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Theoretical Issues in Economic Anthropology

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The publication of Trade and Market in the Early Empires (1957), and other work associated with Karl Polanyi's analytical schema has intensified theoretical disputes in economic anthropology having their origins much earlier when the subject was of interest to many fewer anthropologists (Firth 1939; ch. 1; Goodfellow 1939: ch. 1; Herskovits 1940: ch. 2; 1941).

Disputes in economic anthropology are principally over which of several alternative sets of analytical concepts are best to interpret real world processes and institutions, and what kinds of analytical questions should be put to primitive and peasant economies--those asked by economists about our own economy, or questions having to do with the connections between economic and social organization.

This paper is addressed to issues raised recently by anthropologists <sup>in 1964</sup> ~~to~~ <sup>criticizing</sup> ~~the~~ the theoretical approach of the Polanyi group (LeClair 1962; Burling 1962; Schneider 1964; Pospisil 1963 ; Cook 1966), as well as to the earlier literature of theoretical contention. My purpose in Part I is to make clear the underlying reasons for sustained controversy in economic anthropology and to state the positions of the Polanyi group and its critics; and in Part II to suggest a theoretical format for economic anthropology which takes account of both sets of ideas.



## I. CONTENTIOUS ISSUES AND POSITIONS

Why is Theory Difficult and Contentious in Economic Anthropology?

There are two kinds of work in economic anthropology for which it is necessary to choose a theoretical approach: for doing fieldwork and analyzing its results (e.g., Salisbury 1962), and for writing a general or comparative work drawing on the extensive ethnographic literature (Herskovits 1952; Forde and Douglas 1956; Belshaw 1965; Nash 1966). The anthropologist going to the field in the mid-1960's to study a primitive or peasant economy, as well as the writer of a general or comparative work in economic anthropology, is at a disadvantage compared to his fellows investigating other topics.

(1) Theory in economic anthropology is less developed ~~and~~ ~~more~~ than is the case, say, with kinship and religion. Only two anthropologists, Bronislaw Malinowski and Raymond Firth, have anything like a large corpus of writings in economic anthropology. And relatively few anthropologists, principally, Cyril Belshaw, Paul Bohannan, Mary Douglas, Clifford Geertz, Maurice Godelier, Melville Herskovits, Sidney Mintz, Manning Nash, Marshall Sahlins, and Richard Salisbury have written at length on theoretical aspects of economic anthropology.\*

(2) Anthropologists understand the economic organization and the economic theory of industrial capitalism much less well than they understand European and American politics, kinship, and religion, and the theories underlying these Western institutions. This I believe to



be one of the very important reasons for sustained controversy in economic anthropology. Economics is the most <sup>abstract and mathematical</sup> ~~abstract~~ of the social sciences and industrial capitalism is an extremely complicated economic system. Anthropologists are much more familiar with sociology, psychology, and political science <sup>and</sup> ~~than~~ the institutions and processes in European and American Society they are designed to analyze. Until recently economics has been concerned exclusively with one type of economy, industrial capitalism, and economists have had no reason to spell out the content and method of economics in such fashion as to make clear what in conventional economics is and is not relevant to economic anthropology.

The fact that the attention of economists has been focused so exclusively on just those aspects of our economy least likely to be found among non-literate folk has thus confused anthropologists who turned to economic treatises for clarification of problems and methods in the study of the economic systems of non-literate societies (Herskovits 1952: 53).

~~One contributing reason for sustained controversy is that~~ <sup>Very</sup> few economists other than myself and those represented in Trade and Market (Polanyi, Neale, Pearson, and Fustfeld) have written directly on these issues. This despite the fact that a principal issue of contention is the relevance of conventional economics to economic anthropology.) The few economists who have written, have done so (to my knowledge) principally in book reviews (Knight 1941; Rottenberg 1958; Boulding ).\*

Anthropologists seem not to understand that conventional economics does not deal with what anthropologists mean by human behavior, and (with some minor qualifications) that the concepts of conventional economics <sup>relating to organization</sup> are not fruitfully applicable outside of market systems.\* What is a serious point of contention among anthropologists



Table 1

Some Anthropological Fields of Interest and Their Counterparts in  
American Institutions and Social Science Fields

<u>Anthropological Field</u>	<u>American Institution</u>	<u>Social Science Field</u>
Political Anthropology	American State and Local Government; Political Parties	Political Theory; Comparative Politics
Marriage, Kinship, and Family	American Marriage, Kinship, and Family Organization	Sociology
Law	American Legal Insti- tutions: Courts, Enforce- ment Agencies	Legal Theory; Criminology
Primitive Religion	Protestant, Catholic, and Jewish Churches and Synagogues; Their Organization and Beliefs	Theology; Comparative Religion
Economic Anthropology	Business Firms and Industries; Money and Banking; Labor Organizations; Market	Economic Theory and Applied Fields of Economics: price income, and growth theory; money and banking; int'l trade; nat'l. income accounting; ec. development



(LeClair 1962; Burling 1962; Cook 1966) is dismissed out of hand by two prominent economists.

hard to read  
than over a year  
to understand

...the economist who studies the non-market economy has to abandon most of what he has learnt, and adopts the techniques of the anthropologist (Lewis 1962: viii).

...we are not concerned with the economies of the Trobriand Islanders, but with the industrial economies of the Western world...(Kaldor ).

The mainstream of conventional Western economics is concerned exclusively with large (nationally-integrated) industrial capitalist economies. The concepts, leading ideas, and causal analysis of price theory, aggregate income theory, and growth theory, as well as fields such as international trade, and money, deal with the structure, processes, and problems of economies such as the U.S. and Great Britain in the 19th and 20th centuries.

In the 1930's and '40's with the instituting of central planning and collectivization in the Soviet Union, enlarged governmental spending, borrowing, taxing, and market controls in fascist Germany, and the American New Deal and other welfare state reforms in England and Scandanavia, the field of comparative economic systems came into being. But the field remains confined to recent and contemporary nationally-integrated industrialized economies. It compares the structure and performance of U.S. and Soviet type economies, and considers the literature of socialism (Grutky 1966). Comparative economic systems never included the economies studied by anthropologists nor those described in the literature of pre-industrial economic history of Europe.

After World War II and the achievement of political independence by the former colonies in Africa, Asia, and elsewhere, the field of economic development came into being, and for the first <sup>t</sup>ime appreciable numbers of American and European economists did fieldwork in those



areas of the world in which anthropologists traditionally have centered their interests. However, most of the literature of economic development is concerned with the same impersonal matters (investment, foreign trade) relating to the national economy (Nigeria, not the Tiv) that economists are concerned with in analyzing our own national economy (Dalton 1964b). A small part of the development literature written by economists is concerned with social organization and culture (what economists call "institutional matters") as these relate to national and local community ~~development~~ development (Lewis 1955; Myrdal 1957; Hoselitz 1960; Hagen 1962; Myint ; Yudelman ; Seers ; Adelman and <sup>Morris</sup> ~~Penis~~ 1965; Dalton 1965c).

(3) It is probably the case in the mid-1960's that almost all the communities to be studied in the field are experiencing some degree of economic, social, cultural, or technological change because they are now <sup>a</sup> part of independent nation-states which, since the 1950's, are bent on "modernization" and economic development. The subject of socio-economic change within the modern context of developing nation-states is extremely complicated and, of course, very recent. We know much more about "traditional" systems before Western incursion and about the kinds of change that took place in the 19th century with colonialism. Therefore, the scope of economic anthropology is now widening considerably. As with other branches of anthropology (religion, polity), the older focus of concern was the organization and functioning of indigenous economy as it relates to social relationships and institutions, typically, under static conditions. Malinowski's work is a prime example (1922; 1935). The new focus of <sup>c</sup> concern is socio-economic change (Epstein ; Firth and Yamey ; Dalton 1964) of sorts different from those described in the early studies



of culture contact--the depopulation of Melanesia; the introduction of the horse among the Plains Indians. Moreover, the facts of newly established political independence of Asian and African nation-states and their Governments' explicit intention to create and develop national societies and economies <sup>makes the</sup> ~~create a~~ context of <sup>present-day</sup> socio-economic change sufficiently different from that of the early culture contact studies to require new theoretical approaches, and certainly new policy concerns.

Description, Folk-Views, and Analysis

If one asks why a given ethnography is judged to be a first-rate piece of work, the answer, I think, is three-fold: precise description of activities, events, and relationships, a sensitive presentation of folk-views, and theoretical analysis judged by the profession to be illuminating. For the purposes of this essay it is important to distinguish among these different statements anthropologists make because one basis for judging the validity (usefulness) of one set of analytical concepts compared to another is the extent to which they accord with description and folk-views.

Good description is the accurate reporting of observable activities. In economic anthropology, <sup>for example,</sup> it is the daily round of work of men and women; the making of tools; sequential events at market days; indicating the frequency of various activities and transactions involving natural resources, work organization, and produce disposition. .

To present folk-views sensitively ~~is~~ is more difficult than to report observable activities. A distinguishing characteristic of good ethnography is that the reader come away with the shared meaning



formulation!

to the people studied, of activities and institutions the people regard as important. It is the study in depth that is fieldwork, the immersion in the community life of the people, the learning of their language, that enable the fieldworker to characterize the folk-views of their economy, social organization, and culture. I would venture to suggest that an agreed-upon list of the dozen most valuable ethnographies would have in common an unusually sensitive portrayal of folk-systems of belief and value--the inward meaning of activities and relationships. It is in the presentation of folk-views that the artistic component of anthropology is most evident. Indeed, one difference between conventional economics and anthropology is that economics is almost never concerned with folk-views, motivations, or values, but only with impersonal matters of price determination, national income determination, growth rates, etc.

~~Fieldwork~~

Folk-views often give the anthropologist clues as to what activities, institutions, <sup>and</sup> relationships ~~and~~ are important in the society being studied. Malinowski chose to write at great length about the kula (1922) and about agriculture (1935) for several reasons, one of which is that the Trobrianders regarded the kula and gardening as important activities.

Perhaps one may generalize here. If one asks why anthropologists choose to emphasize certain features of a people's community life and ignore others, one answer is that the anthropologist takes his clues from the people--from their activities and their folk-views. For example, the terminology, conceptual classifications, and theory of kinship are the subject of detailed analysis not because of some eccentric whim of anthropologists, but because kin relationships, and the rights, ~~and~~ obligations, and activities derived from them permeate social organization and community life. So too with economic matters. If Evans-Pritchard chooses to analyze



in detail the role of cattle--a topic not stressed by conventional economics--among the Nuer, it is because cattle are important to the Nuer as judged by Nuer activities and Nuer folk-views. As with religion and kinship, if anthropologists put different questions to primitive economy from those economists put to our own, it is because in some ways the structure of primitive economy is different from our own.\*

The economic anthropologist's most difficult task is to analyze the economy he studies. It is in giving his analytical interpretation that the scientific component of anthropology is most evident. But the analysis of a primitive or peasant economy requires a theoretical grounding which is altogether less certain and less agreed upon than is the analysis of kinship or religion.

2. is kinship? refer to Harrod

The problem of the choice of theoretical approach ~~anthropologist~~ may be put as follows: there are two ready-made bodies of economic theory-- concepts, ~~ideas~~<sup>leading</sup> ideas, terminology, ~~generalizations~~<sup>and</sup> generalizations-- that were created to analyze industrial capitalist economies, conventional economic theory and Marxian theory. The question that confronts the anthropologist is whether to borrow concepts and leading ideas from these and to put the same questions to his anthropological data that economists put to our own economy, or to use a special set of concepts and leading ideas, and put different questions to primitive and peasant economies -- or, indeed, some combination of the two.

The problem does not seem to arise--at least in as contentious a way (Cook 1966)-- in other branches of anthropological inquiry. Anthropologists seem not to debate heatedly the question of whether or not to borrow concepts and leading ideas from Western religious theory (Christianity and Judaism), and political theory (democracy and dictatorship) to analyze primitive religions and political organization.



Nothing is so misleading in ethnographic accounts as the description of facts of native civilizations in terms of our own (Malinowski 1922: 176).

The mistake of judging the men of other periods by the morality of our own day has its parallel in the mistake of supposing that every wheel and bolt in the modern social machine had its counterpart in more rudimentary societies (Maine, quoted in Bohannan 1957: iii).

...most anthropologists have ceased to take their bearings in the study of religion from any religion practiced in their own society (Lienhardt 1956: 310).

One important discovery made in ... [African Political Systems] was that the institutions through which a society organized politically need not necessarily look like the kinds of political institutions with which we have long been familiar in the Western world, and in the great nations of Asia (Gluckman and Cunnison 1962: vi).

We can now point out another reason why the choice of a theoretical approach in economic anthropology is difficult and contentious. The literature of economic anthropology contains descriptions of hundreds of economies in Africa, Asia, Latin America, Oceania, etc., and anthropologists are professionally concerned with many aspects--aside from economy--of social organization, culture, and human behavior. In contrast, conventional economics, (with the minor and recent qualifications of comparative economic systems and economic development) is concerned with one type of economy, industrial capitalism, organized on a nation-wide scale, and economists are professionally concerned with a narrow range of matters and exclude entirely from their formal analyses matters relating to social organization, culture, and human behavior. Economists have (what appears to anthropologists) a unified theory and set of concepts because they are concerned with the impersonal determination of prices, incomes, and growth rates in industrialized market economies and not at all with those social and cultural matters that differentiate the U.S. from Japan from Germany. A question of great importance in economic anthropology, the relation of economic to social organization, does not arise in ~~price theory, income theory, or growth theory~~ <sup>Conventional economic theory.</sup> theory.



The choice of which analytical model is best in economic anthropology is further complicated by <sup>the</sup> quest for a general theory--a single set of concepts which would yield fruitful insights for all economies, those studied by anthropologists as well as those studied by economists and historians. I share Gershenkron's skepticism about general theory:

There is a deep-seated yearning in social science to discover one general approach, one general law valid for all time and all climes. But these primitive attitudes must be outgrown (Gershenkron 1954: 256).

The quest for general theory in a field in which the data are drawn from hundreds of primitive and peasant societies studied at different points of time is another important contributing reason for sustained controversy in economic anthropology. Those who search for <sup>a</sup> general theory ~~in economic anthropology~~ in fact use the economic theory of industrial capitalism as a base, seek for similarities to our own system in the anthropological universe, and translate the economic institutions of primitive economies into the conceptual language of market economy (LeClair 1962).

What is required ... is a search for the general theory of economic process and structure of which contemporary economic theory is but a special case (LeClair 1962: 1188).

What is required from economic anthropology is the analysis of material in such a way that it will be directly comparable with the material of modern economics, matching assumption with assumption and so allowing generalizations to be ultimately framed which will subsume the phenomena of both price and non-price communities into a body of principles about human behavior which will be truly universal (Firth 1966: 14).

The ~~present~~ difficulty with this approach is that economic anthropology is concerned with an extraordinary range of theoretical matters in an extraordinarily large set of economies: it is concerned with structure and performance of both primitive and peasant economies under static and dynamic conditions. What Firth and LeClair suggest be treated under a single

*See 2, 10, 11  
Firth 1966: 14*



theory--whatever this means--is assigned in economics (and sociology) to several fields: price and distribution theory; aggregate income theory; growth theory; comparative economic systems; national income accounting; industrial sociology, etc.

Here lie those difficult matters which are least understood in the sustained controversies over theoretical issues in economic anthropology. ~~that~~ We need several sets of analytical concepts because of the several different kinds of questions put to the data. In economics we have one set of analytical concepts to answer the question, "What determines prices in U.S. type economies?" And we have a different set to answer the question, "What determines gross national product?"-- and yet another to answer the question, "How is income divided?"

Later in this paper I shall argue that a fruitful approach in economic anthropology is to separate the areas for theoretical analysis (as, indeed, is ~~also~~ clearly done in economics). (And that conventional economics can be used to put some questions about the organization of peasant economies and the performance of all economies; but that the analysis of the organization of primitive economies under static conditions and questions relating to change, growth, and development for primitive and peasant communities require conceptual categories different from those used in conventional economics.)

A further difficulty which complicates the choice of analytical approach ~~in economic anthropology~~ is due to there being two rather different ways of perceiving an economy: one is to concentrate on economic behavior of individual persons and the motives that impel the individual behavers, so that the economy is seen as a cluster of individual actors and their motives.



Economics ... has long been confidently felt to include a tolerably well-defined type of human behavior.... None of these definitions [of economics] covers exactly the same area of behavior as any other. ... Even economists have long claimed to equate the material side of life with economic behavior. ... Since this definition does not isolate any type of behavior from any other type. ... If the unity of economics arises out of the fact that it deals with priced goods, then in some primitive societies it is silly to look for any behavior that can be called 'economic.' ... Economics in this view focuses on a particular aspect of behavior and not on certain kinds of behavior (Burling 1962: 802,805,808,811).

The other is to perceive the economy as a set of rules of social organization (analogous to polity and political rules), so that each of us is born into a "system" whose rules we learn. The activities and transactions of participants are perceived as responses (fulfillment or deviation) to these systematic rules. This is how the Polanyi group regards an economy, and, indeed, it is the approach used in comparative economic systems in contrasting the organization (rules) of Soviet and U.S. economies.

Those who perceive an economy as a cluster of individual behavers frequently equate those economic activities the behavers undertake with explicit choice of those activities, and believe that such choice affirms the economics textbook dictum that in all economies there must be choice of what to produce, how to produce it, and who is to get how much of what is produced. This way of introducing the topics of resource allocation, production functions, and income distribution in industrial capitalism to beginning students in economics, is useful because the individual households and firms <sup>natural</sup> in market economies such as our own are confronted with many explicit choices: which of thousands of goods and services to buy; which of hundreds of job markets to enter; which of dozens of products to produce; which of several techniques to use to produce them. These alternative choices are subject to fine calculation because industrial capitalism makes extensive use of money and pricing, and because there are real alternatives among which choices can be made



without calling down social opprobrium. For example, the American farmer, entirely depending on market sale for livelihood, must choose explicitly how much of each kind of cash crop to grow. The relevant consideration<sup>s</sup> ~~is~~ <sup>are</sup> not personal taste, social obligation, or physical yield, but physical yield times expected money price compared to money costs of production. He makes explicit "economizing" decisions about costs relative to expected market revenue for the several alternative crops he can grow, and the several alternative combinations of resources he can buy to grow them.

In subsistence (non-market) economies, the question of explicit choice among real alternatives does not as frequently arise. (This is what an older generation of anthropologists meant by the importance of custom and tradition.) A Trobriand Islander learns and follows the rules of economy in his society like an American learns and follows the rules of language in his. An American is born into an English-speaking culture. In no sense does he "choose" to speak English because (in most instances) no alternative is presented to him. So too, the Trobriander is born into a yam-growing economy. He does not "choose" to plant yams rather than rice. The question does not arise in this form, but rather in the form of how much of each of ~~several~~ <sup>many</sup> conventional crops to plant (Salisbury 1962: ), or how to apportion a given work day to several tasks.\*

In the Trobriand subsistence economy, produce is not destined for sale to others, so it is personal taste within the ecological constraints set by resource endowment, the technological constraints set by known techniques of production, and the social constraints set by the obligation to provide sister's husband with yams that dictate how much of each crop is to be planted.\* So too for Tikopia:



...in Tikopia on any given day a man has in theory a choice between working in his orchard and going out fishing, in a canoe or on the reef. It might be held that he will decide according to his preference at the time for an ultimate yield of crops or an immediate one of fish. But in practice his choice may be rigidly determined by social and ritual considerations. The recent death of a man of rank and the taboos associated with mourning may bar him absolutely from any resort to canoe fishing out at sea, although such may otherwise be his preference and would yield him a greater material return.... Moreover, the period of his abstention from canoe-fishing tends to vary directly in accordance with his propinquity of kinship to the dead (Firth 1966: 12).

We can now examine in detail the consequences of the special set of theoretical difficulties that confront economic anthropology: sustained theoretical disputes in the literature and the existence of three frames of reference <sup>for</sup> ~~of~~ the analytical treatment of primitive and peasant economies.

#### Theoretical Disputes and Positions

The point of contention which has aroused heated controversy is the extent to which the concepts and leading ideas of conventional economic theory should be adopted by anthropologists as the conceptual language with which to analyze primitive and peasant economies (Firth 1958: 63).

Unlike Auden's academic warriors who "fight with smiles and Christian names," some of the participants in this dispute display the ferocity of those engaged in theological battle, a battle which has now become a thirty years war (Goodfellow 1939: ch.1; Firth 1939, ch. 1; Herskovits 1940: ch. 2; 1941; 1952; Knight 1941; Polanyi 1944: ch. 4; 1947; 1957a; Rottenberg 1958; Sahlins 19 ; Dalton 1961; 1962; 1965b; ~~LeClair 1961; Dalton 1961; 1962; 1965b~~ LeClair 1962; Burling 1962; Cook 1966).



The anti-Polanyi group argues that the leading ideas, concepts, and terminology of conventional economic theory (economizing, maximizing, elasticity, supply, demand, capital, etc.) are usefully applicable to primitive as well as peasant economies studied by anthropologists; that the basic similarities between primitive and peasant economies and industrial capitalism are sufficiently close so that some sort of general economic theory--embracing the very large number of economies studied by anthropologists as well as our own-- is both achievable and desirable; and that anthropologists should learn more conventional economics so as to be able to put the same questions about economic performance to their data that economists put to theirs, and (as economists do) quantify their data when possible (Firth 1957; 1964; 1965; Salisbury 1962: ch. 6-9).

With a few exceptions (Bohannan and Dalton 1960<sup>2</sup>; Dalton 1964), the Polanyi group has really not concerned itself with peasant economies. My own view is that some of the concepts used and the processes analyzed in conventional economics are relevant to peasant economic organization (i.e., where dependence on purchasing land and labor and on the market sale of produce is quantitatively important), and in describing economic performance-- the quantity and composition of output and the distribution of income--for any economy, primitive, peasant, industrial capitalist, or industrial communist. But that the difference<sup>at</sup> between primitive economic organization (i.e., where market transaction<sup>s</sup> of resources and produce are absent or present only in petty amounts) and our own are so great that (a special set of concepts, leading ideas, and terms are necessary to analyze these subsistence economies. Moreover, special analytical concepts are necessary because social organization and culture--kinship, political organization, religion--affect economic organization and performance so directly and sensitively in non-market systems that only a



socio-economic approach which considers explicitly the relationships between economy and society is capable of yielding insights and generalizations of importance.) A different set of questions from those asked by economists about our own economy should be put to primitive economies: questions about the social aspects of economic organization.

The ties between producers tend to reach out beyond this common interest in the act of production and its rewards alone. A production relationship is often only one facet of a social relationship. ... Economic relations can be understood only as a part of a scheme of social relations. ... Economic anthropology deals primarily with the economic aspects of the social relations of persons (Firth 1951; 136-38).

The Polanyi approach focuses on economy as a set of rules of social organization, on socio-economic structure (organization) rather than quantifiable performance (levels of output; productivity), and makes ~~expected~~<sup>explicit</sup> use of the folk-views of economy. The early work along these lines was done by Malinowski (1921; 1922; 1935) and Mauss (1925). The more recent work of course stems from Karl Polanyi (1944: ch.4-6; 1947; 1957; 1960; 1963; 1964; 1966), and those who have worked with him (Neale 1957a; 1957b; Bohannan 1959; Dalton 1965a; 1967b).

*Peasants!*

One point of agreement between the groups is that knowledge of our own economic system, industrial capitalism, should figure explicitly and importantly in economic anthropology. However, there is sharp disagreement on the appropriate way to incorporate conventional economics. The "formalist" group takes what it believes to be the universally applicable concepts of economic theory as that which is to be incorporated in economic anthropology--scarcity, economizing, maximizing, surplus--and fits the empirical data of primitive and peasant economies into these concepts (Pospisil 1963; Firth 1965). They also put the economist's questions to primitive and peasant economies, questions about capital formation, demand, income, etc., in the terminology of Western economic theory and industrial capitalism.\*



The "substantivist" (Polanyi) group argues that these formal concepts of economic theory yield useful insights when applied to our own economy because the rules of market exchange induce economizing and maximizing activities; but to employ these terms to analyze non-market economies is as distorting as it would be to apply the concepts of Christianity to primitive religions. ~~Moreover, by putting the economist's questions to a primitive economy, questions exclusively economic (Salisbury 1962: ch. ) an important range of analysis having to do with economy as it relates to social organization, is left~~ <sup>However</sup> ~~out.~~ Conventional economic analysis was not invented to answer questions about how kinship, religion, etc., affect economy, because of the autonomous nature of market processes in an economy integrated by market exchange; but these questions are important in non-market economies.\*

The "formalist" group confuses the ability to translate any socio-economic transaction or exchange (potlatch, kula, bridewealth) into market terms with the usefulness of doing so (Homans ; Pospisil ). Describing the potlatch as an investment which yields 100 per cent interest (Boas ), bridewealth as the price one pays for sexual and domestic services (Gray 1960), and shell transactions on Rossel Island as cash payments for market purchases (Armstrong 1924; 1928), suggests they are basically similar to ordinary commercial transactions in our own economy. These are the analytical views of the anthropologist, his interpretation of real world processes which remain the same regardless of what he calls them. Whether it is analytically useful to interpret the potlatch, bridewealth, and Rossel Island shells in such fashion depends on the folk-views of these <sup>2</sup> ~~1~~ events and usages, as well as the



analytical assessment of the differences between these and commercial transactions (Dalton 1961:10-14; 1966).

As the literature of theoretical contention in economic anthropology grows, it becomes increasingly clear that those who argue that conventional economics is applicable to primitive economies--the Trobriand and Tiv type of economy--have three things in mind:

(1) The first is the least difficult to unravel. It is to regard peasant economy as the typical case to be analyzed in economic anthropology and to assume that what is true for peasant economies is also true for primitive economies because they are both within the universe of anthropological interest, and somehow a single set of concepts and generalizations should apply. Most peasant economies are small-scale, underdeveloped market economies, in which production for market sale, the use of Western money, the availability of purchased factors of production, and other features of market economies are present. The structure and performance of the commercialized sectors of peasant economies are amenable to analysis and measurement in conventional economic terms (precisely because money, prices, and markets are important). But this does not mean that the same is true for primitive economies--the Trobriands, the Nuer--in which the crucial features of market organization which allow analysis in market concepts and measurement in money terms, are absent.

(2) The second reason some anthropologists think conventional economics is applicable to all economies is--to speak bluntly--due to their imperfect understanding of economic theory and its concepts. From Goodfellow (1939) and Herskovits (1952), to Burling (1962) and Cook (1966), there is ingrained misunderstanding of what economists mean by "economize," "maximize," and "rational choice." Given cost and demand schedules for a firm, there is one price-output combination



its profit. → This can be shown in an interesting way by reference to other price-output combinations for the firm. 19.

at which a firm maximizes utility from a given money expenditure of funds.  
X Anthropologists misuse--or better, mis-translate--this piece of analysis by erroneously equating all purposeful activities with economizing or maximizing, and then jumping to the conclusion that because economizing and maximizing choices are made, economic theory must apply.

Our primary concern in these pages is to understand the cross-cultural implications of the process of economizing (Herskovits 1952: 4).

From this point of view, we are "economizing" in everything we do. We are always trying to maximize our satisfactions somehow, and so we are led back to the notion that economics deals not with a type but rather with an aspect of behavior. This economic view of society becomes ... one model for looking at society. It is a model which sees the individuals of a society busily engaged in maximizing their own satisfactions--desire for power, sex, food, independence ... (Burling 1962: 817-818).

The only way I know of disabusing them of such misinterpretation of economic concepts is for them to ask those economists who have had occasion to deal with anthropology or primitive societies--Irma Adelman, Joseph Berliner, Everett Hagen, Arthurs Lewis--for a critique. Because a Tikopian chooses to fish today rather than tend his garden does not mean that the economics of Tikopian fishing or gardening <sup>is usefully</sup> ~~can be~~ described by linear programming or oligopoly theory.

(3) The third meaning of applicability of conventional economics to primitive economy concerns measurement of performance and output and the description of primitive economy in market terms. I have commented at length elsewhere on the distortion which results from using market economy terms (capital, credit, investment, money) in non-market economies, and I will not go into these matters here (Dalton 1960; 1961; 1963; 1965; 1966).



Several branches of applied economics and statistics are concerned with quantitative measurement of economic structure (e.g., input-output analysis) and performance (e.g., national income accounting), for large-scale, nationally-integrated industrialized economies (e.g., the U.S.), and, with appropriate conceptual revision, economies of the Soviet type. Moreover, some kind of measurement of output is possible for any type of economy, no matter how primitive and small, because it is always possible to measure output and performance in terms of the inputs used (labor days to build a hut), or in the real terms of the outputs themselves (tons of yams).

Salisbury's book on a primitive economy in New Guinea before and after the introduction of purchased steel axes is cited by Firth (1965) and Cook (1966) as proof of the ability to apply conventional economics to a primitive economy because Salisbury does some rather elementary calculations such as the number of man-days of labor required to produce a variety of items (1962; 147). Such calculations can be done for any economy--Robinson Crusoe's, a medieval monastery, an Israeli kibbutz, or Communist China. But they have nothing to do with the applicability of conventional measurement, such as input-output analysis or national income accounting. All that is done is to contrive crude analogies, such as the labor time expended in building a thatched hut. What is the connection between such simplistic counting of labor days or numbers of yams and national income accounting? My fellow economists, I believe (e.g., Deane 1953), would answer, very little. \*

\* [The use of Marxian concepts, terms, leading ideas, and assumptions (surplus, exploitation, primitive accumulation, stages of development, class struggle) is a third theoretical approach to economic anthropology. However, among those anthropologists who write in English there is only

make into  
a footnote



an occasional borrowing of Marxian ideas (such as economic surplus) rather than a systematic attempt to apply Marxian analysis to primitive economies (Herskovits 1952: Part V; Pearson 1957; Harris 1959; Dalton 1960; 1963).

91 II: A T...o...

II. A THEORETICAL FORMAT FOR ECONOMIC ANTHROPOLOGY

A theoretical format for economic anthropology which is judged widely to be useful must ~~come to grips with~~ <sup>resolve</sup> those underlying difficulties which create disputes. Specifically, it must be clear about the similarities and differences between our own economy and primitive and peasant economies; about the relevance of conventional economics to economic anthropology; and it must contain an explicit statement of the matters to be analyzed in economic anthropology.

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What is an Economic "System"?

One of ~~the~~ many semantic difficulties in economic anthropology is that the word "economy" (like the words "society" and "culture") has no size dimension attached to it. We can speak of the economy of a hunting band comprising a few dozen persons or the economy of Communist China comprising several hundred million.\*

Whatever the size of the economy it will have several features in common, three of which are of special interest. (1) Whether the human group is called band, tribe, village or nation, and whether its economy is called primitive, peasant, capitalist, or communist, it consists of people with recognized social and cultural affinities--kinship, religion, language, neighborhood--expressed in some sort of shared community or social life. This means that two kinds of goods and specialist services must be provided for internal use (i.e., within the community however defined):



food and other material requisites of physical existence, and goods and services for religion, defense, settlement of disputes, rites de passage, and other aspects of social <sup>and</sup> community ~~and social~~ life. The acquisition or production of material items and specialist services necessary for physical and social existence are never left to chance because neither individuals nor communities can survive without them. It is for this reason that it is useful to regard all communities or societies as having an economic system. The word "system" refers to structured arrangements and rules which assure that material goods and specialist services are provided in repetitive fashion. It is one task of economic anthropology to spell out these rules and systematic arrangements for that special set of <sup>activities</sup> ~~services~~ of interest to anthropologists.

(2) A second ~~part~~ similarity among economies is that they all make use of some form(s) of natural resources (land, waterways, minerals), human cooperation (division of labor), and technology (tools, and knowledge of physical aspects of production or acquisition processes--rainfall, soil, and climate conditions, which plants are edible, habits of game animals, etc.). Each of these features requires a set of social rules--specified rights and obligations. The rules for the acquisition, use, and transfer of rights to land, we call land tenure; the rules specifying human cooperation in production processes, we call work organization; the existence of tools and technical knowledge in any economy means that there will be rules for their acquisition, use, and transfer.

Two general points emerge: The rules specifying rights of acquisition or usage of any of these components of economy may be expressions of kinship or political <sup>relationships,</sup> ~~institutions,~~ in which case the economic component



is inextricably related to the social (both observable activities and folk-views will indicate if such is the case), and we have a socio-economic practice, institution, or process. Aboriginal arrangements for land tenure in parts of Africa are obvious examples, where land is acquired through kinship right or tribal affiliation (Bohannan 1954; 1963; Schapera and Goodwin 1936: 157). Secondly, what we call economic organization, or structure, or institutions are the rules in force through which natural resources, human cooperation, and technology are brought together to provide material items and specialist services in sustained and repetitive fashion.

(3) A third similarity is the incorporation of superficially similar economic devices and practices in economies differently organized. Economies as different as the U.S., the U.S.S.R., and the Tiv make use of market places, foreign trade, monetary objects, and devices for measuring and record-keeping.

In summary, all societies of record--those studied by anthropologists, historians, and economists--have structured arrangements to provide the material means of individual and community life. It is these structured rules that we call an economic system. Economic anthropology, as it is done by the Polanyi group, is concerned with delineating these social rules of economy by describing activities and folk-views, and analyzing processes and relationships in the small-scale, pre-industrial communities of the underdeveloped world, and making comparisons between primitive and peasant economies on the one hand, and the industrialized developed economies of the West, on the other. So too with the components of economy: the allocation of land and labor, the organization of work, the disposition of produce, and the organization and usage of forms of money, markets, and external trade.



However, there are very important differences among economies-- differences in structure and in performance, and much valuable analysis lies in contrasting economies with regard to the following: technology, size, and physical environment; transactional modes used to allocate resources, organize work, and dispose of produce. With regard to performance, questions such as these are relevant: what is the range of goods and services produced; what are the relative quantities produced, how equally or unequally is real income distributed? *and why?*

#### Why Study Traditional, Static, Subsistence Economies?

I have recently been chastised in print (Cook 1966) for--among other vices--analyzing in detail the structure of traditional, static, subsistence economies such as the Trobriand Islands in Malinowski's time.\* In the mid-1960's very few such economies exist intact, almost all of them undergoing various kinds and degrees of economic, social, cultural, and technological change.\*

First, I point out that this kind of complaint seems not to be made in other branches of anthropology: do anthropologists criticize each other for studying traditional political organization or traditional religion because--like traditional economy-- they are now undergoing change? Indeed, why study history, then, since it is concerned with forms of social organization no longer in being?

v.g.  
Questioning the usefulness of analyzing traditional economies is an example of an odd double standard in anthropology. Anthropologists who would condemn out of hand a theoretical approach which regarded primitive religion or political organization as being simply variants of ~~European religions and political organization as being simply variants of~~ European religions and politics to be analyzed in the conceptual language of Christianity and democracy, nevertheless approach primitive economy as



though it were a variant of capitalism to be analyzed in the conceptual language of supply, demand, elasticity, capital, maximizing (bride)price, etc. (LeClair 1962; Pospisil 1963).

To answer the question specifically: Anthropologists have old and new reasons to study the organization of static, traditional, subsistence economies, even in the 1960's when these are changing. One old reason is precisely the same that justifies their studying any aspect of traditional social organization and culture--religion, polity, kinship, language: to find out how these are (or were) organized in as many societies as we can (Levi-Strauss 1966), and then make <sup>analytical</sup> generalizations about these and compare them with <sup>our</sup> ~~the~~ own Western systems. But there are at least two special reasons why it is important--even at this late date--to study traditional primitive economies.

I assert that the theoretical portion of economic anthropology has been poorly done. Compared to the theoretical literature on kinship and religion, economic anthropology is underdeveloped. I do not mean to suggest that theoretical light began to dawn only with the publication of Trade and Market in the Early Empires. Malinowski (1921; 1922; 1935), Mauss (1925), and Firth (1929; 1939; 1946)--to name only the outstanding--have made theoretical contributions of great importance. But much was not done, and much of what was done was done poorly. (And it is Polanyi's work on modes of transaction, money, markets, external trade, and operational devices that has begun important new theoretical lines of analysis,) and, indeed, has allowed us to clear up some old muddles such as "primitive money" (Dalton 1965), and economic "surplus" (Pearson 1957; Dalton 1960; 1963).



There is another reason to be concerned with traditional subsistence economies which Polanyi's work (Polanyi being an economic historian) illustrates. It is a great pity that some of those who sought a theoretical framework with which to analyze primitive and peasant economies (Goodfellow 1939; Hershkovits 1952), turned to writings on ~~conventional~~ <sup>post-industrial</sup> economic theory for conceptual guidance instead of writings on pre-industrial European economic and social history.

Pirenne ( ), Bloch ( ), Weber ( ), and Finley ( ) have more to teach anthropologists about pre-industrial economic organization than do Marshall (1920), Knight (1941), or Robbins ( ).

Because the peoples and communities of Africa, Asia, Latin America, and Oceania traditionally studied by anthropologists are experiencing the several kinds of change we associate with economic development, industrialization, urbanization, and the formation of nation-states, anthropologists are increasingly concerned with the processes and problems of socio-economic change. There is a rapidly growing literature of theory and case studies (Smelser ; Beattie ; Douglas 1965; Brokensha 1966). Indeed, several anthropologists have returned to places they did fieldwork in twenty or more years earlier, to study socio-economic change (Mead ; Firth ; 1966).

