist and industrial communist economies.

> Reciprocity relates the corresponding members of symmetrically placed groups; redistribution relates members of a group to a center towards which and from which the goods and services move, physically or dispositionally. . . . [Market] exchange as a dominant form of integration is present only in societies where the economic process is instituted through a self-regulating system of price-making markets (Polanyi Mimeo. no. 1: 13).

> These patterns [of integration (reciprocity, redistribution, and market exchange)] do not—and this should be stressed—supply us with a classification of economic systems as a whole; rather the co-existence of patterns notably of reciprocity and redistribution is common. Also, markets, which do not integrate the economy, may fit into either pattern. And any of the patterns may predominate, reflect the movements through which land, labor, and the production and distribution of food are merged into the economy. But other patterns may obtain alongside the dominant one in the various sectors of the economy [e.g., internal and external sectors] and at varying levels of its organization [i.e., household, village, state] (Polanyi 1968:331).

All production processes—hunting, gathering, fishing, herding, farming, mining, manufacture—require transactions of labor, natural resources, and produce (and therefore involve reciprocity, redistribution, or market exchange). If we asked questions about labor and land allocation, work organization, and the disposition of produce in an aboriginal farming economy such as Malinowski's Trobriands (1922; 1935), our answers would indicate that variants of reciprocity were the most important organizational principles there (but not the only ones), just as market exchange is in modern capitalism.

There are four points of special importance about Polanyi's patterns of integration (which I prefer to call simply "modes of transaction"): (1) There are many variants of reciprocity, redistribution, and market exchange. (2) Typically, any economy uses more than one because these terms characterize transactions at all levels of economy (household, village, state), in different sectors (internal and external, subsistence and prestige), and in different lines of production (agriculture, fishing, herding, construction). (3) The kinds of money or valuables and the kinds of external trade that are employed in any economy are direct and sensitive expressions of the dominant internal mode or modes of transaction in that economy. (If we have reason to believe that long-distance trade among the preconquest Maya was differently organized from our own international market trade, it was because Maya internal economic organization was differently organized from U.S. domestic economy.) (4) Modes of transaction are also directly related to political organization, social organization, and culture. That is, bands, tribes (with and without central government), and peasantries differ from one another with regard to a set of economic, social, and political institutions. I shall explain each of these points briefly.

It is easiest to see how a single mode of transaction varies in its actual institutionalization by referring to the economy we are all familiar with: our own. Like reciprocity and redistribution, market exchange is also a broad category. In the economy of the United States, *market* refers to a place of final sale, such as a retail store, and to the transactional principle of purchase and sale at money price regardless of the place of final sale (the real estate market or the wheat market). Economists distinguish finely among types of markets—what laymen would call different industries—depending on the number of producers in each and how close or substitutable or interchangeable the commodity produced is;

markets in pure competition, differentiated oligopoly, and monopoly are examples of different market situations (out of a dozen or more that bear separate names).

Reciprocity and redistribution are also broad categories within which there are different types and variants. And they too describe land and labor allocation as well as the disposition of goods produced—that is, production as well as distribution or exchange. Sahlins (1965) described very clearly how reciprocal transactions differ with social distance and with the type of good or service involved. No similar work has yet been published describing varieties of redistribution.[30]

Polanyi used the term *redistribution* in general and special senses. Its general meaning refers to the economic sector of any centralized polity: chiefdom, kingdom, empire, modern capitalist state, or modern communist state. In this general sense, redistribution entails obligatory payments of any sort—cash or kind, labor or goods, foodstuffs or valuables—to central political authority, which uses the money, goods, or labor for the maintenance of political (or religious) leaders and their entourage of retainers, and also to provide some range of public works and community services (roads, defense, dispute settlement).

> Redistribution obtains with a group to the extent in which the allocation of goods (including land and natural resources) is collected in one hand and takes place by virtue of custom, law, or *ad hoc* central decision. In this way the reuniting of divided labor is achieved. Sometimes it simply amounts to storage-cum-redistribution. It occurs for many reasons and on all levels [household, band, village, state], from the primitive hunting tribe to the vast storage systems of ancient Egypt. With a hunt, any other method of distribution would lead to disintegration of the horde or band, since only "division of labor" can ensure results in a hunt. In large countries differences of soil and climate may make the reuniting of labor necessary; in other cases it is caused by discrepancy in point of time, as between the harvest and consumption. Methods of collection may differ widely. From a simple pooling of catch or game to elaborate methods of taxation in kind, various devices are met with (Polanyi 1951: chap. 4).

A special variant of redistribution that interests historians and archaeologists occurs in aboriginal "palace economies," in which obligatory taxes, rents, and tributes in kind, mostly composed of staples, are paid into a royal storehouse or magazine and disbursed as rations to palace retainers, craftsmen, functionaries, and sometimes to the populace at large. The political center collects, stores, and pays out (redistributes) goods, which means, incidentally, that keeping records becomes important.[31] Here is Finley's characterization of the economic (provisioning) and social stratification implications of the Linear B Mycenaean tablets deciphered by Ventris and Chadwick (1956):

> At least this much deducible from the tablets: that the palace records embraced agriculture and pasturage; a great range of specialized productive processes; stores of goods of a variety and number which point well beyond the mere consumption needs of the palace narrowly conceived (even allowing for extensive waste and conspicuous display); and a numerous personnel hierarchically ordered from "slaves" to the king at the top, each stratum connected in the actual texts with either a function (including military and religious as well as "economic") or a holding of land, or both (Finley 1957:135).

Typically, any economy employs more than one mode of transaction. In the United States, remarkable for the extent of dominance of market exchange, there is a relatively large redistributive sector of taxes to and disbursements by government, and a smaller sector of gift exchange between kin and friends (the latter being small also in the sense of not being tied to livelihood, but rather to occasional ceremonial expression). There are also modern variants of reciprocal long-distance trade between governments, as with lend-lease during the Second World War.[32]

Figure 15 portrays sectors and levels of an economy in an aboriginal state. By *level* I mean a social grouping of characteristic size located in a specific place: household level, village level, state level. Note how elastic our English word *economy* is. In English we can talk of the economy of the household, the economy of the village or tribal segment, the economy of the palace or the state/governmental level or sector, or the national economy or the international economy. It should not surprise us to find reciprocal exchanges within lineage, village, or tribal segments—for example, reciprocal work parties harvesting everyone's crops in turn but market or commercial exchanges of produce between villages.

For any level of economy, we can talk about transactions internal and external to it; such a phrase as "the external trade sector at the village level" (or at the state level) then becomes meaningful. All this verbiage

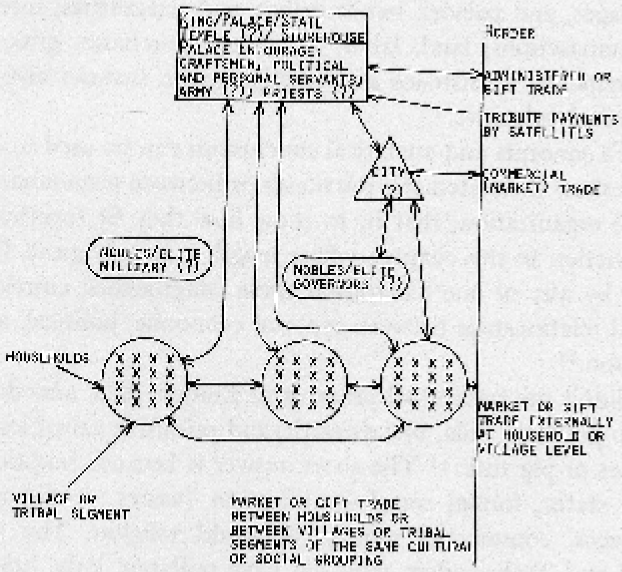

FIGURE 15. LEVELS AND SECTORS OF AN ECONOMY IN AN ABORIGINAL STATE.

Levels and Sectors
Household economy/village economy elite economy/palace economy/city economy.
Obligatory payments upward by villages to elite and/or king.
Obligatory public services downward from elite and/or king to villages.
External trade (and tribute) transactions between palace and other kings.
External trade between households or between villages of same culture.
External trade between households or between villages of different cultures.
City transactions with palace, nobles, villages, and outside world.

Variants
King sometimes has his own source of income—demesne, estate, plantation—usually along with obligatory receipts from subjects.
Role of cities varies (in some aboriginal states there are none). Some are principally religious or military establishments with supporting entourages (e.g., of craftsmen); some are principally commercial; some combine several functions.
Roles and locations of nobles-elite military vary.
Extent of political centralization/decentralization varies.
Organization of both agricultural and other economic activities (e.g., mining) varies.

and definition mongering is necessary to achieve clarity because real-world economies and societies are complicated: there are in fact households, villages, and palaces; bands, tribes, and peasantries; internal and external transactions; land, labor, and tools; purchases, gifts, tax and tribute payments; subsistence and prestige goods, luxuries and treasure, foodstuffs and valuables.

Polanyi's concepts and analytical conclusions can be used to construct models to show the systematic relationships between economic, political, and social organization; that is, to show how they fit together in aboriginal societies. In this chapter, whose length is already great, I can only sketch in by way of one illustration these congruences, correlations, or functional relationships between types of economic, political, and social organization.[33]

Why didn't the traditional peasants of Europe, Asia, and the Middle East have potlatch, kula, bloodwealth, and primitive valuables (such as Yap stones or pig tusks)? The short answer is because traditional peasants had states, formal social stratification (castes, feudal rankings), marketplaces, commercial money, or world religion. The aboriginal Kwakiutl and Trobrianders, who did have potlatch, kula, bloodwealth, and primitive valuables, did not have states, formal social stratification, market dependence, commercial money, or world religion. Theirs were stateless, Big Man, nonmarket systems. These sets of political, social, and economic institutions go together, something which can be appreciated only when the meaning and usage of primitive valuables (as special-purpose money) is understood, because the acquisition and disbursement of primitive valuables is a vital part of the social and political organization of tribes without rulers and without dominant markets.

Special-purpose money. Polanyi distinguished between general-purpose and special-purpose money because he wanted to distinguish between francs (or sterling or dollars) as they are used in modern, national, market economies, and primitive monies, such as pig tusks, cowrie, brass rods, Yap stones, and such, as they are used in aboriginal nonmarket economies.[34]

At this point I must remind the reader that I am considering aboriginal economies, their organization *before colonization* began with serious European commercial penetration and political control of Latin America around 1500, and the rest of the Third World later. One of several reasons why it has been so difficult to create a theory of primitive money is that most of the anthropological data on primitive money were gathered by fieldworkers *late in the colonial period.* At that time francs and sterling were importantly present in the same economies in which aboriginal raffia cloth (Douglas 1958), fathoms of bird feathers (Davenport 1961), and copper shields (Codere 1951) were also importantly present; the usage of the primitive monies, however, had already been seriously affected by the presence of the modern European money.[35]

I now prefer to divide Polanyi's special-purpose money into two classes, *primitive money* and *primitive valuables.* Both were alike in their limited or special usage compared to dollars or francs. That is, primitive money and primitive valuables were not general-purpose money in two senses: They did not usually enter into both market and nonmarket transactions, and they did not have the full set of usages that dollars have, that is, means of (commercial and noncommercial) exchange, payment, hoarding, and a standard for accountancy. Typically, they served only one or two of these uses in either the market or the nonmarket sector.

Primitive money, such as cowrie, twists of wire, iron hoes, and slabs of salt, consisted of divisible and relatively uniform objects used in ordinary commercial purchase and sale in the market sector of aboriginal economies in which variants of reciprocity and redistribution were usually more important modes of transaction. These primitive monies were usually confined to petty, marketplace transactions of foodstuffs and other ordinary consumption goods and small tools, whereas land, labor, and the bulk of livelihood were acquired in ways not requiring the transaction of primitive monies. (For illuminating examples from medieval Europe, see Bloch 1967: chap. 8.)

By primitive valuables I mean the kula bracelets of the Trobrianders (Malinowski 1922), the large stones used on Yap (Einzig 1948), cows among the Nuer (Lewis 1973), pigs and pearl shells in the Highlands of New Guinea (Strathern 1971), and the like. As physical objects, primitive valuables are much less uniform and less easily divisible than primitive money. Primitive valuables usually have individual names and pedigrees; they are not anonymously interchangeable units. Usually they are ranked or classed, each grade of valuable being used as means of noncommercial payment in a special range of social and political transactions and events, such as bridewealth, bloodwealth, fines, reparation, sacrifice. Primitive valuables appear in stateless societies having economies in which markets (and therefore, commercial money) are either absent, or, if present, restricted to a narrow range of goods—petty markets. The primitive valuables are not used for commercial purchase.[30]

The acquisition and noncommercial payment of primitive valuables occurs within a "prestige" sphere, the exact nature of which, I believe, differs sharply between aboriginal stateless societies and aboriginal state societies. For clarity, I shall call *primitive valuables* those which appear in stateless societies, and *treasure* that which appears (usually, but not exclusively) in state societies. In aboriginal stateless societies, the primitive valuables are the means of acquiring superior political, military, judicial, and religious roles in the form of Big Man status, prerogatives, power, and an entourage of followers. In aboriginal state systems, social organization seems invariably to be stratified sharply into castes or classes. Superior political, military, judicial, and religious roles are formally organized and conferred; the treasure items play different roles here, in their elite circulation. Polanyi provides important clues in the disentangling of these complicated matters, in his several writings on the noneconomic origins of primitive money and on how monetary devices affect status and state-building in aboriginal societies. Here is one example:

> Treasure [and, I would add, primitive valuables] makes the round of the Trobriand Islanders in the Kula ring. In early Greece it circulates among gods, kings, and chiefs either against other prestige goods or items of honor, power, and safety. This made for an *élite circulation of treasure,* as it might be called. Prestige goods, such as precious metals, ivory, slaves, horses, change hands only against each other, i.e., in a closed circuit. A primitive people, such as the Tiv, practice an equivalency exchange in prestige goods. So called *leiturgies* in classical Greece provided public services at the cost of the wealthy citizen, who was expected to supply the service, at his own expense, as an honorific obligation. . . . Prestige factors of one sort or another show up in primitive and early state alike. They shall serve as illustrative material for the problems of transition between tribal and state society (Polanyi Mimeo. no. 1:17–18).

Equivalencies. Equivalency is a "substantive" term for a general set of things, one of which, in the "formal" sense, is a market price. Polanyi contrived this awkward term to avoid calling them all prices because of the ingrained market connotation of the word *price*. What he meant by equivalencies was prices or exchange ratios formed other than by market forces. The specific equivalencies uppermost in his mind were those used in palace economies whose storehouses received taxes and tribute in kind (barley, wool, oil, wine). Here, the political authority may stipulate, say, a barley-to-wine ratio (equivalency) of four bushels of barley equals one gallon of wine, and then accept wine instead of barley as taxes, at the discretion of the payer. Equivalencies, then, are substitutable goods in prescribed proportions. Note that an early meaning of a fungible good is one for which something else may be substituted in payment to fulfill an obligation. Another equivalency is the frequently mentioned (but rarely explained) practice in aboriginal economies of a container exchanged for that which fills it up; a clay pot exchanged for the amount of beer which fills the pot. Here is Polanyi on equivalencies:

> We find *equivalencies* established for a number of *standardized staples* by custom, statute or proclamation; these also occur, as [noncommercial] exchange equivalents, in primitive communities such as the Tikopia or the Tiv. Under archaic conditions, equivalencies indicate the amount of staples of different kinds that can be substituted—not exchanged—for each other in the payment of taxes and rent, or, the other way [i.e., in receiving from the center] when claiming one's rations or wages in kind. Where reciprocity relations obtain, equivalencies may indicate adequacy of the return gift rather than [arithmetic] equality. . . . Equivalencies underlay various important devices employed in *staple finance*, i.e., the carrying on of operations "in kind" on a large scale such as planning, budgeting, balancing, accounting, and clearing, unavoidable in the practice of state or temple economies under archaic conditions (Polanyi Mimeo. no. 1:16–17).

Operational devices. Xerxes had no Xerox, but nevertheless had administrative operations to perform, so he had to employ scribes who used operational devices for "planning, budgeting, balancing, accounting, and clearing" of various sorts, to record state decisions and to keep accounts and calculate receipts and disbursements. Polanyi used the term *operational device* to point up the variety of accounting, census-taking, and record-keeping devices reported in the literature, a matter obviously important in palace economics and all governmental redistributive sectors. These devices are functionally equivalent to what modern societies do through their use of literacy and of money as a standard for accounting, double-entry bookkeeping, and calculating machines of different sorts.[37] The abacus, quipo strings (used by the Inca), and census by pebble count in eighteenth-century Dahomey are examples; also in Dahomey the remarkable device, used to record, witness, and remember, of having female counterparts to all male palace and military officials, the female rememberer always being present when her male counterpart was transacting business with the king (see Polanyi 1966: 54–56). William the Conqueror's Domesday Survey of 1086 was also a remarkable operational device, an early equivalent of national income accounting, contrived to estimate the taxable capacity of England.

In *Dahomey and the Slave Trade* (1966), Polanyi speculated on matters of direct interest to this symposium, namely the emergence of civilization from smaller, less differentiated social groupings, emphasizing economic techniques of statecraft, such as operational devices and ports of trade required to carry out those economic activities of the state that Polanyi called (internal) redistribution and (external) administered trade:

> It seems probable . . . that the accomplishment of literacy as a criterion of civilization should be dropped in the light of highly stratified societies that banned the art of writing for religious, political, or economic reasons, preferring isolation to undesirable culture contact. The Ashanti and Dahomeans come to mind. How were their accomplishments in war, or in trade and currency, compatible with illiteracy? The answer lies in a forgotten phase of civilization which we might call "operational," owing to the gadgets by means of which complex mechanical and organizational feats may be performed without a conceptualization of the successful process. Some early states—prototypes of archaic society—may have emerged from primitivism precisely by virtue of operational devices, of which elaborate pebble statistics or differentiated numeration systems are a sample. There were in Dahomey, for example, the two ways of counting—the one applying to cowrie money, the other to . . . all other things. These devices were an advance in communication comparable to I.B.M., which also results in replacing and surpassing thought by mechanism (Polanyi 1966:xx–xxi).

LONG-DISTANCE TRADE

It may very well be easier to understand aboriginal long-distance trade in 1973 than it was to understand it in 1873, the heyday of laissez-faire capitalism in Europe and America. In the last fifty years, new forms of international gift and state trading have appeared, modern variants of Polanyi's reciprocal and administered trade: trade within the Soviet bloc and between communist and capitalist countries; bilateral trade agreements and special-purpose monetary devices used in international trade in Hitler's Germany just before the war; lend-lease during the war; and the Marshall Plan and development aid since the war. And even where ordinary, private international market trade continues to dominate, it is now most frequently politically controlled market trade: tariffs, import quotas, embargoes on exports of military goods, subsidies to domestic export industries, and the like. These, of course, are the international trade equivalents of the domestic market controls that have proliferated as part of the welfare state (for example agricultural price supports, minimum wage legislation, and price controls in inflation).[38]

It is a mark of the power of nineteenth-century market institutions and of classical and neoclassical economic theory that the model or norm of foreign trade we all carry in our heads is purely commercial trade between private enterprises run by private merchants responding as buyers and sellers to private supply-and-demand forces in internationally linked markets using internationally linked money and price systems. We have only recently begun to see how many other sorts of foreign trade there were. Indeed, if foreign trade of the strictly private market sort that dominated nineteenth-century international capitalism was the sort found in aboriginal economies, then archaeologists and economic anthropologists could use ready-made the formidable array of concepts and conclusions created by foreign trade theorists from Ricardo to Harry Johnson. But even as late as 1776 Adam Smith devoted a third of his long book to arguments against mercantilism, an elaborate system of politically controlled commercial foreign trade:

> By the 8th of Elizabeth, chap. 3, the exporter of sheep, lambs, or rams, was for the first offence to forfeit all his goods for ever, to suffer a year's imprisonment, and then to have his left hand cut off in a market town, upon a market day, to be there nailed up; and for

> the second offence to be adjudged a felon, and to suffer death accordingly. To prevent the breed of our sheep from being propagated in foreign countries, seems to have been the object of this law (Smith 1776:612–13).

I need hardly tell archaeologists that external trade is a very old and widespread practice (see Clark 1965). Actually, I do not know of an economy which did not practice external trade of some sort. If foreign trade is not literally ubiquitous or universal, it is almost so.

Some common characteristics of external trade under aboriginal conditions: Typically, it was not a massive activity involving large quantities and wide varieties of imports and exports necessary for everyday livelihood (nothing like foreign trade today). Long-distance trade was difficult and dangerous, partly due to the limitations of early technology (the design of boats and knowledge of navigation), and partly due to the risks of travel among strangers. The difficulties, distances, and dangers meant that early trade was typically carried out by group expeditions armed for protection, or traveling under the protection of kings or temples on whose behalf the traders traded and whose emblem they displayed. Usually, security was further assured by trading with foreigners with whom some special political, treaty, tribute, or social relationship already existed (as with kula partners abroad who provided hospitality and protection for their trading guests, or the elaborate device of the port of trade with its specialized facilities and containment of visiting traders). Trade expeditions or voyages were seasonal and sporadic, not continuous activities.

All this meant that the goods sought abroad were unusually important and unavailable at home; thus the stress on elite or treasure goods—slaves, spices, weapons. It was the desire for specific imports and not the economic (provisioning, income- or livelihood-earning) need to export that motivated early trade. Most trade consisted of the procurement of a few desired items from a distance; export goods were necessary to acquire imports.

Ports of trade and kula partnerships meant social control over trade. The strangers who come to trade with us must be controlled because they may be dangerous: they may carry infectious diseases, infectious ideas, or malicious intent (for example, they may be spies, or come with the intent to enslave us). Or the goods they carry may be dangerous to us unless controlled (weapons, for example). Here is a translation of some mid-seventeenth-century decrees of Imperial China, regulating the movement of foreigners and their goods, but also protecting them and assuring them fair treatment:

> . . . In the Shun-chih period (1644–1661) it was fixed that after foreign countries bringing tribute to Court have come to the capital and their rewards have been distributed to them, a market may be opened in the Residence for Tributary Envoys, either for three days or for five days. . . . The Board of Ceremonies shall communicate with the Board of Revenue which shall ahead of time detach [Treasury Overseers] to do the receiving and buying. When the despatch in reply has passed through the Board (of Ceremonies) then they shall issue a notice (of the opening of the market) and despatch officials to superintend it. They shall give orders for just and fair trade. It is altogether prohibited to collect or buy works of history. As to black, yellow, purple-black, large flowered, Tibetan, or lotus satins; together with all forbidden implements of war, salpetre, oxhorn, and such things—all shopmen and hongists shall bring their goods to the Residence (for sale) and exchange them justly and fairly.
>
> Dying-cloth, thin silk, and such goods shall be handed back within fixed limits. If there are any who buy on credit and intentionally delay (payment), cheating or seeking "squeeze," with the result that the foreigners wait a long time, they together with those who trade with them in private, will be condemned; and will be put in the cangue for one month in front of their shops. If there are foreigners who purposely violate the prohibitory regulations and secretly enter people's houses to trade, the goods dealt in privately will be confiscated. In the case of those [foreigners] who have not yet been given their (imperial) rewards (i.e., gifts) [in return for the tribute brought to the Chinese Emperor], there will be a consideration of a proportional diminution.
>
> All soldiers and commoners inside or outside the Residence [for Tributary Envoys] or neighboring it on any side, who on behalf of foreigners deal in prohibited goods, will be condemned to the cangue for a month, and banished to the border for military service for life. If there are those who take contraband implements of war, copper or iron, or such things, and sell them to foreigners to get a profit, according to the law for taking military implements out of the border in secret and thereby revealing affairs (of military im-

portance), the ringleaders' heads will be cut off and exposed as a warning to the multitude. At the time of trade, the Board of Ceremonies will issue a notice giving such official information.

It also proposed and imperially sanctioned that when a foreign merchant's vessel returns to its country, in addition to contraband goods, it shall not be allowed to take people of the interior (i.e., Chinese passengers), nor to export secretly such things as big beams, iron nails, oil, or hemp for making ships. Of rice and grain it may only take (enough for) provisions; it is not allowed to carry more. When trade is finished and it is time to return to their country, the Governor-General and Governor concerned shall select and depute virtuous and able officers who shall make a strict examination and put a stop to smuggling (Fairbank and Têng 1941:167–68).

