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Hobbes
Spinoza
Locke
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Smith
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December 31 1950

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- (iii) Pharaonic and temple trade

(bb) Prince's and warrior's trade

Archaic upper class

Khorezm (pre-Arabic mulūk, 7th century AD)
Kievan boyars (10th to 13th century)
Mexico ('the royal family and the other merchants,' 16th century AD)
Syrian emirs (Eldred and Tavernier, 16th and 17th centuries)
Dahoman caboceers (18th century)

- (cc) Burgess merchant
 - (i) Patriciate of Western Europe
 - (ii) Gild merchant of Novgorod
- (2) Lower range
 - (aa) Castes and gilds of carriers and bazaar craftsmen in irrigational empires
 - (bb) Metic in the Eastern Mediterranean polis
 - (cc) Local retailer of food and household articles on the agora (kapeloi)
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 - (bb) Negotiating
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 - (i) Brokerage
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 - (iii) Trusteeship
 - Keeper of safe deposits
 - Agent of payments
 - Making official loans and advances
 - Public attorney
 - (2) Metic (resident alien)
 - (aa) Proselyte natives (Israel)
 - (bb) Floating alien population of D.P.'s; fragments of dismembered peoples; political refugees; exiles; fugitive criminals; escaped slaves; discharged mercenaries
 - (cc) Partly assimilated to metics
 - Freedmen (Rome)
 - Slaves (paying apophora)

(dd) Occupations of metic traders

Small trader
Skipper
Money changer and tester
Money lender

(3) Foreigners: alien traders under king's protection

(aa) Sources

Trading peoples proper
Periodically trading peoples

(bb) Types

Traveller: transient
Colonist
King's factor

(d) Trading peoples

(1) Trading peoples proper (all members directly or indirectly participating)

(aa) Sea

Phoenicians
Rhodians
Western Vikings

(bb) Desert

Beduin
Tuareg

(cc) River

Eastern Vikings
Kede (of the Niger)

(2) Periodically trading peoples

Hacussa, Duala, Mendingo, etc.
Malayan

(3) Dislocated peoples

Armenians
Jews
'Greeks'

(III) Goods

(a) Treasure

- (1) Moventia: slaves and cattle
- (2) Booty: moventia plus precious metals and precious stones, eventually ivory and clothes

(b) Public requirements

- (1) Staples: corn, oil, wine, dried fish (also wool)
- (2) Military requirements
 - (aa) Navy: timber, tar and hemp
 - (bb) Army: copper, tin, lead, iron

(c) Luxuries (ruling class interest)

- (1) Spices
- (2) Cosmetics
- (3) Incense
- (4) Rare woods

(d) Bulky articles (hauling expeditions)

- (1) Stones
- (2) Timber

(III) Transportation

- (a) Routes
- (b) Means of transport
- (c) Organization

(IV) Two-sidedness

(a) External trade

- (1) Gift trade
- (2) Administrated or treaty trade
- (3) Market trade

(b) 'internal trade

- (1) Usually 'external' to some smaller social unit, e.g., village
- (2) Subsequently 'internalized' through incorporation into a larger unit
- (3) Ecological differences leading to interprovincial trade
- (4) Fragmentation of empires or the paralysis of their central redistributive system
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 - (2) Standard
 - (3) Hoarding
 - (4) Exchange
 - (c) Ideel units
 - (d) Operational use of money objects
- (III) Institutional origins of money uses
 - (a) Payment
 - (1) In unstratified primitive society, as a rule, payments are made in connection with the institutions of bride price, blood money and fines.
 - (2) In stratified, and especially in archaic society, institutions such as customary dues, taxes, rent and tribute similarly give rise to payments
 - (b) Standard or Accountancy use of money is found in connection with
 - (1) Complex barter - i.e., different articles being summed up on both sides;
 - (2) The administration of staples (staple-finance)
 - (c) Hoarding of wealth may serve the purpose of
 - (1) Accumulating treasure
 - (2) Providing against future dearth
 - (3) Disposal over military and labor forces by providing subsistence in kind

- (d) Exchange develops as a rule not from random barter acts of individuals, but in connection with organized trade and markets