I suggest that analytical insights and generalizations about socio-economic change have to be based on firm theoretical understanding of traditional socio-economic organization (Dalton 1964a; 1965c). Change is always change of what is; and what is, depends on what has been: "Any planned growth is embedded in a set of institutions and attitudes which come from the past" (Keyfitz 1959: ).



~~Here again~~ <sup>Again</sup> One can illustrate the point from European and American experience. How is it possible to understand the causes and consequences of those New Deal, Fair Deal, "Great Society," changes in U.S. economy and their counterparts in the English and Scandinavian welfare states, except by knowing the structure and performance of 19th and early 20th century capitalism in Europe and the U.S.? How is it possible to understand the impact of Western money on subsistence economies in Africa unless one first understands the nature of indigenous money and its uses, which, in turn, requires knowing how indigenous economy functioned before the monetary incursion (Bohannan 1955; Douglas 1958; Dalton 1965a). So too, in order to understand why litigation over land rights sometimes occurs when land is first made subject to contractual purchase and sale, one has to know the nature of land tenure before land was made marketable (Biebuyck 1963).

Processes of modernization--industrialization, the expansion of commercial production, etc.--are extremely complicated and ramify into all segments of society and culture. Many of the anthropological studies being undertaken are addressed to two broad questions, both of which require knowledge of traditional, "pre-modernization" structures:

(1) What are those features of traditional social organization, culture, polity, and economy which make for receptivity or resistance to technological, economic, ~~social~~ and cultural innovations--modernization and development (Douglas 1965)? (2) What <sup>are</sup> the "impact"<sup>s</sup>--processes of sequential change--on traditional social organization and culture when a group undertakes enlarged production for sale, the use of Western money and technology, and incorporates other such innovations (Gulliver 1962, Firth and Yamey 1964)?



Conceptual Categories in Economic Anthropology

Conceptual categories in economic anthropology, e.g., "prestige economy," "spheres of exchange," "reciprocity," as in any social or physical science, are not right or wrong, but very useful, less useful, or useless for analyzing some real-world process or problem. Conceptual categories are definitions invented in men's heads and made with a specific purpose in mind. The purpose is to answer some question of interest about some portion of reality worth knowing about. When one theory supersedes another (as when Keynesian economics displaced the quantity theory of money, or when nuclear physics displaced quantum physics), it is because the new conceptual categories of the new theory allow investigators to answer questions of importance about real world processes in a way judged superior to the earlier theory. The judges are the professional audiences of economists in one case, physicists in the other.\* The concepts of Keynesian economics (e.g., the consumption function), are judged by economists to be superior to the concepts of the quantity theory (e.g., velocity of circulation) in explaining the process of aggregate income determination and its fluctuation. The reason I italicize is to insist ~~that~~ that concepts--and the theory they are attached to--can only be judged useful or useless in relation to their specific application. We should judge methodology, conceptual categories, frames of reference-- in a word, theory--as we judge mousetraps: not by elegance of design or strength of materials, but by how many mice they catch when put to work.\*

The point is ~~applicable~~ <sup>applicable</sup> ~~applicable~~ <sup>applicable</sup> to all academic fields of inquiry: the oedipus complex in Freudian theory, role expectations in Parsonian theory,



elasticity of demand in Marshallian theory, are like special-purpose money in Polanyi's theory: definitional concepts invented by men to allow them to make statements of analytical interest about a real-world process. We judge the concepts by the insights, conclusions, and generalizations reached through their use.\*

#### Economic Anthropology as Part of Comparative Economy

The economies of direct interest to anthropologists are the large set of subsistence and peasant communities in Africa, Asia, Latin America, and Oceania.\* The focus of analytical interest is either their traditional structure and performance before serious Western incursion (Malinowski 1922; 1935; Firth 1946), or matters relating to socio-economic change, growth, and development (Hunter , Firth 1966; Geertz 1962). In either case, there is an important literature outside of anthropology. The fields within economics which provide complementary information ~~to economic anthropology~~ are pre-industrial economic history (Pirenne 1936; Rostovsteff ), comparative economic systems (Grossman , Carr 1951; Myrdal 1960), and the institutional literature of economic development (Lewis 1955; Myrdal 1957; Hagen 1962).

Anthropologists conventionally make comparisons among primitive and peasant economies (Mauss 1925; Wolf 1955), and between these and their own European or American economy (Salisbury 1962; LeClair 1962). Only rarely do they attempt comparisons between primitive economies and economies of pre-industrial Europe (Goody 1963; Beattie 1963; Fallers ; Godelier 1965), and I have yet to come across a work in economic anthropology which shows awareness of the structure of Soviet economy.\*



Economic anthropology is best done within a framework of comparative economic systems which draws on all economies of record. The analysis of both static and developing economies is now scattered in various branches of economics, history, sociology, and anthropology, all of which contribute information of use to the broad range of *topics* ~~problems~~ considered in economic anthropology.

Any systematic theory can be conveniently regarded as comprising a set of leading ideas and concepts used in causal analysis of processes and problems. The leading ideas are the themes, conclusions, and generalizations we immediately associate with prominent writers and their principal works--Adam Smith, Marx, Darwin, Keynes--to name only the dead and the exceptionally distinguished. But the same is true for the theories of the live and the less distinguished. I shall list and then discuss some of the conceptual categories I think most useful in economic anthropology, indicate the questions they help answer and the leading ideas they are associated with, and refer to literature to illustrate these points.\*



Table 2  
Economics of Record and Social Science Sub-fields

~~Table 1~~  
Economics of Record  
~~ECONOMICS OF RECORD~~

<u>Community Economics of</u>	<u>Community Economics</u>	<u>National Economics</u>	<u>National Economics</u>	<u>National Economics</u>	<u>Community Economics</u>
Primitive and Peasant: Static	Primitive and Peasant: Change, Growth, and Development	19th Century Capitalism	Welfare State Capitalism and Fascism	National Economics Communist	Utopian**
Economic anthropology	Economic anthropology; applied anthropology	Economic history	Comparative economic systems	Soviet economy*	European and American History
Pre-industrial Economic and social history (e.g., of Europe and Asia)	Economic development	History of economic thought	Economic history	Comparative economic systems	
	Economic history	Classical and Neo- classical economic theory	Modern economic theory (price, distribution, aggregate income and growth theory)		

\* The field of Soviet economy has developed as a specialist study within economics (Bergson ; Nove ; Grossman ;). So too with Communist China.

\*\*Occasionally, an anthropologist studies a utopian community, e.g., Spiro (1955). Those concerned with economic anthropology would do well to read the literature of utopian communities (Noyes ; Nordoff ; Bestor ; Dalton ), and of African socialism (Nyerere ; Berg 1964; Singha ).

SOCIAL  
SCIENCE  
SUB-FIELD

Social  
Science  
Sub-field

Even more narrow  
? Klatzsch, 1962

letter



Table 3

Subjects Analyzed in Economic Anthropology

1. Socio-Economic Structure: Primitive-Static Economies  
Peasant-Static Economies
2. Economic Performance: Primitive-Static Economies  
Peasant-Static Economies
3. Socio-economic Organization and Economic Performance in  
Primitive and Peasant Economies Compared to Industrial  
Capitalism
4. Processes and Problems of Change, Growth, and Development  
in Primitive and Peasant Economies



Table 4

← Conceptual Categories, Leading Ideas, and Relevant Questions in Economic Anthropology

I. A. Traditional Static Economies

1. Primitive, without centralized polity (Trobriands, Tiv, Naur, Lele)
2. Primitive, with centralized polity; chiefdoms, kingdoms, empires (Nupe, Bantu, Inca, 18th Century Dahomey)
3. Peasant (Malay fishermen; Latin American peasants)

B. Analytical Distinctions for Primitive and Peasant Economies  
(the same categories can be applied to national, developed economies such as the U.S. and U.S.S.R.)

1. Structure (Organization)

- i. Size of economy, technology, and ecology (natural resource endowment)
- ii. Transactional modes (reciprocity, redistribution, market exchange in internal and external transactions; dominant-integrative modes distinguished from petty modes)
- iii. Organization of production processes: (a) allocation of resources (land acquisition, use, and transfer; the acquisition, use, and transfer of labor; ~~the acquisition, use, and transfer of labor~~; the acquisition, use, and transfer of tools and equipment). (b) Work organization. (c) Disposition of produce. (d) Specialist ~~services and their remuneration~~
- iv. Organization and role(s) of external trade, if any (reciprocal gift trade; politically administered trade; market trade)
- v. Organization and role(s) of internal markets and market places, if any (marketless economies; petty market places; small-scale market-integrated economies. Resource markets and produce markets)
- vi. Organization of money and money uses, if any (distinctions between general-purpose and special-purpose monies; between commercial and non-commercial uses of money; relation between ~~money and~~ money uses and transactional modes)
- vii. Operational devices, if any: record-keeping, accounting, and measurement devices (quipu strings, pebble counts); devices of culture contact (silent trade, ports of trade; border markets)
- viii. Prestige economy contrasted with subsistence economy (transactional spheres, conversions)



- ix. The relation of economic to social organization (the place of economy in society): social control of resource allocation, work organization, and product disposition; social guarantees of livelihood through resource allocation and emergency subsistence

2. Performance

- i. Range of goods and specialist services produced or acquired.
- ii. Level of output; fluctuations in output; frequency of dearth or famine (emergency devices in dearth or famine: use of trade partners for emergency gifts; use of less-preferred foods; emergency conversions--sale of treasures, valuables, and people to strangers for food)
- iii. Distribution of real income: how equal or unequal?
- iv. Distribution of subsistence goods contrasted with distribution of prestige goods (*Aspects of exchange*)

C. Special Points Relating to Static, Peasant Economies

1. The nature of market organization and dependence contrasted with national, developed market economies; why "penny capitalism" is an accurate description.
2. Peasant economy and culture before and after the Industrial Revolution.
3. The mixture of traditional and market economy; of traditional and modern technology; of traditional social organization and culture and elements of modern culture.
4. Primitive economy and society in contrast to peasant economy and society, and in contrast to industrial capitalist economy and society.

II. Socio-economic Change, Growth, and Development: Sequential Process <sup>Analysis</sup> |

1. Two fields of economic development: economics (national development--from above), and anthropology (community development--from below).
2. The reasons for the complexity of the subject(s) of change, growth, and development.
3. The distinctions between degenerative change, economic growth, and socio-economic development.
4. Almost invariably, change, growth, and development are initiated from outside the small community of anthropological concern.



5. The frequent case of primitive economies becoming peasant: growth without development.
6. What constitutes "successful" community development?



ECONOMICS, ANTHROPOLOGY, AND ECONOMIC ANTHROPOLOGY <sup>(1)</sup>

George Dalton  
Boston University

The social science disciplines, economics and anthropology, can be regarded from two points of view. As areas of professional study having, so to speak, lives of their own, they are fields of specialized interest subject to research, development, and growth. So that, as distinct disciplines, each has a history, and its own special vocabulary, pioneer works, major emphases, and leading principles.

But social science disciplines are more than academic fields of inquiry. In varying degree they contain <sup>a distinct discipline</sup> analytical techniques, substantive empirical knowledge, and theoretical generalizations relevant to the solution of social problems. Indeed, at least one of them, economics, is so <sup>contemporary</sup> problem-oriented, that some of the best of its practitioners--including Adam Smith and John Maynard Keynes--derived their major works explicitly in pursuit of policy solutions for contemporary problems. <sup>(2)</sup> In a word, each social science is both <sup>theoretical interest</sup> inner-directed by the push of its own past) and its own conventions, and outer-directed by the pull of important social problems.

<sup>(3)</sup> It is most unfortunate that the two fields of interest to this paper, economics and anthropology, for the most part have developed independently of one another. As a specialized field of analysis, economics was established in response to two societal innovations

problems are "externally directed" if arising out of the manner in which institutions themselves are given by the subject itself an interest inherent which gain

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May be more a less theoretical or practical



France

occurring in late eighteenth century England, and their general diffusion in nineteenth century Europe and America: the use of machine technology within the institutional ~~xxxx~~ setting of price-making factor and output market integration. Not only the most important of the <sup>older</sup> sub-fields of economics, price and distribution theory, but almost the entire family of sub-fields--money and banking, international trade, public finance, business cycles--were concerned exclusively with the <sup>special</sup> ~~special~~ structures and problems of market-organized industrialism. Indeed, until about 1930, there was no such sub-field as comparative economic systems. The prevalent interests of economists were such that (From their viewpoint) there were no economic systems to compare. The world of, say, the late nineteenth century could be divided into three parts: (i) industrialized countries, all of which were organized on the same basic market pattern; (ii) non-industrialized countries and colonial areas in economic contact with the industrialized West, i.e., producing agricultural commodities and natural resources transacted through world markets; (iii) non-industrialized countries having little or no economic contact with the industrialized West, and organized along feudal or primitive lines. The "economies" of categories (i) and (ii) were amenable to orthodox economic analysis. Those of category (iii) were of no interest to Western economists. <sup>3</sup> Analysis of ~~xxx~~ primitive economic organization was the domain of anthropologists, not economists.

<sup>4</sup> Two sets of world events have had the result of widening

what is



the spheres of interest <sup>to</sup> ~~of~~ economists, and, it shall be pointed out, increasing the importance of economic anthropology.

(4) The ~~world~~ events of the last thirty years have given rise to several new sub-fields of economics, three of which are of interest to this paper. For the first time since machine technology became institutionalized in the West, new structures of economic organization were adopted. Russian Communism, German Fascism, American New Dealism, and the British Welfare State have in common that they are industrialized countries with systems of economic organization different from the classical model of (relatively) laissez-faire market capitalism, which characterized all industrialized countries of the late nineteenth century. Therefore, since 1930 the sub-fields of comparative economic systems, and specific area studies (e.g., the Soviet economy) have become ~~primary~~ matters of professional interest to economists.

Similarly, the new sub-field, economics of underdeveloped areas, has come into being as a result of the socio-economic upheavals in the colonial, ~~and primitive~~ <sup>and</sup> primitive parts of the world.

(5) The general purpose of this paper is to show how the content of traditional economic theory, and the new sub-fields of comparative economic systems, regional studies, and economics of underdeveloped areas, can be related to economic anthropology (a sub-field which has been traditionally outside the interest of economists). More specifically, three themes will be emphasized: (I) The various uses to which economic anthropology can be put. (II) Some reasons why economic anthropology is a less developed and less cohesive

unconnected with introductory passages

helpful objectives

of a teaching system the terms

?



sub-field than others within anthropology. (III) An outline of what seems to the present writer the bases of improving theoretical work done in economic anthropology.

I The Uses of Economic Anthropology

*The paper begins here*

(6) There are two sets of reasons why economic anthropology deserves <sup>attention today</sup> ~~more precise and~~ extensive treatment than it customarily receives. The reasons--or better, foci of interest--are not unrelated, but it will be convenient to discuss them separately. The first set may be labeled <sup>more theoretical</sup> as reasons "internal" to anthropology as a field of social science. <sup>the other as</sup>

*emphatically practical.*

~~In the same sense as one may say that all primitive communities have kinship and religious systems, one may say that they also have economic systems: systematic devices, procedures, and organization which provide for the sustained & repetitive flow and diffusion of material goods and services, with integrative institutions and value sanctions which impart unity and stability to the system.~~ The reasons for the ubiquitous existence of economic systems <sup>in society</sup> are not obscure. They stem from the essentially

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bio-social nature of man, ~~or~~ more specifically, from the fact that <sup>human society</sup> man needs a dependable flow of material goods for ~~physical~~ <sup>ITS</sup>

and social survival. ~~By social survival is meant the carrying out of social functions and purposes--~~ religious observance, kinship obligation, educational provision, political duty--all of which <sup>these</sup>

*are bound up with*

~~require~~ material goods and services. The fundamental means of providing them are everywhere the same: the natural environment and human cooperation. <sup>4</sup> So that--just as with kinship--economic

institutions are a regular feature of every society, and no



anthropological study would be complete without a description of their functioning. The word "institutions" should bear special emphasis in order that the important distinction between technology and economics is made clear. To borrow <sup>a formulation</sup> a device from Paul Bohannan, technology concerns <sup>primarily</sup> a "man-thing" relationship, whereas economics concerns "man-man" relationships (with regard to things and human services). To ~~xxx~~ illustrate simply, the technology of steel-making in a Soviet mill is much more akin to that of an American steel mill, than is the economic organization in which each steel mill is enmeshed. The distinction is additionally important, because, as will be discussed in some detail below, there ~~x~~ exists a whole family of <sup>economic institutions and</sup> "operational devices" <sup>5</sup> such as money, external trade, accountancy, prices, market places, which, like technology, ~~exist~~ <sup>exist</sup> ~~are institutionalized~~ in distinctly different <sup>forms</sup> ways in different economies, and indeed, in different sectors of the same economy. And it is partly by the different <sup>manner</sup> rules for instituting the use <sup>in which</sup> of technology <sup>ies and economic culture traits are instituted</sup> and operational devices that we distinguish among economic "systems."

The anthropologist's first concern with the economic, then, stems from his general concern with all important institutions of primitive life, especially with those which appear to be universal and thereby capable of comparison and contrast with similar components in other societies.

The second source of concern with economic anthropology is due to the "Colonial Revolution" <sup>6</sup>: the need <sup>practical issues</sup> to solve problems of policy-making for those areas in the world undergoing pervasive



transformation--political, economic, technological, and sociological. Here the anthropologist's training and interests give him a unique position. ~~In this connection there are two points which should be underscored.~~ The transforming countries are, and will be, developing from an economic institutional base which has been almost <sup>exclusively</sup> ~~the~~ <sup>7</sup> province of the anthropologist. Economic theorists and the highly developed corpus of Western economic theory have not been concerned with nonmarket-organized, nonindustrialized economic systems; and the outstanding negative features of primitive economic organization are the absence of machine technology, and of the market pattern as dominant integrating complex. ~~Secondly,~~ the anthropologist--perhaps alone among social scientists--~~is, so to speak,~~ professionally sensitized to the danger of cultural disintegration inherent in rapid, uncontrolled, institutional transformation. The economist and the anthropologist have <sup>therefore</sup> fundamental differences in outlook concerning the industrialization of undeveloped areas. Trained in the impressive discipline of Ricardo, Marshall, and Keynes ~~(designed for the special socio-economic structure and problems of Anglo-America),~~ the economist carries with him his ingrained familiarity with market-organized industrialism, and its special value emphases on individualism, the primacy of technical efficiency, ~~and~~ material acquisition, and impersonal contract obligation. To him, the bizarre features of primitive economic life such as gift-giving reciprocity, and the fact that labor services and land are rarely marketed commodities, appear as

*the description and analysis of*

*Step*



irrationalities and therefore obstacles to ~~xxxxxxxx~~ rapid industrialization and economic growth. <sup>72</sup> The economist perceives the basic organizational problem of undeveloped areas <sup>66</sup> as how to remove the cultural obstacles in order to implant industrialization via our own market pattern and its values.

Any public policy which is calculated to sharpen the aspirations of backward peoples for goods, to make income-earning a more powerful lever, to introduce the competitive spirit, and to make them over in our puritan image, so that they, too, will look upon the leisurely as social pariahs, is fraught with danger. The backward peoples may very well be socially more stable as they are. To make a revolution among them, destroying value-systems which are ancient and rooted, may do enormous harm. But this is a risk to be run and, possibly, the price to be paid for economic development. In the backward areas, now, people live badly; they are malnourished, badly housed, ill and diseased. To improve their conditions of life, either more of them must work, they must work more hours, and they must produce more in each hour of work; or they must be a charge on the people of the developed areas. ~~Our~~ Our traditions must become theirs, or they must remain poverty-stricken, or the world's well-to-do must move a never ending flow of gifts to them. There is no other way out. (Rottenberg 1952: 97)

A The anthropologist has a different orientation for two reasons: he weighs more heavily than the economist the social cost of economic transformation, and he is not ~~as~~ ideologically committed to our own <sup>special</sup> pattern of economic organization. To the anthropologist, therefore, the problem appears to be, how to ~~introduce~~ introduce and control industrial techniques so as to allow cultural survival, or at least to impede and retard the disintegrating detribalization which accompanies the invasion of alien practices and values. It is well to remember that not only parts of Asia and Africa, but England and Soviet Russia as well (during their ~~initial~~ initial periods of industrialization) suffered such social decimation of cultural forms and values. In the former, the introduction of machine



<sup>occurred in</sup>  
 technology was accompanied by the institutionalization of an un-  
 controlled market system which <sup>forced us to</sup> ~~compelled the~~ subordination of  
 traditional values to material acquisition. The "economic whips" <sup>to</sup> 9  
 of hunger and pauperization compelled the labor force to comply  
 with the market-<sup>expressed</sup> ~~registered~~ needs of newly established industry.  
 Competition and the threat of bankruptcy made entrepreneurs  
 pursue profit maximization ~~(a component of which is cost minimiz-~~  
~~ation)~~. The inhabitants of Manchester's slums became as detribal-  
 ized as those of Johannesburg at present. 10

<sup>Out of</sup> ~~With~~ different ideological <sup>commitments</sup> ~~norms~~ and using a different ~~system~~  
~~of integrative~~ economic organization, the Soviet ~~authorities~~  
 enforced a similar subordination of traditional values to achieve  
 rapid industrial expansion. The exonerating rationale was the  
 crucial need for output growth, ~~to which all other social goals~~  
~~were made to give way.~~ <sup>These</sup> ~~It should be emphasized that the historical~~  
 experiences of English and Russian industrialization are quite <sup>close</sup>  
 relevant to present-day <sup>issues</sup> ~~problems and experiences~~ of Asian and  
 African transformation. <sup>In short, all</sup> ~~All existing~~ industrialized countries,  
<sup>regard to</sup> ~~in their~~ dominant patterns of integrative economic organization,  
 follow either the English model of decentralized factor and output  
 market <sup>s</sup> ~~complex~~, or the Soviet model of centralized, redistributive  
 planning. 11

<sup>The</sup> ~~A necessary~~ starting point for <sup>an</sup> understanding <sup>of</sup> the multiple  
 problems of socio-industrial transformation in underdeveloped  
 areas, is the ~~character of the indigenous economy existing before~~  
<sup>to</sup> ~~industrialization, takes place.~~ ~~The newly established Western~~



technology and economic organization, and the indigenous structures <sup>interact,</sup> are mutually affective. A central feature of primitive economic life—indeed, perhaps a ubiquitous feature—is what Karl Polanyi (1947) has called the "embeddedness" of the economic in social institutions. In primitive society, the economy is not <sup>an</sup> autonomous <sup>system in society</sup> in the sense of <sup>which</sup> having internally cohesive principles <sup>on</sup> operating <sup>of its own</sup> independently of kinship, religion, government, etc. Rather, economic transactions are <sup>here</sup> expressions of socially defined obligations. One could not describe the principles of primitive economics without, at the same time, describing the controlling social matrix within which the economic functions. Another way of stating such embeddedness, is that from the point of view of the native, the economic system is usually invisible—or better, unconscious: <sup>he is</sup> <sup>of its existence being</sup> <sup>he is</sup> not aware of it as a separate entity apart from <sup>the</sup> <sup>that controls it,</sup> its controlling social integument.

The exchanges of archaic societies which [Mauss] examines are total social movements or activities. They are at the same time economic, juridical, moral, aesthetic, religious, mythological, and socio-morphological phenomena. Their meaning can therefore only be grasped if they are viewed as a complex concrete reality. ~~Mauss is telling us . . . how much we have lost, whatever we may have otherwise gained, by the substitution of a rational economic system for a system in which exchange of goods was not a mechanical but a moral transaction, bringing about and maintaining human, personal, relationships between individuals and groups.~~ (Evans-Pritchard 1954: vii)

Indeed, it would not be an exaggeration to say that economic relationships in primitive society are best regarded as part of a total system of indigenous morality. The term "economy" with its connotation of a distinct sphere apart from other social spheres, is a Western, ~~not a primitive~~ concept. <sup>foreign to primitive society,</sup> <sup>Hence</sup> It is because of such socio-economic fusion in primitive society that the implantation



of Western technology and market organization induce <sup>into a primitive state</sup> such pervasive social consequences. <sup>In Firth's terms, here</sup>

~~In primitive communities,~~ the individual as an economic factor is personalized, not anonymous. He tends to hold his economic position in virtue of his social position. Hence to displace him economically means a social disturbance. (Firth 1951: 137)

<sup>Other</sup> Analogous examples of ~~general~~ social disruption induced <sup>caused</sup> by a ~~localized~~ <sup>limited</sup> institutional change which affects an integral part of a wider complex, are familiar to anthropologists. As, <sup>where</sup> ~~for example,~~ when head-hunting or war were forbidden by colonial overseers, in societies in which ~~social recognition,~~ estimates of self-worth, and political rank were determined by the exhibition of war prowess. <sup>social disaster was the outcome</sup> Similarly, the "economy" is so integrated with <sup>here have</sup> social institutions, that economic change must induce significant social change. <sup>consequences,</sup>

There is another use for economic anthropology which is rarely discussed: the relevance of primitive socio-economic patterns <sup>and values</sup> to policy problems of Western industrialized nations.

For an economist to suggest that economic anthropology has policy relevance for Western industrialized countries is to expose himself to two different sets of professional criticism. Economists are likely to dismiss the suggestion out of hand as a joke of questionable taste: after all, what have the curious habits of the natives to do with us? ~~XXX~~ Anthropologists are likely to accuse him of the cardinal sin of what might be called ethnic nostalgia: the longing for a social structure akin to Rousseau's distortion of primitive life, i.e., presented as an organic idyll of beauty, simplicity, warm personal relationships,



and, perhaps, also of permissive sexual exploration. <sup>(13)</sup>

It will be argued here that just as Western economic organization, experience, and theoretical analysis can be used as one basis for deriving policy for problems of underdeveloped area transformation, so too can knowledge of indigenous socio-economic patterns of primitive society be applied to help derive structural reforms in the West. The point requires understanding to two kinds of social science empirical data and analyses: knowledge of the recurrent forms of socio-economic integration in primitive societies (provided by economic anthropology); and knowledge of the contemporary patterns of economic organization in the West, and their recent and historical antecedents (provided by economic theory, economic history, and comparative economic systems). It will be *shown* how the post-1930 changes in Western economic structure, policy, and ideological norm, have changed the relation between economic and social institutions. The place of the economy in society has moved closer to that found in the primitive world. Four points of similarity ~~especially~~ <sup>noted</sup> will be described: (i) the social control of economic institutions; (ii) the enlargement of the redistributive sphere of economy; (iii) the changed organization of operational devices; (iv) the increased institutional expression of non-material rewards from work, *and of material security as a matter of social right.*

In the West since 1930, there has been a ~~generalized~~ movement away from the nineteenth century ~~organizational system of~~ self-regulating market economy. The institutional changes which mark the transformation ~~from~~ <sup>of</sup> laissez-faire capitalism, in each case entail <sup>5</sup> the retention of machine technology, but a reformation of



the economy-integrating, organizational structure of the uncontrolled market system. German Fascism, Russian Communism, the British Welfare State, and American New Dealism are various systems of social control, which have ~~ix~~ altered or superseded the (relatively) uncontrolled market determination of aggregate output, resource allocation, and income distribution. For Anglo-America, the more important structural changes can be put into four groups, all of which have relevance to primitive economic organization and to underdeveloped area transition.

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Economic structural change induced by governmental intervention in Anglo-America has taken two main forms: the political regulation of previously uncontrolled factor (e.g., land and labor), and output markets, usually to reduce the degree of price fluctuation and thereby enhance the income and employment security of workers and owners; secondly, the increased use of the redistributive mechanisms of taxation and governmental spending for war, welfare service provision, full employment maintenance, and growth purposes. <sup>14</sup> In addition, the post-1930 departures from laissez-faire capitalism also entail the use of "old" operational devices in different organizational settings, and sometimes for novel purposes. For example, in uncontrolled market economy, external trade was carried on almost exclusively at the business firm level, and transacted on the same market principles as was local and nationwide internal trade. Since 1930, new organizational forms *and functions* have emerged: lend-lease, the Marshall Plan, point four, reciprocal trade agreements, government purchases in bulk for domestic resale, offshore purchasing arrangements, and inter-governmental loans are



cases in point. So too with the operational devices of taxation and money uses. The very specialized forms which operational devices had in uncontrolled market economy have been changed along with the more basic structural changes previously cited. (The seemingly bizarre devices of primitive economy--bride-price paid in special money, silent trade--become more comprehensible. Once it is realized that devices such as money<sup>and external trade</sup> are--like language and mathematics--flexible tools capable of performing varied functions in wholly different institutional contexts, we become free of the intellectual constraints imposed by market-economy preconceptions of what, e.g., money is and must be).

Along with the organizational changes in the West involving the social control of markets, the increased use of redistributive mechanism, and the changed roles of operational devices, have appeared changed value emphases which have become institutionalized. Two especially deserve consideration because economic anthropology demonstrates similar emphases<sup>and mechanism</sup> in primitive economy.

An outstanding characteristic of primitive economy is a socially guaranteed subsistence minimum. The threat of individual starvation for non-performance of economic tasks is not used as a negative incentive to induce effort.

. . . the productive or economic system was usually arranged in such a fashion as not to threaten any individual with starvation. His place at the camp fire, his share in the common resources, was secure to him, whatever part he happened to have played in hunt, pasture, tillage, or gardening.

Here are a few instances: Under the kraalland system of the Kaffirs, 'destitution is impossible: whosoever needs assistance receives it unquestioningly' (L. P. Mair, An African People in the Twentieth Century, 1934). No Kwakiutl 'ever ran the least risk of going hungry' (E. M. Loeb, The Distribution and Function of Money in Early Society, 1936). 'There is no starvation in societies living on the subsistence margin' (M. J. Herskovits, The Economic



Life of Primitive Peoples, 1940). In effect, the individual is not in danger of starving unless the community as a whole is in a like predicament. It is this absence of the menace of individual destitution that makes primitive society, in a sense, more humane than 19th century society, and at the same time less 'economic.' (Polanyi 1947: 112)

¶

It is true that the malingerer, the lazy, and the incompetent are usually punished socially for their unsatisfactory performance through public scorn and loss of prestige; but they are not punished materially in the sense of being allowed to starve. Material security as a matter of social right seems pervasive in primitive society. Part of recent institutional change in the West has been the adoption of such values and the mechanisms to make them effective. Indeed, in the United States, it is only within the last twenty-five years that material security values have been institutionalized on a national basis: minimum wage laws, old age pensions, unemployment insurance, government aid to the indigent and incapacitated--all have the effect of increasing material security. We too have decided that they who do not (or can not) work shall not perish. Indeed, an issue of domestic policy at present is the possible extension of such values into the spheres of higher education and medical services.

Another area for relevant application of economic anthropology to Western market industrialism, concerns the increasing recognition of the importance of work gratification (in the economist's term, "psychic income"), and attempts to devise institutional policy for its greater realization and diffusion.

Subjective gratification from work, aside from its material rewards, basically is of two kinds, both of which appear in



primitive economic life. The first stems from craftsmanship: the enhanced self-respect and creative satisfaction from the experience of a job well done. The second is the more frequent experience of social communion: work gratification which stems from the fulfilment of socially defined obligation, and from the web of social relationships in which the work is enmeshed (e.g., satisfying associations with others on the job, or social approval of the work done). Deliberate institutionalization of such non-material motivation forms a part of the ethical aspiration of democratic socialist philosophy, as well as of Russian and Chinese Communist practice. <sup>(18)</sup>

In all these recent Western adaptations and shifts of value --the political control of market spheres, the enlargement of the redistributive sphere, the varied use of economic operational devices, material security as a built-in social right, work motivated by non-material impetus--economic anthropology presents parallels both of theoretical and practical interest. The indigenous structures of socio-economic integration in primitive societies can serve as model for Western market industrialism in one primary way: we can learn from them that the spheres of economy can be so organized that they embody the same moral values that we in the West traditionally reserve for the special spheres of kinship and religion. We can "re-embed" the economy in society--indeed, as we have been doing peripherally, especially for the last thirty years. More specifically, we could retain machine technology, material abundance, and valued cultural freedoms, <sup>but</sup> ~~but~~ so change our structures that the seeking of material self-gain as a primary value--<sup>and necessity</sup> and its organizational expression, the manifold institutionalized

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deceits which debase human relationships--be changed. The point is to make economic organization reflect moral values and social ties. Such is what Marcel Mauss had in mind in a rare policy statement derived from anthropology:

Hence we should return to the old and elemental. Once again we shall discover those motives of action still remembered by many societies and classes: the joy of giving in public, the delight in generous artistic expenditure, the pleasure of hospitality in the public or private feast. Social insurance, solicitude in mutuality or cooperation in the professional group and all those moral persons called Friendly Societies, are better than the mere personal security guaranteed by the nobleman to his tenants, better than the mean life afforded by the daily wage handed out by managements, and better even than the uncertainty of capitalist savings. (1925: 67)

Mauss is telling us. . . how much we have lost, whatever we may have ~~gained~~ otherwise gained, by the substitution of a rational economic system for a system in which exchange of goods was not a mechanical but a moral transaction, bringing about and maintaining human, personal, relationships between individuals and groups. (Evans-Pritchard 1954: ix)

But moral exhortation is useless unless accompanied by institutional change which makes the new morality operative in functioning experience and values. Localized inter-personal patterns do not become general unless the underpinning of institutional means are provided for their larger expression, and the new morality becomes internalized as valued personal virtue, socially recognized.

[I plead for the restoration of that unity of motives which should inform man in his everyday activity as a producer, for the re-absorption of the economic system in society, for the creative adaptation of our ways of life to an industrial environment. (Polanyi 1947: 115,116)]

The application of knowledge derived from economic anthropology, to Western economic reform is, in a basic sense, symmetrical with the anthropologist's view of the proper application of Western

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economic organization to primitive societies in transition. If one examined the orientation of an anthropologist charged with policy making for such a primitive society, which types of economic organizational forms and which policies would he recommend in order to increase material welfare with the least social disruption? Surely he would seek to retain those indigenous integrative patterns which were compatible with the new industrialism, and replace those indigenous forms which must be changed, with those specific Western patterns sociologically as close as possible to the old. He would not urge the establishment of the rigorous laissez-faire market economy of the nineteenth century, but rather the socially controlled patterns of present-day Anglo-America and Scandinavia. The point would be to retain the old socio-economic relationships and values which infused material security and social motivation, in the new context of machine technology and controlled market structure. Just as with us since 1930, we have retained the old productive engine of machine technology and market structure, but have increasingly reorganized and socially controlled it, so as to infuse material security and non-material gratification. The crucial lesson to be learned <sup>both</sup> from Western experience and from economic anthropology is that an economic system can combine a variety of different but compatible patterns--that technological requirements do not necessitate a single kind of organizational method independent of social goals; rather, that machine technology can be organized so as to embody valued social forms. (20)

There are then, four connections between economic anthropology on the one hand, and contemporary Western economies and the fields



of economics on the other. (1) The general transformation in the West from laissez-faire market economy to pervasive social control both in organizational structure and in ideological norm, has moved the relation between economic and social institutions closer to those found widely in primitive society. Concomitant social value emphases have moved in the same direction, the most obvious two being the increased importance attached to material security as a matter of institutionalized right, and to work gratification. (2) Another set of changes from nineteenth century market economy in the West, which also enlarges the areas of economic similarity between West and primitive economy, lies in the new functions and changed organization of such operational devices as money, external trade, and taxation. (21) (3) Knowledge of the indigenous socio-economic structures of primitive societies, i.e., economic anthropology, together with an understanding of the nature and significance of the post-1930 changes in the West, can be regarded as an indispensable fund of social science analysis directly applicable to both to problems of underdeveloped area transition, and to contemporary institutional change in the West. Put crudely, "they" are moving toward "us" in adopting machine technology and market organization; but we have recently moved some distance towards them in the social control of economic structure. The policy point for each, is to help them avoid our early, painful phases of market industrialism, and for us, in studying them, to help clarify the social significance of our own recent institutional changes. (4) Economic anthropology should be regarded as a part of the wider field of comparative economic systems. Its incomparable



literature of first-hand description of the range of socio-economic mechanisms and motivations we call economic systems, is a rich source of potentially fruitful social science analysis and generalization. Further, we shall indicate below how economic anthropology can be used as a "control", so to speak, to test market economy derived assumptions and value norms for their universality, by empirical reference.

Put with slightly different emphasis<sup>2</sup>, economic anthropology can be regarded as having two discipline ~~uses~~ and two policy uses. In its first discipline use it has long since been a necessary part of general social anthropology. It could be made an important component of the discipline of comparative economic systems as well. Its body of empirical data and analyses has policy relevance both to the problems of transforming underdeveloped areas, and to the continuing organizational reforms of Western industrialized nations.

The remainder of this paper will be concerned with the reasons why a more fruitful and cohesive field of economic anthropology has not developed, and with suggestions for its improved analytical base.