The remarkable cases of "silent trade," in which the two trading sides never come face to face, is an extreme example of the fear of foreigners who come to trade, but the willingness nevertheless to trade with them because of the desire for the goods the foreigners bring. Trade is also controlled because the foreigners may belong to an economic system organized differently from ours—just like American trade with China today—which means that special agreements must be reached on what goods are to be traded and under what specific terms of trade. Such arrangements over terms of trade are also necessary whenever there is no international currency in use.

In sum, long-distance trade under aboriginal conditions was usually very different from modern commercial international trade. It was not a reflection of cost differentials; rather, goods were sought abroad that were not obtainable at home. It was not a continuous activity, but consisted rather of sporadic expeditions. It was typically confined to relatively few goods and there was no monetary standard linking together the different domestic systems of the traders (as was the case with our gold standard). Usually each side traded goods for other goods or for treasure that was not ordinary commercial money.[39] Except for specialist trading peoples like the Phoenicians and the Hausa, trade was rarely basic to livelihood. To import, not to export, was the prime impetus.

How can a government, palace, or king, under early state conditions, acquire goods from a distance? There seem to be six ways:

(1) By raid and plunder—war booty and ransom. "Better raid than

trade" was not an uncommon aboriginal point of view. To raid is manly, and, if successful, cheap; one doesn't have to give anything in return for what one gets. The Vikings did rather well in Ireland, England, France, Sicily, and elsewhere; piracy too is an old institution.

(2) By receiving tribute in kind or treasure from a weaker satellite, client-state, vassal kingdom, or satrapy. Danegeld to pay off the Vikings was an improvement from the viewpoints of both payer and receiver over the bloody raids that preceded it. It was also an extreme variant of tribute—an extortion really. Imperial emperors in China and kings in Africa regularly received various sorts of tribute payments from satellites. In early state societies, borders were frequently demarcated by taxes giving way either to tribute or to hostility. To "pay tribute" is to pay respect, to display deference, to give an earnest of peaceful intentions, and to placate the distant and more powerful sovereign in the hope that peace will continue to prevail. Tribute—of which there are several variants—is usually a respectful bribe paid in treasure or elite goods.

Tribute sometimes accompanies trade as a sort of entrance fee to elicit permission to trade, which, at the same time, declares the peaceful intentions and deference of the tribute payers. Here I again quote at length from an excellent and important article which deserves careful study by anyone interested in the nature of foreign trade in early states and empires (Fairbank and Têng 1941). It describes the salient characteristics of the tributary system during the Ch'ing dynasty of the Manchus (1648–1912) conducted with several dozen states and tribes. The article translates and analyzes many official documents relating to such tribute payments and also to the foreign trade which accompanied tribute. All but one of the quotations to follow are from the 110-page article by Fairbank and Têng (1941). The final quotation is from a shorter version of the article (Fairbank 1942), which adds to the longer article an interpretation of the demise of the tributary system. See also Yü (1967).

> . . . (1) that the tributary system was a natural outgrowth of the cultural preeminence of the early Chinese, (2) that it came to be used by the rulers of China for political ends of self-defense, (3) that in practice it had a very fundamental and important commercial [that is, foreign trade of some sort] basis, and (4) that it served as the medium for Chinese international relations and diplomacy.

> It was, in short, a scheme of things entire, and deserves attention as one historical solution to problems of world-organization (Fairbank and Têng 1941:134).

> . . . Chinese superiority over the barbarians had a cultural rather than a mere political basis; it rested less upon force than upon the Chinese way of life embodied in such things as the Confucian code of conduct and the use of the Chinese written language; the sign of the barbarian was not race or origin so much as non-adherence to this way of life. From this it followed . . . that those barbarians who wished to "come and be transformed" (lai-hua) and so participate in the benefits of (Chinese) civilization, must recognize the supreme position of the Emperor; for the Son of Heaven represented all mankind, both Chinese and barbarian, in his ritual sacrifices before the forces of nature. Adherence to the Chinese way of life automatically entailed the recognition of the Emperor's mandate to rule all men. This supremacy of the Emperor as mediator between Heaven and Earth was most obviously acknowledged in the performance of the kowtow, the three kneelings and nine prostrations to which European envoys later objected. It was also acknowledged by the bringing of a tribute of local produce, by the formal bestowal [by the Emperor] of a seal, comparable to the investiture of a vassal in medieval Europe, and in other ways. Thus the tributary system, as the sum total of these formalities, was the mechanism by which barbarous non-Chinese regions were given their place in the all-embracing Chinese political, and therefore ethical, scheme of things (Fairbank and Têng 1941:137–39).

> In the intercourse between the Chinese state and the barbarians, commercial [i.e., foreign trade of some sort] relations became inseparably bound up with tributary. Trade was conducted by barbarian merchants [i.e., traders of some sort] who accompanied the tributary envoy to the frontier or even to the capital; sometimes it was conducted by the members of the [tribute] mission itself. That tribute was a cloak for trade has been a commonplace [in China] ever since merchants [i.e., traders of some sort] from the Roman orient arrived in China in 166 A.D. claiming to be envoys of Marcus Aurelius (Fairbank and Têng 1941:139).

Fairbank and Têng point out that although the barbarians (including the Europeans who came to China) may have viewed tribute payments as a sort of entrance fee to get on with the real business of foreign trade, the Chinese did not so view it. They quote T. F. Tsiang, "China and European Expansion," *Politica* 2, no. 5 (March 1936):3–4, as follows:

> If [foreign] relations there had to be, they must be of the suzerain-vassal type, acceptance of which meant to the Chinese acceptance of the Chinese ethic on the part of the barbarian. . . . It must not be assumed that the Chinese Court made a profit out of . . . tribute. The imperial gifts bestowed in return were usually more valuable than the tribute . . . Chinese statesmen before the latter part of the nineteenth century would have ridiculed the notion that national finance and wealth should be or could be promoted by means of international trade. On China's part the permission to trade [symbolized by the Chinese Court's acceptance of the tribute offering] was intended to be a mark of imperial bounty and a means of keeping the barbarians in the proper state of submissiveness . . . (Fairbank and Têng 1941:140).

Fairbank touches on a point of interest to this symposium by showing the connection between foreign trade and the decline of Imperial China, whose traditional tributary system could not cope with the massive commercial foreign trade the powerful capitalist barbarians of mid-nineteenth-century Europe and America insisted on bringing to China:

> . . . it seems anomalous that foreign trade could be considered in Chinese theory to be subordinate to tribute, but so it was. It was officially regarded as a boon granted to the barbarian, the necessary means to his sharing in the bounty of China and nothing more. No doubt this quixotic doctrine reflected the anti-commercial [anti-market] nature of the Chinese state, where the merchant was low in the social scale and beneath both the farmer and the bureaucrat who lived off the produce of the land. It was strengthened perhaps by the self-sufficiency of the empire which made supplies unnecessary from abroad. At all events, it was the tradition that foreign trade was an unworthy object for high policy, and this dogma was steadily reiterated in official documents down into the nineteenth century. Meanwhile foreign trade developed and grew ever larger within its ancient tributary framework.
>
> This brings us to a paradox in the history of modern China and one of the fundamental reasons for the collapse of the Confucian state. Trade and tribute in the Confucian view were cognate aspects of a single system of foreign relations. The important thing to the rulers of China was the moral value of tribute. The important thing for the barbarians was the material value of trade. The rub came when the foreign trade expanded and finally in some cases eclipsed tribute entirely, without changing the official myth. Tribute continued to dominate Chinese official thought after trade had begun to predominate in the practice of Chinese foreign relations.

> In the modern period the Confucian bureaucracy tried to treat the new trading nations of the west as mere tributaries. Naturally they failed, being incapable of changing their immemorial theory to fit a new situation. The paradox in this tragedy lies in the fact that the new situation to which the Chinese government could not adjust itself had been created largely by the maritime trade of Chinese merchants. China had been for too long a continental empire, accustomed to relations across a land frontier. Her new maritime relations caught her unprepared and destroyed her ancient defense, the tributary system (Fairbank 1942:139).

(3) By receiving taxes in kind, labor, treasure, or anything else movable, from regionally distant and ecologically different constituencies over which the king had jurisdiction. The Inca (S. F. Moore 1958), the Lozi king (Gluckman 1943), and the king of Dahomey (Polanyi 1966: 44–49) received regularly scheduled taxes in kind from their regional constituencies. What the constituencies received in return from the king varied greatly. Most frequently, perhaps, they received military protection against outsiders, punishment of capital crimes by central authority, and emergency food in time of famine from official storehouses. (Much work remains to be done on variants of redistribution.)

It is not misleading to regard trade as an alternative to raid, tribute, and taxation as a method to acquire goods from a distance: "Reciprocity and redistribution were the dominant forms of integration in archaic Greece. Insofar as war, piracy, and raiding did not perform the functions of trade, i.e., insofar as trade was peaceful, it was mainly *gift-trade* between kings and chiefs" (Polanyi Mimeo. no. 3:29).

> The basis of the regime of the Spanish Conquest was the usurpation of political power and economic control achieved through military victory. Deliberately, the Spaniards utilized those of the aboriginal institutions that would further their own ends, attempted to destroy those which opposed their objectives, and let those disintegrate for which they had no need. Accordingly, they utilized such aboriginal institutions as the ancient system of tributes and status, slavery, forced labor tenantry, and cacao bean money. However, temples were demolished, idols smashed and religious codices burned. As to [indigenous] long-distance trade, they had no use for it and allowed it to disintegrate. They had other means of acquiring goods; during the Conquest by plunder and confiscation, later by tribute and in the markets (Chapman 1957:119; see also p. 122).

Polanyi's Analysis of Long-Distance Trade

Polanyi contrasted external trade with raid, tax, and tribute by defining trade as a peaceful, two-sided exchange of goods. Raid is not peaceful, and tax and tribute transactions are not necessarily two-sided. There are, then, three characteristic forms of external trade, each of which has several variants:

(4) Gift exchange (reciprocity) between rulers (see Grierson 1959); at the local village level, reciprocal trade between kin groups or individual trade-partners (Malinowski 1922; Thomson, 1949; Clark 1965).

(5) Commercial (market) foreign trade, controlled or uncontrolled.

(6) Politically administered trade, elaborately analyzed by Polanyi and his associates.

CONCLUSION

The organizers of this symposium asked me to do two things: to explain Polanyi's analysis of long-distance trade and to write on anything else that might be of interest to archaeologists studying the economic aspects of early societies.[40]

To explain Polanyi's analysis of long-distance trade I have had to consider his wider theoretical system—his paradigm. To explain his paradigm I have had to describe the full scope of economic anthropology and therefore mention other bits of theory, partial paradigms, and paradigms which are variously employed by anthropologists, archaeologists, historians, economists, and others, to analyze static and dynamic aspects of aboriginal, colonial, and postcolonial economies.

Neither Polanyi nor anyone else has yet produced a general or universal paradigm for economic anthropology and early economic history. Polanyi had no theory of change under aboriginal conditions (although he said some interesting things about the two sets of aboriginal social and political conditions under which feudalism appears; see Polanyi 1971a).[41] He had no theory of change under colonial conditions (although he had some insights into the negative consequences for colonized peoples of European commercial trade practices; see Polanyi 1944: chap. 13 and its appendix). He had no theory of development and modernization, that is, Third World change under postcolonial conditions, a very new subject.

With regard to aboriginal economies, he did not himself explicitly consider village-level peasant economies (other than his occasional remarks on "householding"). Nor did he systematically consider the influence or role of physical environment and technology on economy. And he did not concern himself with aboriginal economic performance, that is, quantifiable output, its total amount, composition, and fluctuation. All these, I believe, are interesting areas of research for economic anthropology and are what I have in mind in saying that Polanyi's work is an important beginning, not a finished system of analysis.

If we are to judge Polanyi's theory by its explanatory power when put to use, what can be claimed for it? What are his analytical conclusions? To say that Polanyi's theory is more informative than formal (or Marxian) economics in the analysis of aboriginal economies is to say two things: (1) *Polanyi's theory answers some specific questions or solves some specific problems better*. For example, why did Trobriand Islanders engage in long-distance kula trade? I hesitate to speak for the formalists, but I would guess they would answer, "to maximize prestige" (much as U.S. businessmen maximize profits); or they would say that kula trade was simply an elaborate cover for the commercial trade that accompanied it. It was such a cover, but it was much more. Polanyi's theory (in my view, of course) leads to a deeper explanation: To acquire kula valuables in an aboriginal stateless society is to acquire the tangible means to make status payments and thereby acquire superior community roles (Big Man positions) and an entourage of followers. (And, of course, it is the audience of economic anthropologists who will assess the analytical conclusions and the evidence each theory adduces to support them.)

(2) The second way in which Polanyi's theory is more effective in the analysis of aboriginal economies is that *it concerns itself with a different and more revealing set of real-world structures and processes—different questions and problems—than does formal (or Marxian) economics*. This is the heart of the matter. Formal economics is designed to analyze market activities in modern industrial capitalism. Nonmarket activities (which nevertheless provision the community), government, religion, kinship, social organization, and social stratification are outside its sphere of analytical interest. Occasionally, a Veblen or a Galbraith complains that too much is being left out, and attempts an offbeat sort of socioeconomic analysis to show how current happenings of impor-

tance—affluence, the political and military implications of advanced technology—can be explained by going outside conventional economics to include social and political institutions. Economists respond by saying that Galbraith's stuff is interesting, but it is not economics. They are right. But Galbraith's stuff is nevertheless important.

Polanyi, like Galbraith, is asking a different set of questions from those formal economics permits one to ask. Polanyi's contribution was to contrive a paradigm for the socioeconomic organization of aboriginal bands and tribes and for the internal and external sectors of early state systems. He showed how the organization and functions of monetary objects, markets, and foreign trade systematically vary with the type of domestic economy and society in which they appear.[12]

Polanyi also shows the essential similarities among aboriginal economies in their social control over economic activities ("embeddedness" of economy in society, in his phrase). In so doing he points up the core of interest shared by archaeologists, economic anthropologists, and economic historians. It is easy for me to infer from his work what he himself obviously practiced but never spelled out in detail: that there is a subject to be studied consisting of aboriginal economies— that is, economies which are neither industrialized nor organized by market institutions—*wherever they occur*. It is encouraging to see archaeologists (for example, Renfrew 1972) making intelligent use of Polanyi's ideas and of other writings in economic anthropology.

There is a related subject consisting of the modern transformation of such aboriginal economies, the coming of land and labor markets, modern money, machines, and nation-states, *wherever they occur*. It is also encouraging to see development economists making intelligent use of economic anthropology (e.g., Adelman and Morris 1967). Indeed, economic historians of modern Europe and even economic theorists are now asking big historical and sociological questions, such as why Europe —rather than the impressive aboriginal civilizations of China or the Middle East—was the first to industrialize? (See Landes 1969:chap. 1; Kuznets 1966:chaps. 1, 10; Hicks 1969.) Unquestionably, Polanyi and the rest of us substantivists are the beneficiaries of a good deal of serendipity; social science trends together with real-world events create more and more interest in the workings of nonmarket economics and in the connections between economic and social organization.

Polanyi's conceptual distinctions and their application to specific aboriginal economies of time and place make it possible for us to unlearn the model of market economy as a universal referent. It was not an eccentric obsession on his part to hammer away at "formal" economics as a universal paradigm and at the special and linked form that commercial money, external commercial trade, and national markets took in nineteenth-century capitalism. To understand the economies—or sectors, such as foreign trade—of the Trobriand Islands and the Maya, one has to unlearn Robbins's *The Nature and Significance of Economic Science* and, indeed, Samuelson's *Principles*, which are about national and industrial market economies, and nothing else. Here, Polanyi confers a general perspective on the richness, diversity, and ingenuity of economic institutions in early societies that is in sharp contrast with the ethnocentric view of them as crude market links leading up to the modern market economy. Like our own, aboriginal economies provisioned their people and also made use of foreign trade and, frequently, some sort of money and marketplace. But the absence of national market integration, market money, and machine technology—the dominant characteristics of modern capitalism—meant that aboriginal economic organization was fundamentally different from ours, and so too their organization of foreign trade, money, and markets.

One final word: We archaeologists, anthropologists, and historians of primitive and early economies are dealing with subjects very much in need of theoretical formulation. Intelligent men still disagree utterly in their interpretations of the basic functioning of economies remote from our own. I recommend to all of us three books, none of which was written with us in mind, but all three of which, I think, contain important messages for us: Watson's *The Double Helix*, Kuhn's *The Structure of Scientific Revolutions*, and Wittgenstein's *Philosophical Investigations*.

Watson's may be regarded as a footnote to Kuhn's book because it illustrates (inadvertently) *one* of the reasons for heated controversy between colleagues disputing paradigms. Watson's unintended message for us is that even scientists who do work of first-order importance are capable of petty professional jealousy, naked professional vanity, and a pushy concern that their professional achievements in creating or extending paradigms be properly recognized and praised. It is uncomfortably true that the National Academy of Sciences is not far from Watergate.

Kuhn's book, itself a history-of-science paradigm describing the way physical science theories get born, mature, and are killed off, contains several messages for us. I could easily string together a dozen or more quotations from Kuhn which quite accurately characterize the sequential reactions to Polanyi's work, reactions by adherents and opponents. To anyone like myself who has tried to clarify and extend Polanyi's paradigm, Kuhn's book comes as a revelation because of the remarkable clarity and precision with which it describes what one has been up to all these years and why, indeed, one's writings are reacted to so differently by professional colleagues.

Wittgenstein's message to us is the need to be consciously aware of the meanings of the words we use if we are to avoid using concepts which inhibit the construction of theories capable of deep explanation of the real-world processes we analyze. I have yet to see a Marxian define *exploitation* in such a way that it does not fit the Soviet Union as well as the United States. The concept of economic "surplus" as that which causes aboriginal change is a superficial notion whose employment obscures the varied and complicated events that actually cause change (see the much more persuasive composite theory put forth by Renfrew 1972: chap. 21). The formalists' use of the term *maximizing* has become a reassuring ritual to them, a fingering of their conceptual beads, as it were. It is now so trivially used as a definitional identity as to mean nothing more than what people actually do, regardless of what they actually do. *Barter*, when meant as "moneyless transaction," nevertheless conveys to the reader the economists' meaning of "moneyless market exchange," and so kula and potlatch, when called barter, become transmogrified into ordinary commercial exchange. So too for *bride-price*.[13] All this is quite important, especially to the traditionally minded economic anthropologists and historians, those who do not use numbers in their writings, only words. Grahame Clark says it all very well:

> A basic condition for understanding the past is to avoid applying categories of thought and shades of meaning inappropriate to the period under review. This applies with special force to the study of the prehistoric past, by definition the phase of history most remote

> from the present and for this very reason most likely to be misunderstood. . . . much of the controversy between those who write about prehistoric trade and those who deny its existence is semantic: it arises from the different meanings they attach to the word trade. If one takes a definition of trade proper to a society with an advanced division of labor and an economy based on money—if one chooses, for example, to define trade as an activity carried on by a class of traders for financial gain, it is understandable that no evidence for trade can be found in societies functioning at a simpler level, societies in which there is a bare minimum of specialization and to which the notion of profit in the sense we understand it may be quite foreign. Yet, if one sees it as, in the last resort, no more than the peaceful and systematic exchange of goods, one has no difficulty in recognizing that trade of a kind is practiced among even the most primitive societies known to ethnologists; and, by implication, one is entitled to seek for traces of it in the archeological record of history (Clark 1965:1).

NOTES

1. Note that when Polanyi (1960) contributed a paper to a symposium of archaeologists, he too found it necessary to describe his wider conceptual system before getting down to the two specific topics that were the subjects of his paper.

2. Unhappily, not so for the relatively new subject of precolonial African economic history. With no proof at all, Gray and Birmingham (1970:10) equate copper crosses found in burial mounds with commercial money, and then equate commercial money with commercial trade: "And currency, of course, in turn suggests a commerce already decisively more significant than subsistence-oriented trade." They should read Grierson (1959) for alternative explanations.

Conventional economics also has undergone technical and conceptual changes since the Second World War (see Dalton 1974: introduction). Applied mathematics has virtually revolutionized economic theory; computers and the refinement of input-output measurement and national income accounting have vastly increased the quantity and quality of statistical information to make policy. New conceptual schemes are also being contrived in response to changes in the real-world economics of industrial capitalism (e.g., Galbraith 1968), industrial communism (e.g., Wilczynski 1972), and the newly developing nations of the Third World (e.g., Adelman and Morris 1967).

3. Sebastian Green of the University of Sussex, who has just returned from doing fieldwork in Peru, has written a paper explaining the formalist-substantivist controversy in economic anthropology in Kuhn's terminology: "The Formalist-Substantivist Controversy: a Clarification." I hope Green's paper will be published when he finds time to revise it. Here I merely pose the problem that Green's persuasive paper addresses. I am grateful to Green for showing me that the contentious theoretical issues in economic anthropology are to be most clearly explained in Kuhn's terms, and for

referring me to Loasby (1971), who also illustrates the power of Kuhn's terminology by using it to consider paradigms in conventional economic theory.

4. This, of course, is the only portion of economic anthropology of interest to archaeologists. The other two historical subsets, change under European colonial conditions created since 1500, and change under very recent postcolonial conditions, are of no interest to them.

A word of explanation about these historical demarcations: Economic anthropology is empirically rooted in those parts of the world which were colonized after 1500: Latin America, Africa, Asia, Oceania, the Caribbean, and the Middle East. I regard European colonization as a watershed change, that is, a deep change, as I do the coming of political independence after the Second World War. From my point of view, therefore, anthropologists are interested in precolonial (aboriginal), colonial, and postcolonial economies. Europe and Japan differ in two ways: They were not colonized in modern times, and they have achieved a level of economic development, industrialization, and cultural modernization altogether higher than the anthropological set of societies in what we now call the Third World. For analyzing peasant-village and state-elite sectors (or levels) in Europe and Japan, I find it useful also to employ three historical periods: traditional economy (roughly, up to 1300 A.D. in West Europe and 1600 A.D. in Japan), early modernization (between 1300 and 1900 in West Europe), and late modernization (since 1900). See Dalton (1972).

5. If I am told that anthropologists did not do fieldwork in these early European and Asian economies, I would reply that neither did they do fieldwork among the precolonial Kwakiutl, Inca, or village Indian communities whose social, political, and economic organization they nevertheless are professionally interested in reconstructing.

6. It is important to bear in mind that modern social anthropology—Morgan, Boas, Malinowski, Radcliffe-Brown—began during the colonial period. The ethnographies of Malinowski on the Trobriand Islands, Evans-Pritchard on the Nuer, and even much more recent work, e.g., the excellent book by Strathern (1971) on Highland New Guinea, are able to portray "aboriginal" economies and societies in a special sense: they had not yet been *deeply* changed by European colonial policies, institutions, or activities (such as Christianity, cash cropping, European schools). But the fieldwork itself, of course, occurred in the colonial period of the societies studied. Archaeologists are concerned with aboriginal economies throughout the millennia during which any information at all is available; social anthropologists, really, are concerned with the very late phase of their aboriginal periods, as well, of course, as with change under colonial and postcolonial conditions.

7. The principal classical and neoclassical contributors to microeconomics (price theory) were Ricardo, Mill, Marshall, Jevons, Menger, Clark, Chamberlin, and Robinson. Robbins (1935) gives an elementary formulation of the concepts of price theory. His book is frequently referred to by the formalist economic anthropologists. Recent expository and critical writings that bear on the "applicability" of formal price theory as a universal paradigm are those of Little (1950), Dalton (1961), and Loasby (1971). Loasby's paper is particularly illuminating because he employs Kuhn's terminology and insights concerning paradigms.

8. Note that Herskovits (1952), in what remains to this day the only extensive book length treatment of economic anthropology—Belshaw (1965) and Nash (1966)

are 150-page surveys of parts of the subject—employs concepts from all three paradigms, formal, Marxian, and substantive economics.

9. Briefly, but distinctly, Polanyi also criticizes Marxian concepts as they are employed by archaeologists and anthropologists to analyze aboriginal economies. His point is that Marx erroneously generalized backward to early economies and forward to future economies what was true only for nineteenth-century industrial capitalism.