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 - (1) Visible markets
 - (aa) Open markets
 - (bb) Diffuse markets
 - (cc) Bazaars
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 - (c) One-price markets and non one-price markets

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Section I. From tribal to archaic society

Chapter 15. Status transactions and economic transactions

- (I) Tribal society: transactions regarding the place of persons in society with only indirect economic effects; avoidance of transactions in regard to land, food and labour
- (II) Archaic society: emergence of primarily economic transactions in regard to land, food and labour
- (III) Tribal solidarity and tribal leadership carried over into archaic society
 - (a) Peasant type city states
 - (1) Strong emotional ties (Fustel de Coulanges)
 - (2) Weakening of the avoidance of gainful transactions (agora)
 - Result: minute territorial range; intense communal feeling; no dependent labour; permanent class struggle
 - (b) Irrigational empires
 - (1) Theocratic kingship and dependent labour
 - (2) Continued avoidance of food transactions by way of
 - (aa) Storage and redistribution
 - (bb) Statutory equivalencies which keep food transactions free from the notion of gain

Chapter 16. Exchange of equivalents

- (I) Operational definition of equivalency
- (II) The role of equivalencies under different forms of integration
 - (a) Reciprocity: Conventional counter-gifts
 - (b) Redistribution: Equivalents for payment of taxes or for rations received
 - (c) Exchange: Equivalents for purposes of barter or exchange
- (III) The range of equivalencies
 - (a) Property in, or use of,
 - (1) Slaves and cattle
 - (2) Land and houses
 - (3) Money and goods

- (b) Hire of labour
- (IV) Establishment of equivalencies by
 - (a) Custom and tradition
 - 'Utu' of the Tikopia
 - (b) Statute
 - Laws of Eshnunna, Hammurabi's Code
 - (c) Proclamation
 - Markets in Central Sudan
- (V) Exchange of equivalencies, especially of services
 - (a) Diteennutu (Nuzi, 14th century B.C.)
 - (b) The prohibition of interest taking (Mishna, 3rd century B.D.)
- (VI) The 'just price' as an equivalency

Chapter 17. Indentured labour, be'ulatun and commenda

- (I) The embeddedness of labour institutions in the texture of society
- (II) Debt bondage not resulting from 'credit transactions' but rather a form of indentured service
- (III) The be'ulatun, a combination of indentured service with trading activities in a marketless economy
- (IV) The development of price-making markets introduces the element of risk and thereby transforms the be'ulatun into the commenda, a form of business association

Chapter 18. Interest and default

Chapter 19. The archaic economic institutions

Section II. Archaic traders

Chapter 20. The tamkar

- (I) Sumeria
 - (a) Sociological background
 - (b) Flood control: dominant ecological factor
 - (c) Redistribution of land and labour
 - (d) Storage economy
 - (e) Household
 - (f) Foreign trade (lead, stone, timber)
 - (g) Expeditionary trade

(II) Early Assyria ('Cappadocia') - Kanis on the Helys

- (a) Trade settlement of 3rd millennium Assur
- (b) Recent finds (1948)
- (c) Archaic 'factory'
- (d) Methods of trading and trade organization
- (e) Be'ulatum
- (f) 'Tamkar' - higher stage
- (g) Separation of
 - (1) Trade and carrying
 - (2) Riskless dispositions and risk-involving transactions
 - (3) Non-gainful (official) business and gainful business

(III) Ugerit

- (a) International highly developed port of trade, politically virtually independent, multilingual
- (b) Port of trade organization
 - (1) Documentation
 - (2) Equivalencies
- (c) Heirs to Kanis?

(IV) Eshnunna

- (a) Tamkar and broker (Art. 45)
- (b) Equivalencies (Art. 2)
- (c) Staples (qualities)
- (d) Service equivalents
- (e) Non-commercial character of transactions

(V) Hammurebi's Babylonia

- (a) Temple economy
- (b) Palace economy) their relations
- (c) Tamkar by status
- (d) Commenda
- (e) Death penalty, all-round

(VI) Nuzi (Arrapha), Kassite period

- (a) Feudal period
- (b) Merchants' villages
- (c) Foreign traders
- (d) Market place? Gate!