## II Sources of Ambiguity in Economic Anthropology

A prime source of ambiguity in the literature of economic anthropology stems from the lack of clarity concerning the relevance of formal economic theory to the economic organization of primitive communities. <sup>22</sup> Quite naturally, anthropologists interested in primitive economy have sought preparation by first

*Suggest: economic analysis of theoretical economies*



studying the economics of their own Western society in the hope of acquiring analytical insights which would be of use in their field work. Such procedure seems additionally reasonable because of the impressive success which formal economic theory has had in analyzing Western economy. Unfortunately, it is not clearly understood that much economic theory is inapplicable to primitive economies. It will be useful to consider in some detail why such is the case.

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Both the method and content of early economic theory were uniquely shaped by the two central features of the institutional complex of nineteenth century British economy: machine-using factory industrialism, in the setting of socially uncontrolled factor and output market organization. Market-exchange as the dominant pattern of economy-wide integration, compels its participants to conform to very special rules of the economic game. Everyone's livelihood is derived from selling something on the market. Laborers must sell their labor, owners of inanimate factors must sell the use of their land and natural resources, and factory owners must sell their end-products at a profit (which, in a competitive regime, requires economizing so as to produce at least possible cost). The same price-determining market mechanism transacts the ingredients (factors) of production --labor, land, natural resources, finance, transportation--as well as finished goods and services of all varieties. ~~INDEED~~, factor ingredient markets are sensitively linked to output markets. What should be emphasized is that it is market organization which

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institutionally compels its human participants to seek material self-gain. Each must sell something in order to acquire the material means of bio-social existence. The economic man of nineteenth century economics was not a ~~x~~ myth, but rather a convenient simplification of the institutionally imposed necessity for each of the atomistic units in a decentralized, impersonal, socially uncontrolled market economy, to acquire his livelihood through seeking material self-gain. *petitio principii*

From Malthus and Ricardo to Alfred Marshall, a body of economic analysis was developed primarily concerned with a single set of questions: what are the forces which determine factor resource and output prices in a market-organized industrial economy? It is market-determined prices which allocate resources among alternative uses, as well as determine the incomes of the human participants. The supply-demand, market-price mechanism <sup>the</sup> is all-important integrative device in a market-organized economy.

Further, the system functioned in an autonomous, self-regulating way. The economy was apart from other social institutions in the sense that government, family, religion did not control market organization <sup>and</sup> ~~xx~~ ~~xx~~ results. Where social ~~xx~~ institutions did impinge on market forces, they did so only in an indirect way, by affecting supply or demand conditions, and thereby market-registered prices, resource allocation, and income distribution. The market structure was self-regulating because it was only in response to price changes made in markets that components of the system moved. Any change in factor supply or demand, output supply or demand, or their determinants got registered on markets



by causing prices to change, which in turn induced buyers and sellers to react by economizing i.e., seeking material cost reduction or material gain increase. Indeed, when market organization is economy-wide, it creates a market "society" in the sense that some social institutions have to adapt themselves to market needs:

A market economy can only exist in a market society. . . a market economy must comprise all the elements of industry, including labor, land, and money. . . but labor and land are no other than the human beings themselves of which every society consists and the natural surroundings in which ~~it~~ it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market. (Polanyi 1944: )

For example, the institutional fact that laborers are compelled to sell their labor for a market-determined wage, means that they must physically move to remunerative labor markets when their present employments and wages fall. Thus, the location of population conforms to market-registered needs for labor.

The question arises, why was it believed that the body of economic theory derived from such a special institutional matrix had applicable relevance to all economies, including the primitive? The reasons are several.

(1) The originators of formal economic theory derived their analyses of market economy from postulates which seemed structured in the physical universe, and therefore universally applicable. <sup>24</sup> In addition, the embryonic formation of economy-wide markets, allowed the classical economists to use an "economistic" approach--a focusing on economy as separate from society, as



having such an inner consistency as to allow the derivation of distinct economic "laws" which operated apart from social institutions. Even Adam Smith, who was as much social philosopher as economist, postulated as a universal, an innate propensity to truck, barter, and exchange, i.e., a ubiquitous market orientation.

Especially significant in the work of the classicists was the delineation of purely "economic motivation" (material self-gain) as necessary and sufficient to induce laborers to conform to market needs. William Townsend's apocryphal parable of the goats and dogs, which he applied to human society, was grounded on the explicit assertion that the "natural" force of fear of hunger is the most efficacious inducement to work, and the "natural" regulator of population.

Hunger will tame the fiercest animals, it will teach decency and civility, obedience and subjection, to the most perverse. In general it is only hunger which can spur and goad them on to labour; yet our laws have said they shall never hunger. The laws, it must be confessed, have likewise said, they shall be compelled to work. But then legal constraint is attended with much troubles violence and noise; creates ill will, and never can be productive of good and acceptable service: whereas hunger is not only peaceable, silent, unremitting pressure, but as the most natural motive to industry and labour, it calls forth the most powerful exertions.

With Malthus too, immutable biology was the starting point for deriving economic laws: the natural fertility of humans (that the passion between the sexes is a biologically-given constant), and that food is therefore naturally scarce because of the pressure of population growth, led him to deduce his subsistence theory



of wages. Again, the conclusions of biology--that the populations of all plant and animal life are limited only by their food supplies--were projected to the human world. Ricardo's postulate, the law of diminishing returns, was also a natural phenomenon from which he deduced his income distribution theory. The parametric assumptions of early economic analysis appeared as physical truths. The derived laws of market economy were thereby given the authority of nature. It appeared that economic organization had separate physical laws of its own apart from socially derived, man-made law.

Utilitarianism provided the crowning sanction, again in the form of immutable universal law: self-interest as the wellspring of all human action. Material self-interest need be the only regulator of the economic system based upon the physical nature of man and the universe. (27)

The economistic approach which separated out economy from society, and derived a formal body of economic analysis of market economy, received more refined expression later in the nineteenth century (as market organization expanded), in the works of Stanley Jevons, Karl Menger, J.B. Clark, and Alfred Marshall. What is important for our purposes is that these neo-classicists made theoretical refinements also derived from seemingly universal truths: that the natural scarcity of material resources in relation to unlimited material wants, necessitated marginal choice if maximum fulfillment of material wants was to be attained. Such treacherously ambiguous concepts as "universal scarcity" became confused with general empirical fact.



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~~maximum fulfillment of material wants was to be attained. Such treacherously ambiguous concepts as natural scarcity became confused with general empirical fact.~~

The institutional necessity for individuals to pursue material self-gain in market-organized economy had ideological consequences in the form of generalizations about the nature of man in society. An example is the economics textbook homily that "man's" material wants are insatiable, a dictum that often carries with it the implication of immutable genetic impulse. If man's material wants are insatiable, then scarcity of enabling means (most resources being finite in quantities available) clearly exists by definition; further, if man places great emphasis on fulfilling his insatiable material wants (which are not of equal urgency), then economizing, rational calculation results. But if such is the case, it is clearly a socially not a biologically derived result: a result which obtains only in a society which places great value on material acquisition and whose institutional structure forces its members to behave accordingly. <sup>ft.</sup> <sup>20</sup> <sup>212</sup> To the extent that the syllogistic chain--man's ~~wx~~ material wants are infinite, his material means are finite, maximum material acquisition therefore requires economizing calculation--<sup>a</sup> is implied as having universal empirical validity, it is wrong. It confuses the universally correct, biologically derived



postulate--man's survival requires material sustenance--with a special type of social orientation: man always wants more material goods than he presently has, and is willing to go to a good deal of effort and trouble to get them. If it is once seen that the degree of importance attached to material acquisition is most definitely determined by social institutions and values, then it immediately follows that the presence, absence, or existing degree of scarcity of enabling material means in any society, also depends upon social, not physical ~~ENV~~ circumstances. Means are scarce only in those societies in which man's material wants are regarded by him as pressing and primary, maximum fulfillment of those wants is actively sought and highly valued, and means are socially regarded as multi-purposed. ft. ~~25~~ 28

(2) It is the erroneous identification of two different meanings of the word "economic" which is at the root of the ambiguous use of the concept of generalized scarcity; an identification which is quite valid for a market-organized economy, but ~~quite wrong~~ when generalized to all societies, including the primitive. ft. ~~27~~ 29

The word "economic" has two distinct and independent meanings, both in common use, but differing essentially in generality of empirical application. ~~It is~~ the "substantive" sense, economic refers to the material means by which human



wants are satisfied. The substantive meaning is perfectly general in applicability, because all societies, regardless of differences in natural characteristics and cultural traits, are composed of human beings whose bio-social survival depends upon the sustained provision of material means. Further, the broad agencies of material means provision are everywhere the same: natural endowment and the cooperation of inhabitants. Therefore, with unambiguous meaning one can talk about the economic characteristics of Imperial Rome, of the ~~Kaw~~ Kwakiutl Indians, of the Benedictine Order of Monks, of nineteenth century England, or of contemporary Russia--meaning nothing more than the organizational system in each society through which material means are provided; <sup>one, need</sup> ~~and~~ <sup>e</sup> assuming nothing beforehand about necessary techniques, specific motivations, or specific economic organization. The existence of some type of economic organizational system in each society is implied for the following reasons: the exploitation of natural resources requires some pattern of implemental technique for the acquisition and/or creation of material goods and services (horticulture, farming, hunting, manufacture). The use of technique and of natural resources, and the appropriation or division of material goods and services among the inhabitants, require some pattern of institutional arrangement to assure repetition of performance, and conformity by the participants, to the established rules of the economic game. It is the rules which integrate and systematize the use of



natural resources, technique, and human co-operation, that we call an economic system. However, the substantive meaning of economic does not have specific usefulness in the investigation of functioning economies, because of the great diversity of technical and institutional organization which exists. But it does have the merit of pointing up the general existence of that minimum set of organizational requirements which must be fulfilled in any society, <sup>and</sup> which underlies one of the two common meanings of the term economic.

The formal (and special as opposed to general) meaning of economic, also in common use, is described by the terms "economical" and "economizing." It has to do with deliberate calculation designed to maximize the achievement of some end or to minimize the expenditure of some means. It is important that four aspects of the formal meaning of economic be emphasized: (i) It has no necessary connection with the substantive meaning of economic. It would be prejudicial to assume that the organizational provision of material means of want satisfaction is often, or inevitably achieved through economizing calculation. <sup>ft. 27</sup> (ii) Economizing calculation by no means need be confined either theoretically or empirically to the creation, distribution, or use of material goods and services. Rather it derives from the general logic of rational action which is appropriate to a large number of theoretical and empirical situations which have in common explicit ends, delimited means, and definite rules for the achievement of the



ends with the stated means. For example, economizing calculation unrelated to material want satisfaction appears in games such as chess, in military problems, and in preparing for academic examinations. (iii) A primary field of economic analysis (price and distribution theory) derives from the formal meaning of economic, plus the postulates that means (factor resources) are scarce (insufficient in quantity to achieve all ends), are multi-purposed (capable of fulfilling more than one end), that the ends for which the material means shall be used are graded (of differential preference), that the hierarchy of preferred ends is known, and that the rules for relating the scarce, multi-purposed means to the graded ends be that (a) any end shall be fulfilled with no more than the minimum means necessary to its fulfillment; (b) no means shall be provided for lesser ends before provision for greater ends is made. (iv) The usefulness of economic analysis derived from the formal meaning of economic, crucially depends on the existence of an actual economy so organized that the very special postulates of the analysis are institutionally fulfilled. For example, if it could be shown that in some society the participants do not show an economizing predisposition in their use of means (they use more than the minimum necessary to achieve the end), and their rules of social organization dictate that some means may be used only for one purpose (e.g., religious rules proscribe growing all but one kind of crop on land), then formal economic analysis is not capable of yielding fruitful prediction if applied to



ft. <sup>31</sup>~~28~~  
that economy.

A unique aspect of market-organized economy is that ~~the~~ both meanings of economic apply: material want satisfaction (substantive) is provided through a special set of organizational practices which center on the materially self-gainful (economizing) actions of the participants, made institutionally effective through price-making markets for factor inputs and commodity outputs. The participants need material goods to survive; the institutional structure is such that it compels <sup>f</sup> for their acquisition, economizing performance, and provides integrating unity and stability to such performance. The institutional complex which integrates the economic system-- which links together the ~~ff~~ efforts of each and assures the sustained provision of material goods--is the supply-demand price mechanism. Conformity to the market rules is effected through the appropriate motivation: the institutionally enforced, individualized pursuit of material self-gain through market participation. One has to abide by the market rules to survive materially in a market-organized economy.

The fact that every society must have substantive economic organization to provide material means for bio-social want fulfillment, does not mean, <sup>of course,</sup> that each must have that special set of market-exchange institutions for which formal economic theory was uniquely designed. Indeed, there is increasing



evidence which suggests that the market-dominated economy is historically and anthropologically rare. Karl Polanyi and his associates <sup>(Polanyi, Arenberg, Pearson 1957)</sup> have shown that there exists at least ~~two~~ other patterns of internally integrating economic organization beside the market-exchange pattern, for the analysis of which conventional economic theory is inappropriate.

But such is the tenacity of the belief that market theory is universally applicable that one economist says the following:

What are the qualities which, it is said, are possessed by the economies for the study of which conventional analysis is not helpful? They are: inflexible or sluggish prices or exchange ratios; inelastic (sometimes absolutely inelastic) supply; inelastic (sometimes absolutely inelastic) demand.

The specific instances enumerated by the authors--e.g., set rates, customary or statutory equivalencies, gift trade, administered trade, status-trading, trading partnerships, the influence of kinship, magic and etiquette on economic behavior, noncompeting groups--seem to fall into one or more of these boxes.

...now, the conventional doctrine and techniques of formal economics have much to say about economies or markets in which inflexibilities and inelasticities occur. It is not true that economic analysis cannot perform useful predictive tasks in such economies. (Rottenberg 1958:676)

Rottenberg's use of orthodox price theory ~~is~~ concepts such as "inelastic demand" in reference to non-industrial and non-market organized economies betrays what has been called a market bias (Polanyi 1944: 43-45, 58, 274; Polanyi 1957: 14): the pre-judgment of empirical economic structure by way of a priori assumption that the factor and output market organization typified by industrial Anglo-America, exists universally; and that the materially self-gainful motivations (profit motive, maximization of consumer utility, production at least cost), institutionally compelled by such



market organization on its participants, are also empirically universal constants. It is true that economic theory has a good deal to say about inelastic supply and demand conditions, but it is also true that what the theory has to say, it says solely about economies so organized that ~~factor~~ factor ingredients and product outputs are bought and sold through market apparatus. And the import of the work of Polanyi and his associates (Polanyi, Arensberg, Pearson 1957) is precisely that such factor and output market structure and its attendant materially self-gainful motivations, its special organization of such operational devices as money and external trade, and its decentralized individualism, do not exist as dominant pattern in the primitive and historical societies they consider. Rather, that the production and distribution of material goods and services are organized in ways completely different from those of the familiar market economy pattern: reciprocity, *i.e.*, material gift and counter gift-giving motivated by social obligation derived <sup>e.g.,</sup> from kinship, as is the case with the Trobriand Islanders (Malinowski 1922); <sup>ft. 33</sup> and redistribution, the channeling upward of material goods and services to socially determined allocative centers (e.g., king or priest), who then redistribute the goods in accordance with socially determined criteria e.g., political, religious, or military status, which was the dominant pattern widely appearing in historical empires of Egypt, Rome, Mexico, Dahomey, and typically, in all feudalisms.



(3) The relevance to economic anthropology of the distinction between the substantive and formal meanings of economic should be further emphasized. That all societies must have substantive economic organization means that there will be similarities (bases for comparison) even between two widely differing economies--say, the Trobriand Islands and present-day United States. Thus one could meaningfully talk about the creation, diffusion, and use of material goods and ~~xxxx~~ services in each, as well as the role<sup>s</sup> of money and external trade, and the organization of land tenure. However--and this is the point to be underscored--the fact that the United States is pervasively market-organized and industrialized (and therefore amenable to analysis by formal economic theory), while the Trobriands is ~~neither~~<sup>t</sup>, makes the differences in economic organization between the two more important than the similarities. It is on this point that much work in economic anthropology is misleading. The issue can be clarified and *the point* reinforced in three ways: (i) by contrasting the questions of interest to the anthropologist investigating the economic organization of primitive society, with those the economist asks in his own field; (ii) by showing that the operational devices common to primitive economy and ~~xxxxxx~~<sup>the</sup> Western ~~xxxxxx~~<sup>market system</sup> are institutionalized and function differently; (iii) by citing examples from the literature of economic anthropology to show how the implicit assumption that the similarities between Western economy and the primitive are more important than their differences, yields misleading results.



*Spheres*

The ~~points~~ <sup>spheres</sup> of interest to the anthropologist investigating a primitive economy can be classified into <sup>six</sup> ~~five~~ overlapping categories: (i) technological processes (the man-thing relationship); are they horticulturalists, fishermen, ~~gardeners~~, hunters, etc.? What technical devices are used? How are canoes and houses built, land tilled, fish-traps made? (ii) What is the level of material subsistence and how secure is it? (iii) What is the ecological relationship? What is the natural endowment (climate, waterways, land acreage and fertility) from which livelihood is extracted? (iv) Which operational devices are used and how do they work? Are there money uses? If so, for which types of transactions? Which types are transacted without the use of money? Are there market places, external trade, or accounting devices? If so, how do they work? (v) What is the place of the "economy" in the "society"? <sup>(the man-man relationships with regard to things + personal services)</sup> How are economic processes, material goods flows, labor services, and land utilization organized and transacted? How are they related to kinship structure, religion, political authority, and other institutions of social organization? On what principles do things and personal services change hands? What are the socially sanctioned motives which induce conforming participation in economic activity? How are the inefficient and the recalcitrant dealt with? How are the unusually efficient treated? (vi) Are there distinct and separate socio-economic spheres with essentially different



operational principles in each? Is it meaningful in terms of the society's values and organizational structure to distinguish between spheres of subsistence, prestige, ritual?

34a

Will  
re-write  
this??

Economic theory is not concerned directly either with technology or social institutions. Both are regarded as "given" in the sense of existing as part of the environment within which economic mechanism functions. Technology and social institutions are only considered when they affect the economic variables in which the economist is interested. Two examples will ~~iss~~ illustrate the point. For problems of aggregate income, output, and employment determination, an important quantity is the money expenditure by business firms in purchasing new plant and equipment (producers' capital goods). Innovations in techniques of production, by changing a whole complex of costs, proportions used of factor ingredients, and--essentially--profit expectations, will affect yearly investment outlays and labor employment, and so is of interest to the economist. But the anthropologist's interest in technology is both more direct and somewhat different. The economist is not interested in how the machine is built and operated, as <sup>is</sup> the anthropologist ~~is~~ in how the fish-trap is built and operated.

More importantly, the same is true of social institutions. Perhaps it could even be ~~six~~ said that here the economist and



the anthropologist have opposite interests: the economist is not interested in the structure of social institutions such as religion, kinship, government, but only in their impact on economic variables. The fact of close integration of social and economic institutions in primitive society, makes it impossible for the anthropologist to describe the economic without at the same time, showing its relation to the social. While for the economist, the fact that the economic organization of market economy is a cohesive entity in itself, allows him to describe it without reference to the social.

(4) A point of some importance concerns the fact that a number of economic ~~operational devices~~ <sup>institutional traits</sup>--money, external trade, market places, debt, prices--are in use both in Western market economy and in the primitive. However, to conclude that because  $\times$  both "they" and "we" have them, their organization must be essentially the same as ours, is not true. 35

The restrictive influence of the marketing approach on the interpretation of trade and money institutions is incisive: inevitably, the market appears as the locus of exchange, trade as the actual exchange, and money as the means of exchange. Since trade is directed by prices and prices are a function of the market, all trade is market trade, just as all money is exchange money. The market is the generating institution of which trade and money are the functions.

Such notions are not true to the facts of anthropology and history. (Polanyi 1957: 256-257)

The differences in the organization and functioning of operational devices in primitive economy compared to Western market economy, are more important than their similarities. In Western market economy, money is all-purpose money, the same



money instrument serving as means of exchange, standard of value, store of value, and a means of payment (e.g., of debts). All factor ingredients (land, labor, natural resources), commodity outputs, and services, bear price tags expressed in money and enter the market, i.e., are transacted through the supply-demand price apparatus. Indeed, even money is a marketed factor, the price of which is called an interest rate. Further, the sellers of all factors, commodities, and services depend upon such market sale in order to get <sup>most, if not all, of</sup> the means of livelihood. Where money is in use in primitive economy, it is not general purpose money. Rather, each kind of money can only be used for a special (and usually narrow) range of transactions e.g., the use of cattle as a means of acquiring a bride, but for no other transaction. The transaction of factor ingredients, commodity outputs, and personal services are compartmentalized separately. Most are transacted without the use of money, do not enter into markets, and are transacted in accordance with different sets of socially derived criteria (e.g., kinship obligation inducing gift exchange; political obligation inducing payment to central authority). Of special importance is the fact that where markets exist in primitive economy, they almost invariably are restricted to commodities. Rarely, if ever, do land or labor get transacted through market apparatus. In primitive economy there are market places, but not a market system i.e., an economy-wide pattern of a factor and output market integration through which most goods and services are transacted.

In a word, in Western ~~xxxx~~ economy the market apparatus and general purpose money are pervasive and dominate most spheres



of material goods creation and diffusion. In primitive society, the dominant spheres of economy are organized into ~~xxx~~ non-market patterns such as reciprocity and redistribution, and the market pattern (where it exists), is subordinate. <sup>36</sup>

Similar differences exist also in the organization and functioning of external trade: in Western economy, the bulk of external trade is transacted on the same market pattern as transacts domestic trade, both economy-wide and local; in primitive economy, non-market patterns of external trade are found widely. <sup>37</sup>

(5) Those who attempt to analyze primitive economy with the formal economic theory, categories, and terminology of Western market industrialism, are curiously selective in their choice of specific theories to apply. Invariably, it is from one field of economic theory, price and distribution theory (micro economics) that they choose. <sup>38</sup> The question arises, if price theory is applicable to the dominant spheres of primitive economy, why not Keynesian aggregate income and employment theory, national income accounting, and growth theory as well? The answer really, is that if one attempted to apply e.g., Keynesian theory to primitive economy, it would become immediately evident that the assumption of basic similarity of economic organization (the assumption which underlies the application of Western price theory to primitive economy) between the primitive and the West, is empirically indefensible. In a word, it cannot be done. The basic contribution of Keynes was to indicate why, in a decentralized market economy with relatively little governmental economic participation (such as



England or America in the early 1930's), the full employment rate of goods and services production is not automatically sustained. But rather, that we experience sharp and deep output (income and employment) fluctuations. The basic institutional reason is that in a <sup>a</sup>market economy, all income is derived from the market sale of end products and services, sold to private households (Consumption goods), business firms (Investment goods), government agencies (Government goods), and foreigners (Export goods); but there is no automatic mechanism to assure that the total amount of such end-product purchases by C,I,G,E, during any time period, will be sufficient to keep the labor force (and machine force) fully employed. Further, that the interdependence of each segment of the decentralized market economy was so great, that a sharp reduction in one category of expenditures (say, business firm outlay on new machinery, I) inevitably induced cutbacks in other sectors (e.g., household purchases<sup>c</sup>), because those who earn their incomes in the machinery industries, will be forced by income cuts to spend less on household goods. One cannot apply such analysis to primitive economy for a basic institutional reason: the bulk of material income is not derived from, and therefore does not depend upon, market sales of output.

We have already indicated how the organization and functioning of external trade and money are different in non-market patterns of primitive economy. A related matter of interest concerns the application of other concepts, categories, and terminology derived



from Western economic analysis, to primitive economy.

The application of such familiar Western concepts as debt, credit, capital, material services, and markets, is really nothing more than imperfect analogy. Here again, the point is that ~~x~~ a Western economic term such as economic service, or market, is also used to describe a primitive device which is significantly different from the Western; and the use of the same term for both obscures the differences. Usually, they are not functional equivalents, but rather similar devices differently organized, and frequently with different sociological as well as economic functions. For example, in primitive economy, services are always personal services ~~xxxx~~ e.g., those performed by a healer, a dancer, or a carver. In Western economy services are both personal (e.g., those performed by a medical doctor), and impersonal, such as electricity and telephone services. Further, in primitive society, personal services are usually transacted in a special socio-economic sphere: only specialized personnel (whose rights to perform are socially determined), and specialized means of payment may be employed; that is to say, ~~these~~ personal services are usually transacted on special principles <sup>different</sup> ~~which~~ from <sup>those</sup> other material transactions. In Western market economy, both personal and impersonal services enter the market, just as do tangible material goods. <sup>91</sup> So too with the concept of market itself. <sup>39</sup> In economic anthropology, the term market always is used to mean "market place": an actual site wherein goods get transacted by buyers and sellers. In Western economy, the term



market, is applied not only to specific market place sites (the New York Stock Exchange, the Chicago wheat pit), but also to diffused markets in a general sense: the market for engineers labor, the automobile market--meaning the mass of potential *sellers or* buyers of something, wherever they are located. Further, diffused markets are so pervasive, important, and complicated in Western economy, that they are classified many different ways: e.g., controlled and uncontrolled markets, factor ingredient and output markets, local, economy-wide, and international markets, competitive and oligopolistic markets.

An example of market bias which distorts primitive economic institutions by squeezing them into Western categories, is given below. It should be noted that the implicit assumption of Boas is that the similarity<sup>ies</sup> between Kwakiutl economy (and operational devices), and Western market economy,<sup>are</sup> ~~is~~ greater than the differences. He therefore presents<sup>economic devices as</sup> functional equivalents,<sup>and in so doing,</sup> ~~which~~ obliterates the essential differences.

The economic system of the Indians of British Columbia is largely based on credit, just as much as that of civilized communities. In all his undertakings, the Indian relies on the help of his friends. He promises to pay them for this help at a later date. If the help furnished consists in valuables, which are measured by the Indians by blankets as we measure them by money, he promises to pay the amount so loaned with interest. The Indian has no system of writing, and therefore, in order to give security to the transaction, it is performed publicly. The contracting of debts, on the one hand, and the paying of debts, on the other, is the potlatch. This economic system has developed to such an extent that the capital possessed by all the individuals of the tribe combined exceeds many times the actual amount of cash that exists; that is to say, the conditions are quite analogous to those prevailing in our community: if we want to call in all our outstanding debts, it is found that there is not by any means money enough in existence to pay them, and the result of an attempt of all the creditors



to call in their loans results in disastrous panic, from which it takes the community a long time to recover.

It must be clearly understood that an Indian who invites all his friends and neighbours to a great potlatch, and apparently squanders all the accumulated results of long years of labour, has two things in his mind which we cannot but acknowledge as wise and worthy of praise. His first object is to pay his debts. This is done publicly and with much ceremony, as a matter of record. His second object is to invest the fruits of his labours so that the greatest benefit will accrue from them for himself as well as for his children. The recipients of gifts at this festival receive these as loans, which they utilize in their present undertakings, but after the lapse of several years they must repay them with interest to the giver or to his heirs. Thus the potlatch comes to be ~~an~~ considered by the Indians as a means of insuring the well-being of their children if they should be left orphans while still young. (Boas 1898: 681-682)

One might list some of the ~~essential~~ differences between the Kwakiutl and the Western transactions which Boas, ~~in his effort~~ to emphasize <sup>some</sup> similarities, ~~overlooks~~. (i) In ~~Western~~ market economy, credit has a variety of functions ~~and uses the most important of such~~ <sup>as</sup> which is the financing of business enterprise through ~~both~~ short and long-term loans. The recipients employ the amounts borrowed in such ~~materially~~ productive ways as to be able to repay the loan ~~plus~~ plus the interest charge, and still retain some profit ~~from~~ the use of the loan. Such is not the case with the Kwakiutl. (ii) The debt-credit apparatus in Western economy is part of market institution. The rate of interest paid on loans is a variable rate, depending on supply and demand forces in the money market. (iii) There is no status constraint on borrowing in Western economy: one does not borrow only from ones own lineage group. (iv) In the above quote, Kwakiutl blankets are special purpose money used ~~for~~ only for a specified range of transactions; it is not general purpose money used for all transactions, as in



market economy. (v) It is true that both in market economy and in the Kwakiutl, the volume of outstanding debt may exceed the volume of existing money; however, the mechanisms through which both the volume of debt and of money are created, as well as the conditions under which debt is called in for payment, are entirely different; also, <sup>the</sup> ~~is~~ different the penalties for non-payment of "loans" contracted, as well as the specificity of the <sup>loan</sup> obligation. (vi) The imputation of material self-interest as a motive in giving gifts which must be returned with larger gifts, is an injection of Western values: in Kwakiutl values, the chief motive is seeking honorific prestige; the ultimate in the potlatch code of honor is the outright destruction of wealth to demonstrate one's aristocratic worth. (vii) The potlatch sphere transacts some goods which are special to it, and in accordance with principles which are distinct from the subsistence sphere of everyday livelihood i.e., the major portion of one's daily consumed and used material goods and services are not acquired through the potlatch, but through other mechanisms and relationships. In Western economy, the bulk of one's livelihood is acquired through market sale. All material goods and services enter the market-- subsistence goods, prestige goods, as well as the debt-credit services, to which Boas compares the potlatch. (40)

### III Economic Anthropology: Institutional Description and Theoretical Analysis

The literature of economic anthropology displays a ~~frequent~~ dichotomy: excellent <sup>?</sup> ~~first-hand~~ description of ~~functioning~~



socio-economic organization, processes, technology, and values, <sup>m</sup>combined--too often--with inadequate <sup>or</sup> of faulty ~~theoretical~~ analysis and ~~generalization~~. The dichotomy <sup>z z</sup>reflects the institutionalized preparation, so to speak, of anthropologists. *disparate uneven level*  
~~Precise description of data in which the anthropologist immerses himself,~~ is a distinguishing ~~x~~ feature of the profession~~x~~ and its values:

And the means to be used to reach an understanding of institutions? They are those employed by the anthropological field worker who studies social life from both outside and inside, from the outside as anthropologist and from the inside by identifying himself with the members of the society he is studying. (Evans-Pritchard 1954: viii)

Theoretical analysis, however, is already one step away from the data, ~~which is more risky and, perhaps, less valued by the profession.~~ *Also* And, ~~as we have seen,~~ the obfuscating preconceptions *nourished by* of the economics and ~~the economy~~ *of* the anthropologist's own culture, make theoretical analysis of primitive economy yet more difficult and less successful. But good theory is essential both for understanding and for good policy.

Several general postulates concerning theoretical aspects of economic anthropology will be given in order to clarify the place of economy in primitive society, and the fundamental differences and similarities between primitive economy and Western market industrialism.

(1) For purposes of theoretical analysis and generalization, economic anthropology should be merged with economic history and *the* comparative economic systems. *study of* The three fields make up a common



fund of knowledge on most matters of interest to economic anthropology, and especially those concerning the relation between economic processes and social organization.

(2) For economic anthropology, only the substantive meaning of economic is of general application. For any primitive society, one can only assume the existence of some kind of institutional organization through which material goods and services are created and diffused, on a sustained, repetitive basis, to provide for bio-social needs. One cannot assume as a universal, the necessary presence of any special economizing orientation or institutions such as those which pervade industrial economies, and economies whose dominant organization is the price-making market.

(3) It should be understood that no economic "system" is of one piece. Rather, that in any society--including our own, and most certainly the primitive--there exist spheres or sectors of economy with different principles of organization, different sanctions to induce performance and conformity, different institutionalization of ~~operational devices~~ <sup>economic traits</sup>--indeed, different moral values for judging worth and performance. Even in our own society, which is unusual for the numbers of goods and services which are transacted through the dominant pattern of the price-making market, there exist spheres such as family, government, and military organization in which non-market patterns operate. <sup>(41)</sup>

(4) Many ~~operational devices~~ <sup>economic traits in society are</sup> are ~~universals, or if not~~ universal, very frequently found in primitive, historical, and modern economies. However, division of labor, money uses, external



*can be*

trade, markets, ~~are best~~ regarded as flexible mechanisms capable of use for different purposes and in a variety of organizational structures. Here, the poverty of our terminology is a source of built-in ambiguity. Many of our categories, such as land tenure *or* and division of labor are universals, but so colored by their ~~very~~ ~~special~~ organization in our own economy, that when used as general categories in reference to primitive society, they inadvertently impart the familiar, specialized meaning of our own. ~~Conceptual~~ Economic categories are useful analytically, only when they fit ~~even~~ *empirical* real-world structures; when diverse real-world structure ~~is made~~ *is are* ~~to fit~~ *fitted into* our specialized categories, distortion results. Also, ~~the~~ reification of economic categories tends to create another type of ambiguity, as occurs when the Western investigator of primitive society seeks answers to questions whose importance is derived from his own society: who owns the means of production; how are governmental services financed? *A12* It is neither possible nor desirable for the economic anthropologist to shed his cultural skin; but surely it is both that he differentiate <sup>S</sup> consciously and conscientiously, between their values (and questions of importance to them), and ours.

(5) A ~~theoretical~~ point of ~~general~~ significance to economic anthropology concerns the dominance of reciprocative and redistributive patterns of socio-economic integration, and the concomitant fusion of social and economic institutions in primitive society. Indeed, even the word "fusion" is distorting because it implies the bringing together of separate elements. It would be better to say that there is no conscious awareness of the "economy" as



a set of practices and processes apart from other social institutions ~~(in the sense that a three year old has no conscious awareness of the grammar structure of the language he uses)~~. In the Western <sup>sense</sup> meaning, there is no "economy" in primitive society, only socio-economic institutions.



p. 1. §§ 1+2 are unrelated to § 3

p. 1, 2 § 3 British welfare state since 1912  
German welfare state since Bismarck (1880)  
Russian "Socialism" identical with Chinese "Communism"

Indian and other new planned economies to be left out?

(Russian Communism is a doctrine not a system existing anywhere certainly NOT according to the Russians)

The whole passage sounds like the semantics of evening paper headlines, not as the grounding of a theoretical paper.



NOTES

1

2 See, G. Myrdal, The Political Element in the <sup>Development</sup> ~~Mistake~~ of Economic Theory (Cambridge Mass.: Harvard University Press, 1955; translated from the German by Paul Streeten); also, J. Robinson, "Marx, Marshall, and Keynes," Occasional Papers No. 9, Delhi School of Economics, March 1955. For a strong case in favor of the social sciences as tools with which to solve social problems, see R. Lynd, Knowledge for What? (Princeton N.J.: Princeton University Press, 1938).

3 With the minor exception of some economic historians. See e.g., Max Weber, General Economic History (Glencoe Ill.: The Free Press, 1950; translated from the German by Frank H. Knight).

5 \* The term is Karl Polanyi's (Polanyi 1957).

4 See (Polanyi 1957: chapter 13)

6 The expressive term is used by E.H. Carr. See his Nationalism and After (London: Macmillan, 1946).

7 Two exceptions are Karl Polanyi (1944 and 1947); and G. Myrdal, Rich Lands and Poor (New York: Harper, 1957).



8

9

The expressive phrase is used both by Max Weber op. cit., p. 277, and by E.H. Carr, The New Society (London: Macmillan, 1953), Lecture III, "From Economic Whip to Welfare State."

10

See (Polanyi 1944: 290-294)

11

The many differences in economic organization and policy amongst industrialized countries following the English model, appear in the specific types and extent of market control, and in subordinate patterns<sup>n</sup> of economic organization. For example, the dominant structure of the United States is the same as the English, although~~x~~ the English have more market controls, and a greater extent of governmental ownership; *and herds freedom.* also, such peripheral patterns as consumers' cooperation are more important in England.

13

Indeed, there exist coteries in present-day United States who seek the elemental ties of primitive society by repudiating machine technology and materialistic values: the home bread-bakers, potters, weavers, and folk-song addicts, who would like to stamp out Cadillacs, television, and Hollywood. Such ethnic nostalgia is illustrative and probably symptomatic. However, it ~~is~~ *also* relevant to point out that no one wants to do away with Salk vaccine, indoor plumbing, or paperback books, which are also products of machine technology and material affluence.

14

In the Soviet system, the decentralized market complex as the primary mechanism through which output and income flows are created and distributed, has been replaced by a central planning apparatus of redistribution. In some essential ways, it resembles the institutional apparatus erected by Great Britain and the United States during World War II. See, O. Lange



"The Working Principles of the Soviet Economy," New York, 1943.

15

See Polanyi (1957: 264-266; Bohannan 1959)

17

For recent literature on work gratification, see Daniel Bell, "Meaning in Work," Dissent, Summer 1959; D. Bell, Work and Its Discontents (Boston: Beacon Press, 1955); Erich Fromm, The Sane Society (New York: Rinehart, 1955); J.K. Galbraith, The Affluent Society (New York: , 1958), chapter , "The New Class." On the absence of work gratification in an American industry, see Ely Chinoy, Automobile Workers and the American Dream (Garden City: Doubleday, 1955).

18

"As the individual's right of citizenship imposes on him the duty to do military service, so in Soviet Russia the rights of citizenship impose on everyone the duty of labor. Hence, increases in productivity are rewarded as courage is in battle: by material benefits and honorific distinctions. Everything is done to make every individual a full participant in the crusade to increase production, and prepare for the coming struggle with the enemy. And all distinctions of material and honoric rewards are made to serve the solidarity of a society organized on the model of a combat unit." R. Bendix, Work and Authority in Industry (New York: J. Wiley, 1956), p. 12.