10. A book (Polanyi 1966) and two articles (Polanyi 1971a, 1971b) appeared posthumously. Mrs. Polanyi and Harry Pearson are preparing to publish two or more volumes of Polanyi's manuscripts and English translations of his early writings in German and Hungarian. It is a matter of deep personal and professional regret to me that Polanyi got such a late start in academic research and writing. He was born in 1886. The first of his three major works, *The Great Transformation*, was published in 1944 when he was fifty-eight. He began teaching economic history at Columbia in 1947 at age sixty-one, and had to retire from teaching in 1953, at age sixty-seven. His second big book (edited with Conrad Arensberg and Harry Pearson), *Trade and Market*, appeared in 1957, when he was seventy-one. Most of the research for *Dahomey and the Slave Trade*, 1966, was done in 1950. When I reread his published works and unpublished manuscripts, I am continually astonished at the number of suggestive insights that he had no time to develop, among them "operational devices" (to be mentioned later in this paper), "primitive feudalism and the feudalism of decay" (in Polanyi 1971a), "money and state-building" (Polanyi 1966; chap. 11; see also Vidal-Naquet 1972).

11. Almost certainly I will leave some out because I haven't encountered them in print. I have not myself done serious research on change under aboriginal conditions. All my published work is about the static structure and performance of aboriginal economies (e.g., Dalton 1962; 1965) and change under modern colonial and postcolonial conditions (e.g., Dalton 1971a, introduction).

12. Polanyi was impressed by Thurnwald's theory and devoted several lectures to it in his course at Columbia. The 1932 translation of Thurnwald into English is a selection from his five volume work *Die menschliche Gesellschaft*.

13. And neither of which, I think, is of direct interest to archaeologists; however I must sketch them in for the reader to appreciate the difficulties and complexities involved in creating theory in economic anthropology. What follows on change under colonial and postcolonial conditions is extremely compressed.

14. I do not think that universal theories of social change—theories which assert that a single factor, such as property ownership or technology, is the strategic prime mover under all historical conditions—are useful, for two reasons: (1) The forces of change in the precolonial, colonial, and postcolonial periods differ essentially. To be sure, in all three periods, economic, technological, social, political, and cultural changes occurred; but their quality was different. The coming of settled agriculture and, millennia later, the coming of industrialization are both economic and technological changes, but their consequences are utterly different. In the precolonial period, I think that famine, epidemic, warfare, and military conquest were more frequent inducers of deep change than were economic and technological innovations. (2) It has always seemed to me that biological evolution is a misleading model for social change because in all historical periods societies are subject to large external shocks

and idiosyncratic events and rulers. It is difficult to believe that the English, the French, and the Russian revolutions, Napoleon, Lenin, Stalin, Hitler, Roosevelt, and Mao Tse-tung, the American Civil War, and the First and Second World Wars were not important causes of deep change. In the course of writing this paper I have come across Renfrew's (1972) impressive analysis of the emergence of civilization in the Aegean. I note that his basic idea of subsystems mutually interacting to produce multiplier effects is also what one sociologically inclined development economist suggests for postcolonial development as "cumulative causation" and "spread effects." See Myrdal (1957; especially chaps. 1–3. See also Douglas (1962) and Epstein (1962; 1973) for empirical examples of cumulative causation.

15. For useful collections of case studies and bits of theory of change under colonial conditions, see Bohannan and Plog (1967), Wallerstein (1966), and Dalton (1971a).

16. Such a unified theory of change under colonial conditions would not be anything like the single factor theories of change of Marx and the Energy/Evolutionists. Rather, it would include ideal types, such as those given by Balandier (1966) for the "colonial situation," and by Dalton (1969) for "degenerative change," "cash-income earning without development," and "microdevelopment"; models of "dualism" and of sequential change under colonial conditions, such as those given by Boeke (1942) and Geertz (1963) for Indonesia, and Wolf (1959) for Latin America, and the general economic case of dualism in Lewis (1954). Also, theoretical insights are to be had by putting specific questions to colonial situations: Why didn't commercial foreign trade and investment with Europe and America yield more development and modernization to the colonies? Some answers are to be found in Singer (1950), Watson (1958), and Myrdal (1957).

17. The works of B. Moore (1966) and of Hunter (1967; 1969) are more descriptive than explicitly theoretical; but both contain important insights into the historical and present day processes of economic development and cultural modernization. For brief summaries of some of the work mentioned here, see Dalton (1971a: introduction; 1974: chap. 7).

18. In several of my writings and edited volumes I have tried to demonstrate the importance to economic anthropology of the work done by historians and other nonanthropologists. See Dalton (1967; 1971a; 1971b; 1971c; 1974; 1974).

19. In this section I shall treat as a single set of ideas Polanyi's writings, those of his *Trade and Market* associates, and the extensions, clarifications, and elaborations of Polanyi's work by Bohannan, Sahlins, Neale, and myself.

20. The two dozen or more articles and chapters relating to this controversy are listed in the bibliographical notes in Dalton (1971b; 1971c). A sampling of the mixed professional reactions to this controversy is reflected in the twenty-four brief comments accompanying Dalton (1969), and the further comments on the article by Frank (1970), a Marxist, and Dobyns (1971), from the viewpoint of acculturation and applied anthropology.

21. But whose superficial treatment of economic anthropology I strongly criticized in a review of his 150-page textbook purporting to survey what in the present paper (see table 1) is called the full gamut of aboriginal, colonial, and postcolonial economies. Nash's assessment of Polanyi and the substantivists was rather more favorable

before I reviewed his book. In Kuhn's terms, economic anthropology is still in the "pre-paradigm" stage: no one theory (in any of the branches of the subject) is so widely adhered to as to knock out its rivals; hence, vituperative disputes. "The pre-paradigm period, in particular, is regularly marked by frequent and deep debates over legitimate methods, problems, and standards of solution, though these serve rather to define schools than to produce agreement. . . . Furthermore debates like these do not vanish once and for all with the appearance of a paradigm. Though almost non-existent during periods of normal science, they recur regularly just before and during scientific revolutions, the periods when paradigms are first under attack and then subject to change." (Kuhn 1970:47–48)

22. And the Marxians, asking their single question—Is Polanyi good for the Revolution or bad for the Revolution?—decide he is bad (see Frank 1970). The egregious Harold Schneider, who in neither learning anything nor forgetting anything ensures that he is always on the cutting edge of retrogression, continues to make an industry out of attributing to Polanyi and me positions we never held (see, for example, Schneider 1969:89–91). It seems likely to me that the caustic language used by several anthropologists to heap scorn upon the writings of Polanyi and myself is due to the threats we pose to them: (1) We are economists, not anthropologists. I note that Bohannan and Sahlins are not vituperatively criticized, even though they share with me Polanyi's static paradigm for aboriginal economies. (2) Polanyi and I draw on empirical case studies and analytical writings outside of social anthropology—early European economic history, archaeology, comparative economic systems, economic development, agricultural economics—as well as the writings of anthropologists. (3) And, of course, to present a new paradigm is to challenge the one preferred by the users of the vituperative language. Eric Wolf reacts to my critique of his Marxian analysis of peasant economies (Dalton 1972) by calling it "muddle," "superannuated social Darwinism," "a rehash of stale concepts," and "ethnocentrism" (Wolf 1972: 410–11). In response to Nash's dismissal of us as "high level confusion," I mention that Polanyi's *The Great Transformation*, 1944, is now in its twelfth printing, has just been translated into French, and is being translated into Japanese and German; that *Trade and Market in the Early Empires*, 1957, has just appeared in paperback, and is about to appear in French translation; that *Dahomey and the Slave Trade*, 1966, has recently appeared in Hungarian translation and at present is being translated into Japanese; and that Polanyi's collection of essays, *Primitive, Archaic, and Modern Economies*, is being translated into French, Italian, Hungarian, and German. Nash's dismissal of Polanyi and his associates as "high level confusion," then, seems to have been a bit premature. From all this one learns the wisdom of the British aphorism "It is no use kicking against the pricks."

23. Polanyi himself never dealt explicitly with the village-level sector of aboriginal peasant economies beyond some sketchy remarks on "householding." He meant by "primitive" economies what anthropologists would call the precolonial economies of bands and tribes—the Arapesh of New Guinea, the Trobriand Islanders—whose economies are furthest removed from our own. He meant by "archaic" economies early state systems in which markets (and cash used as means of commercial exchange) were not importantly present. For these, he considered the economic aspects of the governmental sector and external trade, but not their village-level groupings. Neale (1957a) and I (Dalton 1972) have extended his analysis to such traditional, village level peasant economies.

24. Polanyi understood that there were aspects of aboriginal economies he was not including in his analysis, such as ecology and technology: "Process and institutions together form the economy. Some students stress the material resources and equipment—the ecology and technology—which make up the process; others, like myself, prefer to point to the institutions through which the economy is organized" (Polanyi 1968:307). Neither did Polanyi include in his analysis of aboriginal economies matters relating to their productivity or measurable economic performance, that is, the amounts and variety of goods produced, the composition of total output, or fluctuations in output. He is concerned with "the institutions through which the economy is organized," principally in bands, tribes, and the governmental sector of early state systems. And, of course, the institutions of money, external trade, and markets, which he analyzed in detail.

25. Money, monetary objects, and valuables are especially important and especially complicated in aboriginal economies. Later in this chapter I shall suggest and then explain some terminological distinctions that help clarify the meaning of these terms and their specific organization and usage in very different economies: the distinctions between what I shall call "modern money," "primitive money," and "primitive valuables"; and the need to indicate the mode of transaction (reciprocity, redistribution, market exchange) for each. The mode of transaction indicates the purpose of the transaction in which the monetary object or valuable enters. See Dalton (1965; 1971d).

26. Let us simply call industrial capitalism in Europe and America since 1920 "welfare state capitalism," to differentiate it from the "laissez-faire capitalism" of the nineteenth century; for a detailed explanation of these distinctions, see Myrdal (1960); Dalton (1974: chaps. 1, 3, 5). Briefly, welfare state capitalism differs from laissez-faire capitalism in five ways: (1) Governments control a larger number of prices and markets to increase or stabilize the incomes of selected persons or groups, e.g., minimum wage laws, agricultural price supports. (2) Governments provide a wider range of free or subsidized services, e.g., education, health care and housing, and of transfer payments to the unemployed, the indigent, and the elderly. (3) Governments spend and tax a larger amount; these days, between 30 and 40 percent of gross national product. (Before 1914, in peace time it was under 10 percent.) (4) Governments take responsibility to contrive policy to assure satisfactory macroeconomic performance of the national economy, that is, deliberately to affect the level of employment, rate of growth, the price level, income distribution, and the balance of payments. Finally, (5) in most welfare state capitalist economies—particularly in England and Sweden—government owns a minor but significant amount of productive enterprise (railroads, coal mines, some manufacturing), usually less than one-third of all producing firms (as measured either by employment or the value of output as a fraction of total output).

27. Even today, something like 80 percent of American, British, and West European economists are concerned exclusively with modern capitalist economy. After 1928, when the Russian Communists began central planning, the subject of Soviet economy came into being (that is, as a university subject with courses, seminars, publications, and research specialists), and it grew with the establishment of a dozen more Communist economies in Eastern Europe, Asia, and Latin America after the Second World War. But it engages very few economists as a field for research and teaching. More are now engaged in economic development of the Third World, an

even more recent field in economics than Communist economies. It is perhaps worth mentioning to archaeologists that preindustrial economic history does not engage many economists either. Except for American Indians (studied by anthropologists), the U.S. had no "aboriginal" economy in the sense that France, England, and Japan in the year 900 A.D. had aboriginal economies. Overwhelmingly, Americans who specialize in economic history specialize in American economic history, and therefore have no professional interest in nonmarket economies. There are, of course, relatively few economic historians in any country having a professional interest in medieval economic history of Europe, or in earlier periods. Mainstream economics is about industrial capitalism today. Several eminent economists have recently begun to pay serious attention to preindustrial, nonmarket economies: see Kuznets (1966), Robinson (1972), Hicks (1969), Hagen (1962).

28. Therefore, wherever we find monetary objects or valuables *not* having the characteristics of dollars—kula bracelets, Yap stones, potlatch coppers—it is because markets are either absent, or, if present, petty; these primitive valuables play special social roles in economies (polities and societies) different from our own: so too where foreign trade is organized differently from our own.

29. The failure to appreciate the quantitative importance of domestic and international market trade that makes it sensible to call nineteenth- and twentieth-century European and American economies "capitalist" economies leads some economic historians (e.g., Pirenne 1914) to equate "capitalism" with the mere *presence* of domestic or foreign commercial transactions (no matter how narrow the range of items bought and sold, or how small the quantity of such market transactions): and so "capitalism" is seen wherever markets of *any* sort are present. But medieval England (Postan 1973), Bohannan's Tiv of the 1940s (Bohannan and Bohannan 1968), the United States in 1776 (and in 1973), and the USSR at present all contain markets, that is, ordinary purchase and sale transactions; the markets, however, are of utterly different sorts and of utterly different importance to their markedly different economies and societies.

30. I am presently engaged in doing such a piece of research.

31. As Polanyi indicates in the quotation just cited, a variant of redistribution occurs in hunting and gathering bands—stateless societies—in the form of sharing or pooling of the hunt or catch; in this sense of sharing among a small, intimate, local group, redistribution goes on within households in all sorts of old and new economies.

32. For examples of nonmarket transactions in modern economies today, see Dillon (1968) and Titmuss (1970).

33. For more detailed explanations, see Pearson (1957b), Polanyi (1968: chap. 12), and Dalton (1971d; 1972).

34. Empirical descriptions of primitive monies abound, e.g., Einzig (1948), Quiggen (1949). We have only recently, however, begun to construct a *theory* of primitive money. See Polanyi (1957; 1968: chap. 8), Bohannan (1959), Douglas (1958; 1967), Dalton (1965; 1966; 1971d), Lewis (1973).

35. Another reason why it has been so difficult to create a theory of primitive money is because it is so difficult to unlearn the paradigm or model of modern money. Economic anthropologists used sterling or francs as a model of "real" money, and any valuable which did not have the characteristics of sterling or francs was simply

judged not to be money; see, for example, Firth (1929a). Unhappily, those who used sterling as a model of real money did not then go on to say exactly why the kula valuables and potlatch coppers were important; *why* were they worth acquiring?

36. A widely reported exception is what Bohannan and I (1962) called "emergency conversion," usually a famine situation in which the primitive valuables (or, indeed, slaves or even children) are sold to strangers for food.

37. The identifying seals placed on vats of foodstuffs in storehouses are another example of an operational device (see Ventris and Chadwick 1956; Renfrew 1972). Unhappily, one rash interpreter of Mycenae interprets the vats of foodstuffs identified by seals as being in "the house of the merchant," thereby implicitly assuming the presence in Mycenae of commercial-market transactions (why else "merchant"?). There is not the slightest shred of evidence for such supposition. The vats identified by seals were in a storehouse of some sort; but why not a palace storehouse rather than "the house of the merchant"? Note that the emperor of China conferred seals on tributaries who came to China to trade. See Fairbank and Têng (1941).

38. I am reminded that Polanyi's opening lecture, on the place of economies in societies, in the course of lectures he gave in General Economic History at Columbia in 1950, contained a similar theme, namely that the uncontrolled market model as a paradigm for all economies was being shaken by three happenings: (1) the writings of economic anthropologists, like Malinowski on the Trobrianders and Margaret Mead on the Arapesh of New Guinea; (2) mounting criticism of Marx's economic determination of history as a general theory; and (3) the recent momentous enlargement of political control in economies and societies between 1930 and 1950, i.e., central planning in Russia; the Nazi system in Germany; the American New Deal; the first Labor government in Britain.

39. I avoid using the term *barter* because it is used in two different meanings which must be kept distinct: a moneyless exchange or transaction of *any* sort; and a moneyless market exchange, which is what economists usually mean by barter, implicitly assuming by such usage that market exchange is the only known mode of transaction.

40. I do not think that Polanyi's work bears in any direct way on two of the problems of interest to this symposium: how ancient trade relates to the rise and fall of civilizations; and research strategies for archaeology. The closest he comes on the first problem, I believe, is in his remarks about archaic economic institutions and those operational devices special to aboriginal state systems, and in his economic embellishment of Thurnwald's analysis of the emergence of states from smaller, simpler, less stratified social groupings. One account of these matters appears in *Dahomey and the Slave Trade*, especially the introductory chapter called "Perspective," and chapter 11:

> The economist is indeed at a loss to account for the emergence in an early society of an effective demand of first magnitude for a means of currency as such. The notion that economic developments are mainly referable to what we have become used to calling "economic interests" is apt to be misleading. Rather, weighty events in the sphere of state-building and of economic organization may have accounted for the introduction of currency systems in West Africa. This may have been the source of the demand for money objects to be used as currency and consequently of the finance capable of supplying the purchasing

> power for their acquisition. The economic historian may have to seek an explanation in the rise of new empires, or even in the need for a popular currency which would speed the functioning of local food markets. Cowrie legend seems to point in this direction. . . . The acting force that shaped and organized the economy was the state, in the person of the king. Food, money, and market are all statemade. . . . From Pharaonic Egypt and Babylon to the empires of the Niger, the state-building drive appears as a secular force within the sphere of economic organization. The factors that doubtless pressed toward statehood as such are a different matter. Together with the military factors, they belonged to the economic prehistory of the state. But once set on the course of state-building, the monarchy was engaged in the organizing of an army and its provisioning "in kind," the launching of a currency as an instrument of taxation, and the creating of markets [marketplaces] and of small change for the distribution of the food. This again involved state made "equivalents" which determined the rate at which staples could be substituted for one another in the payment of taxes and in rationing [in the sense of paying out rations]. These performances of government concerning the economy are here recalled from previous chapters to provide a more realistic approach to the origin and functioning of the cowrie currency which was strung by the king's wives in Dahomey for the provisioning of the conquered peoples in the local food markets (Polanyi 1966:184, 186–7).

On the second problem of this symposium: I feel it to be unseemly for me to suggest research strategies to archaeologists. Rather, in this paper I have tried to explain the work done by Polanyi and his associates in the hope that our work might be of use in interpreting the economies of prehistory.

41. There is much more in his lecture notes and unpublished manuscripts about change under aboriginal conditions, but it is tentative, not nearly as elaborately spelled out as the work he published. Pearson (1957b) and I (Dalton 1960; 1963) severely criticize the theories of change under aboriginal conditions which attribute change to the appearance of economic "surpluses." In addition to Polanyi's short piece published posthumously, "Primitive Feudalism and the Feudalism of Decay" (which is spelled out at much greater length in his lecture notes), he published two other short accounts concerning change under aboriginal conditions, which were referred to in the previous footnote, on the roles of operational devices and of monetary institutions in the formation of states (see Polanyi 1966: "Perspective" and chap. 11, the latter of which is reprinted in his essays, *Primitive, Archaic, and Modern Economies*).

Polanyi makes another suggestion that may interest archaeologists and anthropologists who are concerned with the differences between a "civilization," a "primitive" society, and a "modern" society. What Polanyi called "archaic economic institutions," such as ports of trade and operational devices used in palace economies, are, I think, special to the early state systems that archaeologists call "civilizations." If Polanyi's point is empirically correct, then he has isolated an economic aspect of aboriginal civilizations not shared by primitive or modern societies.

> The word "archaic" that was dropped from systematic anthropology as merely of esthetic and cultural connotation may have to be restored to denote a sociological phase intervening between the "primitive" and the "modern." But the historian will have to apply it with caution, if he is not to find himself entan-

gled in a circular definition. The interconnected phenomena of state and economy, institution and society—each of them sometimes called archaic—lack an authentic priority to the claim of being the name-giving category. Not states and societies, not even economies as a whole should be regarded as archaic. We shall prefer the genetic approach describing as "archaic" those *economic institutions* which do not yet appear in primitive communities but are no longer found in societies where the use of money as a means of [market] exchange is already common (Polanyi 1966:xxxv; see also pp. 173–74).

42. Although *The Great Transformation* is principally devoted to the market organization of nineteenth-century capitalism, it contains much that is related to Polanyi's *Trade and Market*, and *Dahomey*, writings that engage the interest of archaeologists and anthropologists. For example, in *Trade and Market* and in several of his journal articles reprinted in *Primitive, Archaic, and Modern Economies*, Polanyi showed how, in aboriginal economies, monetary objects were used in noncommercial payments (such as bridewealth, bloodwealth, taxes, and tribute); also how aboriginal external trade was frequently organized as gift exchange and politically administered trade. *The Great Transformation* attempts to answer two big historical questions that Polanyi thought to be very important: How did early foreign trade become market trade? And how did early treasure and primitive valuables come to be market-exchange money? The answers are to be found in the economic history of Europe over the thousand years ending in the late eighteenth century, in the Industrial Revolution. Very elaborately, Polanyi shows how external trade, money, and markets originated independently of one another; then, how they became fused in the self-regulating market system—modern capitalism.

43. See Finley (1970) for a superb example of how the careful translation of key words is necessary to make sense of Aristotle's "economics."

One source of semantic ambiguity is that American and English writers attach different meanings to the same words without being aware that they are doing so. Most, but not all, Americans use *market exchange* and *commercial* as exact synonyms. Some British (and a few American) writers use the words *commerce* and *commercial* as synonyms for *trade*, thereby unintentionally converting all trade to market trade, without, apparently, being aware that there are nonmarket (noncommercial in the American sense) forms of trade, i.e., reciprocal and administered trade. Here is an example of British usage, *commercial* being used as a synonym for what I should prefer to call *trade of an unspecified sort*, in fourteenth- and fifteenth-century Africa: "The strictly commercial [i.e., trade of an unspecified sort] importance of copper is clearly seen at Ingombe Ilede. The cruciform ingots have remarkably similar weights; the trade wire is bent in standardized lengths, which obviously had an established value in long-distance trade circles" (Fagan 1970:33). On pages 37–38, Fagan uses *commercial* to mean *trade of an unspecified sort* five times. The result, inadvertently, is to suggest—surely not only to Americans—rampant market trade, when, in fact, the mode of transaction is entirely unknown, that is to say, it is entirely unknown whether it was gift trade, politically administered trade, or market (commercial) trade. Compare such usage with the careful terminology used by Clark (1965) analyzing quite similar transactions.

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Karl Polanyi's Analysis of Long-Distance Trade and

His Wider Paradigm

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He who only knows his own subject does not know that either.-S.R. Steinmetz

History [of science] suggests that the road to a firm research consensus is extraordinarily arduous.-Thomas Kuhn

In a subject where there is no agreed procedure for knocking out errors, doctrines have a long life.-Joan Robinson

Everything that can be said can be said clearly.-Ludwig Wittgenstein

I. SEVERAL PRELIMINARY MATTERS

This is an expository paper, an attempt to express clearly what we already know and to clarify what today is still difficult or unresolved. I have learned over the last fifteen years that in writing on topics for which scientific experiment, mathematical model, or statistical measurement cannot be employed, exposition is indeed difficult. When one is confined to words, one must very consciously choose words very carefully. One must also illustrate general statements with examples drawn from the real world, quote what one wants to criticize (rather than attribute positions to opponents, attributions which unconsciously may be distortions of what opponents are actually saying), and contrive diagrams, charts, or analogies to say the same thing more than once.

2 spaces, not 4

I have several reasons for not restricting myself in this paper to Polanyi's analysis of long-distance trade. One cannot understand his treatment of external trade without understanding other parts of his conceptual scheme, such as the internal organization of early and primitive economies and the inappropriateness of conventional economics as a universal frame of reference for all economies.[1] I shall have to demonstrate this quite explicitly. In doing so, I shall try to find fresh ways to explain Polanyi's work.

2 spaces, not 4

In the writings of Polanyi and his associates long-distance trade under early state conditions is more fully analyzed and illustrated with examples than any other single topic: chapters 2,3,4,5,7,8,9, and 13 of Trade and Market are devoted wholly or partly to external trade; so too a journal article (1963) and a book (1966) by Polanyi, a survey article by Leeds (1961), and part of a long article by Humphreys (1969) assessing Polanyi's work. It might be of use to archeologists if I considered other economic institutions and the meanings of several theoretical concepts mentioned but not so extensively considered by the Polanyi group.

J. Spros
not 4

It is now sixteen years since Trade and Market in the Early Empires was published. A good deal of analytical writing as well as fresh ethnographic, historical, and archeological description has been forthcoming. It seems sensible to refer to recent work whenever it contributes explanations of interest to archeologists and anthropologists concerned with economy.