(VII) Tell-el-Amarna period

- (a) Royal gift trade (degenerating)
- (b) Elements of international law

(VIII) Syria

Wenemon of Byblos

(IX) Israel

- (a) Davidic and Salomic Israel: Hinterland of Tyrian port of trade and trading people
- (b) King's oikos plus tanker trade
- (c) Tribute collected for export
- (d) Treaty trade including public works and land sale (Hiram)

(X) Neo-Babylonia

- (a) Surprising continuity of institutional set-up
- (b) Assyrian, Chaldean, Persian regimes leaves trading system unaffected
- (c) No essential change in commercial practices
- (d) Resistance to Hellenic influence (currency, markets)
- (e) Banking (misunderstanding)
- (f) Agricultural 'capitalism'

(XI) Persia

- (a) Military routes
- (b) Herodotus: no market places
- (c) Xenophon's ideals
- (d) Postal service
- (e) Tanker in eclipse?
- (f) No money
- (g) No credit

(XII) Seleucids

- (a) No change in transactions
- (b) Poleis flourishing
- (c) Contrast of poleis and chora
- (d) Prince's trade revived

Chapter 21. Metic population

(I) Eastern Mediterranean

- (a) Italiots (freedmen) - slaves (apophora)
- (b) Hellenism

(II) Asia

- (a) Armenians
- (b) Bunnian caste
- (c) Levantines

(III) Africa

- (a) Central Sudan
- (b) West Africa

(IV) Early medieval merchants

Chapter 22. Foreign traders

- (I) Kassite: traders carry foreign names
- (II) Nuzi: same
- (III) Ugarit
- (IV) Homeric Greece: Phoenicians
- (V) Israel: Type
- (VI) Oriental world
 - (a) 8th century B.C. Naukratis: Miletians, etc.
 - (b) 5th century B.C. Persia: Lydians
 - (c) 16th century A.D. Persia: Bunnyans, Armenians

Section III. Types of trade

Chapter 23. Gift trade

- (I) Risk limited to one (unrequited) instalment
- (II) Political interest often primary
- (III) International character of trade
- (IV) Elastic terms

Chapter 24. Administrated or treaty trade

- (I) Primitive society - all trade regulated, ceremonialized
 - (a) Place of meeting
 - (b) Goods to be exchanged
 - (c) Behavior of partners
 - (d) Safeguards against haggling
 - (e) Operational devices to facilitate physical exchange
 - (f) Policing: safety of life and limb
 - (g) Peace of the meeting
- (II) Archaic society (involving political boundaries, officials, permission to penetrate into the interior)
 - (a) Port of trade (emporium)
 - (b) Definite goods the subject of organized trade
 - (c) Diplomatic embassy, official representation
 - (d) Higgling-haggling contrary to the interest of both parties, relegated to pre-treaty phase

- (e) Portage, unloading
- (f) Customs, tolls, port dues, etc.
- (g) Brokerage: guarantee of quality, of solvency, etc.
- (h) Permanency of establishment
- (i) Equivalencies stabilized
- (j) 'Profits' agreed

Chapter 25. Market trade

Origins of market trade

- (a) Dissolution of empires and feeding-out of trade-goods
- (b) Trade in non-staples
- (c) Institutional adjustment frequent and consistent
- (d) Interlopers, freebooters, smugglers
- (e) Emergency measure
- (f) 'private' trade alongside of administrated trade legitimized ('Cappadocians,' Armenians)
- (g) Subsidiary employment of auctioning; sale of revenue, etc., as in tax farming
- (h) Local markets as organs of enforcement of 'single price'

Section IV. The four uses of money objects

Chapter 26. Primitive money uses

(I) Origins of

- (a) Payment (internal)
- (b) Standard
- (c) Hoarding
- (d) Exchange (external!)