20

For a description of many forms of producers' cooperative communities in present-day Europe, see C. Bishop, All Things Common (New York: Harpers, 1950).



21

A detailed discussion of this point occurs below.

22

See F.H. Knight, "Anthropology and Economics," Journal of Political Economy, Vol. XLIX No. 2, April 1941. Compare also, two reviews of Polanyi (1957): Simon Rottenberg, American Economic Review, September 1958, pp. 675-678; and George Dalton, Boston University Graduate Journal, June 1959, pp. 156-159. See also, D.B. Fusfeld (1957).

23

Early economic theory sometimes is called "micro-theory": it concerns the pricing process for factor ingredients and commodity outputs under different market and cost conditions.

24

See Polanyi (1944: chapter 10).

25

As Polanyi points out, hunger is natural but it is not synonymous with an incentive to produce<sup>e</sup>. It becomes such an incentive only if society makes an individual's eating specifically dependent upon that individual's producing, which market economy in fact did. For a description of the views of A. Young, B. Mandeville, T.R. Malthus, and E. Burke, similar to those of Townsend--that only poverty and the fear of hunger can make the lower classes industrious--see R. Bendix (1956: 63,65,75,79,81-82). See also, J.M. Keynes, The End of Laissez-Faire (London: Hogarth Press, 1926).

27

"The general conception which Bentham had is one that is widely prevalent today. . . I think we shall conclude before the course is over that the bulk of orthodox economic theory as we



have it at the present time [1935] rests upon a conception of human nature which is not very different from that which Jeremy Bentham drew up in such formal shape." Wesley C. Mitchell, Lecture Notes on Types of Economic Theory (New York: Kelley, 1949), Vol. I p. 92.

27a

Margaret Mead indicates that unless something is regarded as culturally valuable, its objective, physical scarcity will not lead to competition for it. For example, among the Zuni and Arapesh, there is a physical scarcity of good land; but individuals do not compete for it because of the lack of importance attached to material acquisition in both societies. M. Mead, Cooperation and Competition among Primitive Peoples (New York: McGraw-Hill, 1937), pp. 464, 481, 482, 511. As Fusfeld points out, ". . . scarcity is present or absent in varying degrees as a result of the structure of society and social attitudes, and choice is often restricted by the social structures within which the individual functions." (Fusfeld 1957: 343).

28

Ironically, the great social emphasis on material acquisition makes means very scarce in the most affluent society in the world, the United States.

29

I am indebted to Karl Polanyi for his illuminating distinction between the two meanings of economic. For the most recent expositional account by Polanyi of his distinction, and the import of the different meanings for social science research, see Polanyi (1957: chapter 13); see also in M. Fried, Readings in Anthropology (New York: , 1959), Vol. 2. *Ch. II*



30 Polanyi calls such ~~an~~ a priori assumption, the "economistic fallacy," or "market bias."

31 A lack of clarity concerning the differences between the substantive and the formal meanings of economic, plus a different estimate of the empirical frequency of market capitalist institutions and motivations, were behind the controversy between F.H. Knight and M.J. Herskovits <sup>over the applicability of formal economic theory to primitive economy;</sup> see the Journal of Political Economy, April 1941. Also Fusfeld (1957) and Neale (1957).

33 Malinowski (1922: 67) says of the Trobriands, ". . . that the whole tribal life is permeated by a constant give and take; that every ceremony, every legal and customary act is done to the accompaniment of material gift and counter gift; that wealth, given and taken, is one of the main instruments of social organization of the power of the chief, of the bonds of kinship, and of relationship in law." See also, M. Mauss ( 1954: 11-12,16,20). For a description of the functioning of both non-market integrative patterns (reciprocity and redistribution), as well as for an historical example of unfortunate economic policy due to the unwarranted assumption that market exchange organization existed in a primitive economy (and therefore that the categories of formal economic theory e.g., economic rent, were applicable), see W.C. Neale (1957a).

34a See Paul Bohannan (1959) and F. Steiner (1954).

35 One need only point out that both the Soviet and American systems employ money, division of labor, foreign trade, market places, etc., to indicate that similar operational devices can be adapted to dissimilar organizational systems. The point was not

actual  
facts



obvious in the nineteenth century, when all Western industrialized economies were organized similarly both in basic market structure and in their use of operational devices. For an historical discussion of this point, see ~~Wxzy~~ H.W. Pearson (1957a) and W.C. Neale (1957b)

36

See Polanyi (1957: chapter 13) and Bohannan (1959).

37

Examples are the fish-yam and Kula gift-exchange of the Trobriands (Malinowski 1922), and administered or treaty trade of Western Africa (Arnold 1957).

38

For examples, see Herskovits (1952), Goodfellow (1939), and Rottenberg (1958).

39

See Neale (1957b)

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The comments of M. Mauss are apposite: "Thus in a system of this kind much wealth is continually being consumed and transferred. Such transfers may if desired be called exchange or even commerce or sale; but it is an aristocratic type of commerce characterized by etiquette and generosity; moreover, when it is carried out in a different spirit, for immediate gain, it is viewed with the greatest disdain. . . . It seems that even the words 'exchange' and 'sale' are lacking in the Kwakiutl language. . . . The potlatch--the distribution of goods--is the fundamental act of public recognition in all spheres, military, legal, economic, and religious. The chief or his son is recognized and acknowledged by the people." M. Mauss (1954: 36,102,39).

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See Smelser (1959: 173)



ON THE NECESSARY DISTINCTION BETWEEN THE ECONOMICS OF PRIMITIVE SOCIETIES AND PRIMITIVE ECONOMIC ANALYSIS: COMMENT

As one who is familiar with the work of Karl Polanyi— both from his lectures at Columbia and from his published writings<sup>1</sup> (including the

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<sup>1</sup> The Great Transformation (New York: Rinehart, 1944); "Our Obsolete Market Mentality," Commentary, February 1947. The doctoral dissertation of the present writer is largely concerned with Polanyi's system.

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book which is the subject of this Comment) --I should like to take issue with several points of substance made by Professor Simon Rottenberg in his review (AER, September 1958, p. 675-678) of Trade and Market in the Early Empires: Economics in History and Theory, edited by Karl Polanyi, Conrad M. Arensberg and Harry W. Pearson (Glencoe Illinois: The Free Press, 1957).

(1) Professor Rottenberg doubts the empirical validity and criticizes the analytical usefulness of Polanyi's classification of economies as being integrated by combinations of three basic organizational patterns: reciprocity, redistribution, and (market) exchange. In the same context, Professor Rottenberg registers sharp disagreement with Polanyi's derivative assertion that formal economic theory (price and distribution theory) is only useful --indeed, is only applicable without distortion-- in economies organized on the market-exchange pattern, which, if so, limits the usefulness of economic theory to few societies, all of which are of relatively recent date (primarily Europe and America since the late 18th century); further, anthropologically described primitive societies are also excluded, because (according to Polanyi), market-exchange as the empirically dominant integrative pattern is not found, at least before the incursions into such societies by Europeans.

In criticism, Professor Rottenberg says the following:



What are the qualities which, it is said, are possessed by the economies for the study of which conventional analysis is not helpful? They are: inflexible or sluggish prices or exchange ratios; inelastic (sometimes absolutely inelastic) supply; inelastic (sometimes absolutely inelastic) demand.

The specific instances enumerated by the authors --e.g., set rates, customary or statutory equivalencies, gift trade, administered trade, status-trading, trading partnerships, the influence of kinship, magic and etiquette on economic behavior, noncompeting groups-- seem to fall into one or more of these boxes.

....Now the conventional doctrine and techniques of formal economics have much to say about economies or markets in which inflexibilities and inelasticities occur. It is not true that economic analysis cannot perform useful predictive tasks in such economies. (p. 676)

The very use by Professor Rottenberg of such orthodox price theory terminology as "inelastic demand," and "inflexible price," in reference to economic phenomena occurring in non-industrial and non-market organized economies of antiquity and social anthropology, betrays what Polanyi has called the "economistic fallacy," or "market bias:"<sup>2</sup> the pre-judgement of empirical economic structure by way of implicit, a priori assumption, that the factor and output market organization typified, say, by late 19th or early 20th century England, exists universally; and that the materially self-gainful motivations (e.g., the profit motive, maximization of consumer utility, production at least cost), institutionally compelled by such market organization on its participants, are also empirically universal constants. If, as Professor Rottenberg seems to do, one starts with the initial premise that all economic activity --be it that of the Trebriand Islanders of New Guinea, the Benedictine Order of Monks, or present-day Americans-- is, by assumption motivated by self-gain, Professor Rottenberg cannot be proved wrong, because he is asserting a tautology which cannot be proved or disproved by empirical reference: anything anyone does in any society in the way of economic transaction, must be yielding him self-gain somehow, or he wouldn't be doing it. I submit that such premise concerning the universality of self-gainful motivation in prediction or description of economic phenomena in non-market economies, is as useful as the premise --everyone dies because his heart stops beating-- is useful in prediction or description of medical phenomena.

Professor Rottenberg asserts, but (with one partial exception, considered below), offers no examples or proofs of how Marshallian price and

<sup>2</sup> The Great Transformation, p. 43-45, 58, 274; Trade and Market in the Early Empires, p. 14, 256-267.



distribution theory could be of use in any of the historical or primitive economies considered by Polanyi and his associates.<sup>3</sup> It is perfectly true

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<sup>3</sup> What gives such socially detached generality to books such as Alfred Marshall's Principles, and G.J. Stigler's Theory of Price, are precisely these two institutionally dominant aspects of market capitalism, which, more than any others, differentiate it from systems of reciprocity and redistribution: that each participant is necessarily motivated by the quest for material self-gain which receives institutional expression through buyer and seller activity on price-making factor and output markets, which are socially uncontrolled (i.e., are self-regulating).

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that economic theory has a good deal to say about inelastic supply and demand functions, but it is also true that what the theory has to say, it says solely about economies so organized that factors and outputs are bought and sold through market apparatus. And the import of the research of Polanyi and his associates presented in Trade and Market in the Early Empires, is precisely that such factor and output market organization, and its attendant materially self-gainful motivations, do not exist as dominant pattern in the primitive and historical societies they consider. Rather, that the production and distribution of economic goods and services are organized in ways completely different from that entailed in the familiar market economy pattern. Such non-market patterns are, of course, those of reciprocity (mutual gift exchange motivated by social obligation derived, e.g., from kinship, as is the case with the Trobriand natives described by B. Malinowski<sup>4</sup>; and re-

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<sup>4</sup> Argonauts of the Western Pacific (London: Routledge & Kegan Paul, first published in 1922, fourth impression, 1953). Malinowski says of the Trobriands, "...that the whole tribal life is permeated by a constant give and take; that every ceremony, every legal and customary act is done to the accompaniment of material gift and counter gift; that wealth, given and taken, is one of the main instruments of social organization of the power of the chief, of the bonds of kinship, and of relationship in law." Op. cit., p. 167. For a description of the functioning of both integrative patterns (reciprocity and redistribution), as well as for a description of an historical example of confused economic policy due to the fallacious assumption that market exchange organization existed in primitive economy (and therefore the categories and mechanical corollaries of Marshallian theory, e.g., economic rent, were applicable), see in Trade and Market in the Early Empires, by W. C. Neale, "Reciprocity and Redistribution in the Indian Village: Sequel to Some Notable Discussions."

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distribution (the channeling upward of economic goods to socially determined allocative centers, egg., king or priest, who then redistribute the goods downward in accordance with socially determined criteria, e.g., political, religious, or military status), which was the dominant pattern widely used in historical empires of Egypt, Rome, Mexico, and typically, in all Feudalisms.

A significant result of the work of Polanyi and his associates has been not only the illumination provided to those interested in the socio-economic structures of history and anthropology, but also in the application of his research findings to recent economic change. The post-1930 changes in economic organization, and particularly in degree and form of social control over such organization, in the structures of American New Dealism, the British Welfare State, German Fascism, and (post-1928) Russian Communism, usefully can be characterized as the supplanting of socially uncontrolled (self-regulating) market economy, both as dominant empirical institution and as dominant ideological norm, with social regulation of factor and output market organization, plus the instituting of governmentally centered redistribution (for war, welfare, and growth purposes). The point is that Polanyi's categories of non-market socio-economic structure, derived from research in economic history and economic anthropology, are also applicable and relevant to the recent economic organizational changes, of which the United States is a less radical example. Indeed, the Alice in Wonderland dissatisfaction felt by lecturers in Marshallian-Stiglerian-Chamberlinian price and distribution theory, is perhaps due to the fact that such theory, derived from market economy structure in the late 19th and early 20th centuries, increasingly has to be supplemented with institutional qualification, if it is to be useful for prediction, because the Anglo-American market structures (since, let us say, 1930), are no longer mechanistically autonomous, but increasingly have been subjected to social controls; e.g., labor market controls via unionization and legislation concerning minimum wage, maximum hours, hazardous occupation, unemployment insurance, old-age pensions, education subsidization. Labor markets still exist, of course, but the supplies and demands they register, and the wage-rates that result, are vitally affected by social policies of control. Similarly, one needs something besides the cobweb theorem these days to explain the price of hogs.



(2) In defense of his assertion that formal economic theory is useful and applicable to any economy, Professor Rottenberg presents an illustration, which, significantly, is from hypothetical, not from empirical anthropology:

...economics in its 'language' sense, [e.g., demand elasticity] can explain phenomena in economies in which prices are not free to move or in which demand and resources are not responsive to price changes. It can explain phenomena even in economies in which people do not maximize economic quantities.

But is it true, in fact, as the contributors to this volume profess, that people in the economies they have examined are not maximizers of economic quantities? People may seek to maximize in two distinct frameworks, one of which is free of constraints and the other subject to constraints. The first can be illustrated by the case of a hypothetical primitive who has pigs which he may exchange for yams at any pig-yam ratio and who may trade with anyone. The second is the case of the primitive who may trade at any pig-yam ratio but for whom a single trading-partner is specified. In both cases, the pig-owning primitive may maximize in deciding whether to trade at all, and, if so, how much pig he is willing to forego. The position taken in this book is that maximizing behavior or the achievement of optimal solutions requires the prior existence of a 'System of Self-Regulating Markets' free of rules which constrain choice and (implicitly) in which supply and demand schedules are price-elastic. This is surely not true. (p. 676-677)<sup>5</sup>

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<sup>5</sup> On the existence of maximizing (materially gainful) orientations in primitive economies of fact, B. Malinowski says the following: "...it is important to realize that a Kiriwinian is capable of working well, efficiently, and in a continuous manner. But he must work under an effective incentive: he must be prompted by some duty imposed by tribal standards, or he must be lured by ambitions and values also dictated by custom and tradition. Gain, such as is often the stimulus for work in more civilized communities, never acts as an impulse to work under the original native conditions. It succeeds very badly, therefore, when a white man tries to use this incentive to make a native work." *Op. cit.*, p. 156.

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Professor Rottenberg's backward extrapolation, in which a materially self-gainful, market-oriented trader (a used pig salesman, as it were), is made to appear hypothetically as a tribalized barterer, is an example of the earlier mentioned economic fallacy.<sup>6</sup> It is significant that

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<sup>6</sup> The use of the hypothetical savage (and of Robinson Crusoe) for illustrative purposes concerning principles and problems of resource allocation in a market organized economy, has, of course, ancient and honorable precedent: e.g., Adam Smith's deer-beaver ratio derived from



calculating labor time entailed in hunting each. Unfortunately such usage, inadvertently no doubt, is highly misleading. It tends to reinforce the empirically unproved (and the present writer believes, invalid) assumption that the savage is a sort of contemporary ancestor of market-oriented man, who, despite the absence of industrial technology and of factor and output market organization, nevertheless is directed in his economic activity by the same pursuit of calculated material gain. Empirically, anthropology tends to refute the validity of such assumption. See the references listed throughout this Comment.

Professor Rottenberg draws his example not from the many recorded descriptions of empirical trade organization appearing in the literature of economic anthropology,<sup>7</sup> but from a hypothetical example which assumes

<sup>7</sup> Beside the aforementioned work of Malinowski, see e.g., R. Thurnwald, Economics in Primitive Communities (London: Published for the International Institute of African Languages and Cultures by Humphrey Milford, for the Oxford University Press, 1932); Margaret Mead, Cooperation and Competition Among Primitive Peoples (New York: McGraw-Hill, 1937); M.J. Herskovits, The Economic Life of Primitive Peoples (New York: Knopf, 1940).

a priori the answers to what are the points under dispute (which, of course, can only be decided by empirical reference): are all peoples, even those living in economies without factor and output market organization, maximizers of economic quantities? Is the quest for material self-gain found universally as incentive to participate in economic organization?<sup>8</sup> It is

<sup>8</sup> It should be pointed out that if one starts with the presupposition that all economic activity must be motivated by the quest for material self-gain, then the economics of primitive communities can be made to appear as the curious habits of the natives in regimes without machinery, but otherwise governed by market psychology (e.g., the Kwakiutl Potlatch is made to appear as a forced loan bearing one-hundred percent interest). Just as in similar fashion, a familiar and analagous tautology also obliterates essential differences by a priori assumption: if one accepts the Benthamite presupposition that all human behavior is governed by the individual quest for pleasure and avoidance of pain, then any human action, including altruism and suicide, can be so interpreted ex post, but without real usefulness. The tautological generality of the presupposition makes it operationally trivial.

For further reference on the question of the applicability of orthodox price theory to primitive economy, see the debate between M.J. Herskovits and Frank Knight in the Journal of Political Economy, Vol. XLIX, (1941). Two of the articles are reprinted as an Appendix to Herskovits' Economic Anthropology (New York: Knopf, 1952), p. 507-531.



precisely these questions which Polanyi and his associates attempt to answer by research into the actual structures of historical and primitive economies, in Trade and Market in the Early Empires.

In the portion quoted above from the review, Professor Rottenberg asserts that the (hypothetical) primitive, when constrained in his trading activities by tribal rules may act<sup>9</sup> (say) like a twentieth century American

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<sup>9</sup> The following is my analogy, not Professor Rottenberg's.

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when similarly constrained by (say) rationing and price controls: i.e., both will maximize something within the tribally imposed constraints. But this is assertion by assumption, not proof. The primitive, unlike the American, does not live in a market organized economy which institutionally compels him in order to get material livelihood, to pursue maximum profit, or maximum utility, or maximum wage-rate. Even the economist's assumption that there exists universal scarcity of material factors of production relative to demands for material outputs, which necessitates economizing, gainfully-oriented calculation, in order to arrange some preferred allocation of the scarce factors, is not empirically relevant to some existing economy, unless the following is true: that the social rules of the economic game in that community place great importance and emphasis on the acquisition of material goods; and such acquisition is made attainable through institutional apparatus.<sup>10</sup>

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<sup>10</sup> Margaret Mead points out that unless something is regarded as culturally valuable, its objective, physical scarcity will not induce competition for it. For example, among the Zuni and Arapesh, there is a physical scarcity of good land; but individuals do not compete for it because of the lack of importance attached to material acquisition in both societies. See, Cooperation and Competition Among Primitive Peoples (New York: McGraw-Hill, 1937), p. 464, 481-482, 511. She says (p. 511): "Whether a group has a minimum or a plentiful subsistence level is not directly relevant to the question of how cooperative or competitive in emphasis a culture will be."

The social conception of success and the structural framework into which individual success is fitted are more determinative than the state of technology or the plentifulness of food." Similarly, as D.B. Fusfeld points out, "...scarcity is present or absent in varying degrees as a result of the structure of society and social attitudes, and choice is often restricted by the social structures within which the individual functions." Trade and Market in the Early Empires, p. 343. Here also, the market orientation which assumes



that scarcity is a fact of the physical universe, and not of social emphasis, gets reflected in hypothetical anthropology: if scarcity must mean that economizing calculation is necessary, then abundance must mean that no systematic organization is necessary. For example, in excoriating the use of non-empirical (i.e., hypothetical) anthropology, of the type which assumes that an abundance of food easily available in a primitive society must mean that no system of economic organization is present, because the savage need only pluck all the food he wants from a tree, Malinowski says the following: "The view that the native can live in a state of individual search for food, or catering for his own household only, in isolation from any interchange of goods, implies a calculating cold egoism, the possibility of enjoyment by man of utilities for their sake. This view and all the previously criticized assumptions, ignore the fundamental human impulse to display, to share, to bestow. They ignore the deep tendency to create social ties through exchange of gifts. Apart from any consideration as to whether the gifts are necessary or even useful, giving for the sake of giving is one of the most important features of Trobriand sociology and from its very general and fundamental nature, I submit, that it is a universal feature of all primitive societies." Op. cit., p. 175.

(3) One further point should be considered. In failing to interpret correctly the import of Polanyi's distinction between the "substantive" and the "formal" meanings of "economics," Professor Rottenberg deprived himself of an important methodological device with which to judge the usefulness of Polanyi's system.

The meaning given by the authors to the distinction between formal and substantive economics may be the source of the whole difficulty. Formal economics derives from logic and refers to the rules for choosing among alternatives. Substantive economics derives from fact and is the 'process of interaction between man and his environment, which results in [want satisfaction.]' The two, they say, have nothing in common; they 'could not be further apart.' And they propose that only the substantive meaning of economics can yield the 'concepts that are required by the social sciences for an investigation of all the empirical economies of the past and present.'

In neither respect are they correct. First, formal economics and the empirical economy have everything in common. Theory is not an isolated exercise in pure logic; it is an instrument for making predictive statements about experience and these predictions are tested by reference into the real world. Secondly, while economies can be described empirically by exclusive reference to them, fruitful predictive statements cannot be made by this procedure and it is precisely the task of the social sciences to make predictions about social phenomena. (p. 677)

Professor Rottenberg would be correct in saying that, "formal economics [price and distribution theory] and the empirical economy have everything in common," if he restricted his meaning of empirical economy solely to that



of market organized capitalism. All societies must have (substantive) economic organization, i.e., systematic procedures and structured motives through which material goods are provided to the inhabitants on a sustained, repetitive basis. However, it is the unique characteristic of market organized economy, that such provision for material want satisfaction is provided primarily by price-making factor and output markets in which buyers and sellers motivated by material self-gain have to participate. Such is what is meant by Polanyi when he says that in market economy, the two meanings of economic "fuse" (i.e., they both apply): material want satisfaction (substantive meaning of economic) is fulfilled through procedures which entail economizing calculation (formal meaning of economic). And such also is the reason why formal economic theory is capable of fruitful, predictive applicability in market economy; the derived predictions also being capable of empirical confirmation or refutation. However, to assert the general predictive applicability of formal economic theory—even for economies not integrated by factor and output markets, and whose participants may not be motivated by materially self-gainful calculation—is quite another matter.

Professor Hetttenberg criticizes the institutional approach implied in the substantive meaning of economics, and the fact that such an approach cannot lead to generally applicable theory; but rather, it necessitates that each separate economy be described separately, and that any predictive generalizations derived be relevant solely to it. Whereas, in contrast, price and distribution theory (formal economics) have general applicability, i.e., to more than one economy.

It is no accident that there has not been derived any body of economic principles for non-market economies, comparable in scope, detail, and general predictive applicability to those of price and distribution theory relating to market economy.<sup>11</sup> Such is the case because of the

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<sup>11</sup>For purposes of analogy, one could say that the study of primitive economies requires particular institutional reference in order to derive useful generalizations about each primitive economy, for the same reason that in market economy and theory, each oligopoly structure requires special institutional consideration. One cannot derive a single "general theory" of oligopoly, predictively applicable to all oligopolized industries, because, given the institutional differences between the cigarette and the



steel industry, there is no determinative solution which can usefully ~~cover both~~; whereas such a general solution exists for industries in pure competition; similarly, each primitive economy has special social conditions (governmental, religious) which are determinatively important (as are product differentiation or uniformity, three firms or twelve, in oligopoly), for the resulting economic practices used, and the material effects of such practices. With regard to primitive economies, Polanyi (just as also must the oligopoly theorist), is forced to present description of a range of cases, which (like oligopoly theory), are related in structure and motive, but institutionally different enough to require separate treatment.

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determinative importance of social controls, and the absence of any (market-like) self-regulating, automatic economic mechanism in non-market economies. In describing the substantive economic organization of the pre-market economies of history, or of primitive societies, reference must be made to local political, religious, familial, military, etc., institutions in which economic practices are embedded, and for which they are determinative. And as was pointed out briefly above, so too is the case with the post-1930 economies of Fascism, Communism, the Welfare State, and to a lesser degree, with the present New Dealist economy of the United States. The generality of predictive application of price-distribution theory, even to the United States, has significantly diminished, as factor and output markets have changed in operation and organization, due to multiple social controls. Increased reference to politically derived market regulators (e.g., legislatively controlled agricultural price supports), union activity, and the institutionalized manipulation of consumer demand, is necessary to impart predictive, empirical usefulness to orthodox price theory, which was designed for the 19th century structure, whose supply-demand price mechanics functioned in a market economy largely uncontrolled by social institutions. A related point which is illuminating, concerns Professor Stigler's argument in defense of division of labor in the social sciences, appearing in the first edition of his Theory of Price (p. 11-12). Professor Stigler's point is that if each type of social scientist sticks to his own specialty, the skill which accumulates through specialization will yield greater research productivity per man, and a greater aggregate output of social science work, than if each tries to digest and incorporate work of other social sciences. But the real point is that Professor Stigler is able to ignore government, sociology, etc., and still derive fruitful analyses, because he is dealing exclusively with uncontrolled market



mechanism --a unique system which is apart from, and not vitally controlled by social institutions. It is not the general nature of the division of labor, but rather the special nature of his field (competitive price and distribution theory) which allows him to ignore social institutions in deriving empirically applicable economic theory. If he were to write a book of economics (or rather, political economy), concerning principles of organization and operation of a non-market economy, such as that of the Trobriand Islanders, or England under Feudalism, or the Soviet Union, he would find the division of labor rather less useful: he would be forced to consider politics, religion, family structure, etc., because of the controlling importance of social institutions for economic practice in non-market economies.<sup>12</sup>

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<sup>12</sup> Professor Stigler somewhat obliquely recognizes the point, by saying, "Where the conventional division of labor in the social sciences would do great violence to a problem (e.g., an explanation of rent in a custom-dominated economy), the scientist tills the border line between two or more disciplines." Op. cit., p. 12.

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Professor Rettenberg concludes his criticism of Polanyi's methodology, as follows:

The only way to know whether the usual economic theory will give good predictive results for primitive economies is to test the predictions derived from the theory by observing whether empirical observation is consistent with the predictions. This the authors did not do. What they did instead was to examine the conventional assumptions of the theory and seek to determine whether these found empirical counterparts in the primitive economies. This is a fruitless search. The conventions [sic] of economic theory (as of any manipulable theory in any scientific discipline) are so ideal and abstract that they are found in no real world. The significant question is not whether real-world duplicates can be found for the assumptions, but whether real-world observed experience duplicates theoretically derived predictions. (p. 677)

It is true that a good theory need not have its assumptions grounded in complete empirical fact in order to yield useful predictions. No theory can be completely realistic, because in order to manage its variables it must abstract and be based upon just a few central assumptions from which important predictions can be deduced.<sup>13</sup> But surely it is so that the



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<sup>13</sup>The abstraction which occurs in economic theory exists not in the sense that its assumptions are so recondite or metaphysical as to be incapable of empirical observation or proof, but rather in its assumptions being necessarily few, and thereby incomplete, compared to complex reality. See, G.J. Stigler, op. cit., p. 9. There is also a second sense in which economic theory is unrealistic: it makes use of illustrative devices such as indifference curves, which, although the devices themselves are not found in empirical reality, are useful in that they illustrate and make analytically manageable, important functional relationships which are found in empirical reality.

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predictive usefulness of Marshallian price theory to the Great Britain of 1890, and the predictive usefulness of Keynesian income theory to the Great Britain of 1936, were due to the fact that Marshall and Keynes had chosen the few right (and empirically testable) assumptions: those reflecting determinatively operative empirical functions. The central assumptions of each were derived from the empirical economic structure of their day. It is not so, as Professor Rottenberg asserts, that the attempt to "examine the conventional assumptions of the theory and seek to determine whether these found empirical counterparts in the primitive economies...is a fruitless ~~xxx~~ search. The conventions of economic theory...are so ideal and abstract that they are found in no real world." If Professor Rottenberg's statement were true, then Keynes' "abstract" assumptions (e.g., the mpc is less than one), and Marshall's "abstract" assumptions (e.g., the demand curve is negatively sloped), would be "found in no real world." But they are; ~~it~~ and therein lies their theoretical usefulness for empirical prediction.<sup>14</sup>

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<sup>14</sup>"There is a second, and even more fundamental, test which a scientific theory must meet: it must explain the behavior of the phenomena in which we are interested; the assumptions must correspond to the facts." G.J. Stigler, op. cit., p. 5-6.

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Lastly, Professor Rottenberg's final stricture, also requires comment: "The significant question is not whether real-world duplicates can be found for the assumptions, but whether real-world observed experience duplicates theoretically derived predictions." This statement would be true (for the



reason that a theory cannot make all the assumptions true of complex reality, but only the crucial ones), if it were possible to apply formal economic analysis to non-market organized economies so as to test its predictive usefulness. But the point is, as Polanyi and his associates abundantly show, such application cannot be made. It is important that we be clear about this last statement. Professor Rottenberg says that it is irrelevant (and impossible) to try to prove the non-applicability of price and distribution theory to primitive economies (as Polanyi does), by showing that the assumptions of price and distribution theory (materially self-gainful motivations, competition yields market-clearing price), are not empirically duplicated in primitive economies. But rather that it must be observed empirically whether the predictive results of the theory are consistent with (i.e., fit) empirical results; and that, "this the authors did not do." The authors tested the assumptions of price-distribution theory rather than its predictions, for the perfectly good reason that one cannot predict equilibrium prices in primitive economies where prices do not fluctuate, and where there are no demand functions or supply functions, no factor markets or output markets, no haggling over price, and where the pursuit of material self-gain, when it exists at all, is regarded as a boorish display of bad manners.<sup>15</sup>

George Dalton\*

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<sup>15</sup> Such are the primary characteristics of the Trebriand economy described by B. Malinowski, op. cit., chapters 3 and 6. In that economy, reciprocity in gift and counter-gift giving of material goods and services, based on kinship; and redistribution, based on political obligation, provide the dominant substantive economic apparatus to perform the basic functions of production, distribution, and consumption, which market exchange performs in market capitalist organization. Significantly, there also exists in the Trebriands, a clearly peripheral pattern of market exchange, with its concomitants of haggling, fluctuating prices, and gainful orientation. But the market pattern is explicitly subordinate to reciprocity and redistribution, as measured by the quantities of goods involved (there are no services bought or sold on the market pattern), and the importance which the natives attach to such exchange. Just as the reverse is the case in present-day United States: i.e., reciprocal gift-giving among kinship groups in the United States is present as a socio-economic pattern, but is clearly peripheral to the dominant pattern of controlled market exchange.

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Cont. Group

January 23/1960

Three points concerning T&M and economic anthropology

George D.

1. Why is economic anthropology of particular importance to us?
2. Why has T&M received a warm reception by some anthropologists?
3. Suggestions for further work in economic anthropology along lines laid out in T&M.
  - a. Large amount of descriptive data on primitive economy already collected. No other field has such rich accumulations on non-market economies.
  - b. Lack of analytical framework. Anthropologists do not know sufficient economic theory to ~~explain~~ understand its inappropriateness to them.
  - c. The entire analytical frame and set of concepts in T&M are applicable to collected data of economic anthropology: reciprocity, redistribution exchange; money uses; special purpose and general purpose money; external trade forms; market elements; place of economy in society; substantive and formal economics.
  - d. T&M fits in with basic literature of economic anthropology: Malinowski, Thurnwald, Benedict, Mead, Firth (the latter is approaching us; see his Human Types, revised ed.)
  - e. Bohannan's work: money impact paper; land tenure paper; Tiv Trade and Market: fruitful application of special purpose money, indigenous spheres of economy, impact of general purpose money, contained market place sphere now providing "feed backs" to other spheres; Bohannan's conversions and land tenure concepts.
  - f. Two directions of further work: (1) re-writing economic anthropology in our terms (exposition and critique); (2) study other aspects of primitive economy in the way T&M approached external trade forms and money uses; some possibilities are land tenure, natural resource organization, and craft specialties.



On the Necessary Distinction between the Economics of Primitive Societies and Primitive Economic Analysis

George Dalton

As one who is familiar with the work of Karl Polanyi -both from his lectures at Columbia and from his published writings\*, including the

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\*The Great Transformation (New York: Rinehart, 1944); "Our Obsolete Market Mentality," Commentary, February 1947. The doctoral dissertation of the present writer is partly concerned with Polanyi's system.

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book which is the subject of this Comment, -I should like to take issue with several points of substance made by Simon Rottenberg in his review ~~XXXXXX~~ (AER, September 1958, p. 675-678) of Trade and Market in the Early Empires: Economies in History and Theory, edited by Karl Polanyi, Conrad M. Arensberg and Harry W. Pearson (Glencoe Illinois: The Free Press, 1957).

(I) Mr. Rottenberg doubts the empirical validity and criticizes the analytical usefulness of Polanyi's classification of economies as being integrated by combinations of three basic organizational patterns: reciprocity, redistribution, and (market) exchange. In the same context, Mr. Rottenberg registers sharp disagreement with Polanyi's derivative assertion that formal economic theory (i.e., price and distribution theory) is only useful -indeed, is only applicable without distortion- in economies organized in the market-exchange pattern, which, if so, limits the usefulness of economic theory to few societies, all of which are of relatively recent date (primarily Europe and America since the late 18th century); further, anthropologically described primitive societies are also excluded because (according to Polanyi) market exchange as the empirically dominant, integrative pattern is not found, at least before the incursions into such societies by Europeans.

In criticism, Mr. Rottenberg says the following:

What are the qualities which, it is said, are possessed by the economies for the study of which conventional analysis is not helpful? They are: inflexible or sluggish prices or exchange ratios; inelastic (sometimes absolutely inelastic) supply; inelastic (sometimes absolutely inelastic) demand.

The specific instances enumerated by the authors -e.g., set rates,

(1) 'formal economics' is a specialized technical term



customary or statutory equivalencies, gift trade, administered trade, status-trading, trading partnerships, the influence of kinship, magic and etiquette on economic behavior, noncompeting groups- seem to fall into one or more of these boxes.

....Now the conventional doctrine and techniques of formal economics have much to say about economies or markets in which inflexibilities and inelasticities occur. It is not true that economic analysis cannot perform useful predictive tasks in such economies. (p. 676)

The very use by Mr. Rottenberg of such orthodox price theory terminology as "inelastic supply and demand," and "inflexible price" in reference to economic phenomena occurring in non-industrial and non-market organized economies of antiquity and social anthropology, betrays what Polanyi has called the "economistic fallacy," or "market bias."\*: the *pre-judgment*

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 \*The Great Transformation, p. 43-45, 58, 274; also see in Trade and Market in the Early Empires, p. 14, 256-267.

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 < a priori assumption that the factor and output market organization typified, say, by Alfred Marshall's England, exists universally, and that the materially self-gainful motivations (e.g., the profit motive, maximization of consumer utility, production at least cost) institutionally compelled by such market organization on its participants, are also empirically universal constants. If, as Mr. Rottenberg seems to do, one starts with the initial premise that all economic activity -be it that of the Trebriand Islanders of New Guinea, the Benedictine order of Monks, or present-day Americans,- is, by assumption motivated by self-gain, Mr. Rottenberg cannot be proved wrong because he is asserting a tautology which cannot be proved or disproved by empirical reference: anything anyone does in any society in the way of economic transaction, must be yielding him self-gain somehow, or he wouldn't be doing it. I submit that such initial premise concerning the universality of self-gainful motivation is as useful in describing or predicting economic phenomena in non-market organized economies, as the premise -everyone dies because his heart stops beating- is useful in description or prediction of medical phenomena. Mr. Rottenberg asserts, but (with one partial exception, considered below) offers no examples or ~~proofs~~ proofs of how Marshallian price and distribution

*slow  
mind,  
only of  
limited  
usefulness*

*of empirical  
economic  
structure  
by way of*



theory could be of use in any of the historical or primitive economies considered by Polanyi and his associates.\* It is perfectly true that

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\*What gives such socially detached generality to books such as Alfred Marshall's Principles and G.J. Stigler's Theory of Price, is precisely these two ~~xx~~ institutionally dominant aspects of market capitalism which more than any others, differentiate it from systems of reciprocity and redistribution: that each participant is necessarily motivated by the quest for material self-gain which receives institutional expression through buyer and seller activity on price-making factor and output markets

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economic theory has a good deal to say about inelastic supply and demand functions, but it is also true that what theory has to say it says solely about economies so organized that factors and outputs are bought and sold through market apparatus. And the import of the research of Polanyi and

his associates presented in Trade and Market in the Early Empires, is precisely that such factor and output market organization, and its attendant materially self-gainful motivations, do not exist in the primitive and historical societies they consider. Rather, that the production and distribution of economic goods and services is organized in ways completely different from that entailed in the familiar market economy pattern. Such non-market patterns are, of course, those of reciprocity (mutual gift exchange motivated by social obligation derived, e.g., from kinship, as is the case with the Trobriand natives described by B. Malinowski\*; and re-

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\*Argonauts of the Western Pacific (London: Routledge & Kegan Paul, first published in 1922, fourth impression, 1953). For a description of the functioning of both integrative patterns (reciprocity and redistribution), as well as for a description of an historical example of the fallacious assumption that market exchange organization and motives exist universally, (and therefore price and distribution theory and its mechanical corollaries, e.g., demand elasticity, are universally useful and applicable), see in Trade and Market in the Early Empires, by W. C. Neale, "Reciprocity and Redistribution in the Indian Village: Sequel to Some Notable Discussions." Malinowski says of the Trobriands, "... that the whole tribal life is permeated by a constant give and take; that every ceremony, every legal and customary act is done to the accompaniment of material gift and counter gift; that wealth, given and taken, is one of the main instruments of social organization of the power of the chief, of the bonds of kinship, and of relationship in law." Op. cit., p. 167.