J. Spros,
not 4

Archeologists, historians, and social anthropologists who want to understand the economics of the societies they are professionally concerned to analyze, have to acquire what I shall call (following Kuhn) an economic "paradigm": a theoretical framework, a language of concepts to interpret the actual economies of time and place they study. Polanyi's is only one of several economic paradigms that exist. I shall have to mention some of the others to show how Polanyi's differs.

I am told that archeology is changing in two ways. Archeologists themselves are bringing to bear new physical, chemical, and statistical techniques of analysis; or they are engaging the technical expertise of consulting physical scientists who analyze the properties of bones, stones, earth, flora, and shells in ways that create more usable data for the archeologist. Carbon-dating, flotation processes, and computers allow more precise or certain establishment of facts, provide methods to extract more information from materials recovered, and permit special sorts of numerical analysis.

J. Spros
not 4

The second sort of innovation is conceptual rather than technical. Archeologists are asking new questions; or, in expressing their dissatisfaction with old answers, seeking new answers to old questions about social organization, economy, polity, and culture, questions of a sort that ordinarily interest social anthropologists and historians. In short, archeologists are looking for new theories and concepts capable of powerful explanation of the societies, economies, and politics they unearth: ". . . archeology gives the appearance of being in a crisis. . . . there is a strong reaction within the discipline against the familiar excursions into prehistoric religion, economics, or art appreciation that are neither grounded in, nor controlled by, theory or adequate knowledge" (Finley, 1971, 169).

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It strikes me that technical and conceptual changes are also influencing subjects close to archeology (for example, the economic history of early medieval Europe), and subjects much more distant from archeology (such as modern economics). Medieval economic and social historians are also acquiring fresh data in addition to the written sources upon which they have traditionally relied: sunken ships, coin hoards, and burial remains dug up by archeologists; linguistic analysis of place-names; and photography from airplanes to reveal early field systems used in farming and the location of village settlements which have disappeared. The French historians, I believe, began some time ago to study village-level demographic and social history in order to estimate the size of peasant households and of village population changes, studies of a sort which the British now also do. Indeed, witchcraft in early Europe has again become a respectable topic for historians. And in 1972 and 1973 Marc Bloch's old work on the magical power of medieval kings to heal was translated into English twice. In the long-run, it seems, we are all sociologists: ". . . research into [monetary and non-monetary] payments must. . . become a social study; and so indeed must all research work in economic history" (Bloch, 1967, 241).

Actually, some archeologists and historians of medieval Europe are changing their economic viewpoint in the same way. It is no longer implicitly assumed that economic organization, whether pre-historical or medieval, Mycenaean Greece or Charlemagne's France, is simply some crude commercial variant of our own twentieth century economy, to be interpreted in terms of "supply," "demand," "price," "buy," "sell," and "capital" that economists since David Ricardo have contrived for industrial capitalism (see Finley, 1957; Grierson, 1959).[2]

II. PARADIGMS IN ECONOMIC ANTHROPOLOGY: UNDER WHICH LYRE?

This section describes the range of topics considered in economic anthropology and the sorts of theory so far contrived to analyze its component segments. We shall see that Polanyi's theory relates to one segment only of economic anthropology and also see why theory in economic anthropology is difficult to create and why at present theory is contentious and fragmentary, that is, not unified and not widely shared.

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I have said repeatedly in print that the theoretical portions of economic anthropology are only at the beginnings of systematic formulation. I am now convinced that the clearest way to explain the point is to use the terminology of Kuhn.[3]

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As used by Kuhn, "paradigm" is a stronger concept than the term "theory." A paradigm provides a theoretical framework, a vocabulary of conceptual terms, and, in some sense, a picture inside of one's head about the nature of the real-world processes analyzed. A new paradigm redefines the scope of the subject and points up the most interesting problems to be solved. A paradigm, then, is a deep and important theory which renovates a field of study. Not only Copernicus, Newton, and Einstein, but also Ricardo, Karl Marx, Max Weber, Freud, and John Maynard Keynes were makers of paradigms: deeply persuasive theoretical contructs which illuminated some portion of reality in a new way and whose concepts and analytical conclusions were adopted, refined, and extended by those who followed as the best approach to investigate some range of processes and problems newly revealed, partially formulated, or finally solved by the inventor of the paradigm. Persons in the same subject adhering to different paradigms will choose somewhat different problems to address and use different conceptual terms in their analyses. They will also arrive at different analystical conclusions--interpretations, explanations--about real-world processes and institutions.

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Paradigms are held strongly by physical and social scientists because paradigms provide satisfactory explanations of the physical, chemical, biological, or social processes they spend their professional lives trying to understand. It is not fanciful to suggest that a paradigm is like a professional religion: it is the theoretical framework inside one's head used to make deep sense of the segment of the world one is professionally concerned with. Indeed, what differentiates the chemist from the anthropologist from the economist is the paradism each has professionally acquired (and also what Kuhn calls his "disciplinary matrix"), his theories and methods:

> [paradigms]. . . I take to be universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners. . . . paradigms provide scientists not only with a map but also with some of the directions essential for map-making. In learning a paradigm the scientist acquires theory, methods, and standards together, usually in an inextricable mixture. Therefore, when paradigms change, there are usually significant shifts in the criteria determining the legitimacy both of problems and of proposed solutions" (Kuhn, 1970, viii, 109).

Kuhn's points require qualification for economic anthropology because Kuhn is dealing with theory in physical sciences. Physics and chemistry differ in several important ways from subjects like economic anthropology.

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(1) There are many more physicists and chemists doing research than there are anthropologists. And physical science is more uniform internationally than anthropology, a subject influenced, for example, by colonial experience.

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(2) Physics and chemistry are older subjects than anthropology which

means that paradigms were established much earlier. This is a very important matter because it means, for example, that Einstein's work published in 1905 and after was addressed to solving problems or explaining anomalies that an already established paradigm could not solve or explain, something that was immediately recognized by a number of physicists brought up on the old paradigm. But in a new, small, and esoteric subject like economic anthropology, there were no strongly established paradigms when Polanyi wrote, no theoretical frameworks elaborately spelled out and widely shared; there were only bits of theory, partial paradigms, and few adherents to each because there were so few doing research in the subject (see, for example, Herskovits, 1952). It is difficult to name more than a half-dozen anthropologists, who, in 1957, had a specialist's interest in economic anthropology. And the few anthropologists interested in economy were not really in professional touch with the archeologists and the economic historians of early societies who had similar interests.

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Polanyi's work did not contradict a theory strongly and widely held by economic anthropologists ("formal economics"). In 1957 there was no strongly held theory of any sort in economic anthropology. Rather, there was an awareness that two unsolved problems existed: (i) That primitive and peasant economies both resembled and differed from industrial capitalism. But how anthropologists should cope with the systematic presentation of these similarities and differences was not clear (see, for example, Goodfellow, 1939; Firth, 1951, ch. 4). (ii) The second unresolved problem was rather complicated: how, if at all, could anthropologists make use of the elaborate corpus of conventional economics in interpreting the primitive economies of the Trobriand Islanders and Tikopia. Firth (1929a; 1929b, ch. 1) had been aware of both problems as early as 1929, and indeed attempted to solve them over the next forty years, without, I think, succeeding. He is still ambivalent about the role to be played by conventional economics in economic anthropology (see Firth, 1967; 1972). Herskovits too wrestled with these problems in 1940 and 1952 without solving them.

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Polanyi attempted to solve both problems. His "substantive" definitions of "economic," "external trade," "money," and "market" indicated the <u>similarities</u> among primitive, archaic, and modern economies, what they had in common. His "formal" definitions of these terms indicated their special meanings in industrial capitalism. His "institutional" definitions indicated the <u>differences</u> between aboriginal and developed-industrial-market economies by showing the special forms money, markets, and external trade took in aboriginal economies. Throughout these presentations, Polanyi argues forcefully against the use of market theory to analyze non-market economies. The formalist writers (for example, LeClair, 1962; Cook, 1966) did not state their formalist positions until after Polanyi wrote. It was Polanyi and his associates they were reacting to.

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(3) Physicists and chemists specialize much more than do anthropologists. It is not common for many anthropologists to work precisely on the same problem or process, say, the nature of foreign trade in aboriginal

economics.

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(4) There is a much greater need for economic anthropologists to incorporate theory and factual information from other subjects, such as early economic history and recent economic development, than there is for physical scientists to incorporate outside theory and facts.

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(5) Physical scientists, and, to a lesser extent, economists, use several research methods not at all employable in anthropology, such as controlled experiments and mathematical models, although one such technique, statistical enumeration, recently has begun to be employed. Demonstrable proof of theory, therefore, is easier to establish in physical science and in economics than it is in verbal subjects. This complicated matter of methodology requires additional explanation.

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Theories, concepts, methods, paradigms are to be judged by the explanatory power of the analytical conclusions about real-world processes they arrive at. The theories of Einstein and Keynes were powerful because their concepts allowed them to explain important physical and economic processes that could not be as satisfactorily explained without their theories. In short, paradigms are like mouse traps; we decide which of two mouse traps of different design is superior by choosing the one that catches most mice--effectiveness in use is the paramount criterion (not strength of materials or elegance of design). In social science, effectiveness in use means explanatory power demonstrated to the satisfaction of the professional audience (Kuhn's "scientific community"):

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> Paradigms gain their status because they are more successful than their competitors in solving a few problems that the group of practitioners has come to recognize as acute. . . . After the discovery had been assimilated, scientists were able to account for a wider range of natural [read social] phenomena or to account with greater precision for some of those previously known. . . . As in political revolutions, so in paradigm choice--there is no standard higher than the assent of the relevant community (Kuhn, 1970, 23, 66, 94).

The scientific community's assent is got by demonstrating the explanatory power of a paradigm. In economic anthropology, this means the explanation of external trade, primitive valuables, bridewealth, palace economics, and such.

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One's ability to persuade professional colleagues of the superiority of one's new theory in any subject--physics, economics, anthropology--sensitively depends on the methods of proof conventionally used in that subject, its "disciplinary matrix"; in short, the methodology available to it. "Soft" subjects, such as political history, literary criticism, and much of cultural anthropology are soft because they are confined to verbal analysis only; persons doing research in such subjects frequently are polarized permanently, that is, they commonly adhere to markedly different theories. (Actually, in Kuhn's view, such subjects are not sciences because, having no strong and widely shared paradigm, theoretical <u>progress</u> is not evident; they are in a "pre-paradigm" condition.)

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In contrast, physics is a "hard" subject in the sense that persuasive proofs can be adduced to support new paradigms because controlled experiment, mathematical equation, precise measurement, and statistical quantification can be employed to prove theory. Close to home, economics is "harder" than the other social sciences. Paradigms in economics, such as those contrived by Ricardo, Marshall, Keynes, and Samuelson, come to be widely shared among economists because mathematical model, statistical quantification, and policy application to real-world problems of unemployment, development, and inflation are usable in economics (note that policy application is another way of proving theory).

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I point out that it was impossible to construct a satisfactory national Graduate Record Examination in anthropology because the subject is so variously taught in American universities. The subject is so variously taught for two reasons: there is an enormous range of specific research specialties engaged in by archeologists, physical anthropologists, and cultural anthropologists. And in many branches of anthropology there do not exist strong and therefore widely shared paradigms. What is true for economic anthropology seems to characterize other branches of anthropology as well; an absence of systematically formulated theory so persuasive as to be widely shared among anthropologists.

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Any theory or paradigm in any subject has three very closely related components: (i) the specific real-world processes, situations, or events the theory is designed to analyze (that is, designed to reach conclusions about); (ii) the special concepts it employs; and (iii) the analytical or explanatory conclusions it arrives at. A theory is essentially how the concepts are used to explain the processes. A theory, moreover, always can be stated as providing answers to specific questions. Keynes's theory, for example, answered the question, "what causes short-run fluctuations in national income, output, and employment in the highly developed, industrial capitalist economies of Western Europe and North America of the 1930's"? The real-world process he analyzed was national income determination and its fluctuation in the special set of industrial capitalist economies. The special concepts he employed were (among others) "marginal propensity to consume," and "liquidity preference"; and the most important of his several analytical conclusions was that Britain and the U.S. in the 1930's were inherently unstable because the private market sector contained no mechanism to assure automatically that all goods produced at full employment would be bought. The same holds true for Polanyi or any other creator of theory. His paradigm also comprises a special set of real-world processes, special concepts, and analystical conclusions reached by using the concepts to analyze the processes.

Economic anthropology considers village-level economies of bands, tribes, and peasantries on all the continents and inhabited islands of the world in three historical time periods of utterly different length. It also considers the economic sectors special to larger-scale economies and societies, for example, the palace economies and foreign trade sectors of chiefdoms, kingdoms, empires, and other state systems. Let us call the oldest or the earliest sub-set, "aboriginal," or "traditional," or "indigenous," or "pre-colonial" economies: the Kwakiutl Indians of the northwest coast of America before the white man arrived; the Inca before the Spanish arrived; village and Rajah India before the British arrived. These are usually called, rather loosely, primitive or peasant economies. I would suggest, incidentally, that the village and state sectors of the economies of Western Europe up to 1200 or 1300 A.D., Japan up to about 1600 A.D., and China up to about 1800 A.D., belong in the same category of traditional or aboriginal economies.[5]

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Now things become rather complicated and I have had to contrive Table 1 to help convey my meaning. This first sub-set of aboriginal-traditional or pre-colonial economies on all the world's continents and inhabited islands existed and changed over millenia. According to the classification I employ here, we would include the economy of any society of interest to archeologists; any of interest to historians and anthropologists before European colonial incursion into Africa, Asia, Latin America, the Caribbean, and the Middle-East; and, for the portions of the world that were not colonized in modern times (Japan, Europe), before modernization and economic development began (see Dalton, 1972).[6] Archeologists, anthropologists, and historians of pre-industrial economies anywhere in the world have a common interest in aboriginal economies.

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There are two kinds of theoretical questions put to aboriginal economies, static and dynamic questions (see Table 1). By static I mean questions relating to the organization or performance of an economy at one point in time; for example, how foreign trade was organized by the Maya in the period immediately preceding the Spanish

TABLE 1

ECONOMIES AND SOCIETIES

STUDIED BY ANTHROPOLOGISTS

	ABORIGINAL	COLONIAL	POST-COLONIAL
PARADIGMS, PARTIAL PARADIGMS, AND BITS OF THEORY	(Existing and Changing over Millenia) STATIC: Marxian Economics Formal Economics Substantivist Economics	(1500-1950 A.D.)	(Since 1950 A.D.)
	DYNAMIC: Marxian Energy/Evolution Contact/Subjugation Diffusion Multiplier Effects (Renfrew, 1972)	Marxian Energy/Evolution Acculturation Applied Anthropology Culture Contact Dualism Agricultural Involution	MACRO (NATION) AND MICRO (VILLAGE) Marxian Energy/Evolution Macro-Development Macro-Modernization Differentiation/ Integration Cumulative Causation Micro-Development Micro-Modernization

Conquest; or, what the role of cattle as primitive valuables was in the Nuer of the 1930's. By dynamic I mean questions relating to the strategic causes or important consequences of change--in this case, of course, change under aboriginal, pre-colonial conditions: for example, the causes and consequences of settled agriculture, or the emergence of civilization (Renfrew, 1972), or the decline of early empires (Cipolla, 1970).

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There are at present three contending paradigms used to analyze <u>aboriginal economies under static conditions</u>:

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(1) The formal economics of conventional price theory with its market terminology of "price," "capital," "economizing," "maximizing," "scarcity," "choice," "rationality," "decision-making," and such (see LeClair and Schneider, 1968). To use formal price theory to interpret aboriginal economies is to stress the similarities between them and modern capitalism.[7] Those who adopt the paradigm of formal economics to analyze aboriginal economies do so because they regard economic "scarcity" as universal, and "choice-making," and "economizing" or "maximizing" as universally necessary. They assume that all economics, therefore, work like modern market systems and are usefully described in market terminology. They put economists' questions to aboriginal economies: how do persons in primitive economies "maximize"? (Cancian, 1966; Burling, 1962). How do they decide between alternative economic activities? (Ortiz, 1967).

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(2) The second paradigm used by some economic historians (Kosminsky, 1956),

archeologists (Childe, 1936), and anthropologists (Wolf, 1966), to analyze aboriginal economies at one point in time, is Marxian, which is not nearly as elaborate a paradigm as formal price theory. Marx was principally concerned with nineteenth century industrial capitalism. His remarks about aboriginal economies were fragmentary (see Marx, 1964): "Now it is generally agreed that Marx and Engels' observations on pre-capitalist epochs rest on far less thorough study than Marx's description and analysis of capitalism. Marx concentrated his energies on the study of capitalism, and he dealt with the rest of history in varying degrees of detail, but mainly in so far as it bore on the origins and development of capitalism" (Hobsbawm, 1965, 20).

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Marxian categories relating to aboriginal economies consist of only a few concepts, like "surplus" and "exploitation"; ownership of the means of production and how labor is organized in any economy are regarded as crucially determinative for social and political organization. The Marxian paradigm regards class conflict between owners and non-owners as endemic. Marx employed a six-fold evolutionary classification of economic systems, the first three classes of which characterize aboriginal economies: primitive communism/slavery/feudalism/pre-industrial then industrial capitalism/industrial socialism/industrial communism. Such questions are addressed as how do owners and rulers extract economic "surplus" from rank and file workers? Economic anthropologists use Marxian concepts most frequently in discussing peasant economies (Wollf, 1966); they seem not to be used in discussing aboriginal bands and tribes.

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(3) The third paradigm is Karl Polanyi's formulation of concepts and conclusions taken from Weber, Maine, Tönnies, Menger, Bücher, Thurnwald, and Malinowski, and, I believe, significantly extended and made systematic by himself: "reciprocity," "redistribution," "(market) exchange," "special-purpose money," "administered trade," "port of trade," "operational device," and others. Polanyi's paradigm stresses the differences between aboriginal economies and modern capitalism, and shows how economic organization in aboriginal economies is socially controlled by polity, kinship, religion, and such.[8]

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Polanyi argued repeatedly against formal economics employed as a universal paradigm. He deliberately intended his own paradigm to displace market economics in the static analysis of aboriginal economies.[9] More accurately, perhaps, he intended to solve the problems that had been raised by Firth (1929b, ch. 1) and Herskovits (1940; 1952), by explaining why formal economics is not usefully applicable to non-market economies, and how one can take account of both the similarities and the differences between aboriginal economies and modern industrial capitalism. Polanyi's paradigm at the time of his death in 1964 was by no means a finished scheme of analysis. Rather, it was an important beginning which continues to be extended and clarified by others, including Bohannan (1959; 1960), Sahlins (1965; 1972), Neale (1971), and myself (Dalton, 1971a; b; c).[10]

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<u>One</u> reason, then, why the theoretical portions of economic anthropology are only at the beginnings of systematic formulation is that

three rather different paradigms, partial paradigms, and bits of theory at present contend for professional acceptance in the static analysis of aboriginal economics. Polanyi's theory, moreover, is still being extended (which, incidentally, is quite in keeping with Kuuhn's remarkable description of the sequential development of new paradigms). Most anthropologists, perhaps, would still regard it an open question yet to be firmly settled, which theory is best to explain which economic sectors in which aboriginal economies (see Dalton, 1969).

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We are far from exhausting the subject matter of economic anthropology and the need for theoretical constructs. There are also the dynamic aspects of aboriginal economies, a matter, of course, of special interest to archeologists: what were the strategic causes and important consequences of deep change in aboriginal economies and societies? How did larger-scale stratified civilizations emerge from smaller and simpler societies? How did empires arise and decline? Please note that neither formal economics (price theory) nor Polanyi's substantive economics provides a theory of change under aboriginal conditions. Both are concerned exclusively with static structure and performance, the actual organization of the Tiv, Nuer, Inca, Maya, or Trobriands as these economies functioned at specific (pre-colonial) dates.

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For the dynamic aspects of aboriginal economies, there were--until Renfrew's recent book--several partial paradigms and bits of theory.[11] Most seem to stress economic and technological change as the prime movers in aboriginal societies, for example, the Marxians, Wittfogel, and the

Energy/Evolutionists (White, 1949, ch. 13). Thurnwald (1932), however, has a different sort of theory. He suggests that larger-scale socially stratified societies and economies came into being under aboriginal conditions through culture contact, military conquest, and political reorganization of the conquered. The result is some variant of a feudal system or a state system with the conquering elite forming an aristocratic or upper stratum economically, as well as militarily and politically. This larger-scale linking up of different ethnic groups rearranges labor allocation and increases the economic specialization of the different ethnic components of what is now one larger system, as, for example, with the caste-jajmani stratification of traditional village India (see Neale, 1957a). The newly amalgamated and newly stratified society is now technologically more diverse because each component ethnic group brings its own technology into the new and larger society.[12]

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Aside from static structure and dynamic change in aboriginal economies, there are two other broad segments of economic anthropology, both concerned principally with dynamic matters;[13] the same set of bands, tribes, peasantries, and kingdoms as they underwent economic, technological, social, cultural, and political change under historically recent European colonization, that is, since 1500 A.D.; and, since 1947, their very very recent post-colonial economic development and cultural modernization in the entirely new historical context of newly-created nation-states--India, Nigeria--beginning to construct nationally-integrated economies and polities.

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For economic change under colonial and then post-colonial conditions, we have no strong paradigms. The Marxians and the Energy/Evolutionists do have general or universal dynamic theories, that is, they purport to explain deep change under <u>all</u> historical conditions, aboriginal, colonial, and post-colonial.[14] For change under colonial conditions, we have in addition to the Marxians and the Energy/Evolutionists many bits of theory each of which analyzes some aspect of change under some sort of colonial situation in some part of the world: acculturation (Herskovits, 1938), culture contact (Mair, 1957; Wilson and Wilson, 1954), applied anthropology (Spicer, 1952), dualism (Boeke, 1942), and agricultural involution (Geertz, 1963).

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Why is there no strong paradigm for economic and social change under recent colonial conditions? The short answer would emphasize three points: (1) The Post-colonial period, except in Latin America, began only in 1947. It is not yet, I think, commonly understood that post-colonial national and village development differ sharply from the economic and social change that took place under colonial conditions. (2) There was extreme variability in the types of aboriginal economies and societies that were colonized: bands, tribes, and peasantries in North, Central, and South America, Asia, Africa, Oceania, and the Middle East; Eskimos and Kwakiutl, Tiv, Ashanti and Bantu, Inca, Maya, and Aztec, Asian Indian villages and states--and many more--all were colonized. (3) The impacts of European colonization on aboriginal societies differed utterly: the Spanish, the Portuguese, the Dutch, the English, the French, the Germans, the Americans (who themselves were colonized until 1776), all colonized. The Caribbean Indians and the Indians of Latin America were colonized early, the Highlanders of New Guinea, late. Europeans settled in large numbers in North, Central, and South America and South Africa, but not in West Africa or parts of Asia. Around 1500, when the Spaniards colonized Central and South America, the Spanish themselves were barely out of feudalism and the industrialization of Spain was centuries in the future; in contrast, the British colonized parts of West Africa after 1875, when the British themselves had been industrializing for a century.

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We have no strong paradigm for economic and social change under recent colonial conditions. We do have the components out of which a paradigm can be made, that is, excellent descriptive accounts and some theoretical insights and conceptual terms which can be fashioned into a mosaic of unified theory to make deep sense out of variability.[16]

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So too for post-colonial village change in the new context of national (or macro) economic development and cultural modernization. Despite the newness of the subject, excellent components for a strong paradigm already exist for reasons that are clear: processes of acculturation and applied anthropology under colonial conditions were studied by a relatively small number of social anthropologists; in contrast, post-colonial macro- and micro-development and modernization are studied by an international army of economists, sociologists, political scientists, and psychologists, as well as by anthropologists. Important insights into Third World national and village development today are being provided by writings on the historical development of the industrialized countries of Britain, Western Europe, Japan, and Russia (see, for example, Landes, 1969; Kuznets, 1966; Gerschenkron, 1962; 1968; 1970; Smith, 1959). Some recent theoretical work is addressed to the complicated interaction processes of economic development and social change: Smelser (1963), on "differentiation" and "integration"; Myrdal (1957), on "cumulative causation"; Epstein (1962; 1973), on the different social consequences following from different sorts of economic innovations at the village level in South India; Hagen (1962), on the enormously difficult topic of how personality formation affects the emergence of entrepreneurial capacities in colonized peoples; Adelman and Morris (1967), on using statistical techniques to show how economic and social change mutually affect each other.[17]

To summarize the points stressed in this section on "paradigms in economic anthropology": it is necessary to see the full scope of the subject, the enormous range of economies considered, economies existing in utterly different historical conditions, and the welter of paradigms (e.g., price theory), partial paradigms (e.g., Marx), and bits of theory (e.g., acculturation) so far contrived, in order to understand the difficulties encountered in creating theory; and to see as well the reasons why at present there does not exist a unified theory of economic anthropology.