(II) Origins of money objects

- (a) Cattle, seed and beads
- (b) Objects of trade

(III) Interethnic currencies

- (a) Gold dust
- (b) Cowrie

Chapter 27. Archaic monetary systems

(I) Archaic economic institutions

- (a) Administrated stores
- (b) Proclaimed equivalencies
- (c) Administrated foreign trade
- (d) Taxes and rents paid

- (e) Separating of external and internal economy
 - (f) Army finance
 - (g) Balancing of royal household
- (II) Linking of various money uses
- (a) Barter
 - (b) Staple finance
 - (c) Equivalencies
 - (d) Money functions of treasure
- (III) Ideal units
- (a) External trade
 - (b) Internal sources
- (IV) Operational uses of monetary objects
- (a) Elite circulation
 - (b) Stabilization of social strata
- (V) Coined money
- (a) For internal use only (local market)
 - (b) For external use only (foreign market)

Section V. Market elements

Chapter 28. Precursors of the market: gates, bazaar, ports of trade

- (I) Gates: the market's analogon in redistributive economies

Presence of stocks; supply crowds or demand crowds, or both

- (1) Functioning as political agora: public court, 'threshing floor'
- (2) Functioning as economic agora: storage of staples; 'dimtu' (?)

Early Assyria
Hammurabi's Babylonia
Nuzi
Palestine (Israel, Judah)
Mishna
Africa

- (II) Bazaar: supplementary to the gates

Development of bazaar

- (1) Sociology of crafts
- (2) Treaty bazaar
- (3) Reasons of permanency

(III) Ports of trade

(a) History

- (1) Babylonia (riverain trade)
- (2) Knossos (maritime)
- (3) Egypt
- (4) Tyre (insular and peninsular emporia)
- (5) 'Cappadocia' (colonial port of trade)
- (6) Mediterranean emporia
- (7) Asiatic empires (maritime, caravan)
- (8) European empires (overseas)

(b) Causes of decay

- (1) Political factors: decay of empires
- (2) Economic factors

(aa) Goods

Specific goods
Manufactures

(bb) Traders

'Commercial classes'
Penetration of foreign trade
into domestic markets
Breakdown of wholesale trade

Chapter 29. Alternating dominance and recession of markets

(I) Bird's eye view of the history of markets

- (a) Regular meetings of supply and demand crowds occur under purely tribal conditions especially in stratified primitive society

Bush markets
District markets

- (b) Almost complete absence of markets over millennia in the flourishing irrigational empires of Mesopotamia and the Nile valley

No markets in 'Cappadocia'
No markets in Babylon
Bazaars in Assur, Samaria, Damascus
Persian attitude (Herodotus)

- (c) Emergence of markets in the peasant type city states of Greece and Rome

Odyssey
Hesiod
Forum Romanum
Climax: Cleomenes of Naukratis

- (d) Recession of markets in the economy of the Late Roman Empire

Annona
Nauicularii

- (e) Reappearance of markets in the High Middle Ages. Rise of urban markets and of national markets

Traders: 'Continental metics'
Islamic influence
Markets for food, subsequently for manufactures
Fairs: temporary ports of trade
Staples: permanent artificial ports of trade
Separation of long distance and of local trade
Mercantilism: urban regulations applied nationally

- (f) Rise to world dominance in the nineteenth century

International market for grain, freight, insurance, currencies, money, capital

- (g) Breakdown on a world scale in the second quarter of the twentieth century

Restoration of national systems (currencies, planning, etc.) with increased regulation

(II) Tentative Propositions

- (a) Market elements involving regular trade meetings make their appearance very early, without, however, giving rise to price-making markets;
- (b) Price-making or near price-making markets develop relatively late and their presence tends to influence the whole way of life of the community;

- (c) The repeatedly observed recession of markets and market elements in society appears to be an accompaniment, if not a direct result, of the political unit's territorial expansion with which the market organization can not keep pace

PART THREE. ASPECTS OF LIVELIHOOD IN GREECE, ISRAEL AND DAHOMEY

Section I. From Hesiod to the establishment of an Eastern Mediterranean corn market