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which  
are usually  
uncontrolled,  
i.e.,  
self-  
regulating.



distribution (the channeling upward of economic goods to socially determined allocative centers, e.g., king or priest, who then redistributes the goods <sup>downward</sup> in accordance with socially determined criteria, e.g., social status such as that of noble or serf), which was the pattern in widespread use in historical empires such as those of Egypt, Rome, and Mexico.

A very significant result of the work of Polanyi and his associates has been not only the illumination provided to those interested in the socio-economic structures of economic history and economic anthropology, but also in the application of his research findings to recent economic change. The post-1930 changes in economic organization, and in degree and form of social control over such organization, in the structures of American New Dealism, the British Welfare State, German Fascism, and (post-1928) Russian Communism, usefully can be characterized as the supplanting of socially uncontrolled (self-regulating) market economy as both <sup>dominant</sup> empirical institution and <sup>dominant</sup> ideological norm, with social regulation of factor and output market organization, plus the instituting of governmentally centered redistribution (for war, welfare, and growth purposes). The point is that Polanyi's categories of non-market socio-economic structure, derived from research in economic history and economic anthropology, are also applicably relevant to the recent economic organizational changes of which the United States is a less radical example. Indeed, the Alice in Wonderland dissatisfaction which is felt by teachers of Marshallian-Stiglerian-Chamberlinian price and distribution theory when they lecture, is perhaps due to the fact that such theory derived from market economy structure in the late 19th and early 20th centuries, has to be supplemented increasingly with institutional qualification, if it is to be useful for prediction, because the Anglo-American market ~~is~~ structures (since, let us say, 1930) are no longer mechanistically autonomous, but increasingly have been subjected to social controls; e.g., labor market controls via unionization and legislation concerning minimum wage, unemployment insurance, old-age pensions, education subsidization. Of course, labor markets still exist, but the supplies and demands they register and the wage-rates that result are vitally affected by social



policies of control. Similarly, one needs something besides the cobweb theorem these days to explain the price of hogs.

(II) In defense of his assertion that formal economic theory is usefully applicable to any economy, Mr. Rottenberg presents an illustration, which, significantly, is from hypothetical, not from empirical anthropology:

...economics in its 'language' sense, [e.g., demand elasticity] can explain phenomena in economies in which prices are not free to move or in which demand and resources are not responsive to price changes. It can explain phenomena even in economies in which people do not maximize economic quantities.

But is it true, in fact, as the contributors to this volume profess, that people in the economies they have examined are not maximizers of economic quantities? People may seek to maximize in two distinct frameworks, one of which is free of constraints and the other subject to constraints. The first can be illustrated by the case of a hypothetical primitive who has pigs which he may exchange for yams at any pig-yam ratio and who may trade with anyone. The second is the case of the primitive who may trade at any pig-yam ratio but for whom a single trading-partner is specified. In both cases, the pig-owning primitive may maximize in deciding whether to trade at all, and, if so, how much pig he is willing to forego. The position taken in this book is that maximizing behavior or the achievement of optimal solutions requires the prior existence of a 'System of Self-Regulating Markets' free of rules which constrain choice ~~xx~~ and (implicitly) in which supply and demand schedules are price-elastic. This is surely not true. (p. 676-677)\*

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\*On ~~x~~ the existence of maximizing (gainful) orientations in primitive economies of fact, B. Malinowski says the following: "...it is important to realize that a Kiriwinian is capable of working well, efficiently, and in a continuous manner. But he must work under an effective incentive: he must be prompted by some duty imposed by tribal standards, or he must be lured by ambitions and values also dictated by custom and tradition. Gain, such as is often the stimulus for work in more civilized communities, never acts as an impulse to work under the original native conditions. It succeeds very badly, therefore, when a white man tries to use this incentive to make a native work." Op. cit., p. 156.

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This type of backward extrapolation in which a materially self-gainful, market oriented trader (a used pig salesman, as it were) is made to appear as an hypothetical, tribalized barterer, is an example of the earlier mentioned economistic fallacy.\* It is significant that Mr. Rottenberg draws his example



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\*The use of the hypothetical savage (and of Robinson Crusoe) for illustrative purposes concerning principles of resource allocation in a market organized economy, has, of course, ancient and honorable precedent: e.g., Adam Smith's deer-beaver ratio derived from calculating labor time entailed in hunting each. Unfortunately such usage, inadvertantly no doubt, is highly misleading. It tends to reinforce the empirically unproven (and the present writer believes, invalid) assumption that the savage is a sort of contemporary ancestor of market oriented man, who, despite the absence of industrial technology and of factor and output market organization, nevertheless is directed in his economic activity by the same pursuit of calculated material gain. Empirical anthrepeology tends to refute the validity of such assumption. See the references listed throughout this Note.

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not from the many recorded descriptions of empirical trade organization appearing in the literature of economic anthrepeology\* but from a hypo-

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\*Beside the aforementioned work of Malinowski, see e.g., R. Thurnwald, Economics in Primitive Communities (London: Published for the International Institute of African Languages and Cultures by Humphrey Milford, for the Oxford University Press, 1932); M. Mead, Cooperation and Competition among Primitive Peoples (New York: McGraw-Hill, 1937); M.J. Herskovits, The Economic Life of Primitive Peoples (New York: Knopf, 1940).

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thetical example which assumes a priori the answers to what are the points under dispute(~~and~~ which, of course, can only be decided by empirical reference\*): are all peoples, even those living in economies without factor

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\*If one starts with the presupposition that all economic activity must be motivated by the quest for material self-gain, then the economics of primitive communities can be made to appear as the curious habits of the natives in regimes without machinery, but otherwise governed by market psychology(e.g., the Kwakiutl Potlatch is made to appear as a forced loan bearing one-hundred percent interest). Just as in similar fashion, a familiar and analagous tautology also obliterates essential differences by a priori assumption: if one accepts the Benthamite presupposition that all human behavior is governed by the individual quest for pleasure and avoidance of pain, then any human action, including altruism and suicide, can be so interpreted ex post, but without real usefulness. The tautological generality of the presupposition makes it operationally trivial.

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and output market organization, maximizers of economic quantities? Is the



quest for material self-gain found universally as incentive to participate in economic organization?\* It is precisely these questions which Polanyi

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 \*See the debate between M.J. Herskovits and Frank Knight on the applicability of conventional economic analysis to primitive economies in the Journal of Political Economy, Vol. XLIX, (1941). ~~Two~~ <sup>of the</sup> ~~Two~~ articles are reprinted as an Appendix to Herskovits' Economic Anthropology (New York: Knopf, 1952), p. 507-531.

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 and his associates attempt to answer by research into the actual structures of historical and primitive economies, in Trade and Market in the Early Empires.

In the portion I have quoted above from his review, Mr. Rottenberg asserts that the ~~primitive~~ (hypothetical) primitive, when constrained in his trading activities by tribal rules may act\*<sup>(501)</sup> like a twentieth century American

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 \*The following is my analogy, not Mr. Rottenberg's.

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 when similarly constrained by rationing and price controls: i.e., both will maximize something within the tribally imposed constraints. But this is assertion, not proof. The primitive, unlike the American, does not live in a market organized economy which institutionally compels him in order to get material livelihood, to pursue maximum profit, or maximum utility, or maximum wage-rate. Even the economist's assumption that universal scarcity of material factors of production relative to demands for material outputs necessitates economizing, gainfully-oriented calculation, in order to arrange some preferred allocation of the scarce factors, is not empirically useful unless the social rules of the economic game place great emphasis on the acquisition of material goods,\* *and such acquisition is made attainable through institutional apparatus.*

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 \*Margaret Mead points out that unless something is regarded as culturally valuable, its objective physical scarcity will not induce competition for it. For example, among the Zuni and Arapesh, there is a physical scarcity of good land; but individuals do not compete for it because of the lack of importance attached to material acquisition in both societies. See, Cooperation and Competition among Primitive Peoples (New York: McGraw-Hill, 1937), p. 464, 481, 482, 511. She says (p. 511): "Whether a group has a minimum or a plentiful subsistence level is not directly relevant to the question of how cooperative



or competitive in emphasis a culture will be.

The social conception of success and the structural framework into which individual success is fitted are more determinative than the state of technology or the plentifulness of food." Similarly, as D.B. Fustfeld points out, "...scarcity is present or absent in varying degrees as a result of the structure of society and social attitudes, and choice is often restricted by the social structures within which the individual functions." Trade and Market in the Early Empires, p. 343. Here also hypothetical anthropology is made to reflect non-applicable market principles. If scarcity must induce economizing calculation, then abundance must mean no systematic organization. In excoriating the use of non-empirical anthropology of the type which assumes that an abundance of food easily available in primitive society must mean that no system of economic organization is present, because the savage need only pluck all the food he wants from a tree, Malinowski ~~xxx~~ says the following: "The view that the native can live in a state of individual search for food, or catering for his own household only, in isolation from any interchange of goods, implies a calculating cold egoism, the possibility of enjoyment by man of utilities for their sake. This view and all the previously criticised assumptions, ignore the fundamental human impulse to display, to share, to bestow. They ignore the deep tendency to create social ties through exchange of gifts. Apart from any consideration as to whether the ~~the~~ gifts are necessary or even useful, giving for the sake of giving is one of the most important features of Trobriand sociology and from its very general and fundamental nature, I submit, that it is a universal feature of all primitive societies." Op. cit., p. 175.

(III) One further point should be considered. In failing to interpret correctly <sup>the import of</sup> Polanyi's distinction between the "substantive" and the "formal" meanings of "economics", Mr. Rottenberg deprives himself of an important methodological device with which to judge the usefulness of Polanyi's system.

The meaning given by the authors to the distinction between formal and substantive economics may be the source of the whole difficulty. Formal economics derives from logic and refers to the rules for choosing among alternatives. Substantive economics derives from fact and is the 'process of interaction between man and his environment, which results in want satisfaction.' The two, they say, have nothing in common; they 'could not be further apart.' And they propose that only the substantive meaning of economics can yield the 'concepts that are required by the social sciences for an investigation of all the empirical economies of the past and present.'

In neither respect are they correct. First, formal economics and the empirical economy have everything in common. Theory is not an isolated exercise in pure logic; it is an instrument for making predictive statements about experience and these predictions are tested by reference to the real world. Secondly, while economies can be described empirically by exclusive reference to them, fruitful predictive statements cannot be made by this procedure and it is precisely the task of the social sciences to make predictions about social phenomena. (p. 677)



Mr. Rottenberg would be correct in saying that "formal economics [i.e., price and distribution theory] and the empirical economy have everything in common," if he restricted his meaning of empirical economy solely to that of market organized capitalism. All societies must have (substantive) economic organization, i.e., systematic procedures and structured motives through which material goods are provided to the inhabitants on a sustained, repetitive basis. However, it is the unique characteristic of market-organized economy that such provision for material want satisfaction is provided by price-making factor and output markets in which buyers and sellers motivated by material self-gain participate. Such is what is meant by Polanyi when he says that in market economy, the two meanings of economic fuse (i.e., they both apply): material want satisfaction (substantive meaning of economics) is fulfilled through economizing calculation (formal meaning of economics). And such also is the reason why formal economic theory is capable of fruitful, predictive applicability in such an economy; such predictions being capable of empirical confirmation or refutation. However, to assert the general ~~x~~ predictive applicability of formal economic theory -even to economies not integrated by factor and output markets, and whose participants may not be motivated by self-gainful calculation- is quite another matter.

Mr. Rottenberg criticizes the institutional approach implied in the substantive meaning of economics, and the fact that such an approach cannot lead to generally applicable theory; but rather, <sup>it necessitates</sup> that each separate economy ~~be~~ described separately, and any predictive generalization derived are solely relevant to it. Whereas price and distribution theory (formal economics) has general applicability.<sup>97</sup> It is no accident that there has not been derived any body of economic principles for non-market economies comparable in scope, detail, and general predictive applicability to those of price and distribution theory relating to market capitalist economies. ~~But~~ This is so because of the great importance of social controls and the absence of self-regulating, autonomous economic mechanism in non-market economies. In describing the economic (substantive) organization of the pre-market economies of history, or of primitive societies, reference must be made to political, religious,



familial, military, etc., institutions in which economic practices are embedded and for which they are determinative. And ~~was~~ was pointed out briefly above, so too is the case with the post-1930 economies of Fascism, Communism, the Welfare State, and to a lesser degree, with the present New Dealist economy of the United States. The generality of predictive application of price-distribution theory, even to the United States has significantly diminished, as factor and output markets have changed in actual operation and organization due to multiple social controls. Increased reference to market regulants in the form of legislative control (e.g., agricultural price supports), union activity, and manipulation of consumer demand, is necessary to impart empirical usefulness to orthodox price theory which was designed for the 19th century structure whose supply-demand price mechanics functioned in a market economy largely uncontrolled by social institutions. A related point which is illuminating concerns Stigler's argument in defense of division of labor in the social sciences, <sup>ADVERSE</sup> in the first edition of his Theory of Price. Stigler's point is that if each type of social scientist sticks to his own specialty, the skill which accumulates through specialization will yield greater productivity per man and a greater aggregate output of social science work, than if each tries to digest and incorporate work of other social sciences. But the real point is that Stigler is able to ignore government, sociology, etc., and still derive fruitful analyses, ~~is~~ because he is dealing exclusively with uncontrolled market mechanism - a unique system which is apart from and not controlled by social institutions. It is not the general nature of the division of labor, but rather the special nature of his field, which allows him to ignore social institutions in deriving ~~XXXXXXXXXX~~ empirically applicable economic theory. If he ~~he~~ were to write a book of economics (or rather, political economy) concerning principles of organization and operation of a non-market economy such as that of the Trebriand Islanders, or feudalistic England, or the Soviet Union, he would find the division of labor rather less useful, <sup>(i.e.)</sup> ~~ie.~~, he would be forced to consider politics, religion, family structure, etc., because of the controlling importance of social institutions for economic practice in non-market economies.



Mr. Rottenberg concludes his criticism of Polanyi's methodology, as follows:

The only way to know whether the usual economic theory will give good predictive results for primitive economies is to test the predictions derived from the theory by observing whether empirical observation is consistent with the predictions. This the authors did not do. What they did instead was to examine the conventional assumptions of the theory and seek to determine whether these found empirical counterparts in the primitive economies. This is a fruitless search. The conventions [sic] of economic theory ~~x~~ (as of any manipulable theory in any ~~xixi~~ scientific discipline) are so ideal and abstract that they are found in no real world. The significant question is not whether real-world duplicates can be found for the assumptions, but whether real-world observed experience duplicates theoretically derived predictions. (p. 677)

It is true that a good theory need not have its assumptions wholly grounded in empirical fact in order to yield useful predictions. No theory can be completely realistic, because in order to manage its variables it must abstract and be based upon just a few central assumptions from which predictions can be deduced. But surely it is so that the predictive usefulness of Marshallian price theory to the Great Britain of 1890, and the predictive usefulness of Keynesian aggregate theory to the Great Britain of 1936, were due to the fact that Marshall and Keynes had chosen the right few assumptions -i.e., those reflecting determinatively operative empirical functions. The central assumptions of each were derived from the empirical economic structure of their day. It is not so, as Mr. Rottenberg asserts, that the attempt to "examine the conventional assumptions of the theory and seek to determine whether these found empirical counterparts in the primitive economies...is a fruitless search. The conventions of economic theory...are so ideal and abstract that they are found in no real world." If Mr. Rottenberg's statement were true, then Keynes' assumptions (e.g., the mpc is less than one) and Marshall's assumptions (e.g., the demand curve is negatively sloped) would be "found in no real world." But they are; and therein lies their usefulness for prediction.

Lastly, Mr. Rottenberg's final stricture, also requires comment: "The significant question is not whether real-world ~~xxxxi dupliix~~ duplicates can be found for the assumptions, but whether real-world observed experience duplicates theoretically derived predictions." This would be true (for the



reason that a theory cannot make all the assumptions true of complex reality, e.g., a road map doesn't tell you the height of traffic cops, but simply of few, relevant road features, and so is not completely realistic), if it were possible to apply formal economic analysis to non-market organized economies. But the point is, as Polanyi and his associates abundantly show, such application cannot be made. It is important that we be clear about this last statement. Mr. Rottenberg says that it is irrelevant (and impossible) to try to prove the non-applicability of price and distribution theory to primitive economies (as Polanyi does) by showing that the assumptions of price and distribution theory (self-gainful motivation, competition yields a market-clearing price) are not empirically duplicated in primitive economies. But rather that it must be observed empirically whether the predictive results of the theory are consistent with (fit) empirical results, and that "this the authors did not do." The authors tested the assumptions of price-distribution theory rather than its predictions for the perfectly good reason that one cannot predict equilibrium prices in primitive economies where prices do not fluctuate, and where there are no demand functions or supply functions, no factor markets or output markets, no haggling over price, and where the pursuit of material gain, if it exists at all, is regarded as a boorish display of bad manners.\*

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\*Such are the characteristics of the Trobriand economy described by B. Malinowski, op. cit., chapters 3 and 6. In that economy, reciprocity in gift and counter-gift giving of material goods and services, based on kinship, and redistribution, based on political obligation, provide the substantive economic apparatus to perform the basic functions of production, distribution, and consumption, that market exchange performs in capitalist organization. Significantly, there also exists in the Trobriands, a clearly ~~peripheral~~ peripheral pattern of market exchange, with its concomitants of haggling, fluctuating prices, and gainful orientation. But the market pattern is explicitly subordinate to reciprocity and redistribution, as measured by the quantities of goods involved (there are no services ~~xx~~ bought and sold on the market pattern), and the importance which the natives attach to such exchange. Just as the reverse is the case in present-day United States: i.e., reciprocal gift-giving among kinship groups in the United States is present as ~~xx~~ a socio-economic pattern, but is clearly peripheral to the dominant pattern of controlled market exchange.

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## II. THE WORK OF THE POLANYI GROUP: PAST, PRESENT, AND FUTURE

George Dalton and Jasper Kőcke

. . . economists have concentrated on studying the market economy, and have left the study of the non-market economy to the anthropologist . . . the economist who studies the non-market economy has to abandon most of what he has learnt, and adopts the techniques of the anthropologist. (W. Arthur Lewis, 1961)

This paper contains four sections and a technical note. The first presents evidence that Polanyi's work is read and used. The second summarizes his main contributions. The third mentions the topics of recent publications by those of us who use Polanyi's theoretical framework. These first three sections are brief and expository. The fourth section describes research in economic anthropology underway but not yet published by the authors of this paper, and explains how this work in process grew out of the past work of the Polanyi group, as well as other work having nothing to do with Polanyi.

### I. EVIDENCE THAT POLANYI'S WORK IS READ AND USED

Polanyi wrote and edited five books only the first two of which were published in his lifetime (he died in 1964): The Great Transformation (1944), Trade and Market in the Early Empires (1957), Dahomey and the Slave Trade (1966), Primitive, Archaic, and Modern Economies (1968), and The Livelihood of Man (1977). In 1982 all of Polanyi's books except Dahomey and the Slave Trade are still in print, including the especially important first two, published thirty-eight and twenty-five years ago. We trust this means they are being read. It certainly means they are being bought.

In the 1970s, Polanyi's first four books were translated into several languages. We cite here only the translations we know to exist (there may be others): Trade and Market was translated into Spanish and French; The Great Transformation was translated into German, Japanese, and Italian and will soon be published in French. Dahomey and the Slave Trade and three collections of Polanyi's articles and



chapters similar to Primitive, Archaic, and Modern Economies, were translated into Japanese, Hungarian, and Italian.

We know of one book and six articles devoted to assessing Polanyi's work. Allen Morris Sievers' Has Market Capitalism Collapsed? A Critique of Karl Polanyi's New Economics (1949), considers The Great Transformation. We list only articles written by persons who were not Polanyi's students: S. C. Humphreys, "History, economics, and anthropology: the work of Karl Polanyi" (1969); Y. Garlan, "L'oeuvre de Polanyi: la place de l'économie dans les sociétés anciennes" (1973); a symposium of some seventy printed pages written by a dozen anthropologists and historians in Annales (December 1974) under the title, "L'anthropologie économique et histoire: l'oeuvre de Karl Polanyi," an English translation of which appears in volume 4 of Research in Economic Anthropology (1981). Charles Kindleberger, Professor Emeritus of Economics at M.I.T., chose to write an essay about The Great Transformation for his contribution to the issue of Daedalus (1974) devoted to "Twentieth century masterpieces." In 1980, J. R. Stanfield published an article entitled "The institutional economics of Karl Polanyi." Also L. Congdon wrote "Karl Polanyi in Hungary" (1976).

What has just been said is evidence that Polanyi's work is read. There is also evidence that Polanyi's work is used: several anthropologists, archaeologists, economic historians, and development economists make direct use of Polanyi's concepts (such as "redistribution" and "port of trade") and analytical conclusions (such as "economy embedded in society") to analyze actual economies of time and place. Here is a sample of such empirical application of Polanyi's work: N. Wachtel, "The structure of the Inca state" (1977); R. Hodges, "Ports of trade in early Medieval Europe" (1978); M. Mancall, "The Ch'ing tribute system: an interpretative essay" (1968); P. Wheatley, ". . . From reciprocity to redistribution in ancient Southeast Asia" (1975). Dalton has included four such articles in Research in Economic Anthropology: I. Adelman and C. T. Morris, "Patterns of market expansion in the nineteenth century: a quantitative study" (1978); C. Geertz, "Ports of trade in nineteenth century Bali" (1980); a translation of the seventy page French symposium that appears in Annales (1974) whose English title is "Economic



anthropology and history: the work of Karl Polanyi" (vol. 4, 1981); and T. Smith, "Wampum as primitive valuables" (1982).

In sum, Polanyi's work is read and used. All but one of his books are still in print in English. Four of his five books have been translated. His work can now be read in French, German, Spanish, Italian, Japanese, and Hungarian. (There was an early translation of The Great Transformation into Spanish, in the 1950s, and individual articles of his have been translated more widely, into Swedish and Portuguese for example, as well as the languages into which his books have been translated.) There are several articles and a book devoted to assessing his work. The lengthy set of symposium articles that originally appeared in Annales is of special interest because five or more of the contributors of empirical and discussion essays are anthropologists. A number of anthropologists, archaeologists, economists, and historians who are not Polanyi's students--who know him only through his writings--have written at least a dozen articles and chapters employing Polanyi's paradigm.

## II. POLANYI'S CONTRIBUTION TO ECONOMIC ANTHROPOLOGY, ECONOMIC ARCHAEOLOGY, AND ECONOMIC HISTORY

Here we can be brief because we have already explained various parts of Polanyi's work repeatedly during the last twenty years (Dalton, 1961, 1968, 1969, 1975; Köcke, 1979). But some preliminary remarks are necessary to point out changes that have occurred in the professional audience interested in economic anthropology, and new contributions to its theory.

Polanyi wrote before Marxian theory began to be used in economic anthropology, before the recent burgeoning of publications on the economic history of what are now third world countries, and before it was understood that the philosophers of science were explaining theoretical issues of importance to economic anthropology.

His work, moreover, was a beginning, not a finished theoretical system. Polanyi got a late start in academic life as a teacher and writer. The Great Transformation (1944) was published when he was 58. He began teaching economic history at Columbia



University in 1947, when he was 61, and had to retire only six years later in 1953, at age 67. Trade and Market (1957) was published when he was 71. Between the publication of Trade and Market and his death seven years later in 1964, he did not undertake fresh research, but rather applied, refined, and extended some of the ideas of Trade and Market in several articles: "The semantics of money uses" (1957); "On the comparative treatment of economic institutions in antiquity with illustrations from Athens, Mycenae, and Alaklakh" (1960); "Ports of trade in early societies" (1963); and "Sortings and 'ounce trade' in the West African slave trade" (1964). It was unfortunate that he did not live long enough to respond in print to criticism of his work.

To understand Polanyi's theoretical system one must first understand the national and international market organization that is a core attribute of capitalist economies, and neoclassical microeconomic theory from Alfred Marshall onward that was invented to analyze the workings of the economy-wide input and output markets integrating capitalist economies. We say this because formalists and Marxists on the one hand, and the Polanyi group on the other, hold totally different positions on whether the similarities between industrial capitalism and the precapitalist economies studied by anthropologists are more important than their differences. The formalists and Marxians say yes, the Polanyi group says no. From this it follows that both formalist and Marxian anthropologists employ theoretical systems originally contrived to analyze nineteenth century industrial capitalism. The Polanyi group, in arguing that the differences between Nuer, Trobriand, and Inca economies on the one hand, and industrial capitalism on the other, are more important than their similarities, concludes that neither microeconomics nor Marxian economics can reveal the most important attributes of economies not integrated by market exchange.

Now to summarize Polanyi's main points: every society of human beings, past and present, may be said to have an economy if we define "economy" as the systematic provisioning of goods; that is, as the arrangements to provide persons and community with goods and services in repetitive fashion. Every society arranges for two kinds of goods and services: those required by people as biological beings (food),



and those required by cohesive social-political groups or the communities we call bands, lineages, clans, kingdoms, or nations (for community defense, attack, religious expression, marriage, etc.). In the structured provision of these goods and services, all societies employ natural resources, human labor, and technology (tools and knowledge). All, or almost all, also employ one or more practices or institutional devices, such as local market places, trade with politically external groups, or some sort of monetary object. These are the ingredients of Polanyi's "substantive" definition of "economic," and are intended to explain exactly what is meant by saying that every society has an economy of some sort, and to differentiate this substantive meaning from the formal meaning of economic, which means economizing, or the cost-benefit calculations used to arrive at profit or utility maximizing solutions that underlie all microeconomic analyses of household and business firm decision making in market economies.

In The Great Transformation and its brief postscript, "Our obsolete market mentality," Polanyi (1947) argues several themes, only one of which need concern us here: that the factor input (land, labor, money) and product output market organization that came to dominate and integrate nineteenth century European and American industrial capitalism was historically and anthropologically unique. All of his later work follows from this central assertion because it is devoted to answering two questions: a) why is formal microeconomic theory inappropriate to analyze the non-market economies studied by anthropologists and historians? b) what are the core attributes of non-market economies, and what conceptual vocabulary (theory) is needed to explain the organization of these non-market economies?

To use the conceptual vocabulary of microeconomic price theory (maximizing, economizing, scarcity, supply, demand, decision making, etc.) to analyze non-market economies such as the Trobriand, the Nuer, or the Inca, is to distort the nature of these economies in three ways: a) it is to overstate the similarities and understate the differences between these economies and industrial capitalism; b) it prevents one from seeing that what is important and characteristic in Trobriand, Nuer, or Inca economy is different from what is important and characteristic in U.S. or Japanese industrial capitalism;



c) specifically, it prevents one from understanding the functioning of external trade and monetary usages in non-market economies, both of which differ essentially from external trade and money in capitalism. Surely the answer to the question, Why don't political anthropologists use the conceptual language of dictatorship and democracy to analyze the stateless political systems of pre-colonial Highland New Guinea? is that the differences between such polities and those of modern America and Russia are more important than their similarities. So too, we believe, their pre-colonial economic systems.

What is certain and should be uncontentious is that all human societies of record have an economy of some sort and that foreign trade, the use of monetary objects, and the use of market places are very widely employed in all sorts of past and present economies. What has been extremely contentious ever since the publication of Trade and Market is the following two assertions made by Polanyi: a) the core attributes of non-market economies are so very different from those of capitalism, that b) a special conceptual vocabulary within a special paradigm--neither formalist nor Marxist--is necessary to understand the structures of non-market economies. Polanyi's shorthand phrase, that in non-market economies, "economy is embedded in society" means the opposite of Marx's economic determinism as well as something which is more important to Polanyi's theory, the absence of economy as a separate sub-system capable of being analyzed apart from Trobriand, Nuer, or Inca kinship and polity: A commonsense way to say the same thing is that all aspects of Trobriand, Nuer, and Inca economy are socially and politically controlled, something that is immediately apparent upon examining, say, the production of staple yams in the Trobriands.

Polanyi's conceptual vocabulary, therefore, is socio-economic because he believed the evidence showed that nothing of economic importance in non-market economies--the production of staple foods, external trade, ceremonial exchange, bridewealth, bloodwealth, obligatory payments to and disbursements by political leaders--existed independently of the political and social institutions and relationships determining what we label "economic" things, activities, and transactions. Reciprocity, redistribution, ports of trade, politically administered trade, special-purpose money, equivalencies, operational devices--are



socio-economic terms. (It is a pity it did not occur to Polanyi to illustrate his point with the Soviet Union, a non-market economy where, emphatically, "economy" is embedded in "polity," since the economists who analyze it have been forced to invent a special set of political-economic terms to express this core structural attribute: "command economy," "success indicators," "central planning," "administered prices"; and where we find--as we do in Trobriand economy--foreign trade, money, and market places functioning in a non-capitalist system.)

Finally, there is the empirical application of Polanyi's theoretical scheme to actual economies of time and place. Although he makes it clear that he learned much of importance from the writings of anthropologists--in The Great Transformation, ch. 4 and its appendix, he quotes and refers to Thurnwald, Malinowski, Lowie, Mead, Firth, Goldenweiser, Radcliffe-Brown, Linton, Benedict, Herskovits, Loeb, Mair, Pitt-Rivers, and Lesser--in his empirical essays, Polanyi himself wrote about economies studied by historians and archaeologists rather than those studied by anthropologists. But the contributors to Trade and Market, particularly Arensberg, Neale, and Fusfeld (as well as Polanyi), make it clear that the book's theoretical scheme is designed for economic anthropology as well as economic history. An Oxford economic historian who reviewed the book makes a similar point:

This book is of outstanding interest. Any anthropologist, and any economic historian whose field of interest lies mainly outside the highly developed societies of the nineteenth and twentieth centuries, will find it challenging and profitable reading. (de Ste. Croix, 1960, p. 510)

### III. RECENT RESEARCH

Archaeologists, economic historians, and anthropologists use Polanyi's work on the economic institutions of early kingdom-states to analyze ports of trade, politically administered trade, and redistribution in different parts of the world and at different historical time periods. Some examples of how Polanyi has been used to study trade and redistribution are: Hodges (1978) and Odner (1972) on early Europe; Wheatley (1975) and Geertz (1963) on



Indonesia; Wachtel (1977, Part II, ch. 1) on the Inca; Earle (1977) on Hawaiian chiefdoms. In a paper entitled "The Ch'ing tribute system: an interpretative essay," Mancall (1968) showed how ports of trade in China worked within that variant of politically administered trade that required payments of tribute; this topic is likely to be a promising line of research because of the abundant information on early China and because "tributary relations of alliance" were very common in early states. We should add that there are also formalist archaeologists and formalist economic historians who, in preferring a market interpretation, disagree with their colleagues' usage of Polanyi's concepts, just as is the case in economic anthropology: Torrence (1978), Adams (1975), Hopkins (1973), and Peukert (1978). There are also Marxian interpretations of the economic institutions of early states, such as Claessen and Skalnik (1978) and Mosely (1979) that disagree with Polanyi's approach.

In short, formalist, substantivist and Marxian controversies now also exist among archaeologists and economic historians. But aside from these paradigm disputes and preferences, a great deal of descriptive and analytical work is being published on early foreign trade and the economic organization of early kingdom-states: Heider (1969) on visiting trade institutions; Price (1980) and Kurimoto (1980) on silent trade; Sabloff and Lamberg-Karlovsky (1975) on ancient trade; Murra (1980) on Inca economy and a great deal of work on the economies of kingdoms in precolonial Africa, such as Wilks (1975), Vansina (1973, 1978), and Law (1977, 1978).

Polanyi's work on "special purpose money" has been clarified and improved in the excellent essay by Grierson, "The origins of money." Dalton (1978a) and Smith (1982) show how what they call "primitive valuables" are used as means of reciprocal payment in political and social transactions in aboriginal stateless societies (where reciprocity is the dominant principle of internal organization).

#### IV. FUTURE WORK

Polanyi left his theoretical system far from complete. For example, he said little or nothing about peasant economies, economic and social change under colonial rule, or post-colonial



development--topics, types of economy, and historical time periods very much part of economic anthropology. What he did say about reciprocity, redistribution, early money usages, and early foreign trade need to be empirically applied to a much larger number and greater variety of societies than he himself wrote about. And so we welcome the recent empirical applications of Polanyi's theory, for example, by Hodges (1978), Geertz (1989), and Mancall (1968) on ports of trade in early Europe, Bali, and China; Grierson (1980) and Smith (1982) on early money; and Wheatley (1975), Wachtel (1977), and the several French contributors to Annales (1974/1981) on reciprocity and redistribution in Indonesia, Inca, and elsewhere.

Polanyi neglected to create an important analytical link in his system; he neglected to show the necessary connections that exist between "patterns of integration" (reciprocity, redistribution, and market exchange), and the specific forms that money and foreign trade take in societies dominated by each pattern of integration. For example, he neglected to show that where reciprocity is the dominant pattern of integration, as in aboriginal economies in stateless societies (such as in the Trobriands and Highland New Guinea), primitive valuables serving as means of reciprocal exchange or reciprocal payment (Kula valuables, pigs, pearshells), and as means of reciprocal external trade (kula, wasi) will also be employed as the prime forms of money and foreign trade (Dalton 1978). Polanyi, incidentally, did explain these connections for capitalism, when showing that market foreign trade and "general purpose" money were determined by the domestic dominance of market exchange. He also showed that politically administered trade and ports of trade were derivative expressions of domestic redistribution in early states. But much remains to be done along these lines.

The work we are now doing is motivated by more than our wanting to complete what Polanyi left undone. The convictions we now hold about what comprises the subject of economic anthropology, how it relates to neighboring subjects, and, above all, which specific topics of research are most important, have been influenced not just by Polanyi but also by a) what we have learned from the controversies between formalists, substantivists, and Marxists; b) what we



have learned from Popper, Kuhn, Rawls, and Wittgenstein; c) what we have learned from David Clarke's (1968) showing that the societies studied by archaeologists and anthropologists can only be grouped into polythetic sets; and d) what we have learned from the plethora of recent writings on early economic history. To explain:

Topics, types of economy, and historical time periods studied in economic anthropology. It strikes us as odd that such a basic question as "Exactly which topics, types of economy, and historical time periods comprise the subject of economic anthropology?" seems not to have been answered in the literature. First, our preferred grouping of types of economy and historical time periods; then our summary of topics.

Types of Economy and Historical Time Periods Studied in Economic Anthropology

Aboriginal (pre-colonial) economies in stateless societies

Aboriginal (pre-colonial) economies in tribal kingdoms

Peasantries in states, past and present

Economic and social change under colonial rule, 1500-1965

Post-colonial development and modernization

These polythetic groups serve several of our purposes, only two of which we need to explain here. They point out that anthropologists study economies as they were structured (and changed) during different historical time periods. For example, Murra (1980) describes Inca economy before the Spanish arrived to smash, grab, rule, and transform. Geertz (1963) describes the deep changes caused in Indonesian peasant economies by Dutch colonial rule. Epstein (1962, 1973) describes the early decades of post-colonial development and modernization in two villages in southern India.

Our list also enables us to point out that only the first set, aboriginal economies in stateless societies, is, so to speak, the exclusive property of anthropologists. Only anthropologists (and



archaeologists) study the Nuer, Tiv, Yanomamö, North American Indians, Australian aborigines, societies in Highland New Guinea--as they were organized before colonial rule. Each of the other types of economy and historical time periods listed has counterpart literatures outside of anthropology; indeed, larger literatures. For example, the pre-colonial tribal kingdoms of the Lozi, Azande, and Bunyoro have been the subjects of ethnographies by distinguished British anthropologists. But we now have dozens of books and scores of articles on the economic, political, and social history of pre-colonial African kingdoms written by historians--Wilks (1975) on Asante, Law (1977) on the Yoruba kingdom of Oyo--as well as a new journal devoted to African Economic History, and five volumes in the Cambridge History of Africa up to 1870. In short, what we regard as an integral part of our present research is to show that, in order for theory in economic anthropology to be powerfully persuasive in its explanations (and to be based on sufficient evidence), we must make important use of work in other disciplines. Four of the five listings under "Types of economies and historical time periods studied in economic anthropology" incorporate work by non-anthropologists.

There are several sets of topics in economic anthropology. Some topics relate to the acquisition of subsistence livelihood and emphasize the uses made of natural resources, technology, and the organization of work tasks in the hunting, fishing, gathering, herding, and agricultural provision of foodstuffs (see the anthropological studies by Forde (1934), Malinowski (1935), Lee and DeVore (1968) and the historical studies by Slicher van Bath (1963).