There are four large sub-fields comprising the subject each of which requires its own theoretical framework: (1) the organization and performance of aboriginal village-level economies of bands, tribes, and peasantries, and the elite and state levels of kingdoms and empires;

(2) economic and social change under aboriginal conditions; (3) economic and social change under historically recent conditions created by the European colonization of Africa, Asia, Latin America, Oceania, the Caribbean, and the Middle-East; (4) post-colonial economic development and cultural modernization of village communities within newly created nation-states.

For each of these four sub-fields in economic anthropology there is a literature of empirical description and theoretical analysis written by archeologists, historians, economists, sociologists, and others. One must draw on this literature as well as on the ethnographic and theoretical writings of anthropologists in order to construct paradigms in economic anthropology.[18]

For aboriginal economies under static conditions, we have three contending paradigms, only one of which (the formal economics of neo-classical price theory) is highly elaborated. Marxian theory as it relates to aboriginal economies is very sketchy (only a few concepts and generalizations are given). Polanyi's paradigm is still being clarified (as, indeed, I am trying to do in this present paper) and extended, for example, to include aboriginal peasantries. For aboriginal economies undergoing change, we have several partial paradigms--sketchy theories, really--except for Renfrew's recent and more comprehensive theory. For economic change in the Third World under European colonial conditions, we have a half-dozen or more bits of theory, but no strong paradigm. Nor do we yet have a strong paradigm for the very recent situation of micro-development, that is, village-level transformation within newly formed nation-states instituting regional and national programs of industrialization, education, and such. For colonial change and post-colonial development, however, there exist very important theoretical components for constructing paradigms.

III. POLANYI'S STATIC PARADIGM FOR ABORIGINAL ECONOMIES[19]

The published work of Polanyi and his associates consists of two parts, theory and its application to actual economies of time and place. "A new theory is always announced together with applications to some concrete range of natural [read social] phenomena; without them it would not be even a candidate for acceptance" (Kuhn, 1970, 46). The theoretical part, in turn, has two components, a positive paradigm for the analysis of non-market aboriginal economies, what Polanyi called institutional analysis; and a negative critique, an elaborate explanation of the unsuitability of formal economic theory as a universal paradigm for all economies of record.

Polanyi and his associates--I find the term "disciples" offensive; all of us have also published work unconnected with Polanyi's ideas--apply their own positive theory to sectors, processes, and institutions of actual economies, and, while doing so, continually illustrate the inappropriateness of formal price theory to analyze those aboriginal economies they are writing about: external trade and internal economic organization in eighteenth-century Dahomey (Arnold, 1957a;b; Polanyi, 1966), and in the pre-historic Middle-East (Polanyi, 1957a; Oppenheim, 1957); ports of trade in the Eastern Mediterranean (Revere, 1957); the internal economic organization of villages in parts of traditional India (Neale, 1957a); pre-conquest Aztec-Maya long-distance trade

(Chapman, 1957); market places in pre-colonial Berber Highlands (Benet 1957); the usage of primitive valuables in parts of Africa and Oceania (Bohannan, 1959; Dalton, 1965); kinds of market-places and market transactions in aboriginal and colonial Africa (Bohannan and Dalton, 1962); variants of reciprocity in aboriginal bands and tribes (Sahlins, 1965).

Every essay in Trade and Market repeats the strong negative message of Polanyi: what primitive and archaic economies were not. They were not early market variants of nineteenth and twentieth century capitalism. Indeed, Polanyi's first book, The Great Transformation (1944), and an article written shortly after summarizing the main themes of the book, "Our Obsolete Market Mentality" (1947), are principally concerned to show the historical uniqueness of nineteenth century capitalism, the real-world economic system for which conventional price theory was invented (and the system against which Marx was reacting).

Polanyi's strong critique of formal economics--maximizing, economizing, scarcity, the uncritical use of market concepts to characterize any economy--evoked several sharp rejoinders, what is inelegantly called the "formalist-substantivist controversy."[20] Two aspects of this controversy are particularly revealing: the formalists do not take issue with Polanyi's positive paradigm--reciprocity, redistribution, ports of trade, and such--about which they say almost nothing. Their concern, rather, is to dispute Polanyi's negative critique of formal price theory as a universal paradigm (see, for example, LeClair and Schneider, 1968). The second revealing feature is the vituperative language used by some of the formalists, a sure sign that a clash over paradigms is taking place. For example, Cook (1966) calls Polanyi and me romantic and unscientific antiquarians, ignorant of economics, with a curious interest in "moribund" or "extinct" economies (that is, aboriginal economies, the ones archeologists and ancient historians study). Here is a nosegay:

> The present critique is intended. . . [to elaborate]. . . the thesis that the substantivists' intransigency concerning the cross-cultural applicability of formal economic theory is a by-product of a romantic ideology rooted in an antipathy toward the 'market economy' and an idealization of the 'primitive'. . . . given the fact that marketless subsistence economies are rapidly disappearing as ethnographic entities, being displaced by market-influenced or -dominated transitional and peasant economies, it seems rather pointless to persist, as Dalton does, in concocting tortured arguments in defense of a theory [Polanyi's] which was designed specifically for the analysis of these moribund types of economies (i.e., substantive economic theory) (Cook, 1966, 323-25).

Another anthropologist, who himself has never written on the theoretical issues separating the formalists and the substantivists,[21] nevertheless finds it therapeutic to dismiss Polanyi and the rest of us in language whose only virtue is that it is barely audible because it is spoken from such an enormous height:

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> From the beginning the substantivists (as exemplified in the justly famous works of Polanyi and others) were heroically muddled and in error. It is a tribute to the maturity of economic anthropology that we [sic] have been able to find precisely in what the error consisted in the short space of six years. The paper. . . written by Cook [1966] when he was a graduate student neatly disposes of the controversy. I did not think it necessary [in Nash, 1966] to regale readers with the history of error. [In social science] . . . it is virtually impossible to down a poor, useless, or obfuscating hypothesis, and I expect that the next generation of creators of high-level confusion will resurrect, in one guise or another, the substantive view of the economy (Nash, 1967, 250).[22]

Heated disputes between social scientists or between historians are always about one of two things, policy (how should we change the real world?), or paradigms (how should we analyze the real world?). This one, of course, is about paradigms: what is the most useful theoretical framework of questions to ask, processes to study, concepts to use, in order to arrive at deep understanding of aboriginal economies?

Which real-world economies, and which sectors, transactions, processes, and institutions in those economies is Polanyi's paradigm designed to analyze? Polanyi is concerned with the sociology of economic institutions--foreign trade, money--for those aboriginal economies in which markets are not dominant, that is, aboriginal bands, tribes, and the economic sectors of early state systems:[23]

> . . . the study of the economy in early societies comprises several related empirical fields: primitive societies, mainly kinship organized, non-literate; archaic societies, as a rule literate, practicing plow agriculture, but not using money widely as a means of [commercial or market] exchange. . . . The third overlapping field is antiquity which includes both societies of the primitive and archaic types as well as 'modern' societies, i.e., such as widely employ money in [commercial or market] exchange (Polanyi, mimeo. no. 1, 11).

Polanyi considered the internal organization of such economies and their foreign trade; also, what we now call the "subsistence sector" (the acquisition, production, and disposition of foodstuffs and other ordinary goods), and the "prestige sector" (the transaction of valuables such as kula bracelets, cows as bridewealth, and such). He concentrated particularly on what he regarded as three very important institutions: markets, monetary objects (including primitive valuables), and foreign trade. These are present in a wide variety of past and present economies and so are capable of detailed comparison and contrast.

One of his central concerns was to show how, in aboriginal economies, external trade, local market places, and money-usages had independent origins and independent organization, that is, were not fused as they are in modern capitalism. There is a dynamic component to Polanyi's work, but it has to do with the institutions of external trade, money, and markets, rather than with change over time in entire economies or economic systems; and so his dynamic component does not fit neatly into Table 1. He thought that a major problem in the economic history of Europe was to come to understand how external trade became overwhelmingly private commercial or market trade, how monetary objects overwhelmingly came to be used as means of commercial exchange, and how market transactions came to be the dominant and integrative sorts, regionally and nationally as well as internationally; thus his concern with the rise of market economy in The Great Transformation, a book which is linked in several ways to his later work on aboriginal economics.

I use the phrase "sociology of economic institutions" to characterize Polanyi's work because his concern throughout is to show that in the absence of market dominance (and therefore the absence of modern market exchange money as the prevailing kind, as well), the production and distribution of ordinary and prestige goods in aboriginal economies is socially controlled; that reciprocal transactions are rooted in social symmetry; that redistributive transactions are rooted in political centrality; that aboriginal economies are Gemeinschaften; that just as land tenure in aboriginal Africa (Bohannan, 1960) and Melanesia (Malinowski, 1935) are direct expressions of lineage affiliation, so too are all important allocations and transactions of natural resources, labor, and goods direct expressions of political, kinship, or religious institutions.[24]

Concepts and terminology. The concepts used by any theorist rivet our attention on the processes to be analyzed (and point as well to the conclusions to be reached). Concepts are the link between the _real-world processes and the analytical conclusions about them the theory is designed to produce._ When Srinivas, for example, contrived the concept "Sanskritization," he compressed into a single fabricated word an analytical conclusion about a real-world process: in sharply stratified Hindu India, upward mobility of lower caste groups is achieved by their emulation of the practices and values of higher castes. So too Marx's "exploitation" and "surplus value," Freud's "oedipus complex," and Keynes' "marginal propensity to consume." Concepts are crucial ideas expressed in words and are an integral part of any theory designed to analyze any real-world process in any subject.

Some of Polanyi's concepts are simple and easily understood, and some are more complicated and difficult. The simple concepts are terms he used for tangible objects or narrowly defined or quite specific institutions and practices, such as operational device, port of trade, administered trade, and sorting. The difficult concepts are the terms he used for broad institutions and practices whose specific forms vary in different societies such as reciprocity, redistribution, and special-purpose money.

Polanyi uses three sets of concepts, "substantive," "formal," and what he called "institutional" terms. The substantive meanings of economic, external trade, money, and market indicate what all economies, all sorts of foreign trade, all sorts of money, and all sorts of markets have in common. Here, Polanyi meant to call attention to the similarities among all economies. The formal meanings of these terms indicate their special organization and functioning in modern capitalism, that is, national industrial economies integrated through markets. The institutional terms relate especially (but not exclusively) to the forms money, markets, and external trade take in non-market aboriginal economies.

Polanyi meant by the "substantive definition of economic," then, material provisioning, that is, what all economies have in common. Any society, past or present, has an economy of some sort in the sense of systematic arrangements to provide its people with food and shelter and to provide goods and services to sustain community life--defense, warfare, religious practice, marriage, and such. All economies bear a family resemblance because they all provision people living in communities. In their provisioning, they all use natural resources, human labor, technology (that is, tools and knowledge about producing goods or using the physical environment), and they all employ some range and forms of institutional practices, that is, man-made conventions and rules, such as foreign trade, monetary objects, and frequently, markets of some sort.

The mere <u>presence</u> of a practice like foreign trade does not tell us anything interesting about an economy because foreign trade was carried on in various ways for different purposes in many differently organized economies. Today, the U.S.S.R. and the U.S. both engage in foreign trade (and both use monetary objects and market places) despite their being differently organized economies. But <u>how</u> foreign trade is organized in each, the <u>range</u> and <u>kinds</u> of imports and exports involved, the <u>quantitative importance</u> of foreign trade in each, these sensitively reflect the <u>internal organization</u> of each economy (as well, incidentally, as its achieved level of economic development; see

Kuznets, 1966).

This simple example of the U.S. and the U.S.S.R. at present yields several general points of importance to Polanyi's concepts and mode of analysis: (1) Like warfare, language, and the family, foreign trade, monetary objects, and markets are institutions widely present in utterly different societies. (2) But foreign trade, money, and markets vary enormously in how they are organized, which specific purposes or functions they serve, and how important they are. (3) In <u>any</u> economy--the Maya just before the Spanish Conquest, the Trobriand Islands of Malinowski's day, the U.S. at present--how foreign trade is organized, what its purposes are, how important it is quantitively, are all direct consequences of the internal organization of that specific economy. Foreign trade, monetary objects, and markets do not have an independent existence: their organization and importance are determined by the internal organization of the economies, societies, and polities in which they function. (So too for religion, the family, warfare, and other institutions present in widely differeing societies.)

For the Maya, Trobriands, and the U.S. at present, then, "economic" means material provisioning, that which is necessary to sustain individual physical existence and community life in all three. The substantive meaning of external trade is the peaceful acquisition of goods from a distance by trading (in any of several ways) other goods for them. The substantive meaning of money is quantifiable objects used in specific sociological (e.g., bridewealth) or economic (provisioning) situations to perform <u>any</u> (not necessarily all) of four functions or operations: (commercial or non-commercial) payment, exchange, hoarding, or monetary units used as a standard of accountancy.[25] The substantive meaning of market is a site where buyers and sellers meet to buy and sell at prices formed in various ways.

Now for the formal meanings of these terms, the meanings they have come to have in formal economics, the subject invented to analyze the highly-developed, nationally- and internationally-integrated industrial capitalism of the nineteenth and twentieth centuries in Britain, Western Europe, and America.[26] European Mercantilism from 1400 to 1750 and the Industrial Revolution that followed created this "market economy"; and price theory, from Ricardo's Principles in 1817 to Joan Robinson's Imperfect Competition in 1932, concentrated on the minute functioning of markets:

> Economic analysis [price theory] is a derivation of formal economics, itself a branch of logic dealing with rules that govern behavior in scarcity situations, i.e., situations of choice induced by insufficiency of means; while substantively, economics deals with the causal dependence of man upon his natural and social environment for the material means of his existence. The value of economic analysis as a discipline lies primarily in the intellectual mastery of the phenomena of a market-structured economy; the importance of economics in the substantive sense, in its [presently] sub-organized state hardly deserving the name of a discipline, is given by the knowledge it conveys of the human economy in its anthropological, historical, comparative, and developmental aspects (Polanyi, mimeo. no. 2, 3).

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Industrial capitalism is the system under which we American and West European archeologists, historians, and anthropologists live, in the same sense, of course, that Christianity and democracy are the religious and political systems under which we live. Capitalism, obviously, is the economic system we are most familiar with, just as English or French is the language we are most familiar with. I belabor the obvious for two reasons, one psychological the other semantic. Living in a market system means that we all do fieldwork in it every day, as buyers, savers, investors, wage-earners, and so on. Because of its ingrained familiarity to us, our own market economy becomes a kind of unconscious model of "the" economy, and the Maya and the Trobriand Islanders are then perceived by some as being in some sense merely early or crude commercial variants--model T's--of our own market-dominated economy. This unconscious (or at least, unexamined) predisposition to perceive early economies as simplified versions of our own--and money, markets, and external trade wherever they occur as simplified versions of our own--is what Polanyi called the "economistic prejudice."

Our own economic vocabulary, moreover, is also the most familiar one to us. We associate the word "money" not with cowrie or pig-tusks, but with dollars, sterling, or francs. We associate "foreign trade" not with the kula circuit, but with private U.S. firms importing Volkswagens and exporting farm machinery.

Money, markets, and foreign trade are subjects of enormously elaborate analysis by economists, who, up to the 1930's, were concerned exclusively with their organization and functioning under market or capitalist institutions.[27] Formal economics is a powerful paradigm for the analysis of money, markets, external trade, and much else in our own system, a system in which our money, markets, and foreign trade are intimately linked together, and in which all express our dominant and integrative mode of transaction or organization, market exchange (see Polanyi, 1944).

Markets in modern capitalist economics are local, regional, national, and international; there are markets for labor, natural resources, consumption goods, specialist services, capital goods, finance, and transportation. Money income is required to live; every income recipient receives income in the form of money wage, rent, profit, or interest, the amount of which depends on the money prices of the labor, specialist service, or inanimate property the income recipient owns. Production depends on money profit; profit depends on two sets of money prices made in markets, the prices of labor and resources which form costs of production, and the sales price of finished product. Markets are important in the sense we all depend on them for livelihood. Most labor, natural resources, and produced goods are transacted through purchase and sale in markets. Indeed, with us, even gifts are usually gifts of goods first purchased on markets, and all levels of government acquire the goods and services they dispense by buying them on markets.

In a market system, both substantive and formal meanings of "economic" apply: economic takes on its double meaning of "provisioning" by "economizing," whether it is a consumer maximizing utility by carefully buying consumption goods, or a producer maximizing profit or minimizing costs of production. To "economize" is to do a cost-benefit comparison in order to choose an outcome which is the best available, a maximum. Cost-benefit comparisons to choose maximizing outcomes also occur in a wide variety of "non-economic" (non-provisioning) situations, for example, in games such as chess and poker where the rules of the game specify options available, as prices do in markets, and the maximizing goal is to win; also in war, where the aim is to win with the least expenditure of our army's lives. Polanyi called all such situations, "the logic of rational action" to emphasize two points: that economizing can occur in scarcity situations other than material provisioning through markets; and that the least ambiguous meaning of the treacherous term "rational," is economizing, that is, a cost-benefit calculation to achieve a goal with the least expenditure of means.

Economizing is of superb relevance to market economies, as indeed, the detailed elaboration of price theory shows. Consumers and producers are confronted with many alternatives to choose among; precise calculation is possible because all labor, resources, and goods bear money prices, and material livelihood, material security, and social position are achieved through economizing choice--the market society makes material acquisition very important to the participants.

Money in a market system has special characteristics (Polanyi's formal definition of money). First, it is what Polanyi called, unhappily, "general-purpose money." It is not a good phrase because it does not immediately convey the meaning he intended: that in France, Britain, or America, anything which can be paid for in money, or any commercial or non-commercial obligation that can be discharged in money, can be paid for or discharged with the <u>same</u> money--francs, sterling, or dollars. We buy goods with dollars (means of commercial exchange); we pay debts for past purchases of goods with dollars (means of commercial payment); we pay traffic fines in dollars (means of non-commercial payment); we pay taxes in dollars (also non-commercial payment, in this case, means of redistributive payment); we save dollars (hoarding, in Polanyi's terms). Dollars are used as units of account to measure all sorts of fees, assessments, emoluments, tithes, and obligations.

Polanyi did not mean by general-purpose money what at least one anthropologist has wrongly attributed to him: that everything in a market society is purchasable or all debts of whatever sort dischargable with money. If we are convicted for murder, we cannot discharge the obligation by a cash payment; rather, we "pay our debt to society" by going to jail or worse. We may have to pay cash fees to acquire Ph.D. degrees and Phi Beta Kappa keys; but the cash fees are not a sufficient condition for acquiring them. Ours is a general-purpose money in two senses: (a) commercial exchanges and payments are made in dollars (e.g., buying goods), and some non-commercial payments are made in dollars (e.g., politically-induced payments, such as paying fines and taxes); (b) a single sort of money, dollars, performs all four monetary uses of payment, exchange, hoarding, and accounting. These characteristics of dollars, francs, and sterling are a direct expression of our market-dominance and market integration. Our money is what it is because our market system is what it is.[28]

Once money as a means of [market] exchange is established, the

> practice of [monetary] payment spreads far and wide. For with the introduction of markets as the physical locus of exchange [of labor, land, and goods] a new type of obligation comes into prominence as the legal residue of transactions. Payment [of money] appears as the counterpart of some material advantage gained in the transaction. Formerly [i.e., in aboriginal economies] a man was made to pay taxes, rent, fines, or blood-money. Now he pays for the goods he bought. Money is now means of [non-commercial] payment [of taxes and fines] because it is means of [market] exchange [of labor, land, and goods]. The notion of an independent origin of [non-commercial] payment [of taxes, fines, blood-wealth] fades, and the millenia in which it sprang not from economic [provisioning] transactions, but directly from religious, social, or political obligations, are forgotten (Polanyi, 1968, 183).

Polanyi's formal definition of external trade is, of course, a description of its special organization in a national market economy dealing internationally with other national market economies, as with modern Europe and America. Where markets dominate domestically, foreign market trade dominates as well:

(1) Foreign commercial trade is essentially like domestic commercial trade. Goods move between London and New York for the same economic reasons (economic in both senses, provisioning and economizing) that goods move between New York and San Francisco, regional comparative advantage expressed in cheaper money prices. Almost all the goods and

services commercially imported by an industrial capitalist country are capable of being produced by that importing country. Goods are imported not because they are unavailable at home, but because they are either cheaper abroad or because our households and business firms prefer the foreign to the domestic good. America produces cars, wine, and cheese; it also imports them.

(2) Commercial foreign trade is a continuous not a sporadic activity, a regular business not an occasional expedition. Goods and services move internationally twenty-four hours a day and are bought and sold internationally

by ordinary commercial firms. Polanyi stressed the point that in market economies, to export is regarded as more important than to import. During the pre-industrial capitalist period called Mercantilism and then under industrial capitalism, a "favorable" balance of payments means to export more than you import.

(3) An enormous range of goods and services is purchased and sold internationally: consumers' goods (wheat, fish) and producers' goods (tractors and trucks), services (insurance, transportation) and prestige goods (diamonds); goods used by households (cars), by business firms (computers), and by government (military aircraft). Although land and factories cannot be moved internationally, their ownership can through foreign investment. Not only is the range enormous--thousands of different items--but the economic (provisioning) importance of international trade to developed capitalist countries is also enormous. As Table 2 shows, it is typical for capitalist countries in recent years for their yearly exports plus imports to comprise an

TABLE 2

Proportions of Foreign Trade to Gross National Product,

Developed Countries, Post-World War II Year

Countries in descending order of GNP	Exports plus imports as % of GNP Commodities and services (1)
1. United States	9.6
2. United Kingdom	41.7
3. France	26.5
4. West Germany	44.5
5. Canada	40.4
6. Japan	27.3
7. Australia	33.6
8. Belgium	65.5
9. Sweden	55.4
10. Netherlands	96.8
11. Switzerland	60.6
12. Denmark	67.3
13. Norway	88.7
14. New Zealand	53.0
15. Luxembourg	161.5

Source: Kuznets (1966, 301)

amount equal to forty percent or more of their gross national products.

(4) The extent, variety, and importance of commercial international trade and investment between national market economies requires linked monetary systems. In the nineteenth and early twentieth centuries, this was provided by the gold standard (for details, see Polanyi, 1944, ch. 6, 16; Dalton, 1974, ch. 1).

We shall see that none of these distinguishing characteristics of external trade carried on commercially by market economies holds true (typically) for non-market aboriginal economies, whose external trade Polanyi described as gift-trade, or reciprocity, and as (politically) administered trade.[29]

Finally, we come to the institutional concepts, that special set of terms Polanyi contrived to analyze socio-economic processes, transactions, and sectors especially (but not exclusively) in aboriginal economies, and which he used to delineate the differences between aboriginal economies and modern market economies.

Terms such as "subsistence economy," "primitive economy," "communal," "collectivistic," "status society," "pre-capitalist," and "Gemeinschaft" tell us only one thing: the economy being labelled is not one in which markets are dominant and integrative. But the Soviet Union today, the Trobriand Islands yesterday, the Maya five hundred years ago, the medieval European manor a thousand years ago, and, apparently, Mycenaean Crete three thousand five hundred years ago, were all non-market economies. In short, terms like "subsistence economy" and "communal" do not specify modes of transaction, types of organization, or the specific workings of monetary, market, or foreign trade institutions. Polanyi set out to do so.

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Reciprocity, redistribution, and market exchange. These very broad categories are used by Polanyi to characterize transactions at different levels and in different sectors of the same economy--village and state, internal and external, subsistence and prestige--and also refer to transactions in utterly different economies: aboriginal bands, tribes, and peasantries; industrial capitalist and industrial communist economies.

> Reciprocity relates the corresponding members of symmetrically placed groups; redistribution relates members of a group to a center towards which and from which the goods and services move, physically or dispositionally. . . . [Market] exchange as a dominant form of integration is present only in societies where the economic process is instituted through a self-regulating system of pricemaking markets (Polanyi, mimeo. no. 1, 13).