Chapter 30. Reciprocity and redistribution in archaic Greece

(I) The Thucydidean archaeology

- (a) Origin of the Hellenes
- (b) Original settlement
- (c) Coastal settlements

(II) Reciprocity

- (a) Tribal elements
 - (1) Dowry, bride price, etc.
 - (2) Gift friends
- (b) External trade
 - (1) Gift trade
 - (2) Piracy
 - (3) Chieftain's trade
- (c) Elite circulation and the role of treasure
 - (1) Sources of treasure
 - (2) Elite circulation
 - (3) Translation of treasure into power
 - (aa) Command over men and resources
 - (bb) Taxation

(III) Redistribution

- (a) Land
- (b) Booty
- (c) Sacrificial meals
- (d) Metals; gold and silver
- (e) Corn
- (f) Stores

(IV) Colonization

Chapter 31. The Hesiodic age

(I) Kinship tie replaced by neighborhood

- (a) Treasure: establishment of wealthy and powerful families, outside of the clan tie
- (b) Princes: local kings, crooked judgments, unprotected freeman
- (c) Reciprocity made relative to
 - (1) Village group (neighbor)
 - (2) Personal relationship
 - (3) Individual behavior
- (d) Villate marriage
- (e) Passing of blood feud (Draconian legislation)

(II) Individualization

- (a) Personality and judgment
- (b) Aloneness of man
- (c) Work
 - (1) Thrift
 - (2) Don't 'put off' things
 - (3) Work is honorable
- (d) Competition and strife
- (e) Hunger
 - (1) Individual starvation
 - (2) Fear of lonely helpless winter
 - (3) Borrowing; begging
 - (4) Concern for the future

(III) Property

(IV) Debt

- (a) Generally present
- (b) No transactional origin
- (c) No loaning, interest, usury

(V) Trade

- (a) Profession of despair
- (b) No money mentioned
- (c) No market place: no politics
- (d) Anti-commercial attitude
 - (1) Don't take risks
 - (2) Don't speculate
 - (3) Self-sufficiency
- (e) Anti-innovation
 - (1) Traditional
 - (2) Anti-urban

Chapter 32. The Solonic crisis and its resolution

(I) The Attic background

- (a) Migration
- (b) Settlement
- (c) Crop yield
- (d) In the backwater of history
- (e) Tradition of autochthony, hence more tribal elements
- (f) Peasant economy of Hesiodic type
 - (1) Thurnwald: loosening of the clan tie a general phenomenon
 - (2) Imminence of famine and debt in Hesiod

(II) The Solonic crisis

Economic elements

Land in 'the hands of a few'

- (aa) Territorial rule
- (bb) Public and private debt
- (cc) Serfdom
- (dd) Debt bondage

- (2) Food problem
 - (aa) Inadequacy of soil
 - (bb) Probable export of corn by large landowners
- (3) Passive trade
- (b) Social elements
 - (1) The people 'had no part nor share in anything'
 - (2) Serfdom was 'the bitterest part'
- (c) Political elements
 - (1) Oligarchical constitution
 - (2) Formal vs. actual rights of the people
- (d) Class war the result
- (III) The Solonic solution: successful elements
 - (a) Elimination of immediate crisis
 - (1) Simultaneous cancellation of public and private debts and prohibition of debt bondage
 - (2) Embargo on corn export
 - (b) Partial democratization of constitution, avoiding permanent oligarchy
 - (1) Class division by wealth rather than birth
 - (2) Admission of thetes to assembly and jury
 - (3) Right of appeal to law courts
 - (4) Right of redress
 - (c) Reform of weights and measures and coinage
 - (d) Food problem
 - (1) Embargo on corn exports
 - (2) Encouragement of olive and vine planting, control of planting, etc.
 - (3) Areopagus given supervision of 'the sources of supply of necessities'
 - (4) Compulsory artisanship
- (IV) Inadequacies of the Solonic solution