There is a large literature on what may loosely be called socio-economic and political-economic institutions of importance, such as bridewealth and dowry, ceremonial exchange, "primitive money," and external trade; also on how market places work in the societies studied by anthropologists. Here too belong such topics as the receipts and disbursements by chiefs and kings in pre-colonial kingdom-states, (for example, those in Africa). Again, there are counterpart literatures on some of these topics, such as economic historians writing on early money (Grierson, 1978); archaeologists and historians writing on early external trade (Clark, 1965; Sabloff and Lamberg-Karlovsky, 1975; Grierson, 1903/1980;



Van Leur, 1967; Mancall, 1968); an economic geographer writing an important article on pre-colonial market places in Africa (Hodder, 1965); and historians writing on the kinds and amounts of taxes and tributes received by African kings before colonial rule (Law, 1978). Slavery, of course, is another of those socio-economic topics of importance to historians (Finley, 1960, 1980) as well as to anthropologists (Miers and Kopytoff, 1977).

Another set of topics is the causes and consequences of deep change in different historical time periods. Only rarely do anthropologists have sufficient information to allow them to write about deep change before colonial rule, one exception is the influence of the horse on the Plains Indians (Wissler, 1914). By far most of what is written by anthropologists is on the subject of changes brought about by European or North American colonial rule (1500-1965) under headings such as acculturation, culture contact, applied anthropology, and millenarian movements. Historians and economists also have written extensively on this subject. We think there is much comparative research to be done on the economic anthropology of colonial impact(s), which would answer questions such as, How exactly were the indigenous economies studied by anthropologists made to change by colonial rule? Why didn't more of what we now call economic development and cultural modernization occur under colonial rule? Why, despite their long fieldwork immersion in the third world, haven't anthropologists been able to contrive persuasive theories of colonial change and post-colonial development? (see Dalton, 1981). Economists (e.g., Lewis, 1954, 1970; Singer, 1950) have provided partial answers to these questions.

There is a great deal of work to be done on the topic of what is now called "development anthropology." We have some case studies (Epstein, 1962, 1973; Wallman, 1969; Richards, Sturrock, and Fortt, 1973), symposium volumes (Pitt, 1976; Mathur, 1977), and rather premature attempts at textbooks (Cochrane, 1971; Long, 1977).

Our future work will also address topics that relate to the major disputes in the literature of economic anthropology (the formalist-substantivist-Marxist controversies), and a dozen other disputes about the use of concepts: was there "feudalism" in



Africa? Are African cultivators to be called "peasants"? Should we use the term "bridewealth" or the term "brideprice"? What exactly is meant by "barter"? What does it mean to say that the economies studied by anthropologists "differ from industrial capitalism only in degree, not in kind"? Or that economic anthropologists should create a "general" or "universal" theory? These words and phrases in quotation marks are really symptoms of unresolved theoretical issues as is the use of several ambiguous concepts such as "surplus," "exploitation," and "primitive money."

Finally, there are what we think of as puzzles in the literature of economic anthropology we would like to try to solve. A few examples: why is it so difficult (why does it take so long) to resolve the differences between formalists, substantivists and Marxists? How does one do so? Why was the potlatch so variously interpreted over so long a period of time? Why, despite the fact that anthropologists began to work in Africa, Latin America, and elsewhere in the third world long before economists began their professional concern with third world development around 1950--why, in 1982, is there still no widely shared anthropological paradigm of development?

#### CONCLUSION

Even if we date the beginning of Polanyi's economic anthropology with the publication of Trade and Market (1957) rather than the The Great Transformation (1944) it still means twenty-five years of work in print by him, his associates and students, and others who make important use of his work. We see great amounts of work yet to do. These are the questions we are now attempting to answer:

1. What are the boundaries of economic anthropology? What is the full set of topics, types of economy, and historical time periods that comprise the subject?

2. How exactly is the work of economic historians, development economists, and others outside of anthropology to be incorporated into economic anthropology? Why and how must the Polanyi group make important use of outside work?



3. Several profound books on the philosophy of science, linguistic philosophy, and justice are widely thought to have deep implications for all social science. What can we learn from the writings of Popper, Kuhn, Wittgenstein, and Rawls that clarifies--and by so doing, helps to resolve--paradigm disputes between formalists, substantivists, and Marxists in economic anthropology?

4. What are the implications for economic anthropology of David Clarke's (1968) demonstration that human societies can only be grouped into sets having "polythetic" attributes (such as the sets capitalism/communism/underdeveloped)? How can we use this insight to group the societies of interest to economic anthropology into sets that reveal their distinguishing attributes, their similarities, and their differences?

5. What exactly are the similarities and the differences between the theoretical systems of Marx and Polanyi? (See the note which follows this "Conclusion.")

6. Marxian anthropologists very frequently refer to capitalism in their writings on tribal and peasant economies, but not to Soviet or other communist economies. Why not? If the structures of present-day capitalist economies are relevant to Marxian economic anthropology, why aren't the structures of present-day communist economies also relevant; particularly analysis of the rural peasantries of communist economies, and the "surplus" extracted by the government via taxes, the profits of nationalized firms, and the low purchase price the government pays for agricultural commodities it buys for resale? If Marxians call the extraction of such surplus "exploitation" when it occurs under capitalist institutions, why isn't it also exploitation when it occurs under communist institutions?

7. Polanyi said that economies not integrated by market exchange are "embedded in society." What exactly does this mean and what evidence do we have that the statement is true and important for the several sorts of non-market economies studied in economic anthropology?

8. How do we account for and resolve a dozen semantic/conceptual controversies in the literature,



such as bridewealth versus brideprice; are African cultivators to be called peasants; was there feudalism in Africa; how exactly are peasants exploited; what is meant by economic surplus; what is primitive money; why do we call some obligatory payments to central government taxes and others tribute; what exactly do we mean by barter; how does production relate to exchange?

9. Why is there no persuasive anthropological theory of how aboriginal economies changed under colonial rule? Can we contrive one?

10. Why is there no persuasive anthropological theory of post-colonial development? Can we contrive one?

11. How do old studies of "acculturation," "culture contact," "millenarian movements," and "applied anthropology" relate to colonial change and post-colonial development?

#### A NOTE ON THE POLANYI GROUP AND HISTORICAL MATERIALISM

Economic anthropology is still an "immature" field in Kuhn's (1962) sense, as there does not yet exist a general consensus among its practitioners about the core issues to be raised, the concepts which have the greatest explanatory power, and the deepest analytical conclusions about economy and society to be reached. In short, there is no prevailing paradigm. All three "disciplinary matrices," formalism, substantivism, and Marxism, compete for acceptance.

Although (as Kuhn tells us) it will be effectiveness in use that will eventually decide which theoretical approach will prevail, it is nevertheless useful to clarify the similarities and differences among the three approaches. It appears to us that the differences between formalism and substantivism are much better understood than the differences between followers of Marx and Polanyi. We say this because we repeatedly come across writings by Marxists who seem to claim Polanyi as a member of their family and incorporate his work into historical materialism. For example, in a review of some recent Marxist publications in economic anthropology, Ennew says that:



Polanyi's suggestion that the difference between pre-capitalist and capitalist societies rests on the degree of "embeddedness" of the economic in other institutions, provides both a rationale and a starting point for a materialist examination of social forms in which economic institutions are not as acutely "visible" as those of capitalism. (Ennew, 1979, p. 108)

About Meillassoux (1960) and Rey and Dupré (1978), she says: ". . . it is the concept of exchange which motivates Meillassoux to develop further lines of inquiry, as it later motivated Dupré and Rey, and the starting point in each case is not Marx, but Polanyi" (Ennew, 1979, p. 108). Godelier characterizes substantivism as ". . . not exactly false but basically inadequate"--a rather patronizing judgment, spoken from an enormous height. But he too regards Polanyi as an ally against the common enemy of formalism. He says that by denouncing the formalist definition of economic Karl Polanyi aligned ". . . himself to a constant theme in the early and later writings of Marx" (Godelier, 1977, pp. 18, 19). Rey and Dupré also claim the work of Polanyi and his associates as an integral part of their historical materialist approach:

. . . the theory of the history of exchange, which Bohannan and Dalton as well as Polanyi and Arensberg are in fact trying to establish must find its place within a theory of the reproduction . . . of economic and social formations and in the articulation of different social formations. (Rey and Dupré, 1978, p. 132).

One last example of the same: in discussing the emphasis placed by Marxists on the ultimately determining role of the material infrastructure, a German anthropologist, Riesebrodt, suggests that substantivism is essentially in agreement with Marxism. To do so he contrives a remarkable interpretation of what Polanyi meant by the "embeddedness" of economy in society: if economy permeates all parts of society, then economy must ultimately shape all of society and in some sense is itself part of the social process of material reproduction. It seems to Riesebrodt (1973, pp. 79, 81), therefore, that Marx and Polanyi do not represent



rival theories, but rather that substantivism is contained within historical materialism.

Our purpose is not to point out the glaring semantic/conceptual ambiguities and misunderstandings in these examples, but rather to convey our astonishment at the extent to which several Marxists claim the work of the Polanyi group as part of their own paradigm, a claim which we think to be utter nonsense.

There are, of course, definite similarities between Marx and Polanyi. Both regarded the burgeoning of industrial capitalism in nineteenth century Europe as a unique occurrence in human history. Marx very clearly separated the capitalist mode of production from precapitalist modes. Polanyi's idea of a "great transformation" also emphasizes the deep differences between industrial capitalism and the societies which came earlier. His "substantive" meaning of economic and Marx's "mode of production" also appear to be similar. In defining the substantive meaning, Polanyi spoke of ". . . man's dependence for his living upon nature and his fellows," and economy as an "instituted process of interaction between man and his environment." He characterized "economic elements" as "ecological, technological, or societal according to whether they belong primarily to the natural environment, the mechanical equipment, or the human setting" (Polanyi, et al., 1957, pp. 243, 248, 249). All this is obviously similar to Marx's "mode of production," with its "material forces" and "social relations" of production (Marx, 1970, pp. 20, 21). But the conclusions each drew were utterly different. For Marx, the "mode of production of material life conditions the general process of social, political, and intellectual life" in all societies, capitalist and precapitalist (Marx, 1970, p. 21). But for Polanyi, Marx's economic determinism is true only for capitalist society.

The market mechanism, moreover, created the delusion of economic determinism as a general law for all human society. Under a market economy, of course, this law holds good. . . . To attempt to apply economic determinism to all human societies is little short of fantastic. Nothing is more obvious to the student of social anthropology than the variety of institutions



found to be compatible with practically identical instruments of production. (Polanyi, 1947, p. 71)

A further difference between Marx and Polanyi lies in their analysis of future events. Marx predicted that capitalism's chronic and worsening malfunctioning would induce a socialist revolution and then advance through the stage of socialism to an ultimate stage of communism. Indeed, both Marx and Engels (1963, p. 57ff) contended that the meaning of any historical process could only be grasped if the past is interpreted in the light of the future. On this very Marxian attribute, Kolakowski says "Marxism . . . would not be Marxism without its claim to 'scientific knowledge' of the future" (Kolakowski, 1978 III, p. 525). In contrast, Polanyi did no such predicting of the future. His concern in the closing chapters of The Great Transformation (1944) and in "Our obsolete market mentality" (1947) is to argue against iron laws of economic determinism, the laws of Ricardo and Marx.

Capitalism was Marx's main focus of attention--the earlier stages leading to capitalism, how capitalism worked, and what would supersede the breakdown of capitalism. To be sure, in The Great Transformation Polanyi was also concerned with the origins of capitalism, how it functioned in the nineteenth and early twentieth centuries, and its collapse in the nineteen thirties. But even in The Great Transformation (especially chapter 4), he was already concerned with the historical and anthropological uniqueness of capitalism and how differently precapitalist economies were organized. All his later work was, in fact, concerned with these precapitalist economies. His emphasis on the substantive definition of economic is due to his insistence that only this meaning ". . . is capable of yielding the concepts that are required for an investigation of all the empirical economies of the past and present" (Polanyi, et al., 1957, p. 244; our emphasis). From the outset, then, Polanyi included the wealth of ethnographic data available to him. Ever since Hobsbawm's (1964) volume of Marx's notes on precapitalist economic formations, and Krader's (1972) volume of Marx's ethnographic notebooks, we have been aware of the limited range of ethnographic data used by Marx. Here Polanyi had a definite advantage, writing, as he did, some eighty years after Marx, and having access to the work of Malinowski, Thurnwald,



and others. Polanyi's use of much more ethnographic data distinguishes his work from Marx's. Another distinction is that Marx's analytical concepts were designed primarily for nineteenth century capitalism.

Marxists today, especially Marxist anthropologists, have to stretch Marx's concepts to accommodate subject matter they were not originally designed for. Marx's own writings are often far from what the several Marxisms today are concerned with. One reason for this multiplication of Marxisms is that from the time of the Third International onwards, Marxism became a rigid cultural and political doctrine in the Soviet-dominated East, but in the West, it was absorbed by numerous groups, some of which initiated thematic innovations that, as Anderson tells us, have also been labeled Marxism:

The mark of these [thematic innovations] is their radical novelty to the classical legacy of Marxism. They can be defined by the absence of any indication or anticipation of them in the writings of either the young or the old Marx, or the work of his heirs in the Second International. The pertinent criterion here is not the validity of these innovations, or their compatibility with the basic principles of Marxism: it is their originality. (Anderson, 1977, p. 78ff)

But the very originality of these innovations is sometimes so novel that they have little more in common with Marx than the label Marxism and the use of concepts originally employed by Marx in different contexts; so too, the thematic innovations in Marxian economic anthropology (Anderson, 1977). Meillassoux (1975), for example, analyzed the elders' control of access to women among the Guro of West Africa, arguing that women play a central role in each mode of production as bearers of children, who, of course, are future producers: women reproduce producers. And so Meillassoux introduced the notion of biological reproduction into historical materialism, a thematic innovation not to be found in Marx's work. That elders among the Guro control access to women, thus giving them power over junior men, started a lengthy discussion among Marxists about whether or not elders are a class, and whether they exploit juniors. At first Terray (1972, pp. 169, 170) denied that such exploitation by elders of juniors occurred, but later



changed his mind (Terray, 1975, pp. 95-96) and agreed with Rey and Dupré (1978) that elders did, indeed, exploit juniors. But then Godelier (1972, p. 274) disagreed that such exploitation took place, because subsistence goods as well as means of production are excluded from social competition in primitive economies, that is, they are accessible to everyone, and so exploitation cannot take place between Guro elders and juniors.

Godelier may be regarded as initiating another thematic innovation in Marxism. He asserted that inequality should not necessarily be viewed as exploitation but rather as an exchange between those in charge of religious or political duties and those who produce goods necessary for livelihood (Godelier 1972, p. 275; 1978, p. 767). Hindess and Hirst (1975, p. 22) then joined in to reject the notion of exploitation in primitive economies because the appropriation of surplus labor in such societies takes the form of communal appropriation where there is no social division of labor between a class of laborers and a class of nonlaborers. But then John Moore, also a Marxist, asserted that exploitation occurred among the Cheyenne of Oklahoma, for a rather remarkable and novel reason:

The fundamentals of the exploitation of junior women by senior women. . . . are as follows: essentially, the younger women produced more and consumed less than the older women, although all women gradually consumed more and produced less as they got older. (Moore, 1979)

Even about the very basic Marxian concept, "mode of production," we find a similar array (and therefore disarray) of opinion among Marxist anthropologists. When Meillassoux spoke of one mode of production for the self-subsisting agricultural community, Terray (1974) criticized him and suggested the existence of several modes of production (based on different forms of relations of production). At first Meillassoux assented and acknowledged the coexistence of several modes of production in one society (Meillassoux, 1972). But several years later he dismissed the concept of mode of production saying that ". . . this term has no real scientific status in Marx's work" (1975, p. 114). But Terray, who insisted on the simultaneous presence of several modes of production in one society, himself came in for comradely



criticism by a fellow Marxist who pointed out that Terray failed to establish any relationship between different modes, and did not explain the shift from one mode to another (Cooper, 1978, p. 144). Godelier even more severely criticized Terray's usage of the concept by saying that from Terray's view ". . . to the invention of a masculine mode of production (hunting), which is dominant over a feminine mode of production (gathering), is just a short step which certain enthusiastic disciples have already taken" (Godelier, 1975, p. 25, ft. 13).

Other thematic innovations were also suggested, such as geographically defined modes of production: Coquery-Vidrovitch (1975, p. 37) created an "African mode of production," and Cardoso (1975, p. 1) "colonial modes of production of the Americas." Although Godelier criticized such proliferation of modes of production, he himself talked of "different modes of production combined in a specific way in a specific society," when he analyzed Inca society. But then an equally fervent Marxist, Jonathan Friedman, (1976, p. 16) entirely dismissed the concept, saying that ". . . mode of production as a theoretical object has no explanatory value at all." Finally, Hindess and Hirst (1975) defined mode of production in such a rigid fashion that it became sterile.

So too there is disagreement among Marxist economic anthropologists about the core Marxian concepts such as: forces of production, relations of production, surplus, and class. Such disagreement makes it very difficult to decide what exactly Marxian economic anthropology is actually saying. In trying to fill Marx's old concepts and conclusions with new content important to the subject of economic anthropology, Marxist anthropologists wind up in utter disagreement among themselves. It seems that Marxian economic anthropology shares a name but not a paradigm. This too distinguishes it from the Polanyi group, who do, indeed, share a paradigm.

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~~Polanyi's work was an important part of his life~~  
not a finished theoretical system

Comment, by George Dalton

I add this comment to the publication in English of these French essays and discussions because I want to clarify some points that are ambiguous in Polanyi's writings, correct what I believe to be misunderstandings of his work, and refer the reader to recent writings by persons in several subjects who apply Polanyi's <sup>ideas</sup> paradigm in their analysis of actual economies of time and place.

To begin with some background matters that ~~xxx~~ bear on what I have to say. It was unfortunate that Polanyi got such a late start in academic life as teacher and writer. The Great Transformation (1944) was published when he was 58.<sup>1</sup> He began teaching economic history at Columbia University in 1947, when he was 61, and had to retire only six years later ~~xxx~~ in 1953, at age 67. Trade and Market in the Early Empires (1957), was published when he was 71. Between the publication of Trade and Market and his death seven years later in 1964, he did not undertake fresh research, but rather applied, refined, and slightly extended some of the ideas in Trade and Market in several articles: "The Semantics of Money Uses" (1957); "On the Comparative Treatment of Economic Institutions in Antiquity with Illustrations from Athens, Mycenae, and Alalakh" (1960); "Ports of Trade in Early Societies" (1963); and "Sortings and 'Ounce Trade' in the West African Slave Trade" (1964). It was unfortunate that he did not live long enough to respond in print to criticisms of his work.<sup>2</sup>

In the early 1970s, with the enthusiastic permission of Ilona Polanyi (Karl's widow, who died in 1978), I published three article-length manuscripts by Polanyi that Ilona Polanyi had given to Columbia University's library along with a mass of Polanyi's lecture notes, unfinished manuscripts, and other papers: "Primitive Feudalism and the Feudalism of Decay" (1971); <sup>(as Hagen's)</sup> ~~The~~ "Two Meanings of Economic" (1971); and "Traders and Trade" (1975).<sup>3</sup>

Polanyi's four books, (two of which were published after he died), and ten published articles, <sup>4</sup> (~~xxx~~ five of which were published after he died) argue the following:



(1) The market organization that came to integrate nineteenth century European and American industrial capitalism was historically (and anthropologically) unique, making such market-integrated national societies significantly different in economic structure and performance, and in economic, social, and political consequences, from those of any society that preceded them. (This is one of the main arguments of The Great Transformation, and of "Our Obsolete Market Mentality", 1947.) (2) Formal micro-economic price theory, the conventional supply and demand analysis invented to analyze the market choices of households ~~and~~ producing firms in capitalism, is misleading, inappropriate, and distorting when its concepts and analytical conclusions are applied to non-market economies such as the pre-capitalist social economies--the Nuer, the Trobriands--studied by archaeologists, anthropologists, and historians. What is important and characteristic in the Trobriands or the Inca is different from what is important and characteristic in capitalism. (3) A special conceptual vocabulary together with a special set of leading ideas--in short, a separate and ~~xxx~~ distinct paradigm, neither formalist nor Marxist--is necessary in order to understand the workings of non-market economies whose core attributes are systematically different from those of industrial capitalism. The basic structural fact is that, in the absence of market integration of production, (and therefore the absence of market dependence for ~~the~~ livelihood and the absence of modern money), "economy" is "embedded" in "society, something which is reflected in all lines of production--gathering, hunting, agriculture, herding. The transactions which allocate labor and natural resources to production activities, the organization of work tasks necessary to produce, and the transactional disposition of what is produced (or hunted, gathered, imported), are socially and politically controlled and directed. The conceptual vocabulary used to identify what is structurally important in non-market economies must be socio-economic because the main attribute of such economies is that no separate sub-system called "economy" exists in such societies: reciprocity, ~~re~~ redistribution, special-purpose money, ports of trade, administered trade, equivalencies, operational devices--are the socio-economic terms Polanyi uses.

(4) The various uses of money-objects and the varying functions and organization of external trade in non-market economies are of ~~xxx~~ special interest because they preceded



their market descendants and also sensitively reflect the transactional modes of reciprocity and redistribution widely employed in those economies. (5) Polanyi, his associates in Trade and Market, and I apply this set of ideas and conceptual terms, (1) to (4), to actual social economies of time and place (e.g., eighteenth century Dahomey, pre-conquest Aztec-Maya long distance trade).

But much of interest to early economic history and economic anthropology was not explained (peasantries, colonial change, post-colonial development), some points were not explained clearly (how do reciprocity and redistribution enter production activities), and, above all, Polanyi wrote before the recent ~~burgeoning~~ <sup>French and other</sup> burgeoning of theoretical writings by Marxists, and the recent burgeoning of historical writings on pre-capitalist economies (in Africa, for example). And so, as in the French essays I am about to comment on, we find markedly different assessments of Polanyi's work, and some disagreement about what Polanyi was actually saying.

I. There is no "production" without "exchange." Valensi says that Polanyi's work is deficient because he concentrated his analysis on "exchange's (reciprocity, redistribution) rather than "production," a frequent criticism made of Polanyi (e.g., Garlan 1973; Lovejoy 1979).

In order legitimately to resist the application of present-day economic concepts to non-capitalist societies and in order correctly to proclaim that man is not a born a merchant, Karl Polanyi has stressed the importance of non-commercial forms of exchange but he has lost sight of the common truth that unlike the other animals, man alone is a producer. It is on this point that the major objection has been raised against Polanyi's position, especially by the Marxists.

Augé says the same thing: ". . . while describing the principal forms of integration (reciprocity, redistribution, [market] exchange), one risks describing only the circulation process."

But Wachtel disagrees in saying that reciprocity and redistribution characterize production as well as exchange:



. . . the Andean societies verify the pertinence and fruitfulness of the concepts of reciprocity and redistribution, but on condition that one submits these concepts to the following considerations:

(1) The application of these principles is not limited only to the circulation and consumption of goods; it involves the process of their production ~~z~~ itself.

So too, ~~Vix~~ Fiorovanti-Molinie, in her essay on Peruvian rural society today: "[despite market penetration] the relations of reciprocity still dominate the production relations to a certain extent [reciprocal farm labor services, for example]." And Godelier, after quoting Polanyi's statement that "Dominance of a form of integration is here identified with the degree to which it comprises land and labor in society" also recognizes that Polanyi's concepts ~~are~~ are about production, or, at least, the social relations of production: "Thus it is inexact to accuse Karl Polanyi of having neglected, minimized or failed to elucidate the social relations of production."

Polanyi is at fault for not making it clear~~ly~~ that reciprocity and redistribution most definitely structure relations between persons ~~ng~~ engaged in production and are not simply labels for the final disposition<sup>1</sup> of goods produced. He mentions production but does not discuss it in sufficient detail, does not provide enough empirical illustrations from actual production processes,<sup>4</sup> and in what is the most frequently cited of his writings on these matters, "The Economy as Instituted Process," he phrases his definitions and analytical points in very general terms, which makes it easy to misunderstand what he is saying:

The fount of the substantive concept is the empirical economy. . . . defined as an instituted process of interaction between man and his environment, which results in a continuous supply of want satisfying material means. Want satisfaction is 'material' if it involves the use of material means to satisfy ends; in the case of a definite type of physiological wants, such as food or shelter, this includes the use of so-called services only. . . . Process suggests analysis in terms of~~m~~ motion. The ~~m~~ movements refer either to changes in location, or in appropriation, or both. In other words, the material elements may alter their position either by changing place or by changing 'hands'; again, these otherwise very different shifts of



position may go together or not. Between them, these two kinds of movements may be said to exhaust the possibilities comprised in the economic process as a natural and social phenomenon.

Locational movements include production, alongside of transportation, to which the spatial shifting of objects is equally essential. Goods are of a lower order or of a higher order, according to the manner of their usefulness from the consumer's point of view. This famous 'order of goods' sets consumers' goods against producers' goods, according to whether they satisfy directly, or only indirectly, through a combination with other goods. This type of movement of the elements represents an essential of the economy in the substantive sense of the term, namely, production. . . .

A study of how empirical economies are instituted should start from the way in which the economy acquires unity and stability, that is the interdependence and recurrence of its parts. This is achieved through a combination of a very few patterns which may be called forms of integration. Since they occur side by side on different levels and in different sectors of the economy it may often be impossible to select one of them as dominant so that they could be employed for a classification of empirical economies as a whole. Yet by differentiating between sectors and levels of the economy those ~~few~~ forms [of integration] offer a means of describing the economic process in comparatively simple terms, thereby introducing a measure of order into its endless patterns.

Empirically, we find the main patterns to be reciprocity, redistribution and [market] exchange. Reciprocity denotes movements between correlative points of ~~symmetrical~~ symmetrical groupings; redistribution designates appropriational movements toward a center and out of it again; exchange refers here to vice-versa movements taking place as between "hands" under a market system. Reciprocity, then, assumes for a background symmetrically arranged groupings; redistribution is dependent upon the presence of some measure of centricity in the group; exchange in order to produce integration requires a system of price-making markets. It is apparent that the different patterns of integration assume definite institutional supports.



. . . Dominance of a form of integration is here identified with the degree to which it comprises land and labor in society. So-called savage society, is characterized by the integration of land and labor into the economy by way of the ties of kinship. In feudal society the ties of fealty determine the fate of land and the labor that goes with it. In the floodwater empires land was largely distributed and sometimes redistributed by temple or palace, and so was labor, at least in its dependent form. The rise of the market to a ruling force in the economy can be traced by noting the extent to which land and food were mobilized through [market] exchange, and labor was turned into a commodity free to be purchased in the market (Polanyi 1957a, pp. 248, 250, 251, 255. Italics added).

Both Polanyi and his critics are unclear because they do not tell us what exactly they mean by "production." His critics, moreover, imply (quite wrongly) that production is something different from exchange. When one defines these terms it becomes clear that the three processes that comprise production all require transactions between persons (reciprocal, redistributive, or market transactions).

Growing crops in any economy requires a set of activities (planting, harvesting), persons (labor), natural resources (land), and technology (tools and knowledge), that we call production. I will consider agricultural production because it is ~~a kind of~~ <sup>production</sup> carried on in very different types of economic systems--capitalism, communism, 5  
peasentries of all sorts, pre-colonial tribal Africans, pre-colonial peoples of New Guinea.

(Diagram, on separate page)

To explain the connection between production on the one hand, and reciprocity, redistribution, and market exchange on the other, Polanyi should have said the following: in analyzing production we immediately encounter a semantic difficulty, because the word is used in a narrow and a wide sense to mean two different things. In a narrow sense agricultural production means those activities and work tasks carried out on the farm 6  
itself, the stage two activities exclusively in the diagram above.



But how exactly these stage two work tasks and activities--clearing, planting, weeding, irrigating, fertilizing, harvesting, threshing--are organized and supervised, who does them and for what (if any) rewards, with whose tools, on whose land, depends directly on the stage one and stage three aspects of the wider meaning of "production," how land, labor, and tools are allocated to the person or persons who have land tenure, and the disposition of what the farm produces. When Valensi, Augé, and others say that Polanyi was concerned with circulation (or exchange) but not with production, they are saying that Polanyi was concerned only with the disposition of produce (stage three), but not with the relations between those who do the actual farm work (stage two), or the relations between persons which explain how land, tools, and labor are acquired to do the farm tasks (stage one). This is not so because in any production process the three stages are integrally related, and Polanyi understands that "Dominance of a form of integration is. . . identified with the degree to which it comprises land and labor in society."

Under capitalism (the Iowa wheat farm today), land, labor, and tools are acquired mainly by market ~~purchase~~ purchase at money price, the work tasks in growing wheat are organized to minimize costs of production so as to maximize profit, and the crop is disposed of at market price in national and international markets. Purchase and sale transactions (market exchange) enter all three stages of production.

The Trobriand yam farm of Malinowski's time ~~XIXXX~~ (Malinowski 1935) is rather different because here reciprocal transactions (reciprocal exchanges) enter all three sequential processes of production. Married males acquire garden land from lineage <sup>matri</sup> elders as a right of/lineage membership; labor employed in growing yams is acquired from wives, children, the village garden team (Bittarbeit work parties consisting of all village residents), affines, and from the garden magician. (The affines, gardening team of village residents, and the magician are rewarded with gifts of several sorts, and the man whose plot is worked is himself obliged to provide reciprocal labor services on the gardens of others.) About half the output of small yams is presented to sister's husband (as urigubu), and half retained for his own household's consumption and miscellaneous gift-giving.



In short, production is complicated. The work tasks that produce goods (stage two) are inextricably connected to the transactional modes that allocate land, labor, and tools to the work tasks, and to the transactional dispositions of the goods produced. Reciprocity, redistribution, and market exchange enter all three components of "production."

II. The differences between Marx and Polanyi are much more important than their similarities. Marx and Polanyi definitely represent rival (alternative, disagreeing, contradictory ~~paradigms~~ paradigms--theoretical systems. Valensi says:

Karl Polanyi, who explicitly rejected the application of the categories of liberal economy to non-capitalist societies, never claimed that he was in disagreement with Marxism [italics added]. Within the history of economic thought, he placed Marx among the theoreticians who are able to preserve a global vision of society and to integrate non-economic factors into the interpretation of non-capitalist societies. What Polanyi explicitly rejected, however, was the unilinear schema of evolution, defended by the Marxists of the early twentieth century, which depicted the sole destiny of all mankind as a passage through the three stages of ~~fe~~ slavery, feudalism and capitalism. Polanyi also rejected the shift towards economism which occurred after Marx, the shift towards a narrowly economic interpretation of ancient societies.

There are definite affinities (agreements, similarities) between Marx and Polanyi in both paradigm and commitment to socialism. The most striking similarities in their theoretical systems are the following: (1) Both regarded all pre-capitalist societies and economies as comprising a single field for investigation. In their view, what we now call economic anthropology belongs in the same field as early economic history. (2) Both differ from conventional economics (mainstream classical and neo-classical economics, from Ricardo to Samuelson) in inventing conceptual vocabularies which were explicitly designed to include political, social, and cultural attributes in their economic analysis. Both are very much "socio-economic" in their analytical conclusions as well as in the concepts they employ.

The differences between Marx and Polanyi distinctly outweigh their similarities.



Polanyi quite explicitly says he is in disagreement with Marx<sup>X</sup>. In The Great Transformation and "Our Obsolete Market Mentality" Polanyi argues that (1) Marx was right about economic determinism in 19th and early 20th century industrial capitalism; but (2) wrong about economic determinism in pre-capitalist economies (and therefore wrong about what were the main structural features of economies such as the Inca and Trobriands); and (3) wrong about what must inevitably follow capitalism. Nineteenth century industrial capitalism was historically unique ~~be~~ for both reasons, "industrial" and "capitalism." Not only was machine technology without historical precedent, but also the nationally-integrated market system (which came into being in order to service the input and output needs of machinery); the market system in which every household's livelihood depended on selling labor and natural resources at money price, and all ingredients of production were made purchasable on markets. It was market dominance, market dependence, market integration, and market autonomy (the "self-regulating market system"--laissez-faire) that made nineteenth century market economy determinative (the base) for 19th century society and culture (the superstructure).

Liberal capitalism was in effect man's initial response to the challenge of the Industrial Revolution. In order to allow scope to the use of elaborate, powerful machinery, we transformed human economy into a self-adjusting system of markets, and cast our thoughts and values in the mold of this unique innovation. . . . the first phase of the Machine Age has run its course. It involved an organization of society that derived its name from its central institution, the market. This system is on the downgrade. Yet our practical philosophy was overwhelmingly shaped by this spectacular episode. Novel ~~notions about man and society became current and gained~~ the status of axioms. Here they are: As regards man, we were made to accept the heresy that his motives can be described as 'material' and 'ideal,' and that the incentives on which everyday life is organized spring from the 'material' motives. Both utilitarian liberalism and popular Marxism favored such ~~a~~ views. As regards society, the kindred doctrine was propounded that its institutions were 'determined' by the economic system. This opinion was even more popular with Marxists than with liberals.



Under a market-economy both assertions were, of course, true. But only under such an economy. In regard to the past, such a view was no more than an anachronism. In ~~xxx~~ regard to the future, it was a mere prejudice (Polanyi 1968, pp. 59-61).

There is no doubt at all about Polanyi's position <sup>or</sup> Marx's "base and superstructure," or Polanyi's reasons for disagreeing with Marx about the primacy of economy in pre-capitalist societies. In Polanyi's view, "economic determinism" holds true only for laissez-faire capitalism:

The market mechanism, moreover, created the delusion of economic determinism as a general law for all human society. Under a market-economy, of course, this law holds good. . . . To attempt to apply economic determinism to all human societies is little short of fantastic. Nothing is more obvious to the student of social anthropology than the variety of institutions found to be compatible with practically identical instruments of production (Polanyi 1947, p. 71).

Just as Marx's analysis of capitalism forms the basis for his analysis of pre-capitalist economies, too Polanyi's but in utterly different fashion. Marx projected backwards to pre-capitalist societies what he found to be true in capitalism; Polanyi, in saying capitalism was unique, also said pre-capitalist ~~xxxx~~ societies were utterly different. Polanyi, moreover, wrote a hundred years after Marx, and from a base of understanding of neoclassical micro-economics of Menger and Marshall, <sup>10</sup> the twentieth century ethnographies of social anthropology, and the great transforming events of the First and Second World Wars, the Bolshevik Revolution and Stalinsim, and the remarkable non-Marxian responses to the breakdown of capitalism in the 1930's, Hitler's fascism and Roosevelt's New Deal. Polanyi's policy message about what follows capitalism is that we are not the slaves of Marxian iron laws, the policy message of the closing chapters of The Great Transformation and of "Our Obsolete Market Mentality."

In his analysis of pre-capitalist economies, Polanyi, unlike Marx, has nothing at all to say about the deep causes of sequential change: no stages, no evolution, no propelling mechanisms transforming one epoch into another. <sup>11</sup> The closest he comes to considering such dynamic matters is to suggest, as a program of research, the two broad problems that absorbed him: to investigate the place of economy in society, and



domestic  
to investigate historically how/market exchange, market foreign trade, and market money came to penetrate and transform their non-market antecedents.

There is another sense in which Polanyi, as an economic anthropologist and economic historian is not Marxist: he does not employ the crucially Marxian terminology--relations of production, mode of production, surplus, exploitation, and such. If he were Marxian, he would not have employed Thurnwald's reciprocity, or invented his own "redistribution," "ports of trade," and "administered trade," and such. There is no such thing as a Marxian employing in his analysis a set of conceptual terms different from Marx's. To employ non-Marxian conceptual terms is to reach non-Marxian analytical conclusions about what is important and distinctive in early economies. And, moreover, there is simply no counterpart in Marxian analysis to Polanyi's concern with early foreign trade and early money uses.

III. The concept of reciprocity was invented by Thurnwald; it does not mean equal exchange; (as Meillassoux correctly points out) it is different from redistribution; as is also true for redistribution and market exchange, reciprocity has many variants and characterizes production activities.

I have found only one writer who fully appreciates the importance of reciprocity in primitive social organization. The leading German anthropologist, Prof. Thurnwald of Berlin, clearly recognizes 'die Symmetrie des Gesellschaftbaus' and the corresponding 'Symmetrie von Handlungen' [Thurnwald 1921, p. 10]. Throughout his monograph, which is perhaps the best account of the social organization of a savage tribe extant, Prof. Thurnwald shows how the symmetry of social structure and of actions pervades native life. Its importance as a legal binding form is not, however, explicitly stated by the writer, who seems to be aware of its psychological foundation 'in human feeling' rather than of its social function in safeguarding the continuity and adequacy of mutual services. . . . [The dual principle] is the integral result of the inner symmetry of all social transactions, of the reciprocity of services, without which no primitive community could exist. . . . I venture to foretell that wherever careful inquiry be made, symmetry of structure will be found in every savage society, as the indispensable basis of reciprocal obligations







relationships between the transacting parties. Hence Thurnwald's, Malinowski's, and Polanyi's emphasis on the symmetrical social relationships underlying (generating) reciprocal transactions. There are several aspects of reciprocity that require clarification:

(1) Wherever something we call reciprocity takes place, there is a sociological situation--rights, obligations, and relationships--to be understood, which accounts for (explains) the material or labor flows between the socially related parties. Where outside observers (anthropologists, historians) perceive the reciprocal transactions to be "unequal", the inequality is explained by the sociological situation (as Duby quite rightly says). I will illustrate with examples after quoting Polanyi's correct but insufficiently explained statement that "Reciprocity demands adequacy of response, ~~not~~ not mathematical equality. . . . Within the sociologically defined relationships --of which there are many--the [reciprocal] exchange is usually unequal, as befits the relationship" (Polanyi 1957b, pp. 73-74).