> These patterns [of integration--reciprocity, redistribution, and market exchange] do not--and this should be stressed--supply us with a classification of economic systems as a whole; rather the co-existence of patterns notably of reciprocity and redistribution is common. Also, markets, which do not integrate the economy, may fit into either pattern. And any of the patterns may predominate, reflect the movements through which land, labor, and the production and distribution of food are merged into the economy. But other patterns may obtain alongside the dominant one in the various sectors of the economy [e.g., internal and

> external sectors] and at varying levels of its organization [i.e., houshold, village, state] (Polanyi, 1968, 331).

All production processes--hunting, gathering, fishing, herding, farming, mining, manufacture--require transactions of labor, natural resources, and produce (and therefore involve reciprocity, redistribution, or market exchange). If we put questions regarding labor and land allocation, work organization, and the disposition of produce to farming in an aboriginal economy such as Malinowski's Trobriands (1922; 1935), we would see that variants of reciprocity were the most important organizational principles there (but not the only ones), just as market exchange is in modern capitalism.

There are four points of special importance about Polanyi's patterns of integration (which I prefer to call simply modes of transaction): (1) There are many variants of reciprocity, redistribution, and market exchange; (2) Typically, any economy uses more than one because these terms characterize transactions at all levels of economy (household, village, state), in different sectors (internal and external, subsistence and prestige), and in different lines of production (agriculture, fishing, herding, construction); (3) The kinds of money or valuables and the kinds of external trade that are employed in any economy are direct and sensitive expressions of the dominant internal mode(s) of transaction in that economy. (If we have reason to believe that long-distance trade among the pre-Conquest Maya was differently organized from our own international market trade, it was because Maya internal economic organization was differently organized from U.S.

domestic economy). (4) Modes of transaction are also directly related to political organization, social organization, and culture. That is, bands, tribes (with and without central government), and peasantries differ from one another with regard to a set of economic, social, and political institutions. To explain each of these points briefly.

It is easiest to see how a single mode of transaction varies in its actual institutionalization by referring to what we are all familiar with, our own economy. Like reciprocity and redistribution, market exchange is also a broad category. In the economy of the U.S. "market" refers to a place of final sale (e.g., a retail store), and to the transactional principle of purchase and sale at money price regardless of the place of final sale (the real estate or the wheat market). Economists distinguish finely among types of markets, what laymen would call different industries, depending on the number of producers in each and how close or substitutable or interchangeable the commodity produced is: markets in pure competition, differentiated oligopoly, and monopoly, are examples of different market situations (out of a dozen or more that bear separate names).

So too for reciprocity and redistribution as broad categories within which there are different types and variants. And they too describe land and labor allocation as well as the disposition of goods produced, that is, production as well as distribution or exchange. Sahlins (1965) very clearly described how reciprocal transactions differ with social distance and with the type of good or service involved. No similar work has yet been published describing varieties of redistribution.[30]

Polanyi used "redistribution" in general and special senses. Its general meaning refers to the economic sector of <u>any</u> centralized polity: chiefdom, kingdom, empire, modern capitalist or modern communist state. In this general sense, redistribution entails obligatory payments of any sort--cash or kind, labor or goods, foodstuffs or valuables--to central political authority which uses the money, goods, or labor for the maintenance of political (or religious) leaders and their entourage of retainers, and also to provide some range of public works and community services (roads, defense, dispute settlement).

> Redistribution obtains with a group to the extent in which the allocation of goods (including land and natural resources) is collected in one hand and takes place by virtue of custom, law, or *ad hoc* central decision. In this way the reuniting of divided labor is achieved. Sometimes it simply amounts to storage-cum-redistribution. It occurs for many reasons and on all levels [household, band, village, state], from the primitive hunting tribe to the vast storage systems of ancient Egypt. With a hunt, any other method of distribution would lead to disintegration of the horde or band, since only 'division of labor' can ensure results in a hunt. In large countries differences of soil and climate may make the reuniting of labor necessary; in other cases it is caused by discrepancy in point of time, as between the harvest and consumption. Methods of collection may differ widely. From a simple pooling of catch or game to elaborate methods of taxation in kind, various devices are met

with (Polanyi, 1951, ch. 4).

A special variant of redistribution that interests historians and archeologists occurs in aboriginal "palace economies," in which obligatory taxes, rents, and tributes in kind, mostly composed of staples, are paid into a royal storehouse or magazine and disbursed as rations to palace retainers, craftsmen, functionaries, and sometimes to the populace at large. The political center collects, stores, and pays out (redistributes) goods, which means, incidentally, that keeping records becomes important.[31] Here is Finley's (1957, 135) characterization of the economic (provisioning) and social stratification implications of the Linear B Mycenaen Tablets deciphered by Ventris and Chadwick (1956):

> At least this much seems deducible from the tablets: that the palace records embraced agriculture and pasturage; a great range of specialized productive processes; stores of goods of a variety and number which point well beyond the mere consumption needs of the palace narrowly conceived (even allowing for extensive waste and conspicuous display); and a numerous personnel hierarchically ordered from 'slaves' to the king at the top, each stratum connected in the actual texts with either a function (including military and religious as well as 'economic') or a holding of land, or both.

Typically, any economy employs more than one mode of transaction.

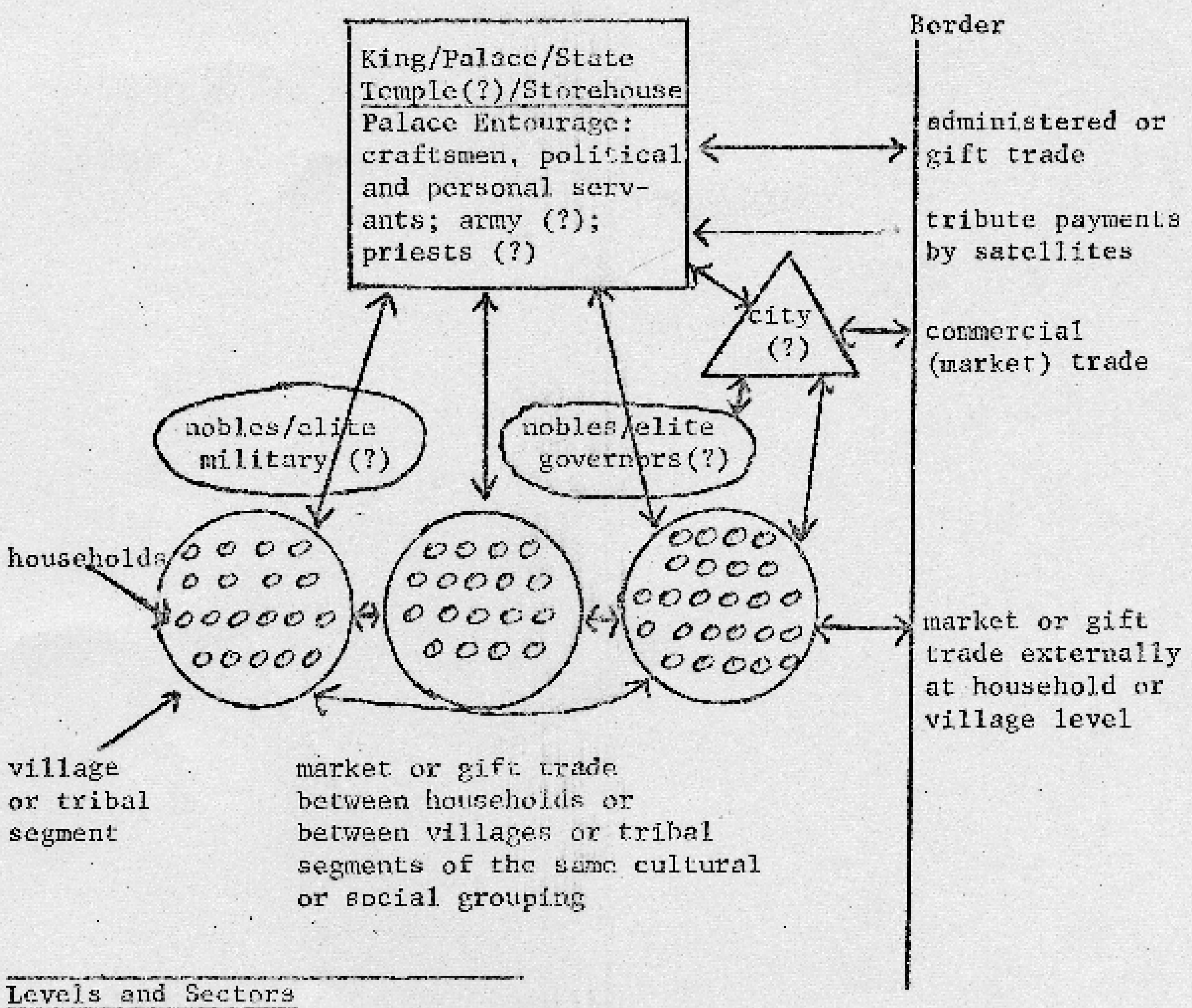
In the U.S., remarkable for the extent of dominance of market exchange, there is a relatively large redistributive sector of taxes to and disbursements by government, and a smaller sector of gift exchange between kin and friends (the latter being small also in the sense of not tied to livelihood, but rather to occasional ceremonial expression). There are also modern variants of reciprocal long-distance trade between governments, as with lend-lease during the Second World War.[32]

Diagram 1 portrays sectors and levels of an economy in an aboriginal state. By "level" I mean a social grouping of characteristic size located in a specific place: household level, village level, state level. Note how elastic our English word "economy" is. In English we can talk of the economy of the household, the economy of the village or tribal segment, the economy of the palace or the state/governmental level or sector, or the national economy or the international economy. It should not surprise us to find reciprocal exchanges within lineage, village, or tribal segments, for example, reciprocal work parties harvesting everyone's crops in turn, but market or commercial exchanges of produce between villages.

For any level of economy, we can talk about transactions internal and external to it; such a phrase as "the external trade sector at the village level" (or at the state level) then becomes meaningful. All this verbiage and definition-mongering is necessary to achieve clarity because real-world economies and societies <u>are</u> complicated: there <u>are</u> in fact households, villages, and palaces; bands, tribes, and peasantries; internal and external transactions; land, labor, and tools; purchases, gifts, tax and tribute payments; subsistence

DIAGRAM 1

Levels and Sectors of an Economy in an Aboriginal State



Levels and Sectors
household economy/village economy/elite economy/palace economy/city economy
obligatory payments upward by villages to elite and/or king
obligatory public services downward from elite and/or king to villages
external trade (and tribute) transactions between palace and other kings
external trade between households or between villages of same culture
external trade between households or between villages of different cultures
city transactions with palace, nobles, villages, and outside world

Variants
king sometimes has his own source of income: demesne, estate, plantation; usually, along with obligatory receipts from subjects

role of cities varies (in some aboriginal states, there are none). Some are principally religious or military establishments with supporting entourages (e.g., of craftsmen); some are principally commercial; some combine several functions.

Roles and locations of nobles-elite-military vary.

Extent of political centralization/decentralization varies

Extent and organization of other economic activities (e.g., mining) varies and prestige goods, luxuries and treasure, foodstuffs and valuables.

Polanyi's concepts and analytical conclusions can be used to construct models to show the systematic relationships between economic, political, and social organization; that is, to show how they fit together in aboriginal societies. In this paper, whose length has already escaped my control, I can only sketch in by way of one illustration these congruences, correlations, or functional relationships between types of economic, political, and social organization.[33]

Why didn't the traditional peasants of Europe, Asia, and the Middle East have potlatch, kula, bloodwealth and primitive valuables (such as Yap stones or pig-tusks)? The short answer is because traditional peasants had states, formal social stratification (castes, feudal rankings), market places, commercial money, and world religion. The aboriginal Kwakiutl and Trobrianders, who did have potlatch, kula, bloodwealth, and primitive valuables, did not have states, formal social stratification, market dependence, commercial money, or world religion. Theirs were stateless, 'big-men', non-market systems. These sets of political, social, and economic institutions go together, something which can be appreciated only when the meaning and usage of primitive valuables (as special-purpose money) is understood, because the acquisition and disbursement of primitive valuables is a vital part of the <u>social</u> and <u>political</u> organization of tribes without rulers and without dominant markets.

<u>Special-purpose money</u>. Polanyi distinguished between general-purpose and special-purpose money because he wanted to distinguish between francs (or sterling or dollars) as they are used in modern, national, market economies, and primitive monies, such as pig-tusks,

cowrie, brass rods, Yap stones, and such, as they are used in aboriginal non-market economies.[34]

At this point I must remind the reader that I am considering aboriginal economies, that is, before colonization began with serious European commercial penetration and political control of Latin America around 1500 and the rest of the Third World later. One of several reasons why it has been so difficult to create a theory of primitive money is that most of the anthopological data on primitive money was gathered by fieldworkers late in the colonial period when francs and sterling were importantly present in the same economies in which aboriginal raffia cloth (Douglas, 1958), fathoms of bird feathers (Davenport, 1961), and copper shields (Codere, 1951), were also importantly present, but whose usage had already been seriously affected by the presence of the modern European money.[35]

I now prefer to divide Polanyi's special-purpose money into two classes, "primitive money," and "primitive valuables." Both were alike in their limited or special usage compared to dollars or francs. That is, primitive money and primitive valuables were not general-purpose money in two sense: (a) they did not usually enter into both market and non-market transactions; (b) they did not have the full set of usages that dollars have, that is, means of (commercial and non-commercial) exchange, payment, hoarding, and a standard for accountancy. Typically, they served only one or two of these uses in either the market or the non-market sector.

Primitive money, such as cowrie, twists of wire, iron hoes, and slabs of salt, consisted of divisible and relatively uniform objects used in ordinary commercial purchase and sale in the market sector of aboriginal economies in which variants of reciprocity and redistribution were usually more important modes of transaction. These primitive monies were usually confined to petty transactions of foodstuffs and other ordinary consumption goods and small tools transacted in market places, while land, labor, and the bulk of livelihood were acquired in ways not requiring the transaction of primitive monies. (For illuminating examples from medieval Europe, see Bloch, 1967, ch. 8.)

By primitive valuables I shall mean the kula bracelets of the Trobrianders (Malinowski, 1922), the large stones used on Yap (Einzig, 1948), the copper shields of the Kwakiutl before the white man came (Codere, 1951), cows among the Nuer (Lewis, 1973), and such. As physical objects, primitive valuables are much less uniform and less easily divisible than primitive money. Primitive valuables usually have individual names and pedigrees, they are not anonymously interchangeable units. Usually they are ranked or classed, each grade of valuable being used as means of non-commercial payment in a special range of social and political transactions and events, such as bridewealth, bloodwealth, fines, reparation, sacrifice. Primitive valuables appear in stateless societies having economies in which markets (and therefore, commercial money) are either absent, or, if present, are restricted to a narrow range of goods--petty markets. The primitive valuables are not used for commercial purchase.[36]

The acquisition and non-commercial payment of primitive valuables occurs within a "prestige" sphere, the exact nature of which, I believe, differs sharply in aboriginal stateless societies compared to aboriginal

For clarity, I shall call "primitive valuables," those which appear in stateless societies, and "treasure" that which appears in state societies. In aboriginal stateless societies, the primitive valuables are the means of acquiring big-man status, prerogatives, power, and an entourage of followers: superior political, military, judicial, and religious roles. In aboriginal state systems, social organization seems invariably to be stratified sharply into castes or classes. Superior political, military, judicial, and religious roles are formally organized and conferred; the treasure items play different roles here, in their elite circulation. Polanyi provides important clues in the disentangling of these complicated matters, in his several writings on the non-economic origins of primitive money, and on how monetary devices affect status and state-building in aboriginal societies. Here is one example:

> Treasure [in my view, G.D., primitive valuables] makes the round of the Trobriand Islanders in the Kula ring. In early Greece it circulates among gods, kings, and chiefs either against other prestige goods or items of honor, power, and safety. This made for an élite circulation of treasure, as it might be called. Prestige goods, such as precious metals, ivory, slaves, horses, change hands only against each other, i.e., in a closed circuit. A primitive people, such as the Tiv, practice an equivalency exchange in prestige goods. So called leiturgies in classical Greece provided public services at the cost of the wealthy citizen, who was expected to supply the service, at his own expense, as an honorific obligation. . . . Prestige factors of one sort or another show up in primitive and early state alike.

They shall serve as illustrative material for the problems of transition between tribal and state society (Polanyi, mimeo. no. 1, 17-18).

Equivalencies. "Equivalency" is a "substantive" term for a general set of things, one of which, in the "formal" sense, is a market price. Polanyi contrived this awkward term to avoid calling them all prices because of the ingrained market connotation of "price." What he meant by equivalencies was prices or exchange ratios formed other than by market forces. The specific equivalencies he had uppermost in mind were those used in palace economies whose storehouses received taxes and tribute in kind (barley, wool, oil, wine). Here, the political authority may stipulate, say, a barley-to-wine ratio (equivalency) of four bushels of barley equals one gallon of wine, and then accept wine instead of barley as taxes, at the discretion of the payer. Equivalencies, then, are substitutible goods in prescribed proportions. Note that an early meaning of a "fungible" good is one for which something else may be substituted in payment to fulfill an obligation. Another equivalency is the frequently mentioned (but rarely explained) practice in aboriginal economies of a container exchanged for that which fills it up; a clay pot exchanged for the amount of beer which fills the pot. Here is Polanyi on equivalencies:

> We find equivalencies established for a number of standardized staples by custom, statute or proclamation; these also occur, as [non-commercial] exchange equivalents, in primitive communities

> such as the Tikopia or the Tiv. Under archaic conditions, equivalencies indicate the amount of staples of different kinds that can be substituted--not exchanged--for each other in the payment of taxes and rent, or, the other way [i.e., in receiving from the center] when claiming one's rations or wages in kind. Where reciprocity relations obtain, equivalencies may indicate adequacy of the return gift rather than [arithmetic]equality. . . . . Equivalencies underlay various important devices employed in staple finance, i.e., the carrying on of operations 'in kind' on a large scale such as planning, budgeting, balancing, accounting, and clearing, unavoidable in the practice of state or temple economies under archaic conditions (Polanyi, mimeo. no. 1, 16-17).

Operational devices. Xerxes had no xerox, but nevertheless had administrative operations to perform, so he had to employ scribes who used operational devices for "planning, budgeting, balancing, accounting, and clearing" of various sorts, to record state decisions and to keep accounts and calculate receipts and disbursements. Polanyi used the term "operational device" to point up the variety of accounting, census-taking, and record-keeping devices reported in the literature, a matter obviously important in palace economies and all governmental redistributive sectors. These devices are functionally equivalent to what modern societies do through literacy, money as a standard for accounting, double-entry bookkeeping, and calculating machines of different sorts.[37] The abacus, Quipo strings (used by the Inca), and census by pebble count in eighteenth century Dahomey are examples; also in Dahomey the remarkable device to record, witness, and remember, of having female counterparts to all male palace and military officials, the female rememberer always being present when her male counterpart was transacting business with the king (see Polanyi,1966, 54-56). William the Conqueror's Domesday Survey of 1086 was also a remarkable operational device, contrived to estimate the taxable capacity of England, an early equivalent of national income accounting.

In Dahomey and the Slave Trade, 1966, Polanyi speculated on matters of direct interest to this symposium, the emergence of civilization from smaller, less-differentiated social groupings, emphasizing economic techniques of statecraft, such as operational devices required to carry out those economic activities of the state that Polanyi called (internal) redistribution and (external) administered trade:

> It seems probable. . . that the accomplishment of literacy as a criterion of civilization should be dropped in the light of highly stratified societies that banned the art of writing for religious, political, or economic reasons, preferring isolation to undesirable culture contact. The Ashanti and Dahomeans come to mind. How were their accomplishments in war, or in trade and currency, compatible with illiteracy? The answer lies in a forgotten phase of civilization which we might call 'operational,' owing to the gadgets by means of which complex mechanical and organizational feats may be performed without a conceptualization of the successful process. Some early states--prototypes

of archaic society--may have emerged from primitivism precisely by virtue of operational devices, of which elaborate pebble statistics or differentiated numeration systems are a sample. There were in Dahomey, for example, the two ways of counting--the one applying to cowrie money, the other to . . . all other things. These devices were an advance in communication comparable to I.B.M., which also results in replacing and surpassing thought by mechanism (Polanyi, 1966, xx-xxi).

IV. LONG-DISTANCE TRADE

It may very well be easier to understand aboriginal long-distance trade in 1973 than it was to understand it in 1873, the heyday of laissez-faire capitalism in Europe and America. In the last fifty years, new forms of international gift and state-trading have appeared, modern variants of Polanyi's reciprocal and administered trade: within the Soviet bloc and between communist and capitalist countries; bilateral trade agreements and special-pupose monetary devices used in international

trade in Hitler's Germany just before the war; lend-lease during the war, and the Marshall Plan and development aid since the war. And even where ordinary, private international market trade continues to dominate, it is now most frequently politically controlled market trade: tariffs, import quotas, embargoes on exports of military goods, subsidies to domestic export industries, and such. These, of course, are the international trade equivalents of the domestic market controls that have proliferated as part of the Welfare State (e.g., agricultural price supports, minimum wage legislation, price controls in inflation).[38]

It is a mark of the power of nineteenth century market institutions and of classical and neo-classical economic theory that the model or norm of foreign trade we all carry in our heads is purely commercial trade between private enterprises run by private merchants responding as buyers and sellers to private supply and demand forces in internationally linked markets using internationally linked money and price systems. We have only recently begun to see how many other sorts of foreign trade there were. Indeed, if foreign trade of the strictly private market sort that dominated nineteenth century international capitalism was the sort found in aboriginal economics, then archeologists and economic anthropologists could use ready-made the formidable array of concepts and conclusions created by foreign trade theorists from Ricardo to Harry Johnson. But even as late as 1776 Adam Smith devoted a third of his long book to arguments against Mercantilism, an elaborate system of politically controlled commercial foreign trade:

> By the 8th of Elizabeth, chap. 3, the exporter of sheep, lambs, or rams, was for the first offence to forfeit all his goods for ever, to suffer a year's imprisonment, and then to have his left hand cut off in a market town, upon a market day, to be there nailed up; and for the second offence to be adjudged a felon, and to suffer death accordingly. To prevent the breed of our sheep from being propagated in foreign countries, seems to have been the object of this law (Smith, 1776, 612-13).

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I need hardly tell archeologists that external trade is a very old and widespread practice (see Clark, 1965). Actually, I do not know of an economy which did not practice external trade of some sort. If foreign trade is not literally ubiquitious or universal, it is almost so.

Some common characteristics of external trade under aboriginal conditions: typically, it was not a massive activity involving large quantities and wide varieties of imports and exports necessary for everyday livelihood (nothing like foreign trade today). Long-distance trade was difficult and dangerous, partly due to the limitations of early technology (the design of boats and knowledge of navigation), and partly due to the risks of travel among strangers. The difficulties, distances, and dangers, meant that early trade was typically carried out by group expedition armed for protection, or travelling under the protection of kings or temples on whose behalf the traders traded and whose emblems they displayed. Usually, security was further assured by trading with foreigners with whom some special political, treaty, tribute, or social relationship already existed (as with kula partners abroad who provided hospitality and protection for their trading guests, or the elaborate device of the port of trade with its specialized facilities and containment of vising traders). Trade expeditions or voyages were seasonal and sporadic, not continuous activities.

All this meant that the goods sought abroad were unusually important and unavailable at home; thus the stress on elite or treasure goods--slaves, spices, weapons. It was the desire for specific imports and not the economic (provisioning or livelihood) need to export that motivated early trade. Most trade was the procurement of a few desired items from a distance; export goods were the necessary means of acquiring imports.