- (a) Failure to establish the central political force needed to make market elements effective as integrating forces
 - (1) No taxes or tithes; no means of collecting them
 - (2) No army or police
 - (3) No government mint: Eupatrid money
 - (4) No sources of credit for peasantry
 - (aa) Large capital required to convert to olive planting
 - (bb) Prohibition of debt slavery
- (b) Foreign trade appears to have remained purely passive
- (c) Continued conflict between formal and actual rights of the people
 - (1) Areopagus remained as 'guardian of the Constitution': it was a Eupatrid body
 - (2) Renewed strife after four years
 - (3) Reversion to old social divisions (dominance by Eupatrids) after twenty years
- (V) The resolution of the crisis: tyrannis and democracy
 - (a) Origin of the tyrannis
 - (1) Continual disorder
 - (2) Territorial rule
 - (3) Treasure and coinage
 - (4) Armed guards and mercenaries
 - (b) The Pisistratidian solution: establishment of the necessary central political power
 - (1) Constitutional measures
 - (2) Tithe - Pisistratus' oikos
 - (3) Loans to peasantry
 - (4) Improved administration of justice
 - (5) Police; army and navy
 - (6) Foreign trade
 - (7) Money and coinage
 - (8) Popular religion
 - (9) Public buildings

(c) The Cleisthenian constitution: the final elimination of tribal elements from political life, thus establishing the absolute power of the polis

- (1) Extension of citizenship
- (2) Franchise on new basis, cutting across all old tribal and territorial lines

- (aa) Demos
- (bb) Trittus
- (cc) Ten new tribes

Chapter 33. The economy of the polis

(I) The power of the polis

(a) The institutional embodiment of law and justice

- (1) Aristotle: civilization means polis
- (2) Self-enforcing character of law: Rostovzoeff Socrates (Crito)

(b) The discipline of the polis

(II) The integrative role of redistribution

(a) Tribal traditions: Themistocles, Cimon

(b) Citizens' livelihood

- (1) Redistribution of land and booty
- (2) Empire as a source of livelihood

- (aa) Aristides
- (bb) Periclean public works
- (cc) The diobolia
- (dd) Xenophon's Poroi

(c) The oikos: Cimon and Pericles

(III) Internal-external polarity is at the root of the functioning of trade, money and market

(a) Trade

(1) Personnel

(aa) Internal

Citizens only (metic tax)
Kapelos - small huckster, caterer

(bb) External

Metics
Transient foreigners
No middlemen
Attitude to trade

(2) Goods

(aa) Internal

Retail trade
Foodstuffs

(bb) External

Slaves, corn, oil, wine, luxuries

(b) Market elements

(1) Location

(aa) Internal

The agora
Physical boundaries: Athens, Piraeus
Time boundary
Stalls
Moving the agora (armies and markets)

(bb) External

Emporium; city gate (Aristophanes)
Deigma
Emporium has its own agora
Aristotle: problem of placing
the emporium

(2) Terms of trade regulation

(aa) Internal

Market officials
Corn officials
Price control
Quality control
Market spies (Aristophanes)
Cheap or free grain

(bb) External

Corn inspectors
2% duty
Prices

(c) Money and coinage

(aa) Internal

Small coins - silver, copper,
bronze, alloys
Token coinage
Alteration of value (Oeconomica II)
Restriking and countermaking

(bb) External

Large coins - gold
Bullion value
Uses (Oeconomica II)

(d) Contemporary opinion: Despite their genius for abstract speculation neither Aristotle nor Plato ever thought of agora and emporium of being similar

(1) Agora: market trade; subsistence of population

(2) Emporium: source of profit; 'outside the city'; regulate who shall have traffic with whom

(IV) Internal aspects of the polis

(a) Plan and market: the mutual relations between market elements and redistribution (Oeconomica II)

(1) Market elements made effective by redistributive action

(2) Redistributive system made effective by market elements

(3) The discipline of the agora: transformation of markets into redistributive devices

(b) Banking: market elements are made more effective through the banking functions of deposit and payment

(c) Privatization, leasing, and contracting

(1) Rostovzoeff thesis

(2) Athenian budget

(3) Byzantium

(V) External aspects of the polis

(a) External trade: "Greek-speaking" trade

- (1) Types of trade
- (2) Types of trader
 - (aa) Bosphoran princes, Egyptian kings
 - (bb) The metic
- (b) Food supply and the grain trade
 - (1) Supply:
 - (aa) Dependence on imports
 - (bb) Food supply as public policy
 - (cc) Sources of supply and trade routes
 - (2) The port of trade (emporium)
 - (aa) Price
 - (bb) Demand
 - (cc) Regulation
- (c) Banking activities (changing and testing, deposit, payment) facilitate linking of trade with market elements.