Let us first consider simple examples of inequality as part of reciprocity and then a complicated example. In America at Christmas-time, fathers and sons exchange gifts. If the father is 30 years old and the son 8, the inequality that befits the relationship is that the father gives his son gifts costing (say) \$100; the son gives his father gifts costing (say) \$8. In such a sociological situation, the father does not feel exploited because he has given more costly gifts than he has received from his son. Their close relationship and their different material means justify the unequal exchange. If, instead, the situation was that the father is 80 years old and impoverished, and the son 50 years old and rich, the inequality that now befits the relationship is that the son gives more costly gifts to father than son receives from father (and, indeed, supports father materially throughout the year without expectation of material return from father). So too at American weddings, two brothers of the bride, one rich the other poor, will give unequal gifts to sister without the poor brother suffering social opprobrium. The sociological situation explains the inequality and justifies the unequal gifts in the minds of the actors.

Malinowski gives us a clear case of inequality justified by the sociological



situation. A man gives about half of his small yam crop (taytu) to his sister's husband in this matrilineal society. To be sure, sister's husband gives return gifts and labor from time to time, and comes to the aid of his wife's brother when required, but the ~~mxg~~ urigubu payment of yams is meant to be larger than the return ~~x~~ services, the justification being that the man's sister is from a landowning lineage and her children should be fed from lineage land.

Now let us consider European feudalism at the village level, a complicated instance of unequal reciprocity. The sociological situation includes ~~(a)~~ very sharp social stratification of masters and clients, rulers and ruled, owners and tenants, superiors and inferiors. Lords were rulers and owners. ~~Peasants~~ Free and unfree peasants were their subjects and tenants. Lords were also military officers and judges; peasants were their foot soldiers and the judged in court cases. <sup>13</sup> ~~Peasants~~ Peasants were client-inferior and some of them were serfs. Peasants made numerous obligatory payments to lords, in labor services, goods, and cash. Some of these were payments for the use of land which the political-military-legal system ~~x~~ had allocated to lords. Peasants had the right to ~~x~~ occupy and use the land and transmit it via inheritance as long as the obligatory payments were made and as long as the peasant in his other roles vis à vis the lord remained in good standing. This is a complicated case because the peasants were social, religious, and political inferiors as well as economic inferiors, and because the peasants paid taxes, fines, fees, and tithes as well as payments representing rent for land.

To some historians and anthropologists, particularly Marxians, the payments by peasants to lords seem clearly to be greater than any return services received by peasants from lords. The peasants paid up countable things, so many labor days per year working the lord's demesne, so many coins, so many chickens and eggs. They received back not countable things, but the right to use so much land to produce subsistence and cash crops, and ~~as~~ they received contingency services, such as emergency food in times of famine and also military protection from invasion. (And for their obligatory payments in countable things to the church they received ~~by~~ back the services of baptism, communion, marriage, and burial, plus festive holidays and heaven after death.)

Marxians regard all this as "exploitation" because they do not regard as legitimate the system of land tenure and the system of social/political stratification, and



because they rather dislike Catholicism. But theirs is an analytical assessment, a judgment to be explained and defended, not to be taken for granted as a fact, or as something which is obvious. Those historians and anthropologists who do not make the judgment that the prevailing systems of land tenure, social/political stratification, and religion were illegitimate emphasize the folk-views (belief systems of the actors) that justified (legitimated) the inequalities, as do Cam and Duby:

The men who prayed were to the Englishman of the Middle Ages as indispensable a part of the community as those who fought and those who labored (Cam 1960, p. 139).

. . . among the obvious means of satisfying his food needs the XIIth century tiller placed peace and the favor of Heaven on the same level as, if not higher than, sowing or the labor of his oxen. And he set out to acquire these means from protective or intermediary people with the same vigor he used for procuring seed-grain or young animals. Such values consequently held a decisive place in the procedures of reciprocity and redistribution. The moral obligations which made the lords open up their stores of grain to the poor in times of famine temporarily materialized a permanent generosity which otherwise manifested itself invisibly in the fertility and abundance that flowed from the hands of the 'powerful.' Like the Bantu chiefs, like the chiefs of Rwanda, those of medieval Europe seemed mainly to dispense fertility. And it was this that justified their demands and which brought a flow of ritual offerings to their house. Let us once and for all stop considering all these moral debts and corvées as elements in a system of 'landrent.'

Most of these obligations, balanced as they were between the greed of the lords of rain, plague, and war on the one hand, and the spontaneous appreciation, fear, and passivity of the protégés on the other, tended to establish a fair distribution of the fruits of the earth among those who had, each in their own way, contributed to the group's survival, be it by their labor, their liturgies or their weapons.

Some Marxians want to confine the term reciprocity only to those relationships and transactions they approve of, those in pre-colonial stateless tribes that they regard as equal relationships and equal exchanges. But this is not how Polanyi regards reciprocity.



In his very brief analysis of feudalism (The Great Transformation, pp. 52-53), he sees all three non-market principles operating in feudalism, reciprocity, redistribution, and householding (production for self-use), and is quite clear about the compatibility of reciprocity and inequality:

We deliberately disregarded in this presentation [of reciprocity, redistribution, and householding] the vital distinction between homogeneous and stratified societies, i.e., societies which are on the whole socially unified, and such as are split into rulers and ruled. Though the relative status of slaves and masters may be worlds apart from that of the free and equal members of some hunting tribes, and consequently, motives in the two societies will differ widely, the organization of the economic system may still be based on the same principles, though accompanied by very different culture traits, according to the very different human relations with which the economic system is intertwined (Polanyi 1944, p. 53)

(2) There are several variants of reciprocity that are infrequently discussed but illuminating. First, there is, of course, reciprocity between men and gods whenever men make sacrifices--gifts to gods--by killing animals (or ~~the~~ humans), or offering first-fruits to gods; the return service beseeched is to ask for the blessings of good things (harvests, children), or to remove the curse of bad things (drought, epidemic), both thought to be within the power of gods.

There are also negative reciprocities, negative redistributions, and negative market exchanges: punishment, raiding, warfare, theft, and cheating, depending upon the sociological situation. Obviously retaliation and revenge are negative reciprocities. Just as relations of alliance (marriage alliance, ceremonial exchange alliance, military alliance, external trade alliance, blood & brotherhood) create (positive) reciprocities, so do relations of hostility create negative reciprocities.

(3) The clear-cut instances of reciprocity occur in face-to-face ~~relationships~~ relationships of individual persons, whether equal kula exchange partners, or unequal face-to-face relationships between masters and clients; and they occur between groups, such as lineages in marriage or military alliance. But wherever lineages are ~~a~~ important there is a situation rather different from face-to-face reciprocal exchanges between persons or



groups, a situation which bears no specific label, but which I should also like to call "reciprocity": receiving goods and services because of the rights (and obligations) conferred by lineage membership; more accurately, what is conferred by lineage membership as long as the lineage member retains his good standing with lineage authorities.

Receiving tangible/<sup>lineage</sup>property (land, fishing rights), aid from lineage mates in ~~xxix~~ acquiring sufficient bridewealth, inheriting property, aid from lineage mates in seeking redress or revenge when wronged by outsiders. In short, receiving tangible and intangible lineage property also is reciprocity because the lineage member receives, say, land to farm, only by fulfilling lineage obligations to living and ~~x~~ dead lineage mates.

. . . in a crisis a person [in the New Guinea Highlands] could rely with certainty only on members of his own clan, and ultimately only on those of his own lineage (Berndt 1964, p. 188).

[Among the Tlingit and Hiada of the northwest coast of America] It is the localized kin unit which we shall call the lineage, that consists of one or more houses and that has rights to territories for hunting and fishing, cemetery areas, house sites, trade routes, as ~~wik~~ well as the use of crests, personal names, house names, and secret society rites. This is the unit with corporate and legal functions which conducts warfare and participates in feuds, and which makes alliances through marriages (Rosman and Rubel 1971, p. 35).

In the Nootka scheme of ~~x~~ things land rights are in the same general ~~xxx~~ category as ceremonial privileges: the right to use certain names, songs, dances, rituals. Title to such intangible property, just like territory, is hereditary (Ma Swadesh 1948, p. 85).

Where membership of a local group is by unilineal descent, status within it and right to land, livestock, women and other resources are usually vested within the descent group concerned, as a corporation. . . . the concept [of lineage structure] may be used to express and to validate forms of common action, such as reciprocal help and protection, joint responsibility in bridewealth and blood compensation, help in feud and war, regulation of intermarriage and observance of responsibility



to the dead (Middleton and Tait 1958, pp. 5,6).

The point is this: when a lineage member receives cattle from his living lineage mates to pay his bridewealth, we call this reciprocity (and so too, when he gives cattle for such a purpose). Then also, I think, should we call it reciprocity when ~~he~~ he receives lineage land, land belonging to his lineage which he receives by right of lineage membership (although, perhaps, actually allocated by a lineage elder acting as steward of lineage land).

(4) As Godelier quite rightly points out, in several places Polanyi names as "redistribution" the practice of sharing/<sup>-out</sup> animals killed in hunting and gathering societies, although in one place Polanyi is ambivalent, ~~saying~~ saying that such sharing in small stateless societies might equally be called "reciprocity."

Redistribution also has its long and variegated history which leads up almost to modern times. The Bergdama returning from his hunting excursion, the woman coming back from her search for roots, fruit, or leaves are expected to offer the greater part of their spoil for the benefit of the community. In practice, this means that the produce of their activity is shared with the other persons who happen to be living with them. Up to this point the idea of reciprocity prevails: today's giving will be recompensated by tomorrow's taking. Among some tribes, however, there is an intermediary in the person of the headman or other prominent member of the group; it is he who receives and distributes the supplies, especially if they need to be <sup>15</sup> stored. This is redistribution proper (Polanyi 1944, p. 51. Italics added).

I think Polanyi is mistaken to call the sharing of game in small, stateless, hunting bands "redistribtuion," because hunting bands lack "centricity," the insitutional support provided by central government. I think the term redistribution should be confined to obligatory payments to and receipts from a central political (or religious) authority <sup>in</sup> in chiefdoms, and/kingdoms and other sorts of states.

To be sure, there are three family resemblances between reciprocity and redistribution: both sorts of payments or exchanges are non-market transactions; both are induced by obligations stemming directly from social relationships; and both entail two-way flows of goods or services between the transacting parties, that is, mutual rights



and obligations (which explain the material and labor transactions). But all such non-market transactions in stateless societies are best called reciprocity. I agree with what Randles says in the quotation to follow except his calling such transactions between Bantu chief and his subjects, reciprocity. I prefer to call obligatory payments to and receipts from central political authority--whether chief or king--redistribution.

Reciprocity [redistribution, G.D.] by no means excludes disproportions which generate inequality, even at the level of labor groups. On the other hand, in the context of the Bantu chieftaincy, the institution of corvée represents less a technique for the exploitation of human labor, and more an almost ritualized practice, strongly colored by the idea of mutuality and serving especially to reinforce the community solidarity, symbolized in its members' minds by the institution of the chief.

Where there is central government, chiefs and kings, reciprocity may still be found at the village level between persons and lineage groupings (as well, as course, as householding), as Polanyi very clearly tells us for Dahomey in chapter 4 of Dahomey and the Slave Trade. There is another sort of reciprocity to be found in kingdoms, what I have elsewhere called "tributary relations of alliance" between kings--a master-client relationship between kings--very frequent in early states (Dalton 1978b; 1980)

(5) The Introduction to the French essays says "the notion of reciprocity cannot be defined in economic terms alone: it implies social relations and ideological justification." I agree entirely that anything sensibly called reciprocity entails persons (or groups) in one or more ~~specific~~ specific social relationships, goods or ~~the~~ labor transactions induced by that relationship, and a folk-view justification of the goods and labor transactions between the persons (or groups), as, for example, the Trobrianders' justification for urigubu payments. I also emphatically agree with Wachtel's statement that "[Reciprocity and redistribution] are meaningful only within the specific context where they apply." This point requires illustration and explanation.

Reciprocity, redistribution, and market exchange are gross conceptual categories, just like the categories "the state," "warfare," "slavery," and "peasantry," within each of which are many variants. Polanyi quite deliberately made reciprocity and redistribu-



tion parallel to (commensurate with) market exchange, for good reason: ~~XXX~~ (i) Just as market exchange integrates industrial capitalism, reciprocity and redistribution integrate pre-capitalist economies, that is, organize the major production lines (agriculture, herding) by allocating labor and natural resources to production (and arrange work tasks), and dispose of output. (ii) Although market exchange is dominant and integrative in capitalism, it is not the exclusive mode of transaction present. Under capitalism, "householding" (production for self-use) is almost extinct, but reciprocal transactions survive as ceremonial and emergency transactions between kin and friends (but do not enter production processes except in family enterprises); and redistribution--the state sector of nationalized industry and of taxation and governmental spending--has grown in the last fifty years of welfare state capitalism to the point that governments spend and tax between one-third and one-half of gross national product. Very importantly, they do so in special fashion in the France or America of 1980, because they are taxing and spending within capitalism. Governments impose taxes in the same money used in the market sector, and they purchase goods "on the market!" So too, where one finds reciprocity dominant and integrative (as in Malinowski's Trobriands), one also finds householding present, as well as petty market exchange in a narrow range of goods (ginwali in the Trobriands). "Reciprocity as a form of integration gains greatly in power through its capacity of employing both redistribution and [market] exchange as subordinate methods" (Polanyi 1957a, p. 253).

(iii) Market exchange has many variants: ". . . markets differ as an African bush market does from the New York Stock Exchange" (Polanyi 1968, pp. 239-40). Look at all the market types, or market classifications, or market variations economists employ in their analysis of capitalist economy: markets for land, labor, capital, money, produce; local, regional, national, and international markets; markets for consumers' goods and for producers' goods; markets in pure competition, monopolistic competition, oligopoly, monopoly; uncontrolled markets and politically controlled markets.

Indeed, not only are there many kinds of markets where, as in capitalism, market exchange is dominant and integrative, but the performance of these market-integrated national economies differs markedly. Japan and West Germany today are star performers as indicated by g g higher growth rates and higher domestic investment rates than the



other capitalist economies. Where market exchange is not dominant and integrative, as in Soviet Russia, market places for foodstuffs and market exchange for some professional services still exist, and so are quite compatible with the variant of redistribution that is the Soviet command economy's kind of central planning and nationalization of industry.

So too the many variants of reciprocity and redistribution. To call urigubu yams payments or kula exchanges in the Trobriands "reciprocity" is the mere beginning of analysis. Once the label is applied to a specific transaction/relationship, explanation in detail should follow: why is it reciprocity and not something else? Who are the transacting parties? How important, quantitatively, is the transaction, and how frequent is it? What is the full range of transactions between the reciprocating parties. Just so, to classify together as "state" societies, the Roman Empire, Charlemagne's France, the Soviet Union and Sweden today, and Amin's Uganda, is not the end of political analysis, but the beginning, because, obviously, there are rather interesting differences in how all these "states" operate (as well as how they differ from stateless societies). Unfortunately, Polanyi himself did not live long enough to give additional explanation and, above all, additional empirical examples of the x variants of reciprocity and redistribution, in response to published criticisms of his work. He began to provide additional explanations and illustrations in the several articles he published between 1957 and 1964, but much more needs to be done.

IV. Polanyi was aware that what we call non-economic institutions (kinship, government) played vital x economic (material provisioning) roles in non-market societies.

Duby misunderstands Polanyi in saying

I think, however, that two corrections should be made to Polanyi's propositions. First of all, they would be more effective if, in his definition of economy, he didn't talk of 'material means,' but of means tout court. For among the obvious means of satisfying his food needs the XIIth century tiller placed peace and the favor of Heaven on the same level as, if not higher than, sowing or the labor of his oxen.



Polanyi clearly agrees :

The human economy, then, is embedded and enmeshed in institutions, economic and noneconomic. The inclusion of the noneconomic is vital. For religion or government may be as important for the structure and functioning of the economy as monetary institutions or the availability of tools and machines themselves. . . .<sup>16</sup> (Polanyi 1957a, p. 250).

V. Marxism in economic anthropology. One of Godelier's reasons for preferring Marx to Polanyi requires comment:

Now Marx's theory has a much more general scope because in showing that profit is unpaid labor, unpaid in any sense, Marx stresses that this relation of capital to labor is but one historical form, among others, of the exploitation of man by man. . . . Polanyi finds himself incapable of seeing and even less of explaining the existence of the multiple forms of exploitation of man by man. . . .

Like many other Marxists, Godelier frequently mentions/capitalism and capitalist exploitation, but never today's socialist economies of the U.S.S.R. and eastern Europe, China, Cuba, and the others., and/most certainly is/exploitation (unpaid labor) in these. To explain.

Wherever there is industrialization, in socialist Russia and China today as well as in capitalist France and America today, it is impossible for workers to receive as income all the output they produce, because a portion of output is used to replace worn out capital goods and another portion to add to the productive stock of machinery and buildings. If West European and American Marxists did not so totally ignore Soviet Russia and China in their writings, this would be ~~xxx~~ obvious to them (see Lewis 1978).

Wherever there is central government, capitalist and communist states today, the Inca and Ashanti in the past, there are taxes paid by ordinary workers, which also means that it is impossible (wherever there is a state) for workers to receive all the output they produce. It is very important to see how these taxes are spent or allocated or disbursed in each state. A portion goes as livelihood (e.g., salary) to the persons directly employed by the state: kings, members of the politburo, presidents, judges, policemen,



soldiers, who are regarded (in modern terms) as providers of indivisible public services to the general population. Another portion goes for the equipment used by these persons in carrying out their functions (courts of law, guns). Another portion of what is taxed goes to services that benefit various segments of the population, such as roads and education.

Marxians talk about capitalism-in-general, that is, without specifying which capitalist nation of time and place they are talking about. Since their statements about capitalism (such as Godelier's) are in agreement with Marx's, one infers either that they are talking about Marx's capitalism of Europe, 1850-1880, or are assuming that there have been no important changes in capitalist economies in the last hundred years. If this profit which is unpaid labor according to Marx and Godelier is such a vital matter, why don't they tell us how much it comes to, in Marx's day and today? Doesn't it matter whether this profit which is unpaid labor amounts to 2 percent of GNP or 50 percent? Isn't it worth finding out whether it is smaller or bigger today compared to a hundred years ago, or whether or not the percentages vary sharply in France, Sweden, Japan, and the U.S? And how much profit there is before and after taxes in these countries? There is also profit in Soviet and Chinese producing firms which is also worth knowing about and is also measurable, if this profit which is unpaid labor is so vitally important to Marxians.

One of my many objections to Marxian analysis is this emphasis on economic surplus and economic exploitation (Dalton 1960; 1963; 1974). One comes away from reading Marxians with the absurd conclusion that the only nastiness that counts is economic nastiness. Hitler was an abomination not because he reduced the wages and increased the taxes of Danes, Frenchmen, and Jews in all the occupied countries--because he "exploited" them economically--but rather because he killed, tortured, and jailed them, invaded their countries and deprived them of political and cultural autonomy.

To conclude: there are three main theoretical frameworks used to analyze pre-capitalist (or pre-industrial) economies, Marxism, the Formalist micro-economics of elementary price theory, and Polanyi's "substantivist" theory. Writings by archaeologists and historians on early economies, and by development economists on the Third World



today, have burgeoned in the last twenty years. The theoretical disputes that engage economic anthropologists have been projected into these other subjects as well. Here are some references to writings by archaeologists, anthropologists, historians, and economists who employ Polanyi's ideas: Hodges (1978) on ports of trade in Anglo-Saxon England; Mancall (1968) on ports of trade and tributary trade in imperial China; Wheatley (1975) on reciprocity and redistribution in early Indonesia; Adelman and Morris (1967, ch. 5,8) on development ~~and~~ in Africa; Adelman and Morris (1979) on the ~~great~~ growth of markets in 19th century Europe; Geertz (1980) on ports of trade in 19th century Bali; Dalton (1980) on the relevance of Polanyi's economic anthropology to problems and structures of interest to archaeologists; Köcke (1979) showing the origins of Polanyi's theoretical ideas in the writings of Max Schmidt and Richard Thurnwald.

Two final points. I think that Kuhn, Popper, and Wittgenstein each teaches us something ~~a~~ essential about ~~the~~ the rival paradigms of Marx, Formalism, and Polanyi: Kuhn that it is the explanatory power of the paradigm when used to analyze actual societies of time and place that will persuade the professional ~~a~~ audience to choose one theoretical system over its rivals. Popper teaches us the difference between ~~the~~ science and non-science, and the crucial need to adduce evidence to support theoretical explanations; Wittgenstein that clear definitions and illustrations of the concepts used in the three paradigms is essential to avoid semantic ambiguity (ambiguities such as "production" and "exploitation").

Finally, Polanyi left his theoretical system far from complete. He said little or nothing about peasant economies, economic and social change under colonial rule, or post-colonial development -- topics, historical time periods, and types of economy very much part of economic anthropology and early economic history. And much that he did say about reciprocity, redistribution, early monetary usages, and early foreign trade need empirical application to a much larger number and wider variety of societies than he himself wrote about. What he also left undone was to show the necessary connections between patterns of integration ~~on the one hand,~~ and the forms money and foreign trade take in each pattern of integration. He did ~~a~~ so for capitalism, in showing how market foreign trade and "general purpose" money were determined by market exchange dominance;



he also showed how politically administered trade and ports of trade were derivative expressions of redistribution in early states. But much remains to be done along these lines.



## Footnotes

<sup>1</sup>Polanyi's earlier writings in English, German, and Hungarian were not on the topics which we now associate with his name, the topics about which these French essays are concerned. His main early writings are "The Essence of Fascism," (1936), ~~THE ESSENCE OF FASCISM~~ Europe Today (1938), and an article on the socialist accounting debate (started by von Mises), "Sozialistische Rechnungslegung," Archiv für Sozialwissenschaft und Sozialpolitik, 1922. Several of his later writings, moreover, were published many years after they were written: Dahomey and the Slave Trade (1966), was written in the early 1950s, before Trade and Market was published. So too, The Livelihood of Man (1977), the published version of which is very heavily edited by Harry Pearson, consists of two parts. Part I, "The Place of the Economy in Society" (chapters 1-10), is based on a manuscript dated March 1951, which was drawn upon for Trade and Market. Only chapters 6 and 10 of Part I ("Equivalencies in Archaic Societies," and "Market Elements and Market Origins") contain significant additions to the theory presented in Trade and Market. Part II of The Livelihood of Man, "Trade, Markets, and Money in Ancient Greece" (chapters 11-17) are lectures Polanyi gave during his six years at Columbia University, 1947-1953.

<sup>2</sup>I can find only one such response by Polanyi to his critics: see footnote 70 in his "Ports of Trade in Early Societies" (1963), where Polanyi addresses Heichelheim's criticisms of Trade and Market. Footnote 70 is also to be found in Primitive, Archaic, and Modern Economies, pp. 258-259.

<sup>3</sup>I do not count Primitive, Archaic, and Modern Economies (1968) because it consists of chapters from his other books plus the five articles published in his lifetime. It does include, however, two previously unpublished essays (which I count as essays published after he died), that appear as appendices to essays six and eight: "Views on the Place of the Economic System in Society from Montesquieu to Max Weber," and "Notes on Primitive Money."



<sup>4</sup> Although in ch. 4 of Bahomey and the Slave Trade (1966), which is entitled "Reciprocity: Mutual Aid and Cooperation," he does provide several examples of reciprocal labor exchanges in production processes.

<sup>5</sup> If we considered instead the production of steel or automobiles, we obviously would be confined to comparing processes of such production in industrialized economies only, capitalism, democratic socialism (nationalized steel), and communism. But we could still employ the three component processes/activities that comprise all production: (1) the allocation or acquisition of land, labor, tools; (2) the organization of work ~~task~~ tasks to produce; (3) the disposition of what is produced.

<sup>6</sup> So too in the narrow sense, automobile production means only those activities or work tasks ~~x~~ carried on within the factory assembling automobiles.

<sup>7</sup> "It is also he [sister's husband] who has at intervals to repay the harvest gifts as occasional presents of valuables called youlo and takola. But in reality the urigubu is only handed over formally to the husband in order to finance [support materially] the household of the wife. After her death it is discontinued. It is because of her, for her and her children's maintenance that the annual gift is given" (Malinowski 1935, p. 190). In his "Introduction" to the 1965 reprint of Coral Gardens and Their Magic, Leach remarks "At one level the harvest gift from a man to his sister's husband validates the legitimacy of the ~~latter's~~ latter's marriage, at another level it expresses the political superiority of the latter's position, at a third level it expresses the rights of the children to the assets of their mother's ~~her~~ brother" (p. xi). Volume one of Coral Gardens and Their Magic, and particularly the last chapter on "Land Tenure," very clearly illustrates what I describe here as the integral connection between the three processes that comprise production: the allocation of land, labor, and tools; the organization of work; and the disposition of produce. All three involve ~~txrx~~ transactional exchanges or payments that Polanyi calls reciprocity, redistribution, and market exchange.



<sup>8</sup> But Polanyi's socialism was a very personal sort based upon Christian morality. His daughter tells us, "All his life a socialist, he was never associated with any political party. Nor did he participate in any political movement. . . . Although not a Marxist, he was much less a Social Democrat" (Levitt 1964, p. 113).

<sup>9</sup> I quote here only Polanyi's conclusions. All of The Great Transformation and "Our Obsolete Market Mentality" ~~ix~~ <sup>are</sup> devoted to explaining his reasons for these conclusions and citing his evidence in support. So too in these two publications does Polanyi disagree with Marx on what is to follow capitalism. Here is a more detailed statement by Polanyi on Marx: "The third writer of this group stands apart. Karl Marx's opposition to Ricardian economics was not societal in the name of a country, but of that of a class. Malthus and Ricardo had doomed the workers to perpetual destitution. Marx accepted the Ricardian analysis as ~~xi~~ valid. Consequently, his only alternative ~~a~~ was to reject the whole institutional system of market economy. He asserted that industrial capitalism was a historical phenomenon which would disappear again as it had come. The argument was anthropological, institutional, and historical. It centered on a view of society as a whole. It was supplemented by a whole philosophy, which distinguished Marx sharply from writers like Carey or List who accepted the bourgeois order.

Marx emphatically ranks as a representative of the return to the societal approach. Yet at the same time he also involuntarily strengthened the economic position. Having accepted Ricardian economics, he turned it into an argument against capitalist society. This was the meaning of Das Kapital. Capitalist society, Marx argued, was economic society, and therefore it was ruled by the laws governing the economic system, i.e., the laws of the market. Marx, however, failed to emphasize (to put it at the least) that such a state of affairs existed only in capitalist society. The discovery of the importance of the 'economic' under a market economy induced him to overstress the influence of the economic factor generally, at all times and places. This proved a grave mistake. Although Marx himself insisted on the influence of non-economic factors in history, especially in early history, nevertheless Marxists made a veritable creed of the economic interpretation



of history. This amounted to an assertion not only of the predominance of economic factors, but also of economic motives. This enormously strengthened the classics. The societal approach personified in Marx was sapped by the economic element inherited from the classics" (Primitive, Archaic, and Modern Economies, pp. 133-34).

10

On the differences between Marxian economics (particularly Soviet Marxism) and neoclassical economics, see P.J.D. Wiles, "The Peculiarities of Marxist Economic Thought," ch. 3 of his The Political Economy of Communism (1962). "Marxism has no interest in economic choice, or the distribution of scarce resources between competing ends, i.e. in what many Western economists believe to be the chief concern of economic science. Marxists do not (until very recently) bother their heads about such questions as the correct price relations between different commodities, or the desirable extent of the international division of labor" (Wiles 1962, p. 47).

11 "No 'stages' theory is here implied; a pattern [of integration, i.e., reciprocity, redistribution, market exchange] may appear, disappear, and recur again at a later phase of the society's growth" (Pozhlanyi 1960, p. 308 Alalakh)

12

"We noticed above that each gens is divided into two sibs. These two sibs are united by a bond of friendship for mutual protection and pleasure, as well as for purposes of revenge against outsiders. The two sibs are considered to be the best of friends. They 'can never fight' against each other. It seems required, therefore, by a kind of active sympathy, that if one sib is going to celebrate a marriage, the other sib shall also have an opportunity for a feast. Moreover the principle of requital implies that the other sib shall participate, as we shall see later on. Accordingly a bridegroom of the right side (tan) of the sib must take his bride from the same side of the other gens; a bridegroom of the left side (bon) takes his bride from a left sib" (Thurnwald 1916, p. 259). For an excellent discussion of Thurnwald's contributions to economic anthropology, see Köcke 1979.



<sup>13</sup> Similar but not identical situations prevailed in Tokugawa Japan (Smith 1959) and village India (Epstein 1962): sharp social stratification, master-client relationships, masters as landowners. These <sup>two</sup> are variants of reciprocity.

<sup>14</sup> See also Polanyi's "Primitive Feudalism and the Feudalism of Decay" 1971. I think Chretien's very good essay on "Exchanges and Hierarchies in the East African Inter-lacustrine Kingdoms," suffers from one defect. He implicitly assumes either that European feudalism--everywhere in Europe--had a uniform set of attributes, which is certainly not the case, or that French feudalism may be regarded as a prototype or ideal case for all feudalisms, which is also dubious. In my opinion, the similarities between Burundi and medieval Europe are more important than the differences, and so I regard Burundi as feudal. Burundi is an example of what Polanyi calls "primitive feudalism," a conquering tribal group organizing the conquered as subordinates in a kingdom, in contrast to the "feudalism of decay," such as that following the dissolution of the Roman Empire. Following O. Hintze, Polanyi points out that European feudalism, of course, was a compound of the two, the primitive feudalism of conquering German tribesmen and the feudalism of decay of the Roman Empire.

<sup>15</sup> Thirteen years later, in Trade and Market, p. 254, Polanyi says: "Redistribution occurs for many reasons, on all civilizational levels, from the primitive hunting tribe to the vast storage systems of ancient Egypt, Sumeria, Babylonia or Peru. . . . With a hunt, any other method ~~XXXX~~ would lead to disintegration of the horde or band, since only 'division of labor' can here ensure results. . . ." (me: check quotation)

<sup>16</sup> For similar statements, see Polanyi (1957b, pp. 69-70; 1968, p. 191).



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George D.

### Economic Surplus, Once Again

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Economic Survey of Liberia  
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An earlier note (Dalton 1960) pointed out how misleading it is to use the concept of economic surplus uncritically, especially as casual mechanism to explain social change. Looking back at the Inca or some smaller stratified society (say, Malinowski's Trobriands), one sees rulers, priests, and other non-food producers. One does not know how they got there, but one does know that they eat food (and acquire other goods and services) that they do not themselves produce. When the tantalizing question is raised, "How did they get to be priests and rulers?" it is sometimes answered by saying a food surplus must have arisen; because if no food surplus arose in the pre-stratified society, the potential priests and rulers would have had to produce food for themselves and hence could not become priests and rulers.

To attribute the existence of non-food producers to a food surplus-- in the sense that a growth in food supply actively caused the priests and rulers to arise--is, to put it bluntly, silly. Without evidence, all one can assert for sure is a tautology based on the unesoteric fact that all men must eat: for non-food producers to exist in any society, there must be food producers who produce more than they themselves eat; and somehow, the non-food producers must get hold of the food they eat from the producers. One knows this from looking at an already stratified society. How it got this way may have nothing to do with a growth in

x Why non-producers?  
x ?



the food supply. One cannot explain the transformation sequence to stratification by knowing one of the functional characteristics of an already stratified society.

I should like to add two examples to give additional force to the ones given earlier.

I.

In an otherwise brilliant paper, the author describes three historical stages of Asian civilization and says the following:<sup>1/</sup>

Around the irrigated rice fields of the second stage were formed stable communities, and a surplus of food was possible--where land and water are plentiful today a family using the simplest tools can grow three times as much food as it eats. On such a surplus have been based all the royal courts and armies, the art and philosophy and meditative religion of the East. Tax collectors and invading armies collected all they could of the food surplus. A hundred generations of holy men have begged for their share. (Keyfitz 1959: 35; italics added).

I call attention to the word "based" in the quote, which links the food surplus to the existence of non-food producers in some unspecified way. Either it means (1) the rulers, armies, priests, and other non-food producers were caused by surplus food (they came into being in direct response to a growth in the food supply above the needs of food producers); (2) or it means something very much more modest and less



important: if Asian farmers could not have produced more food than they themselves ate, all Asians would have to produce food for themselves, and so non-food producers could not have come into existence for whatever reasons they did come into existence. If the quote means the latter-- simply that non-food producers depend upon food producers for food in an already stratified society--why emphasize such an obvious point that non-food producers have to eat? Why use the question-begging term "based"? And why not go on to consider what specific forces may have brought the roles of non-food producers into existence once there was food available for them to eat? If the quote means the former--that the non-food producers came into being in direct consequence of the food surplus--then, I suggest, it is either very improbable, or it is an assertion incapable of proof. To show why, I shall paraphrase the above quote to make it strictly applicable to another society that has many non-food producers.

Around the fertile, irrigated, and technologically efficient farms of California, Iowa, Nebraska, and other states, were formed stable communities, and a surplus of food was possible--where land, water, tractors, land-grant colleges, bank credit, and hybrid seeds are plentiful today, a family using rather complicated tools can grow on the average more than twelve times as much food as it eats. On such a surplus have been based the Federal and State courts, the Presidency and both Houses of Congress, the Army, Navy, Marines, Air Force, and Space Agencies, the Greenwich Village and Provincetown Art Colonies, J.D. Salinger and Mickey Spillane, the Metropolitan Opera Company, the hundreds of universities and colleges,

\* a rather broad term



the thousands of professors, and the millions of students throughout the United States. Federal, State, and local tax collectors collected all they could of this food surplus (and automobile surplus, and submarine surplus)--indeed, in 1962 all the tax gatherers together (Federal, State, and local), collected from the producers of surplus around <sup>35%</sup> of everything produced. Generations of churchmen--Protestant, Catholic, and Jewish--have received their share.

For the United States, obviously, the notion of surplus becomes silly if it is meant as a direct cause of something, as a generative factor in creating the roles of non-food producers in the Army, Navy, the Metropolitan Opera Company, and all the rest "based" on the surplus.<sup>2/</sup> Again, all surplus means here, is that in an already stratified (specialized) society, some people must produce more food (or typewriters, or whiskey) than they use if there are to be non-food (and non-whiskey) producers who consume what they do not produce. It does not tell us how the non-food producers came into existence, why these and not others, or the special institutional arrangements which channel food to the non-food producers i.e., <sup>which kind of</sup> ~~that~~ economic system <sup>exists</sup>.

It also becomes clear from applying the surplus notion to the United States that the complicated and lengthy sequence of change is glossed over: we start with the simple idea that more food can be produced than the producers eat, and then jump to the present scene of a vast array of heterogeneous non-food producers. So too with the Asian sequence, which postulates the possibility of surplus food from which



is then deduced rulers, armies, art, philosophy, and religion. All the interesting questions remain unanswered: is it certain a non-surplus situation (or a non-stratified situation) ever existed in fact? How about situations in which all produce food part-time, but some nevertheless are craftsmen, priests, or rulers? Which came first, the philosophy or the food? What determines which kinds of non-food producers come into existence? What causes surpluses? Are there societies in which food abundance exists but not highly developed art, religion, and all the rest? Are there societies at relatively low consumption levels which nevertheless support non-food producers? What are the economic arrangements between food and non-food producers; do the ~~food~~ food producers get services or goods in return? Those who think the concept of economic surplus important, must show why it should have any more of a causal role for the Asian, Inca, or Trobriands non-food producers and institutional changes than it has for those of the United States.<sup>3/</sup>

Moreover, one could easily re-word my paraphrases to make it apply to the Soviet Union, England, Japan, or the Dominican Republic. All produce surpluses by definition because all have non-food producers; but each has some markedly different economic and social institutions and some different kinds of non-food producers. Looking at a stratified society in being, one can say irrefutably that a necessary condition for non-food producers to exist in that society is that there be food producers who consume less than they produce. But it is not a very helpful statement to explain how the non-food producers came to be. It belongs to that superficial level of causation which makes it true but trivial to know that all people die because their hearts stop

xx<sup>15</sup> *germanization considered?*



beating, or that an automobile accident occurs because two cars occupy the same space simultaneously. It is a definition, not an explanation. Just so, surplus as a cause of something does not tell us how the surplus was caused, whether it preceded, or followed the institutional change it is supposed to explain; and if the surplus created non-food producers, why priests in one case, artists in another, jet pilots in a third--and, in fact, all the ~~many~~ experienced events (Pearson 1957) which have been attributed to material surpluses.