Ports of trade and kula partnerships meant social control over trade. The strangers who come to trade with us must be controlled because they may be dangerous: they may carry infectious diseases, infectious ideas, or malicious intent (for example, be spies, or come with the intent to enslave us). Or the goods they carry may be dangerous to us unless controlled (e.g., weapons). Here is a translation of mid-seventeenth century decrees of Imperial China, regulating the movement of foreigners and their goods, but also protecting them and assuring them fair treatment:

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> . . . In the Shun-chih period (1644-1661) it was fixed that after foreign countries bringing tribute to Court have come to the capital and their rewards have been distributed to them, a market may be opened in the Residence for Tributary Envoys, either for three days or for five days. . . . The Board of Ceremonies shall communicate with the Board of Revenue which shall ahead of time detach [Treasury Overseers] to do the receiving and buying. When the despatch in reply has passed through the Board (of Ceremonies) then they shall issue a notice (of the opening of the market) and despatch officials to superintend it. They shall give orders for just and fair trade. It is altogether prohibited to collect or buy works of history. As to black, yellow, purple-black, large flowered, Tibetan, or lotus satins; together with

all forbidden implements of war, salpetre, ox-horn, and such things--all shopmen and hongists shall bring their goods to the Residence (for sale) and exchange them justly and fairly.

Dying-cloth, thin silk, and such goods shall be handed back within fixed limits. If there are any who buy on credit and intentionally delay (payment), cheating or seeking 'squeeze,' with the result that the foreigners wait a long time, they together with those who trade with them in private, will be condemned; and will be put in the cangue for one month in front of their shops. If there are foreigners who purposely violate the prohibitory regulations and secretly enter people's houses to trade, the goods dealt in privately will be confiscated. In the case of those [foreigners] who have not yet been given their (imperial) rewards (i.e., gifts) [in return for the tribute brought to the Chinese Emperor], there will be a consideration of a proportional diminution.

All soldiers and commoners inside or outside the Residence [for Tributary Envoys] or neighboring it on any side, who on behalf of foreigners deal in prohibited goods, will be condemned to the cangue for a month, and banished to the border for military service for life. If there are those who take contraband implements of war, copper or iron, or such things, and sell them to foreigners to get a profit, according to the law for taking military implements out of the border in secret and thereby revealing affairs (of military importance), the ringleaders' heads will be cut off and exposed as a warning to the multitude.

At the time of trade, the Board of Ceremonies will issue a notice giving such official information.

It also proposed and imperially sanctioned that when a foreign merchant's vessel returns to its country, in addition to contraband goods, it shall not be allowed to take people of the interior (i.e., Chinese passengers), nor to export secretly such things as big beams, iron nails, oil, or hemp for making ships. Of rice and grain it may only take (enough for) provisions; it is not allowed to carry more. When trade is finished and it is time to return to their country, the Governor-General and Governor concerned shall select and depute virtuous and able officers who shall make a strict examination and put a stop to smuggling (Fairbank and Têng, 1941, 167-8).

The remarkable cases of "silent trade" in which the two trading sides never come face to face, is an extreme example of the fear of foreigners who come to trade, but the willingness nevertheless to trade with them because of the desire for the goods the foreigners bring. Trade is also controlled because the foreigners may belong to an economic system organized differently from ours--just like American trade with China today--which means that special agreements must be reached on what goods are to be traded and under what specific terms of trade. Such arrangements over terms of trade are also necessary whenever there is no international currency in use.

In sum, long-distance trade under aboriginal conditions was usually very different from modern commercial international trade: it was not a reflection of cost differentials; rather, goods were sought abroad that were not obtainable at home. It was not a continuous activity, but rather sporadic expedition. It was typically confined to relatively few goods and there was no monetary standard linking together the different domestic systems of the traders (as was the case with our gold standard). Usually each side traded goods for other goods or for treasure that was not ordinary commercial money.[39] Except for specialist trading peoples like the Phoenecians and the Hausa, trade was rarely basic to livelihood. To import, not to export, was the prime impetus.

How can a government, palace, or king, under early state conditions, acquire goods from a distance? There seem to be six ways:

(1) By raid and plunder--war booty and ransom. Better raid than trade was not an uncommon aboriginal point of view. To raid is manly, and, if successful, cheap; one doesn't have to give anything in return for what one gets. The Vikings did rather well in Ireland, England, France, Sicily, and elsewhere; piracy too is an old institution.

(2) By receiving tribute in kind or treasure from a weaker satellite, client-state, vassal kingdom, or satrapy. Danegeld to pay off the Vikings was an improvement from both points of view, payer and receiver, over the bloody raids that preceded it. It was also an extreme variant of tribute, an extortion really. Imperial emperors in China and Kings in Africa regularly received various sorts of tribute payments from satellites. In early state societies, borders were frequently demarcated by taxes giving way either to tribute or to hostility. "To pay tribute" is to pay respect, to display deference, to give an earnest of peaceful intentions, and to placate the distant and more powerful sovereign in

the hope that peace continues to prevail. Tribute--of which there are several variants--is usually a respectful bribe paid in treasure or elite goods.

Tribute sometimes accompanies trade as a sort of entrance fee to elicit permission to trade, which, at the same time, declares the peaceful intentions and deference of the tribute payers. Here I again quote at length from an excellent and important article which deserves careful study by anyone interested in the nature of foreign trade in early states and empires (Fairbank and Têng, 1941). It describes the salient characteristics of the tributary system during the Ch'ing dynasty of the Manchus (1648-1912) conducted with several dozen states and tribes. The article translates and analyzes many official documents relating to such tribute payments and also to the foreign trade which accompanied tribute. All but one of the quotations to follow are from the 110 page article by Fairbank and Têng (1941). The final quotation is from a shorter version of the article (Fairbank, 1942), which adds to the longer article an interpretation of the demise of the tributary system.

> . . . (1) that the tributary system was a natural outgrowth of the cultural preeminance of the early Chinese, (2) that it came to be used by the rulers of China for political ends of self-defense, (3) that in practice it had a very fundamental and important commercial [that is, foreign trade of some sort] basis, and (4) that it served as the medium for Chinese international relations and diplomacy. It was, in short, a scheme of things entire, and deserves attention as one historical solution to problems of world-organization (p. 134).

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. . . Chinese superiority over the barbarians had a cultural rather than a mere political basis; it rested less upon force than upon the Chinese way of life embodied in such things as the Confucian code of conduct and the use of the Chinese written language; the sign of the barbarian was not race or origin so much as non-adherence to this way of life. From this it followed. . . that those barbarians who wished to 'come and be transformed' (lai-hua) and so participate in the benefits of (Chinese) civilization, must recognize the supreme position of the Emperor; for the Son of Heaven represented all mankind, both Chinese and barbarian, in his ritual sacrifices before the forces of nature. Adherence to the Chinese way of life automatically entailed the recognition of the Emperor's mandate to rule all men. This supremecy of the Emperor as mediator between Heaven and Earth was most obviously acknowledged in the performance of the kowtow, the three kneelings and nine prostrations to which European envoys later objected. It was also acknowledged by the bringing of a tribute of local produce, by the formal bestowal [by the Emperor] of a seal, comparable to the investiture of a vassal in medieval Europe, and in other ways. Thus the tributary system, as the sum total of these formalities, was the mechanism by which barbarous non-Chinese regions were given their place in the all-embracing Chinese political, and therefore ethical, scheme of things (pp. 137-39).

In the intercourse between the Chinese state and the barbarians,

> commercial [i.e., foreign trade of some sort] relations became inseparably bound up with tributary. Trade was conducted by barbarian merchants [i.e., traders of some sort] who accompanied the tributary envoy to the frontier or even to the capital; sometimes it was conducted by the members of the [tribute] mission itself. That tribute was a cloak for trade has been a commonplace [in China] ever since merchants [i.e., traders of some sort] from the Roman orient arrived in China in 166 A.D. claiming to be envoys of Marcus Aurelius (p. 139).

Fairbank and Têng point out that although the barbarians (including the Europeans who came) may have viewed tribute payments as a sort of entrance fee to get on with the real business of foreign trade, the Chinese did not so view it. They quote T.F. Tsiang, "China and European Expansion," Politica, 2, no. 5, March 1936, pp. 3-4, as follows:

> If [foreign] relations there had to be, they must be of the suzerain-vassal type, acceptance of which meant to the Chinese acceptance of the Chinese ethic on the part of the barbarian. . . . It must not be assumed that the Chinese Court made a profit out of . . . tribute. The imperial gifts bestowed in return were usually more valuable than the tribute. . . Chinese statesmen before the latter part of the nineteenth century would have ridiculed the notion that national finance and wealth should be or could be promoted by means of international trade. On China's part the permission to trade [symbolized by the Chinese

> Court's acceptance of the tribute offering] was intended to be a mark of imperial bounty and a means of keeping the barbarians in the proper state of submissiveness. . . (p. 140).

Fairbank touches on a point of interest to this symposium by showing the connection between foreign trade and the decline of Imperial China, whose traditional tributary system could not cope with the massive commercial foreign trade the powerful capitalist barbarians of mid-nineteenth century Europe and America insisted on bringing to China:

> . . . it seems anomalous that foreign trade could be considered in Chinese theory to be subordinate to tribute, but so it was. It was officially regarded as a boon granted to the barbarian, the necessary means to his sharing in the bounty of China and nothing more. No doubt this quixotic doctrine reflected the anti-commercial [anti-market] nature of the Chinese state, where the merchant was low in the social scale and beneath both the farmer and the bureaucrat who lived off the produce of the land. It was strengthened perhaps by the self-sufficiency of the empire which made supplies unnecessary from abroad. At all events, it was the tradition that foreign trade was an unworthy object for high policy, and this dogma was steadily reiterated in official documents down into the nineteenth century. Meanwhile foreign trade developed and grew ever larger within its ancient tributary framework.

This brings us to a paradox in the history of modern China

> and one of the fundamental reasons for the collapse of the Confucian state. Trade and tribute in the Confucian view were cognate aspects of a single system of foreign relations. The important thing to the rulers of China was the moral value of tribute. The important thing for the barbarians was the material value of trade. The rub came when the foreign trade expanded and finally in some cases eclipsed tribute entirely, without changing the official myth. Tribute continued to dominate Chinese official thought after trade had begun to predominate in the practice of Chinese foreign relations. In the modern period the Confucian bureaucracy tried to treat the new trading nations of the west as mere tributaries. Naturally they failed, being incapable of changing their immemorial theory to fit a new situation. The paradox in this tragedy lies in the fact that the new situation to which the Chinese government could not adjust itself had been created largely by the maritime trade of Chinese merchants. China had been for too long a continental empire, accustomed to relations across a land frontier. Her new maritime relations caught her unprepared and destroyed her ancient defense, the tributary system (Fairbank 1942, 139).

(3) By receiving taxes in kind, labor, treasure, or anything else movable, from regionally distant and ecologically different constitutencies over which the king had jurisdiction. The Inca (S.F. Moore, 1958), Lozi King (Gluckman, 1943), and the King of Dahomey (Polanyi, 1966, 44-9), received regularly scheduled taxes in kind from their

regional constitutuencies. What the constituencies received back from the king varied greatly. Most frequently, perhaps, they received back military protection against outsiders, punishment of capital crimes by central authority, and emergency food in time of famine from official storehouses. (Much work remains to be done on variants of redistribution.)

It is not misleading to regard trade as an alternative to raid, tribute, and taxation, as a method to acquire goods from a distance: "Reciprocity and redistribution were the dominant forms of integration in archaic Greece. Insofar as war, piracy, and raiding did not perform the functions of trade, i.e., insofar as trade was peaceful, it was mainly <u>gift-trade</u> between kings and chiefs (Polanyi, mimeo. no. 3, 29).

> The basis of the regime of the Spanish Conquest was the usurpation of political power and economic control achieved through military victory. Deliberately, the Spaniards utilized those of the aboriginal institutions that would further their own ends, attempted to destroy those which opposed their objectives, and let those disintegrate for which they had no need. Accordingly, they utilized such aboriginal institutions as the ancient system of tributes and status, slavery, forced labor tenantry, and cacao bean money. However, temples were demolished, idols smashed and religious codices burned. As to [indigenous] long-distance trade, they had no use for it and allowed it to disintegrate. They had other means of acquiring goods; during the Conquest by plunder and confiscation, later by tribute and in the markets (Chapman, 1957, 119; see also, p. 122).

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Polanyi contrasted external trade with raid, tax, and tribute by defining trade as a peaceful, two-sided exchange of goods. Raid is not peaceful, and tax and tribute transactions are not necessarily two-sided. There are, then, three characteristic forms of external trade, each of which has several variants:

(4) Gift exchange (reciprocity) between rulers (see Grierson, 1959); at the local village level, reciprocal trade between kin groups or individual trade-partners (Malinowski, 1922; Thomson, 1949; Clark, 1965).

(5) Commercial (market) foreign trade, controlled or uncontrolled.

(6) Politically administered trade, elaborately analyzed by Polanyi and his associates.

V. CONCLUSION

The organizers of this symposium asked me to do two things: to explain Polanyi's analysis of long-distance trade and to write on anything else that might be of interest to archeologists studying the economic aspects of early societies.[40]

To explain Polanyi's analysis of long-distance trade I have had to consider his wider theoretical system--his paradigm. To explain his paradigm I have had to describe the full scope of economic anthropology and therefore mention other bits of theory, partial paradigms, and paradigms which are variously employed by anthropologists, archeologists, historians, economists, and others, to analyze static and dynamic aspects of aboriginal, colonial, and post-colonial economies.

Neither Polanyi nor anyone else has yet produced a general or universal paradigm for economic anthropology and early economic history.

He had no theory of change under colonial conditions (although he said some interesting things about the two sets of aboriginal social and political conditions under which feudalism appears; see Polanyi, 1971a).[41] He had no theory of change under colonial conditions (although he had some insights into the negative consequences for colonized peoples of European commercial trade practices; see Polanyi, 1944, ch. 13 and its appendix). He had no theory of development and modernization, that is, Third World change under post-colonial conditions, a very recent subject.

With regard to aboriginal economies, he did not himself explicitly consider village-level peasant economies (other than his occasional remarks on "householding"). Nor did he systematically consider the influence or role of physical environment and technology on economy. And he did not concern himself with aboriginal economic performance, that is, quantifiable output, its total amount, composition, and fluctuation. All these, I believe, are interesting areas of research for economic anthropology and are what I have in mind in saying that Polanyi's work is an important beginning, not a finished system of analysis.

If we are to judge Polanyi's theory by its explanatory power when put to use, what can be claimed for it, what are his analytical conclusions? To say that Polanyi's theory is more effective than formal (or Marxian) economics in the analysis of aboriginal economies is to say two things: (1) Polanyi's theory answers some specific questions or solves some specific problems better. For example, why did Trobriand Islanders engage in long-distance Kula trade? I hesitate to speak for the formalists, but I would guess they would answer, "to maximize prestige" (much like U.S. businessmen maximize profits); or that Kula trade was an elaborate cover for the commercial trade that accompanied it. Polanyi's theory (in my view, of course) leads to a deeper explanation: To acquire Kula valuables in an aboriginal stateless society is to acquire the tangible means to make status payments and thereby acquire superior community roles (big-man positions) and an entourage of followers. (And, of course, it is the audience of economic anthropologists who will assess the analytical conclusions and the evidence each theory adduces to support them.)

(2) The second way in which Polanyi's theory is more effective in the analysis of aboriginal economies is that it concerns itself with a different and more revealing set of real-world structures and processes --different questions and problems--than formal (or Marxian) economics. This is the heart of the matter. Formal economics is designed to analyze market activities in modern industrial capitalism. Non-market activities (which nevertheless provision the community), government, religion, kinship, social organization, and social stratification are outside its sphere of analytical interest. Occasionally, a Veblen or a Galbraith complains that too much is being left out, and attempts an offbeat sort of socio-economic analysis to show how current happenings of importance--affluence, the political and military implications of advanced technology--can be explained by going outside of conventional economics to include social and political institutions. Economists respond by saying that Galbraith's stuff is interesting, but it is not economics. They are right. But Galbraith's stuff is nevertheless important.

Polanyi, like Galbraith, is asking a different set of questions from those formal economics permits one to ask. Polanyi's contribution was to contrive a paradigm for the socio-economic organization of aboriginal bands and tribes and for the internal and external sectors of early state systems. He showed how the organization and functions of monetary objects, markets, and foreign trade systematically vary with the type of domestic economy and society in which they appear.[42]

Polanyi also shows the essential similarities among aboriginal economics in their social control over economic processes ("embeddedness" of economy in society, in his phrase). In so doing he points up the core of common interest shared by archeologists, economic anthropologists, and economic historians. It is easy for me to infer from his work what he himself obviously practiced but never spelled out in detail: that there is a subject to be studied consisting of aboriginal economics, that is, economies which are neither industrialized nor organized by market institutions, <u>wherever they occur</u>. It is encouraging to see archeologists (for example, Renfrew, 1972) making intelligent use of Polanyi's ideas and of other writings in economic anthropology.

There is a related subject consisting of the modern transformation of such aboriginal economics, the coming of markets, modern money, machines, and nation-states, <u>wherever they occur</u>. It is also encouraging to see development economists making intelligent use of economic anthropology (e.g., Adelman and Morris, 1967). Indeed, economic historians of modern Europe and even economic theorists are now asking big historical and sociological questions, such as why was Europe--rather than the impressive aboriginal civilizations of China or the

Middle East--the first to industrialize? (see, Landes, 1969, ch. I; Kuznets, 1966, ch. 1,10; Hicks, 1969). Unquestionably, Polanyi and the rest of us substantivists are the beneficiaries of a good deal of serendipity; social science trends together with real-world events create more and more interest in the workings of non-market economies and in the connections between economic and social organization.

Polanyi's conceptual distinctions and their application to specific aboriginal economies of time and place, make it possible for us to unlearn the model of market economy as a universal referent. It was not an eccentric obsession on his part to hammer away at "formal" economics as a universal paradigm, and the special and linked form that commercial money, external commercial trade, and national markets took in nineteenth century capitalism. To understand the economies--or sectors, such as foreign trade--of the Trobriand Islands and the Maya, one has to unlearn Robbins' The Nature and Significance of Economic Science, and, indeed, Samuelson's Principles, which are about national and industrial market economies, and nothing else. Here, Polanyi confers a general perspective about the richness, diversity, and ingenuity of economic institutions in early societies that is in sharp contrast with the ethnocentric view of them as crude market links leading up to the modern market economy. Like our own, aboriginal economies provisioned their people and also made use of foreign trade, and frequently, some sort of money and market place. But the absence of market integration, market money, and machine technology--the dominant characteristics of modern capitalism--meant that aboriginal economic organization was fundamentally different from ours, and so too their organization of foreign trade, money, and markets.

One final word. We archeologists, anthropologists, and historians of primitive and early economies are dealing with subjects very much in need of theoretical formulation. Intelligent men still disagree utterly in their interpretations of the basic functioning of economies remote from our own. I recommend to all of us three books none of which was written with us in mind, but all three of which, I think, contain important messages for us: Watson's The Double Helix, Kuhn's The Structure of Scientific Revolutions, and Wittgenstein's Philosophical Investigations.

Watson's may be regarded as a footnote to Kuhn's book because it illustrates (inadvertently) one of the reasons for heated controversy between colleagues disputing paradigms. Watson's unintended message for us is that even scientists who do work of first-order importance are capable of petty professional jealousy, naked professional vanity, and a pushy concern that their professional achievements in creating or extending paradigms be properly recognized and praised. It is uncomfortably true that the National Academy of Sciences is not far from Watergate.

Kuhn's book, itself a history of science paradigm describing how physical science theories get born, mature, and killed off, contains several messages for us. I could easily string together a dozen or more quotations from Kuhn which quite accurately characterize the sequential reactions to Polanyi's work, reactions by adherents and opponents. To anyone, like myself, who has tried to clarify and extend Polanyi's paradigm, Kuhn's book comes as a revelation because of the remarkable clarity and precision with which it describes what one has been up to all these years; and why, indeed, one's writings are reacted to so differently by professional colleagues.

Wittgenstein's message to us is the need to be consciously aware of the meanings of the words we use if we are to avoid using concepts which inhibit the construction of theories capable of deep explanation of the real-world processes we analyze. I have yet to see a Marxian define "exploitation" in such a way that it does not fit the Soviet Union as well as the U.S. Economic "surplus" as that which causes aboriginal change is a superficial notion whose employment obscures the varied and complicated events that actually cause change (see the much more persuasive composite theory put forth by Renfrew, 1972, ch. 21). "Maximizing" as used by the formalists has become a reassuring ritual to them, a fingering of their conceptual beads, as it were. It is now so trivially used as a definitional identify as to mean nothing more than what people actually do, <u>regardless</u> of what they actually do. "Barter" when meant as "moneyless transaction," nevertheless conveys to the reader the economists' meaning of "moneyless market exchange," and so, kula and potlatch, when called barter, become transmogrified into ordinary commercial exchange. So too for "bridprice."[43] All this is quite important, especially to the traditionally-minded economic anthropologists and historians, those who do not use numbers in their writings, only words. Grahame Clark (1965, 1) says it all very well:

> A basic condition for understanding the past is to avoid applying categories of thought and shades of meaning inappropriate to the period under review. This applies with special force to the study of the prehistoric past, by definition the phase of history

most remote from the present and for this very reason most likely to be misunderstood. . . . much of the controversy between those who write about prehistoric trade and those who deny its existence is semantic: it arises from the different meanings they attach to the word trade. If one takes a definition of trade proper to a society with an advanced division of labor and an economy based on money--if one chooses, for example, to define trade as an activity carried on by a class of traders for financial gain, it is understandable that no evidence for trade can be found in societies functioning at a simpler level, societies in which there is a bare minimum of specialization and to which the notion of profit in the sense we understand it may be quite foreign. Yet, if one sees it as, in the last resort, no more than the peaceful and systematic exchange of goods, one has no difficulty in recognizing that trade of a kind is practiced among even the most primitive societies known to ethnologists; and, by implication, one is entitled to seek for traces of it in the archeological record of prehistory.

Notes

[1] Note that when Polanyi (1960) contributed a paper to a symposium of archeologists, he too found it necessary to describe his wider conceptual system before getting down to the two specific topics which were the subjects of his paper.

[2] Unhappily, not so for the relatively new subject of pre-colonial African economic history. With no proof at all, Gray and Birmingham (1970, 10) equate copper crosses found in burial mounds, with commercial money, and then equate commercial money with commercial trade: "And currency, of course, in turn suggests a commerce already decisively more significant than subsistence-oriented trade." They should read Grierson (1959) for an alternative explanation.

Conventional economics also has undergone technical and conceptual changes since the Second World War (see Dalton, 1974, Introduction). Applied mathemtaics has virtually revolutionized economic theory, and computers and the refinement of input-output measurement and national income accounting have vastly increased the quantity and quality of statistical information to make policy. New conceptual schemes are also being contrived in response to changes in the real-world economies of industrial capitalism (e.g., Galbraith, 1968), industrial communism (e.g., Wilcynski, 1972), and the newly developing nations of the Third World (e.g., Adelman and Morris, 1967).

[3]Michael Sebastian Green of the University of Sussex, who is presently in the field in Peru, has written a paper explaining the formalist-substantivist controversy in economic anthropology in Kuhnk terminology. I hope Green's paper will be published when he returns from the field and finds time to revise it. Here I merely pose the problem that Green's persuasive paper addresses. I am grateful to Green for showing me that the contentious theoretical issues in economic anthropology are to be most clearly explained in Kuhn's terms, and for referring me to Loasby (1971), which also illustrates the power of Kuhn's terminology by using it to consider paradigms in conventional economic theory.

[4]This, of course, is the only portion of economic anthropology of interest to archeologists. The other two historical sub-sets, change under European colonial conditions created since 1500, and under very recent post-colonial conditions, is of no interest to them.

A word of explanation about these historical demarcations. Economic anthropology is empirically rooted in those parts of the world which were colonized after 1500: Latin America, Africa, Asia, Oceania, the Caribbean, and the Middle-East. I regard European colonization as a watershed change, that is, a deep change, as I do the coming of political independence after the Second World War. From my point of view, therefore, anthropologists are interested in pre-colonial (aboriginal), colonial, and post-colonial economies. Europe and Japan differ in two ways: They were not colonized in modern times and they have achieved a level of economic development, industrialization, and cultural modernization altogether higher than the anthropological set of societies in what we now call the Third World. For analyzing peasant-village and state-elite sectors (or levels) in Europe and Japan, I find it useful also to employ three historical periods: traditional economy (roughly, up to 1300 A.D. in West Europe and 1600 A.D. in Japan), early modernization (between 1300 and 1900 in West Europe), and late modernization (since 1900). See Dalton (1972).

[5] If I am told that anthropologists did not do fieldwork in these early European and Asian economies, I would reply that neither did they do fieldwork among the pre-colonial Kwakiutl, Inca, or village Indian economies whose social, political, and economic organization they nevertheless are professionally interested in reconstructing.