That's all you mean

In a word, in some circumstances a growth in food supply may be a necessary condition for social change to come about; it is never a sufficient condition. In other circumstances, as we are learning from economic development in primitive areas, just the opposite may be the case: social change may be a necessary condition for allowing an increase in the food supply to take place.<sup>4/</sup>

II.

The surplus concept is used in another way which deserves comment. It is sometimes used to mean that minor part of the produce of a subsistence farmer which he sells off in a local market. If four-fifths of a yam crop is consumed by the producer's family and he sells off the other fifth at market, it is not uncommon for anthropologists to identify the one-fifth sold as the yam surplus, without going on to say what they mean by surplus other than some amount sold.

The objection to calling surplus any amount which is sold is that the term implies the quantity sold was over and above what was needed, and so was sold off as a way of getting rid of it (as the U.S. Government



sells off its surplus rifles). It would never occur to anyone to label as surplus the 99% of the Iowa wheat farmer's crop that he sells, because what he sells obviously is not some amount left over after satisfying his family's need for bread. Rather, it is earmarked pre-natally for sale. Here lies the difficulty in using the surplus label in the primitive situation. By calling surplus anything the subsistence farmer sells, the analytical point is left unanswered: was it sold as an afterthought, because household needs were first filled, and the amount left over simply available to be disposed of at market? Or was that portion sold, deliberately produced for sale, whether the household was satiated with the stuff or not?

The point is not lacking in empirical interest because a very common change in developing areas is just such a transition from subsistence production (meaning most gets eaten by the producer's family, or given away to kin, friends, or rulers rather than sold), to production for market or exchange--meaning most gets sold (Bohannan 1959: 501; Gulliver 1962). To label both kinds of market sales as surplus does not tell us which of two very different situations is being described.

### III.

It may be of methodological interest to point out that the same hypothetical assumption underlies the two usages of surplus described in this paper. By hypothetical is meant an assumption about an unobserved society whose existence is not known, but postulated.



Surplus as the growth in food supply which explains the coming into being of priests, rulers, and other non-food producers in a stratified society known to exist (but whose origins are unknown), postulates an unobserved, pre-stratified stage of that society in which all were food producers (because, it is assumed, there were no priests, rulers, etc., before the surplus arose). The sequence of situations assumed, is: (i) no surplus, all are food producers; (ii) surplus arises; (iii) it goes to priests and rulers. Note that only the last stage is known to exist, the first two are extrapolations backward to an unobserved past which is deduced from the last stage, the stratified society known to exist historically.

Surplus as that portion of the subsistence producer's output which is sold at market, postulates an unobserved earlier condition when that producer was thought to consume all he produced and had no surplus for sale. The sequence of situations assumed, is: (i) no surplus, all produce is consumed by the producer and his dependents; (ii) surplus arises; (iii) it is sold off at market. In some, but not all the cases where surplus is used in this meaning, the observer only observes the last stage, the first two being extrapolations backward to an unobserved past deduced from the last stage, the one in which market sales are known to exist.

Without, perhaps, fully realizing it, anthropologists use the pre-surplus, unobserved situation in which all are assumed to be food producers in exactly the same way that economists use Robinson Crusoe: to postulate special conditions in a hypothetical situation in order to make analytical points about a real-world situation known to exist.



The anthropologist, however, is concerned with the emergence of the known society from the hypothetical one, the economist is not.

It seems fair to say also that the economist knows that Robinson Crusoe and his island never existed, and is aware he uses Robinson Crusoe not because of any interest in the economics of desert islands, but to create a simple hypothetical example to make points of interest about real-world situations of complexity. It is not entirely apparent whether or not the anthropologist is aware that his Robinson Crusoe--hypothetical societies in which all were food producers--perhaps, never existed.



## NOTES

- 1/ The quote given here is much the same as those to be found in Herskovits and Childe referred to in my earlier note. For extensive bibliographical references to the use of surplus as causal mechanism, see Pearson (1957), and Harris (1959).
- 2/ In the United States, a food surplus (i.e., non-food producers) existed, say, in 1912 as well as in 1962. Is one to attribute--in some causal sense--the institutional changes between 1912 and 1962, and the coming into being of new kinds of non-food producers (space vehicle drivers), to more food? Only, it seems, in the sense that space vehicle drivers also have to eat.
- 3/ What meaning for the United States can be attributed to the following generalization: "But wherever we find a non-food producing elite [read President Kennedy, the U.S. Senate, J.D. Salinger] we may assume that they exist by virtue of their ability to control food supplies" (Harris 1959: 198). Why not say the non-food producers exist because they perform political, religious, or artistic services regarded as valuable by the food producers?
- 4/ Sekou Toure's government in Guinea has declared every seventh day a day of voluntary labor (work without pay), to create village public works including extra farm work to increase food output. Here, the antecedent social changes--political independence, the drive for economic development, the official adoption of a socialist ethic--have been preconditions for the increase in food supply. Moreover, as Rostow (1960) makes abundantly clear, a growth in output may have a wide variety of social, economic, and



technological causes and a wide range of consequences. For a revealing case of a primitive social structure which inhibits economic growth, see Douglas (1962).

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Memorandum 1, January 21, 1960; from George D. to K.P.  
Preliminary remarks on book of exposition of T&M themes.  
Remarks based on re-reading of T&M, reading the file of reviews of T&M, and initial conversation of December 11, 1959 with K.P. on the new work.

General Remarks

1. Avoid polemic. It antagonizes and creates suspicion of special pleading for party lines. We have to make important points clearly, in unemotional language.
2. Without using names of reviewers, we have to clear up points of gross misunderstanding evident in the reviews, e.g., Rottenberg on the two meanings of economic; Smelser on scarcity, the substantive meaning of economic, and "exchange"; Dewey on the frequency of markets in economic history. The matters we deal with--so familiar to us--are new and difficult for outsiders. We have to teach them to unlearn a great deal.
3. Our frame of reference is (?)
  - (a) T&M
  - (b) Any works referred to in T&M.
  - (c) Reviews of T&M.
  - (d) Relevant sections of The Great Transformation and "Our Obsolete Market Mentality."
  - (e) Columbia project mimeographs
  - (f) Relevant works in print or draft by K.P. (e.g., "Alalakh"), or any of our group (e.g., Paul's "Impact of Money an African Subsistence Economy," and Tiv Trade and Market).
  - (g) Relevant non-group works since T&M, e.g., Keyfitz article.

Points of Special Emphasis

1. Unity of T&M (and relevant parts of GT and "Our Obsolete Mkt....")
  - (a) negative point: the inadequacy of formal economic analysis to explain basic matters of economic organization, economic mechanisms, economic processes, and transactions in primitive and historical economies.
  - (b) positive point: tools of institutional analysis relevant to non-market economies. We can explain important matters which cannot be explained with orthodox economics. Our work is designed primarily for economic anthropologists, economic historians, economic sociologists, those concerned with comparative economic studies, and those concerned with underdeveloped area transition.
2. Central concepts and points must be explained clearly: scarcity, economizing, market place, market system, market society, (external) trade, the two meanings of economic, the fallacy of functional equivalents, reciprocity, redistribution, (market) exchange, simultaneous existence of more than one pattern of integration, spheres of economy, etc.

X George D's criticisms of T&M upon careful re-reading

1. Almost every chapter of the book makes the point that formal economic analysis and market concepts are inadequate, or create positive distortion when applied to a specific matter, eg. Ports of Trade, Hammurabbi's trade, Aristotle, primitive economy, etc. Yet there is no detailed exposition of market-organized economy until we get to chapter 18, "The Market in Theory and History,"



and even here such description is not complete (because Walter's purpose was not an expository account of market economy). We should have an early chapter of exposition on the market economy which includes a description of those aspects which distinguish market economy from all others:

- (a) Everyone derives his material livelihood through market sale.
  - (b) Fluctuating market prices re-allocate (cause to change location or occupation), laborers and land use, by registering relative scarcities.
  - (c) Market structure compels all participants to economize.
  - (d) All-purpose money is a requisite for market economy.
  - (e) Autonomy of 19th century market economy, i.e., lack of social control.
- We should also indicate that we are aware that formal economic analysis is extremely useful and relevant in analyzing market economy. Once again, our point is not that it's wrong, but that it's inadequate.

2. In T&M, formal economic theory means price and distribution theory, i.e., economic analysis through Alfred Marshall (T&M p. 247). I should like to show why it is that just as price and distribution theory is inapplicable to non-market organized economies, so too are Keynesian theory, national income accounting, business cycle theory. The point is illustrative.

3. The two meanings of economic is the key to understanding much of what we have to say. Its exposition deserves a separate chapter with elaboration and illustration.

4. Similarly, T&M should have dealt in one place with the central fallacy underlying all attempts to apply economic theory to non-market economies: the implicit assumption that substantive economic organization everywhere is functionally equivalent to the economizing-scarcity apparatus of market economy. Rottenberg, Herskovits, Goodfellow, Tax, are aware that primitive and archaic economies lacked machines and pervasive markets; what they assume is that form doesn't matter, the functions are the same. We must show them ~~xx~~ why formal economic theory is not universally applicable. Like the two meanings of economic, this point is related to much that we have to say: different money uses, external trade forms, the place of economy in society.

*Handwritten: Further steps: two kinds of markets*

5. There is a consistent identification of "market" and "market place" throughout the book (pp. viii, 255, 266-270), which, I am sure, is a prime source of confusion. The simultaneous presence of supply crowds and demand drowds is a characteristic of a market place, not of an industrialized market economy--a market system. A market economy is not a cluster of bazaars.

6. A point which T&M did not deal with is the connection between market organization and the use of machine technology. (The Great Transformation discusses this briefly, pp. 74-75.) Actually, it seems that the relevance of formal economic theory to planned economy is not negligible (T&M p. 241), but rather insufficient. The Soviets have price-making markets in subordinate spheres. In the dominant sphere they do not have price-making markets, but they do have economizing practices and material self-gain as important individual motivation.



7. I suggest that some terms be discarded and others modified.
- (a) "catalactic" is too esoteric and need not be used.
  - (b) "barter" (p. 264) is a treacherous and confusing term: it sometimes is used to mean any material item transaction in which money is not used (e.g., gift-giving); it sometimes means a market exchange transaction in which money is not used, (e.g., Malinowski's gimwali in the Trobriands).
  - (c) The word "exchange" causes trouble because (at least in America) it is sometimes used as a general category for any transaction in which goods change hands (this is what Smelser means by exchange). Whenever the term "exchange" is used in T&M, it means "market exchange." Why not call the category "market exchange" to avoid confusion?
  - (d) So too with "trade." Wherever it is used in T&M, it means "external trade." Why not call it that to avoid confusion with internal transactions in which goods change hands?

8. The formal meaning of economic entails not only economizing, but maximizing as well. This is not emphasized in T&M 2 (e.g., p.243).

9. The important concept of "scarcity," is treated ambiguously, as on page 247: "In either case the presence of absence of 'scarcity' is a question of fact, whether the insufficiency is due to nature or to law." Our point, I think, is that "scarcity" as it is used by economists, has two components: insufficiency of material means relative to desire for material end products. In a Buddhist monestary, despite the meagre material means, there is no scarcity, because the desire for material end-products is very low. In the United States, despite the abundance of material means, there is much scarcity, because the desire for material end-products is very high. It isn't nature which determines scarcity, but structured values.

10. Chapter 13, "The Economy as Instituted Process," is the key analytical chapter of the book (Morton Fried must think so as well, he reprinted it in his book of readings), and should have been made into at least three chapters. Note the topics considered within twenty-six pages: the two meanings of economic, their derivation and applicability; the three integrative patterns, reciprocity, redistribution, and (market) exchange; forms of (external) trade, money uses, and market elements; spheres of economy with different ~~xxxx~~ transactional mechanisms and moral valuations; interpersonal transactions never become general without institutional underpinning.

Every chapter of the book makes use of one or more of these concepts and themes, and yet their formal presentation is so highly compressed as to be intelligible only to a few outsiders. I don't think it's an exaggeration to say that most of the points of gross misunderstanding in the reviews is misunderstanding of one or more of the key concepts treated in chapter 13.

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An important point which deserved careful and lengthy explanation is the distinction between fluctuating, market-made prices, and equivalencies. Fluctuating market prices (internally and externally) result from impersonal supply and demand forces registered in markets, and force a change in land and labor use: market participants must react to fluctuating prices by economizing, i.e., changing proportions of outputs produced and factor inputs used, in pursuit of maximum material gain. The underlying "inducer" of such economizing reactions to fluctuating market price, is the basic institutional fact that everyone derives his material livelihood from the market sale of that thing the price of which is fluctuating (he can't ignore the changed market price because his living depends on the price).

Changes in equivalencies (like prices in medieval markets and Paul's Tiv markets), do not force participants to economize by changing land and labor use, because the participants ~~do not~~ depend on them for subsistence livelihood. For example, the internal economy of Dahomey (land and labor use) does not respond to equivalency changes made at Whydah with the Europeans; neither does fish-yam external trade in the Trobriands, (nor in Paul's Tiv markets before European contact; Paul's markets are limited, contained, and localized, in the same fashion that external trade is contained in the Trobriands and Dahomey: Paul's market prices and Dahoman equivalency ratios at Whydah do not "feed back" into the internal economy (internal spheres), by forcing changes in land and labor usage; the underlying reason is the same: the Tiv who participate in markets, the Trobrianders, and the Dahomans do not ~~xxxxxx~~ get their basic subsistence livelihood through Tiv markets, kula trade and fish-yam reciprocity, or Whydah trade with Europeans.

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Preliminary Sketch of Chapter Headings and Content for the New Work.

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John Maynard Keynes (The General Theory...1935)

Chapter 1 Unifying Themes

- (a) Inadequacy of formal economic theory for nonmarket-organized economies.
- (b) Need for replacing atomistic view of society.
- (c) Interpersonal transactions never become general without institutional underpinning. (p. 252)
- (d) Different set of concepts and tools necessary.
- (e) We will provide them and show their empirical application.
- (f) Money uses, external trade, market places are flexible practices and processes capable of varied use and organization.
- (g) Comparative economic studies.

(T&M: Introductory note; chapters 1,12,13, Concluding note; also, "Our Obsolete Market Mentality"; and "Alalakh")

Chapter 2 The Two Meanings of Economic

- (a) Exposition and usefulness of distinction
- (b) On "scarcity"
- (c) Need for social science to adopt substantive meaning
- (d) The fruitfulness of formal economic theory in analyzing market industrialism.
- (e) The error of assuming that substantive economic organization is everywhere functionally equivalent to market economizing.



(T&M: chapters 5,13; plus examples from Goodfellow, Herskovits, Rottenberg, etc.)

### Chapter 3 Patterns of Integration: Market Exchange

- (a) General: economy is not of one piece; different spheres, different patterns of integration.
- (b) self-regulating market economy exposition: divorcedness from social control; factor and output markets; livelihood depends on market sale; fluctuating prices continually reallocate land and labor use; general purpose money (why necessary in market economy internally and externally); market exchange sphere transacts subsistence and prestige goods, outputs and inputs.
- (c) Application of formal economic theory to market economy: price, distribution, Keynesian, national income accounting.
- (d) Distinction between market, market place, market economy (market system), market society
- (e) Market exchange sometimes exists as subordinate pattern (doesn't reallocate land and labor; participants don't depend on market for subsistence livelihood); controlled markets; contained mkts;

(T&M: chapters 13,17,18)

### Chapter 4 Patterns of Integration: Reciprocity

- (a) Exposition, underlying symmetry
- (b) Reciprocity as dominant pattern internally: Trobriands, Arapesh
- (c) Reciprocity as subordinate pattern in market economy (structured gift-giving)
- (d) Reciprocity as a mechanism of external trade.
- (e) Social control: economic transactions as expressions of social obligation

(T&M: chapters 11,12,13)

### Chapter 5 Patterns of Integration: Redistribution

- (a) Exposition, redistribution as dominant pattern, centrality.
- (b) Widespread, antiquity, empires, feudalism
- (c) Social Control: economic transactions as expression of social obligation.
- (d) Redistribution as subordinate pattern in contemporary, controlled market economies (U.S. and Great Britain)
- (e) Administered, external treaty trade ~~xx~~

(T&M: chapters 1,3; "Alalakh")

### Chapter 6 Money and Money Uses

- (a) Exposition: substantive meaning; money uses; special purpose money; formal meaning, general purpose money; money objects; treasure items of elite circulation and prestige money uses.
- (b) Internal and external use of money
- (c) Economistic Bias: Firth, Encyclopaedia Britannica on "Primitive Money," and Einzig.

(T&M: chapter 13)



Chapter 7 Markets and Market Places

- (a) Price-making and nonprice-making markets.
- (b) Market determined prices contrasted with equivalencies.
- (c) Market places as subordinate pattern within economies dominated by reciprocity or redistribution (Trobriands; Dahomey)
- (d) Markets and market places internally and externally in market economy.

~~(e)~~

(T&M: chapters 9, 10, 13, 18)

Chapter 8 External Trade

- (a) Substantive: non-availability at home, two-sidedness, etc.,
- (b) Formal: comparative cost, market exchange, general purpose money, export interest.
- (c) Reciprocal gift trade
- (d) Administered treaty trade: terms of trade, equivalencies, etc.

(T&M: chapters 2, 4, 7, 8)

Chapter 9 Application to Economic Anthropology

- (a) Usefulness of ~~for the~~ described concepts depends on their being able to yield understanding and to correct misunderstanding.
- (b) Examples of market orientation in economic anthropology: Herskovits, Goodfellow, Boas, Tax...
- (c) The place of economy in society
- (d) Market places, money uses, and external trade in primitive economy.
- (e) Pioneer work of Thurnwald, Malinowski, Benedict.
- (f) DuBois, Steiner, Bohannan on spheres and conversions.
- (g) Economy as instituted process, unconscious economy not divorced from social organization.

(T&M: chapters 6, 11, 17; "Our Obsolete Market "entality"; Knight-Herskovits controversy; "surplus" issue)

Chapter 10 Application to Economic History

- (a) The pre-Christian Empires
- (b) Greece
- (c) Rome
- (d) European Feudalism
- (e) New light on old problems: money uses, equivalencies, redistribution, oikos theron, Aristotle.

(T&M: chapters 1, 3, 4, 5, 12, 13, 18)

Chapter 11 Application to Contemporary Economies: The New West

- (a) Post-market transformations: "mixed" economies.
- (b) New Dealism; Galbraith's Affluence
- (c) British Welfare State T&M: pp. 254, 256, 269, 103
- (d) Soviet Communism



- (e) Fascism
  - (f) The changed institutionalization of economic mechanisms and processes: lend-lease, point four.
  - (g) Redistribution and reciprocity, controlled market economy
- (The Great Transformation; "Our Obsolete Market "entality")  
T&M: pp. 254, 256, 269, 103

Chapter 12 Application to Underdeveloped Area Transition

- (a) Transforming areas: nonmarket-organized, non-industrialized
- (b) Institutional change and social change.
- (c) The danger of cultural catastrophe: the Industrial Revolution in England.
- (d) The limitations of formal economic theory.

(T&M: Chapter 16; Keyfitz, W.E. Moore, Myrdal)

Bibliographical Essay: I strongly suggest we have one despite the extra work it entails. It allows us to connect our work with previous writers and to cite specific works we recommend or treat critically.

Miscellaneous points to be decided on:

- Appendices (?) short analytical essays:
- (a) Surplus Controversy
  - (b) Knight-Herskovits controv.
  - (c) Smelser-Rottenberg reviews
  - (d) Robert Owen
  - (e) Socialist movements
  - (f) Marxism

Appendices (?) reprints of articles and mimeos:

- (a) Alalakh
- (b) Some Columbia project mimeos not in T&M
- (c) Paul's Money Impact paper
- (d) Paul's land tenure paper
- (e) One or two key chapters from T&M

Possible titles: (?)

Comparative Economics  
Comparative Economic Studies  
Economy and Society  
Socio-Economic Analysis  
Economies in History and Theory



Memorandum 1, January 21, 1960; from George D. to K.P.  
Preliminary remarks on book of exposition of T&M themes.  
Remarks based on re-reading of T&M, reading the file of reviews of T&M, and initial conversation of December 11, 1959 with K.P. on the new work.

General Remarks

1. Avoid polemic. It antagonizes and creates suspicion of special pleading for party lines. We have to make important points clearly, in unemotional language.
2. Without using names of reviewers, we have to clear up points of gross misunderstanding evident in the reviews, e.g., Rottenberg on the two meanings of economic; Smelser on scarcity, the substantive meaning of economic, and "exchange"; Dewey on the frequency of markets in economic history. The matters we deal with--so familiar to us--are new and difficult for outsiders. We have to teach them to unlearn a great deal.
3. Our frame of reference is (?)
  - (a) T&M
  - (b) Any works referred to in T&M.
  - (c) Reviews of T&M.
  - (d) Relevant sections of The Great Transformation and "Our Obsolete Market Mentality."
  - (e) Columbia project mimeographs
  - (f) Relevant works in print or draft by K.P. (e.g., "Alalakh"), or any of our group (e.g., Paul's "Impact of Money on an African Subsistence Economy," and Tiv Trade and Market).
  - (g) Relevant non-group works since T&M, e.g., Keyfitz article.

Points of Special Emphasis

1. Unity of T&M (and relevant parts of GT and "Our Obsolete Mkt....")
  - (a) negative point: the inadequacy of formal economic analysis to explain basic matters of economic organization, economic mechanisms, economic processes, and transactions in primitive and historical economies.
  - (b) positive point: tools of institutional analysis relevant to non-market economies. We can explain important matters which cannot be explained with orthodox economics. Our work is designed primarily for economic anthropologists, economic historians, economic sociologists, those concerned with comparative economic studies, and those concerned with underdeveloped area transition.
2. Central concepts and points must be explained clearly: scarcity, economizing, market place, market system, market society, (external) trade, the two meanings of economic, the fallacy of functional equivalents, reciprocity, redistribution, (market) exchange, simultaneous existence of more than one pattern of integration, spheres of economy, etc.

X George D's criticisms of T&M upon careful re-reading

1. Almost every chapter of the book makes the point that formal economic analysis and market concepts are inadequate, or create positive distortion when applied to a specific matter, eg. Ports of Trade, Hammurabbi's trade, Aristotle, primitive economy, etc. Yet there is no detailed exposition of market-organized economy until we get to chapter 18, "The Market in Theory and History,"



and even here such description is not complete (because Walter's purpose was not an expository account of market economy). We should have an early chapter of exposition on the market economy which includes a description of those aspects which distinguish market economy from all others:

- (a) Everyone derives his material livelihood through market sale.
  - (b) Fluctuating market prices re-allocate (cause to change location or occupation), laborers and land use, by registering relative scarcities.
  - (c) Market structure compels all participants to economize.
  - (d) All-purpose money is a requisite for market economy.
  - (e) Autonomy of 19th century market economy, i.e., lack of social control.
- We should also indicate that we are aware that formal economic analysis is extremely useful and relevant in analyzing market economy. Once again, our point is not that it's wrong, but that it's inadequate.

2. In T&M, formal economic theory means price and distribution theory, i.e., economic analysis through Alfred Marshall (T&M p. 247). I should like to show why it is that just as price and distribution theory is inapplicable to non-market organized economies, so too are Keynesian theory, national income accounting, business cycle theory. The point is illustrative.

3. The two meanings of economic is the key to understanding much of what we have to say. Its exposition deserves a separate chapter with elaboration and illustration.

4. Similarly, T&M should have dealt in one place with the central fallacy underlying all attempts to apply economic theory to non-market economies: the implicit assumption that substantive economic organization everywhere is functionally equivalent to the economizing-scarcity apparatus of market economy. Rottenberg, Harsanyi, Goodfellow, Tax, are aware that primitive and archaic economies lacked machines and pervasive markets; what they assume is that form doesn't matter, the functions are the same. We must show them ~~sy~~ why formal economic theory is not universally applicable. Like the two meanings of economic, this point is related to much that we have to say: different money uses, external trade forms, the place of economy in society.

5. There is a consistent identification of "market" and "market place" throughout the book (pp. viii, 255, 266-270), which, I am sure, is a prime source of confusion. The simultaneous presence of supply crowds and demand crowds is a characteristic of a market place, not of an industrialized market economy--a market system. A market economy is not a cluster of bazaars.

6. A point which T&M did not deal with is the connection between market organization and the use of machine technology. (The Great Transformation discusses this briefly, pp. 74-75.) Actually, it seems that the relevance of formal economic theory to planned economy is not negligible (T&M p. 241), but rather insufficient. The Soviets have price-making markets in subordinate spheres. In the dominant sphere they do not have price-making markets, but they do have economizing practices and material self-gain as important individual motivation.



7. I suggest that some terms be discarded and others modified.
- (a) "catallactic" is too esoteric and need not be used.
  - (b) "barter" (p. 264) is a treacherous and confusing term: it sometimes is used to mean any material item transaction in which money is not used (e.g., gift-giving); it sometimes means a market exchange transaction in which money is not used, (e.g., Malinowski's gimwali in the Trobriands).
  - (c) The word "exchange" causes trouble because (at least in America) it is sometimes used as a general category for any transaction in which goods change hands (this is what Smelser means by exchange). Whenever the term "exchange" is used in T&M, it means "market exchange." Why not call the category "market exchange" to avoid confusion?
  - (d) So too with "trade." Wherever it is used in T&M, it means "external trade." Why not call it that to avoid confusion with internal transactions in which goods change hands?
8. The formal meaning of economic entails not only economizing, but maximizing as well. This is not emphasized in T&M 2 (e.g., p.243).
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John Maynard Keynes (The General Theory...1935)

Chapter 1 Unifying Themes

- (a) Inadequacy of formal economic theory for nonmarket-organized economies.
- (b) Need for replacing atomistic view of society.
- (c) Interpersonal transactions never become general without institutional underpinning. (p. 252)
- (d) Different set of concepts and tools necessary.
- (e) We will provide them and show their empirical application.
- (f) Money uses, external trade, market places are flexible practices and processes capable of varied use and organization.
- (g) Comparative economic studies.

(T&M: Introductory note; chapters 1,12,13, Concluding note; also, "Our Obsolete Market Mentality"; and "Alalakh")

Chapter 2 The Two Meanings of Economic

- (a) Exposition and usefulness of distinction
- (b) On "scarcity"
- (c) Need for social science to adopt substantive meaning
- (d) The fruitfulness of formal economic theory in analyzing market industrialism.
- (e) The error of assuming that substantive economic organization is everywhere functionally equivalent to market economizing.



(T&M: chapters 5,13; plus examples from Goodfellow, Herskovits, Rottenberg, etc.)

### Chapter 3 Patterns of Integration: Market Exchange

- (a) General: economy is not of one piece; different spheres, different patterns of integration.
- (b) self-regulating market economy exposition: divorcedness from social control; factor and output markets; livelihood depends on market sale; fluctuating prices continually reallocate land and labor use; general purpose money (why necessary in market economy internally and externally); market exchange sphere transacts subsistence and prestige goods, outputs and inputs.
- (c) Application of formal economic theory to market economy: price, distribution, Keynesian, national income accounting.
- (d) Distinction between market, market place, market economy (market system), market society
- (e) Market exchange sometimes exists as subordinate pattern (doesn't reallocate land and labor; participants don't depend on market for subsistence livelihood); controlled markets; contained mkts;

(T&M: chapters 13,17,18)

### Chapter 4 Patterns of Integration: Reciprocity

- (a) Exposition, underlying symmetry
- (b) Reciprocity as dominant pattern internally: Trobriands, Arapesh
- (c) Reciprocity as subordinate pattern in market economy (structured gift-giving)
- (d) Reciprocity as a mechanism of external trade.
- (e) Social control: economic transactions as expressions of social obligation

(T&M: chapters 11,12,13)

### Chapter 5 Patterns of Integration: Redistribution

- (a) Exposition, redistribution as dominant pattern, centrality.
- (b) Widespread, antiquity, empires, feudalism
- (c) Social Control: economic transactions as expression of social obligation.
- (d) Redistribution as subordinate pattern in contemporary, controlled market economies (U.S. and Great Britain)
- (e) Administered, external treaty trade

(T&M: chapters 1,3; "Alalakh")

### Chapter 6 Money and Money Uses

- (a) Exposition: substantive meaning; money uses; special purpose money; formal meaning, general purpose money; money objects; treasure items of elite circulation and prestige money uses.
- (b) Internal and external use of money
- (c) Economistic bias: Firth, Encyclopaedia Britannica on "Primitive Money," and Einzig.

(T&M: chapter 13)



Chapter 7 Markets and Market Places

- (a) Price-making and nonprice-making markets.
- (b) Market determined prices contrasted with equivalencies.
- (c) Market places as subordinate pattern within economies dominated by reciprocity or redistribution (Trobriands; Dahomey)
- (d) Markets and market places internally and externally in market economy.

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(T&M: chapters 9,10,13,18)

Chapter 8 External Trade

- (a) Substantive: non-availability at home, two-sidedness, etc.,
- (b) Formal: comparative cost, market exchange, general purpose money, export interest.
- (c) Reciprocal gift trade
- (d) Administered treaty trade: terms of trade, equivalencies, etc.

(T&M: chapters 2,4,7,8)

Chapter 9 Application to Economic Anthropology

- (a) Usefulness of ~~foreign~~ described concepts depends on their being able to yield understanding and to correct misunderstanding.
- (b) Examples of market orientation in economic anthropology: Herskovits, Goodfellow, Boas, Tax...
- (c) The place of economy in society
- (d) Market places, money uses, and external trade in primitive economy.
- (e) Pioneer work of Thurnwald, Malinowski, Benedict.
- (f) DuBois, Steiner, Bohannan on spheres and conversions.
- (g) Economy as instituted process, unconscious economy not divorced from social organization.

(T&M: chapters 6,11,17; "Our Obsolete Market "entality"; Knight-Herskovits controversy; "surplus" issue)

Chapter 10 Application to Economic History

- (a) The pre-Christian Empires
- (b) Greece
- (c) Rome
- (d) European Feudalism
- (e) New light on old problems: money uses, equivalencies, redistribution, oikos therom, Aristotle.

(T&M: chapters 1,3,4,5,12,13,18)

Chapter 11 Application to Contemporary Economies: The New West

- (a) Post-market transformations: "mixed" economies.
- (b) New Dealism; Galbraith's Affluence
- (c) British Welfare State T&M: pp. 254,256,269,103
- (d) Soviet Communism



- (e) Fascism
  - (f) The changed institutionalization of economic mechanisms and processes: lend-lease, point four.
  - (g) Redistribution and reciprocity, controlled market economy
- (The Great Transformation; "Our Obsolete Market "entality")  
T&M: pp. 254,256,269,103

Chapter 12 Application to Underdeveloped Area Transition

- (a) Transforming areas: nonmarket-organized, non-industrialized
- (b) Institutional change and social change.
- (c) The danger of cultural catastrophe: the Industrial Revolution in England.
- (d) The limitations of formal economic theory.

(T&M: Chapter 16; Keyfitz, W.E. Moore, Myrdal)

Bibliographical Essay: I strongly suggest we have one despite the extra work it entails. It allows us to connect our work with previous writers and to cite specific works we recommend or treat critically.

Miscellaneous points to be decided on:

- Appendices (?) short analytical essays:
- (a) Surplus Controversy
  - (b) Knight-Herskovits controv.
  - (c) Smelser-Rottenberg reviews
  - (d) Robert Owen
  - (e) Socialist movements
  - (f) Marxism

Appendices(?) reprints of articles and mimeos:

- (a) Alalakh
- (b) Some Columbia project mimeos not in T&M
- (c) Paul's Money Impact paper
- (d) Paul's land tenure paper
- (e) One or two key chapters from T&M

Possible titles:(?)

Comparative Economics  
Comparative Economic Studies  
Economy and Society  
Socio-Economic Analysis  
Economies in History and Theory



Comparative Economic Systems  
Dr. Dalton

Texts: Karl Polanyi, The Great Transformation (GT)  
E.H. Carr, The New Society  
Arnold Toynbee, The Industrial Revolution  
Amherst readings, The New Deal: Revolution or Evolution?

Note: All texts are available in paperback. All assigned readings except the paperback texts and journal articles will be found on reserve at the College of Liberal Arts Library. If you have difficulty getting a reserve book, see if it is available at some other college library within the University. Books listed under "Other readings" and all journal articles are to be obtained through general circulation in the CIA library (unless they are on reserve for another course.)

Other Courses Frequently Listed:

K. Polanyi, C.M. Arensberg, H.J. Pearson, Trade and Market in the Early Empires (T&M)  
A. Sievers, Has Market Capitalism Collapsed?  
C.A.R. Crosland, The Future of Socialism  
J.K. Galbraith, Economics and the Art of Controversy (paperback)

I The Nature of and Need for Economic Systems; Substantive and Formal Economics; Forms of Socio-Economic Integration (reciprocity, redistribution, market-exchange); Operational Devices; Economic Anthropology.

Assigned

1. K. Polanyi, "Our Obsolete Market Mentality," Commentary February 1947, (distributed in mimeo)
2. GT, chapter 4, and pp. 269-273.
3. G. Dalton, "Review of Trade and Market in the Early Empires," Boston University Graduate Journal June 1959 (distributed in mimeo)
4. T&M, chapters 11,12,13,8,17,18.

Other Readings

1. B. Malinowski, Argonauts of the western Pacific pp. 58-65, chapters 3,6.
2. M. Mauss, The Gift
3. M. Mead, Cooperation and Competition among Primitive People chapter 1, and Conclusion.
4. B. Malinowski, Crime and Custom in Savage Society (paperback)
5. R. Firth, Elements of Social Organization chapter 4.
6. M.J. Herskovits, Economic Anthropology chapter 21, and Appendix (reprints of journal articles by F.H. Knight and M.J. Herskovits)



## II Market Economy in England: Origin, Structure, and Socio-Economic Consequences

### Assigned

1. GT, Foreword (by MacIver), chapters 3,5,6,7,8,10,13.
2. A. Toynbee, The Industrial Revolution
3. Robert Owen, "Observations on the Effect of the Manufacturing System," pp. 120-130 in A New View of Society and Other Writings (Everyman edition)

### Other Readings

1. A. Sievers, Has Market Capitalism Collapsed? chapter 2 pp. 18-33 and p. 45; chapter 3 pp. 46-77 and p. 93; chapter 4 pp. 97-117.
2. E. Heckscher, "Mercantilism," in the Encyclopaedia of the Social Sciences
3. J.M. Keynes, "The End of Laissez-Faire," (pamphlet).
4. R. Bendix, Work and Authority in Industry: Ideologies of Management in the Course of Industrialization chapter 2.
5. R.H. Tawney, The Acquisitive Society (paperback)
6. L.T. Hobhouse, Liberalism (cheap hardback copy available in Home University Library series)

## III The Transformation from Self-Regulating Market Economy to Welfare State in Great Britain: 1815-1945.

### Assigned

1. K. Polanyi, "Our Obsolete Market Mentality," Commentary 1947 (distributed in mimeo)
2. E.H. Carr, The New Society
3. GT, chapters 2,11,12,14,21.

### Other Readings

1. A. Sievers, Has Market Capitalism Collapsed? chapter 5 pp.166-204.
2. C.A.R. Crosland, The Future of Socialism chapter 4.
3. GT, chapters 15 through 20.
4. George Orwell, The Road to Wigan Pier

## IV The Post-World War II British Welfare State

### Assigned

1. C.A.R. Crosland, The Future of Socialism chapters 2,3,5,22,24.
2. Hugh Gaitskell, "Socialism and Nationalisation," (Fabian pamphlet)

### Other Readings

1. G. Walker, Economic Planning by Programme and Control in Great Britain
2. C.A.R. Crosland, The Future of Socialism chapter 25.
3. R.M. Titmuss, Essays on the Welfare State chapters 8,9 (on socialized medicine)
4. R. Kelf-Cohen, Nationalisation in Britain (strongly critical)
5. R.H.S. Crossman (editor), New Fabian Essays
6. Morwick and Ady, The British Economy 1945-1950
7. F. von Hayek, The Road to Serfdom
8. H. Finer, The Road to Reaction



## V New Dealism in the United States

Assigned

1. J.K. Galbraith, American Capitalism chapter 6, "The Depression Psychosis."
2. L.R. Klein, The Keynesian Revolution chapter 7.
3. Amherst Readings, The New Deal: Revolution or Evolution?
4. J.M. Keynes, The General Theory of Employment, Interest, and Money chapter 24.

Other Readings

1. J.K. Galbraith, Economics and the Art of Controversy (paperback)
2. A.P. Lerner, Economics of Employment chapters 8,9.
3. R. Hofstadter, Social Darwinism in American Thought (paperback)
4. Erich Fromm, Escape from Freedom
5. Upton Sinclair, The Jungle (a novel)
6. Erich Fromm, The Sane Society chapter 5.

## VI The United States at Present: Controlled Market Economy; Some Contentions Issues of Domestic Organization and Policy

Assigned

1. Daniel Bell, "Meaning in Work," Dissent Summer 1959.
2. J.K. Galbraith, The Affluent Society chapters 1,2,3,18,24.
3. Erich Fromm, The Sane Society chapters 8,9.

Other Readings

1. Daniel Bell, "Work and its Discontents," (pamphlet)
2. Arthur Miller, All My Sons and Death of a Salesman (plays)