[6] It is important to bear in mind that modern social anthropology -- Morgan, Boas, Malinowski, Radcliffe-Brown -- began during the colonial period. The ethnographies of Malinowski on the Trobriand Islands, Evans-Pritchard on the Nuer, and even much more recent work, e.g., the excellent book by Strathern (1972) on Highland New Guinea, are able to portray "aboriginal" economies and societies in a special sense: they had not yet been <u>deeply</u> changed by European colonial policies, institutions, or activities (e.g., Christianity, cash-cropping, European schools). But the fieldwork itself, of course, occurred in the colonial period of the societies studied. Archeologists are concerned with aboriginal economies throughout the

millenia during which any information at all is available; social anthropologists, really, are concerned with the very late phase of their aboriginal periods, as well, of course, as change under colonial and post-colonial conditions.

[7]The principal classical and neo-classical contributors to micro-economics (price theory) were Ricardo, Mill, Marshall, Jevons, Menger, Clark, Chamberlin, and Robinson. Robbins (1935) gives an elementary formulation of the concepts of price theory. His book is frequently referred to by the formalist economic anthropologists. Recent expository and critical writings that bear on the "applicability" of formal price theory as a universal paradigm, are Little (1950), Dalton (1961), and Loasby (1971). Loasby's paper is particularly illuminating because he employs Kuhn's terminology and insights concerning paradigms.

[8]Note that Herskovits (1952), in what remains to this day the only extensive book-length treatment of economic anthropology -- Belshaw (1965) and Nash (1966) are 150 page surveys of parts of the subject -- employs concepts from all three paradigms, formal, Marxian, and substantive economics.

[9]Briefly, but distinctly, Polanyi also criticizes Marxian concepts as they are employed by archeologists and anthropologists to analyze aboriginal economies. His point is that Marx erroneously generalized backward to

early economics and forward to future economics, what was true only for nineteenth century industrial capitalism.

[10] A book (Polanyi 1966) and two articles (Polanyi 1971a, b) appeared posthumously. Mrs. Polanyi and Harry Pearson are preapring to publish two or more volumes of Polanyi's manuscripts, and also English translations of his early writings in German and Hungarian. It is a matter of deep personal and professional regret to me that Polanyi got such a late start in academic research and writing. He was born in 1886. The first of his three major works, The Great Transformation, was published in 1944 when he was 58. He began teaching economic history at Columbia in 1947 at age 61, and had to retire from teaching in 1953, at age 67. His second big book (edited with Conrad Arensberg and Harry Pearson), Trade and Market, appeared in 1957, when he was 71. Most of the research for Dahomey and the Slave Trade, 1966, was done in 1950. When I re-read his published works and unpublished manuscripts, I am continually astonished at the number of his suggestive insights that he had no time to develop, e.g., "operational devices" (to be mentioned later in this paper), "primitive feudalism and the feudalism of decay" (in Polanyi, 1971a), "money and state-building" (Polanyi 1966: ch. II; see also, Vidal-Naquet 1972).

[11] Almost certainly I will leave some out because I haven't encountered them in print. I have not myself done serious research on change under aboriginal conditions. All my published work is about the static

structure and performance of aboriginal economies (e.g., Dalton 1962; 1965), and change under modern colonial and post-colonial conditions (e.g., Dalton 1971a, Introduction).

[12]Polanyi was impressed by Thurnwald's theory and devoted several lectures to it in his course at Columbia. The 1932 translation of Thurnwald into English is a selection from his five volume work Die menschliche Gesellschaft.

[13]And neither of which, I think, is of direct interest to archeologists; however I must sketch them in for the reader to appreciate the difficulties and complexities involved in creating theory in economic anthropology. What follows on change under colonial and post-colonial conditions is extremely compressed.

[14]I do not think general or universal theories of social change -- theories which assert that a single factor, such as property ownership or technology are the strategic prime movers under *all* historical conditions -- are useful, for two reasons: (1) The forces of change in the precolonial, colonial, and post-colonial periods differ essentially. To be sure, in all three periods, economic, technological, social, political, and cultural changes occurred; but their *quality* was different. The coming of settled agriculture, and, millenia later, the coming of industrialization are both economic and technological changes, but their

consequences are utterly different. In the pre-colonial period, I think that famine, epidemic, warfare, and military conquest were more frequent inducers of deep change than were economic and technological innovations. (2) It has always seemed to me that biological evolution is a misleading metaphor for social change because in all historical periods societies are subject to large external shocks and idiosyncratic events and rulers. It is difficult to believe that the English, the French, and the Russian Revolutions, Napoleon, Lenin, Stalin, Hitler, Roosevelt, and Mao Tse-tung, the American Civil War, and the First and Second World Wars -- and, as I write, Watergate -- were not important causes of deep change. In the course of writing this paper I have come across Renfrew's (1972) impressive analysis of the emergence of civilization in the Aegean. I note that his basic idea of sub-systems mutually interacting to produce multiplier effects is also what one sociologically-inclined development economist suggests for post-colonial development, as "cumulative causation," and "spread effects." See Myrdal (1957) especially Ch. 1-3. See also Douglas (1962) and Epstein (1962; 1973) for empirical examples of cumulative causation.

[15] For useful collections of case studies and bits of theory of change under colonial conditions, see Bohannan and Plog (1967), Wallerstein (1966), and Dalton (1971a).

[16] Such a unified theory of change under colonial conditions would not be

anything like the single factor theories of change of Marx and the Energy/Evolutionists. Rather, it would include ideal types, such as those given by Balandier (1966) for the "colonial situation," and by Dalton (1969) for "degenerative change," "cash-income earning without development," and "micro-development"; models of "dualism" and of sequential change under colonial conditions, such as those given by Boeke (1942), Furnivall (1948), and Geertz (1963) for Indonesia, and Wolf (1959) for Latin America, and the general economic case of dualism in Lewis (1954). Also, theoretical insights are to be had by putting specific questions to colonial situations: why didn't commercial foreign trade and investment with Europe and America yield more development and modernization to the colonies? Some answers are contained in Singer (1950), Watson (1958), and Myrdal (1957).

[17]The work of B. Moore (1966) and of Hunter (1967; 1969) is more descriptive than explicitly theoretical; but both contain important insights into the historical and present-day processes of economic development and cultural modernization. For brief summaries of some of the work mentioned here, see Dalton (1971a, Introduction; 1974, ch. 7).

[18]In several of my writings and edited volumes I have tried to demonstrate the importance to economic anthropology of the work done by historians and other non-anthropologists. See Dalton (1967; 1971a, b, c; 1972; 1974).

[19] In this section I shall treat as a single set of ideas Polanyi's writings, those of his Trade and Market associates, and the extensions, clarifications, and elaborations of Polanyi's work by Bohannan, Sahlins, Neale, and myself.

[20] The two dozen or more articles and chapters relating to this controversy are listed in the Bibliographical Notes in Dalton (1971b, c). A sampling of the mixed professional reactions to this controversy is reflected in the twenty-four brief comments accompanying Dalton (1969), and the further comments on the article by Frank (1970), a Marxist, and Dobyns (1971), from the viewpoint of acculturation and applied anthropology.

[21] But whose superficial treatment of economic anthropology I strongly criticized in a review of his 150 page textbook purporting to survey what in the present paper (see Table 1) is called the full gamut of aboriginal, colonial, and post-colonial economies. Nash's assessment of Polanyi and the substantivists was rather more favorable before I reviewed his book. In Kuhn's terms, economic anthropology is still in the "pre-paradigm" stage: no one theory (in any of the branches of the subject) is so widely adhered to as to knock out its rivals; hence, vituperative disputes. "The pre-paradigm period, in particular, is regularly marked by frequent and deep debates over legitimate methods, problems, and standards of solution, though these serve rather to define schools than to produce agreement . . . . Furthermore debates like these do not vanish once and for all with

the appearance of a paradigm. Though almost non-existent during periods of normal science, they recur regularly just before and during scientific revolutions, the periods when paradigms are first under attack and then subject to change." (Kuhn, 1970, 47-48).

[22] And the Marxians, asking their single question -- is Polanyi good for the Revolution or bad for the Revolution? -- decide he is bad (see Frank 1970). The egregious Harold Schneider, who in neither learning anything nor forgetting anything insures that he is always on the cutting edge of retrogression, continues to make an industry out of attributing to Polanyi and me positions we never held (see, e.g., Schneider, 1969, 89-91). It seems likely to me that the caustic language used by several anthropologists to heap scorn upon the writings of Polanyi and myself is due to the threats we pose to them: (1) We are economists, not anthropologists. I note that Bohannan and Sahlins are not vituperatively criticized, even though they share with me Polanyi's static paradigm for aboriginal economies. (2) Polanyi and I draw on empirical case studies and analytical writings outside of social anthropology -- early European economic history, archeology, comparative economic systems, economic development, agricultural economics -- as well as the writings of anthropologists. (3) And, of course, to present a new paradigm is to challenge the ones preferred by the users of the vituperative language. Eric Wolf reacts to my critique of his Marxian analysis of peasant economies (Dalton 1972) by calling it "muddle," "superannuated social Darwinism," "a rehash of stale concepts," and "ethnocentrism" (Wolf, 1972, 410-411). In response to Nash's dismissal of us as "high

level confusion," I mention that Polanyi's The Great Transformation, 1944, is now in its twelfth printing and has just been translated into French; that Trade and Market in the Early Empires, 1957, has just appeared in paperback, and is about to appear in French translation; that Dahomey and the Slave Trade, 1966, has recently appeared in Hungarian translation and at present is being translated into Japanese; and that Polanyi's essays, Primitive, Archaic, and Modern Economies, is being translated into French and Italian. Nash's dismissal of Polanyi and his associates as "high level confusion," then, seems a bit premature. From all this one learns the wisdom of the British aphorism, it is no use kicking against the pricks.

[23] Polanyi himself never dealt explicitly with the village-level sector of aboriginal peasant economies, other than some sketchy remarks on "householding." He meant by "primitive" economies what anthropologists would call the pre-colonial economies of bands and tribes -- the Arapesh of New Guinea, the Trobriand Islanders -- economies furthest removed from our own. He meant by "archaic" economies early state systems in which markets (and cash used as means of commercial exchange) were not importantly present. For these, he considered the economic aspects of the governmental sector, and external trade, but not their village-level groupings. Neale (1957a) and I (Dalton 1972) have extended his analysis to such traditional, village-level peasant economies.

[24]Polanyi understood that there were aspects of aboriginal economies he was not including in his analysis, e.g., ecology and technology: "Process and institutions together form the economy. Some students stress the material resources and equipment -- the ecology and technology -- which make up the process; others, like myself, prefer to point to the institutions through which the economy is organized" (Polanyi, 1960, 307). Neither did Polanyi include in his analysis of aboriginal economies matters relating to their productivity or measurable economic performance, that is, the amounts and variety of goods produced, the composition of total output, or fluctuations in output. "The institutions through which the economy is organized" is his concern, principally in bands, tribes, and the governmental sector of early state systems. And, of course, the institutions of money, external trade, and markets, which he analyzed in great detail.

[25]Money, monetary objects, and valuables are especially important and especially complicated in aboriginal economies. Later in this paper I shall suggest and then explain some terminological distinctions that help clarify the meaning of these terms and their specific organization and usage in very different economies: the distinctions between what I shall call "modern money," "primitive money," and "primitive valuables"; and the need to indicate the mode of transaction (reciprocity, redistribution, market exchange) for each. The mode of transaction indicates the

purpose of the transaction in which the monetary object or valuable enters. See Dalton (1965; 1971d).

26 Let us simply call industrial capitalism in Europe and America since 1930, "Welfare State Capitalism," to differentiate it from the "laissez-faire capitalism" of the 19th century; for a detailed explanation of these distinctions, see Myrdal (1960); Dalton (1974, ch. 1, 3, 5). Briefly, Welfare State Capitalism differs from laissez-faire capitalism in five ways: (1) Governments control a larger number of prices and markets to increase or stabilize the incomes of selected persons or groups, e.g., minimum wage laws, agricultural price supports. (2) Governments provide a wider range of free or subsidizied services, e.g., education, health care and housing, and of transfer payments to the unemployed, the indigent and the elderly. (3) Governments spend and tax a larger amount; these days, between thirty and forty percent of gross national product. (Before 1914, in peace time it was under ten percent.) (4) Government takes responsibility to contrive policy to assure satisfactory macro-economic performance of the national economy, that is, it deliberately affects the level of employment, rate of growth, the price level, income distribution, and the balance of payments. Finally, (5) in most Welfare State Capitalist economies -- particularly in England and Sweden -- government owns a minor but significant amount of productive enterprise (railroads, coal mines, some manufacturing), usually less than one-third of all producing firms (as measured either by employment or the value of output as a fraction of total output).

[27] Even today, something like eighty percent of American, British, and West European economists are concerned exclusively with modern capitalist economy. After 1928, when the Russian communists began central planning, the subject of Soviet economy came into being (that is, as a university subject with courses, seminars, publications, and research specialists) and it grew with the establishment of a dozen more communist economies in Eastern Europe, Asia, and Latin America after the Second World War. But it engages very few economists as a field for research and teaching. More are now engaged in economic development of the Third World, an even more recent field in economics than communist economies. It is perhaps worth mentioning to archeologists that neither does pre-industrial economic history engage many economists. Except for American Indians (studied by anthropologists), the U.S. had no "aboriginal" economy in the sense that France, England, and Japan in the year 900 A.D. had aboriginal economies. Overwhelmingly, Americans who specialize in economic history specialize in American economic history, and therefore have no professional interest in non-market economies. There are, of course, relatively few economic historians in any country having a professional interest in medieval economic history of Europe, or with earlier periods. Mainstream economics is about industrial capitalism today. It is an encouraging sign to me that several eminent economists have recently begun to pay serious attention to pre-industrial, non-market economies: see Kuznets (1966), Robinson (1969), Hicks (1970), Hagen (1962).

[28] Therefore, wherever we find monetary objects or valuables not having the characteristics of dollars -- kula bracelets, Yap stones, potlatch

coppers -- it is because markets are either absent, or, if present, petty; these primitive valuables play special social roles in economics (polities, and societies) different from our own; so too where foreign trade is organized differently from our own.

[29]The failure to appreciate the quantitative importance of domestic and international market trade that make it sensible to call 19th and 20th century European and American economies "capitalist" economies, leads some economic historians (e.g., Pirenne 1914), to equate "capitalism" with the mere <u>presence</u> of domestic or foreign commercial transactions (no matter how narrow the range of items bought and sold, or how small the quantity of such market transactions); and so "capitalism" is seen wherever markets of <u>any</u> sort are present. But medieval England (Postan 1973), Bohannan's Tiv of the 1940's (Bohannan and Bohannan 1968), the U.S. in 1776 (and in 1973), and the U.S.S.R. at present, <u>all</u> contain markets, that is, ordinary purchase and sale transactions; but the markets are utterly different sorts and of utterly different importance to their markedly different economies and societies.

[30]I am presently engaged in doing such a piece of research.

[31]As Polanyi indicates in the quotation just cited, a variant of redistribution occurs in hunting and gathering bands -- stateless societies -- in the form of sharing or pooling of the hunt or catch; in this sense of

sharing among a small, intimate, local group, redistribution goes on in all sorts of old and new economies within households.

[32]For examples of non-market transactions in modern economies today, see Dillon (1968) and Titmuss (1970).

[33]For more detailed explanations, see Pearson (1957b), Polanyi (1968, ch. 12), and Dalton (1971d; 1972).

[34]Empirical descriptions of primitive monies abound, e.g., Einzig (1948), Quiggen (1949). We have only recently, however, begun to construct a <u>theory</u> of primitive money. See Polanyi (1957b; 1968, ch. 8), Bohannan (1959), Douglas (1958; 1967), Dalton (1965; 1966; 1971d), Lewis (1973).

[35]Another reason why it has been so difficult to create a theory of primitive money is because it is so difficult to unlearn the paradigm or model of modern money. Economic anthropologists used sterling or francs as a model of "real" money, and any valuable which did not have the characteristics of sterling or francs was simply judged not to be money, see, e.g., Firth (1929a). Unhappily, those who used sterling as a model of real money, did not then go on to say exactly why the kula valuables and potlatch coppers were important; <u>why</u> were they worth acquiring?

[36] A widely reported exception is what Bohannan and I (1962) called "emergency conversion," usually a famine situation in which the primitive valuables (or, indeed, slaves or even children) are sold to strangers for food.

[37] The identifying seals placed on vats of foodstuffs in storehouses are another example of operational devices (see Ventris and Chadwick, 1956; Renfrew, 1972). Unhappily, one rash interpreter of Mycenae equates the vats of foodstuffs identified by seals as being in "the house of the merchant," implicitly assuming thereby, the presence in Mycenae of commercial-market transactions (why else "merchant"?). There is not the slightest shred of evidence for such supposition. The vats identified by seals were in a storehouse of some sort; but why not a palace storehouse rather than "the house of the merchant"? Note that the emperor of China conferred seals on tributaries who came to China to trade. See Fairbank and Yêng (1941).

[38] I am reminded that Polanyi's opening lecture, "on the place of economies in societies," in the course of lectures he gave in General Economic History at Columbia in 1950, contained a similar theme: that the uncontrolled market model as a paradigm for all economies was being shaken by three happenings: (1) The writings of economic anthropologists, like Malinowski on the Trobrianders and Margaret Mead on the

Arapesh of New Guinea; (2) Mounting criticism of Marx's economic determination of history as a general theory; (3) And the recent momentous enlargement of political control in economies and societies between 1930 and 1950, i.e., central planning in Russia; the Nazi system in Germany; the American New Deal; the First Labor Government in Britain.

[39] I avoid using the term "barter" because it is used in two different meanings which it is necessary to keep distinct: a moneyless exchange or transaction of <u>any</u> sort; and a moneyless market exchange, which is what economists usually mean by barter, implicitly assuming by such usage that market exchange is the only known mode of transaction.

[40] I do not think that Polanyi's work bears in any direct way on two of the problems of interest to this symposium: how ancient trade relates to the rise and fall of civilizations; and research strategies for archeology. The closest he comes on the first problem, I believe, is in his remarks about archaic economic institutions and those operational devices special to aboriginal state systems, and in his economic embellishment of Thurnwald's analysis of the emergence of states from smaller, simpler, less stratified social groupings. One account of these matters appears in <u>Dahomey and the Slave Trade</u>, especially the introductory chapter called "Perspective," and chapter 11: "The economist is indeed at a loss to account for the emergence in an early

society of an effective demand of first magnitude for a means of currency as such. The notion that economic developments are mainly referable to what we have become used to calling 'economic interests' is apt to be misleading. Rather, weighty events in the sphere of state-building and of economic organization may have accounted for the introduction of currency systems in West Africa. This may have been the source of the demand for money objects to be used as currency and consequently of the finance capable of supplying the purchasing power for their acquisition. The economic historian may have to seek an explanation in the rise of new empires, or even in the need for a popular currency which would speed the functioning of local food markets. Cowrie legend seems to point in this direction . . . . The acting force that shaped and organized the economy was the state, in the person of the king. Food, money, and market are all statemade. . . . From Pharaonic Egypt and Babylon to the empires of the Niger, the state-building drive appears as a secular force within the sphere of economic organization. The factors that doubtless pressed toward statehood as such are a different matter. Together with the military factors, they belonged to the economic prehistory of the state. But once set on the course of state-building, the monarchy was engaged in the organizing of an army and its provisioning 'in kind,' the launching of a currency as an instrument of taxation, and the creating of markets [market places] and of small change for the distribution of the food. This again involved state-made 'equivalents' which determined the rate at which staples could be substituted for one another in the payment of taxes and in rationing [in the sense of paying out rations]. These performances of government concerning the economy are here recalled from previous chapters to provide a more realistic approach to the origin and functioning of the cowrie currency which was strung by the king's wives in Dahomey for the provisioning of the conquered peoples in the local food markets" (Polanyi, 1966, 184, 186-7).

On the second problem of this symposium: I feel it to be unseemly for me to suggest research strategies to archeologists. Rather, in this paper I have tried to explain the work done by Polanyi and his associates in the hope that our work might be of use to interpret the economies of pre-history.

[41]There is much more in his lecture notes and unpublished manuscripts about change under aboriginal conditions, but it is tentative, not nearly as elaborately spelled out as the work he published. Pearson (1957b) and I (Dalton, 1960; 1963) severely criticize the theories of change under aboriginal conditions which attribute change to the appearance of economic surpluses. In addition to Polanyi's short piece published posthumously, "Primitive Feudalism and the Feudalism of Decay" (which is spelled out at much greater length in his lecture notes), he published two other short accounts concerning change under aboriginal conditions, which were referred to in the previous footnote, on the roles of operational devices and of monetary institutions in the formation of states (see, Polanyi, 1966, "Perspective," and ch. 11, the latter of which is reprinted in his essays, Primitive, Archaic, and Modern Economics.)

There is another suggestion Polanyi makes that may interest archeologists and anthropologists who are concerned with the differences between a "civilization," a "primitive," and a "modern" society. What Polanyi called "archaic economic institutions," such as ports of trade and operational devices used in palace economies, are, I think, special to the early state systems that archeologists call "civilizations." If Polanyi's point is empirically correct, then he has isolated an economic aspect of aboriginal civilizations not shared by primitive or modern societies: "The word 'archaic' that was dropped from systematic anthropology as merely of esthetic and cultural connotation may have to be restored to denote a sociological phase intervening between the 'primitive' and the 'modern.' But the historian will have to apply it with caution, if he is not to find himself entangled in a circular definition. The interconnected phenomena of state and economy, institution and society -- each of them sometimes called archaic -- lack an authentic priority to the claim of being the name-giving category. Not states and societies, not even economies as a whole should be regarded as archaic. We shall prefer the genetic approach describing as 'archaic' those <u>economic institutions</u> which do not yet appear in primitive communities but are no longer found in societies where the use of money as a means of [market] exchange is already common" (Polanyi, 1966, xxxv; see also, pp. 173-4).

[42]Although <u>The Great Transformation</u> is principally devoted to the

market organization of 19th century capitalism, it contains much that is related to Polanyi's Trade and Market, and Dahomey, writings that engage the interest of archeologists and anthropologists. For example, in Trade and Market and in several of his journal articles reprinted in Primitive, Archaic, and Modern Economies, Polanyi showed how in aboriginal economies monetary objects were used in non-commercial payments (such as bridwealth, bloodwealth, taxes, and tribute); also how frequently aboriginal external trade was organized as gift-exchange and politically administered trade. The Great Transformation attempts to answer two big historical questions that Polanyi thought to be very important: how did early foreign trade become market trade? And how did early treasures and primitive valuables come to be market-exchange money? The answers are to be found in the economic history of Europe over the thousand years culminating in the Industrial Revolution of the late 18th century. Very elaborately, Polanyi shows how external trade, money, and markets originated independently of one another; then, how they became fused in the self-regulating market system -- modern capitalism.

[43] See Finley (1970) for a superb example of how the careful translation of key words is necessary to make sense of Aristotle's "economics."

One source of semantic ambiguity is that Americans and English attach different meanings to the same words without being aware that they are doing so. Most, but not all, Americans use "market exchange" and "commercial" as exact synonyms. Some British (and a few American) writers use the words "commerce," and "commercial" as synonyms for "trade," thereby unintentionally converting all trade to market trade, without apparently, being aware that there are non-market (non-commercial in the American sense) forms of trade, i.e., reciprocal and administered trade. Here is an example of British usage, "commercial" being used as a synonym for what I should prefer to call "trade of an unspecified sort," in fourteenth and fifteenth century Africa: "The strictly commercial [i.e., trade of an unspecified sort] importance of copper is clearly seen at Ingombe Ilede. The cruciform ingots have remarkably similar weights; the trade wire is bent in standardized lengths, which obviously had an established value in long-distance trade circles" (Fagan, 1970, 33). On pages 37-8, Fagan uses "commercial" to mean "trade of an unspecified sort" five times. The result, inadvertently, is to suggest -- surely not only to Americans -- rampant market trade, when in fact, the mode of transaction is entirely unknown, that is to say, it is entirely unknown whether it was gift-trade, politically administered trade, or market (commercial) trade. Compare such usage with the careful terminology used by Clark (1965) analyzing quite similar transactions.

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