Chapter 34. Cleomenes of Naukratis and the Formation of the Mediterranean Grain Market

- (I) The immediate background
 - (a) Alexander's conquest of Egypt
 - (b) Cleomenes of Naukratis: identity and roles
 - (1) In charge of the revenues of Egypt: Arrian, Curtius Rufus
 - (2) Satrap of Egypt: Pausanias, Arrian; Tarn, Ehrenberg
 - (3) Construction of Alexandria: Justin, Ps. Callisthenes, Oeconomica II
 - (c) The great famine of 331-324 B.C.
 - (1) The fact of the famine: Demosthenes; Stele dei Cereali, etc. Rostovtzeff
 - (aa) Import crisis, not crop failure ("wheat scarcity")
 - (bb) Problem of dating
 - (cc) Extent of the famine: Greece, Egypt
 - (2) Immediate causes
 - (aa) Loss of Bosphoran supply
 - (bb) Breakdown of Athenian control of grain trade

- (3) Relief measures
 - (aa) The sitonia
 - (bb) Donations of grain

(II) Establishing the market

(a) Procedure within Egypt

- (1) Export embargo on corn
- (2) Government export monopoly
 - (aa) Elimination of middlemen
 - (bb) Price fixing
- (3) Lifting the export embargo
 - (aa) 32 drachmae price
 - (bb) Participation by private individuals

(b) Organization of the market

- (1) Centered at Rhodes: grain transshipped there
 - (aa) Agents in Egypt
 - (bb) Super cargoes
 - (cc) Agents in Greek ports
- (2) Organization of communications
 - (aa) Rhodian agents kept informed of price movements in the Greek ports
 - (bb) Grain transshipped from Rhodes in accordance with price movements
 - (cc) Cf. the general importance of communications in market development: Mantoux, Sombart

(III) Results: a price-making market, but under strict administrative control

(a) Effects on the Greek cities

- (1) Rationalization of supply: a great advance
- (2) Stabilization of price
- (3) Functional dependence on Cleomenes' organization: the movement of goods in accordance with price ratios resulted from administrative decisions, not "spontaneous" action of private merchants

(b) Effects on Egypt

- (1) Elimination of the Greek middleman

- (2) Egyptian farmers benefited
- (3) Egyptian consumers benefited
- (4) Treasury profits: ref. 8000 talents (diodorus)
- (5) Analogous organizations:
 - (aa) Dahoman export monopoly in slaves
 - (bb) Contemporary British dual pricing for coal and steel

(IV) The probable reasons for establishing the market

- (a) Alexandria as the emporium of the eastern Mediterranean
- (b) Alexander's attempt to integrate the polis and the chora
- (c) Ptolemaic rationalization of Egyptian rule

Use and extension of market elements to make the redistributive system more effective. - Cf. Johnson & West and others on top level of Ptolemaic rule

- (d) Revenue: 8000 talents profit

(V) The Athenian reaction

- (a) Recognition of the threat to Athenian security

Violent hatred of Cleomenes

- (b) The response: an attempt to develop new sources of grain in the west, out of the range of Alexander's power

- (1) Colony of Hadrta, 325/4 B.C.: "in order that for all time the people may have a market and a source of corn supply of their own..." (SIG 305)

- (2) Special naval force to convoy western grain

Appendix: A reappraisal of Cleomenes' place in Hellenic history

- (a) The need for a reappraisal:

- (1) His achievements hardly known or recognized

Exceptions: Rostovsteff, Wilcken

- (2) His evil reputation
 - (aa) Unjustified
 - (bb) Irrelevant for the appraisal of his achievements
- (b) A critique of the case against Cleomenes
 - (1) Alexander's alleged letter of rebuke (Arrian, Anabasis)
 - (aa) Letter now regarded as a forgery: Tarn, Mahaffy
 - (bb) Origin of forgery: political attack on Cleomenes by Ptolemy Soter (Diodorus, Pausanias)
 - (cc) Relationship between Alexander and Cleomenes indicated by fact that Cleomenes was one of seven men present at Alexander's deathbed, and one of three men who interceded with the gods in his behalf. (Arrian)
 - (2) The grain-export monopoly
 - (aa) No personal profit: gains accrued to the treasury
 - (bb) Cf. III above for effects on Greece and Egypt
 - (3) Minor Oeconomica II incidents
 - (aa) Relations with priests and temples: cf. Wilcken's comparison with Stele of Naukratis
 - (bb) Bribe offered by Canopus: cf. Groningen, Mahaffy
 - (cc) Tricking his mercenaries
- (c) Cleomenes' achievements:
 - (1) Establishment of the Mediterranean grain market
 - (2) Brilliant administration of Egypt
 - (aa) Financial genius: ref. 8000 talents
 - (bb) Probable anticipation of the main elements of Ptolemaic rule: cf. Rostovtzeff, Wilcken, Ehrenberg
 - (3) Construction of Alexandria
 - (aa) His role in it: Oeconomica II, Justin, etc.
 - (bb) Importance of Alexandria

- (4) Confirmation of this view: presence at
A.'s deathbed

Chapter 35. Capitalistic features in antiquity

Section II. Palace economy and market elements in ancient Israel

Chapter 36. David's and Salomon's oikos

Chapter 37. Tribal Israel and the redistributive monarchy

Chapter 38. Temple economies from Samuel to Nehemiah

Chapter 39. Trade, money and market elements in ancient Israel

Section III. Trade, money and markets in the Negro kingdom of Dahomey

Chapter 40. Geography, history and sociology of the Upper
Guinea Coast

- (I) The emergence of the kingdom; brief history of its rise and fall
- (II) The background: the region - geographical and historical features
- (III) Significance of Dahomey as an isolated empire - native, pagan, inland
- (IV) Some treatment of basic social organization; settlement; technology and subsistence

Chapter 41. The redistributive economy

- (I) General characterisation of the economy
 - (a) Dominant form of integration: redistribution
 - (b) Channels
 - (1) Political system
 - (2) Basic social organization
 - (3) Associations
- (II) The scope of redistribution
 - (a) Trade; money; markets
 - (b) Production; labor; land
 - (c) The fiscal system: taxation, disbursements, etc.
- (III) Organs
 - (a) Political: Royal oikos; army; officials
 - (b) Other
 - (1) Lineage groups
 - (2) Associations: guilds, religious bodies, work groups, etc.

(IV) Mechanics

- (a) Administration
- (b) Rules of law
- (c) Operational devices
- (d) Dual organization: points of contact with the economy

Chapter 42. Trade and traders

(I) Forms of trade

- (a) Foreign trade
- (b) Domestic trade

(II) Polarity of foreign trade and domestic trade demonstrated with respect to

- (a) Types of goods
- (b) Personnel
- (c) Transportation
- (d) Mode of acquisition
- (e) Place of trade
- (f) Regulations
- (g) Types and uses of money
- (h) Motivations

(III) Slave trade

- (a) Goods
- (b) Personnel: traders by status
- (c) Place of trade
- (d) Conduct and regulation of the trade

(IV) Market trade

- (a) Goods: provisions and utility wares - no prestige goods
- (b) Personnel: women carriers
- (c) Regulation
- (d) Money: cowrie

(V) Limitations on the spread of trade

- (a) Distributive organization for foreign trade goods
- (b) Local market trade inherently limited by:
 - (1) Type of goods - bulky, perishable
 - (2) Carrying - women go on foot, goods carried on head
 - (3) 'Trade routes' - not variable
 - (4) Selling permitted only in market places ('open market')

(VI) Trading interest

- (a) A political interest
- (b) Articulation of the trading interest - sharing between king and officials
- (c) Non-competitive character of trade: regional monopolies, etc.
- (d) Institutionalized motivations

Chapter 43. Markets

(I) The role of the market in Dahoman life

- (a) A center for social life - ritual observances
- (b) Provisioning of the population
 - (1) Basic social dichotomy: market serves the people, redistribution serves the palace
 - (2) Prominence of perishables and cooked food in local markets
 - (3) Roadside hosteling for travelers
 - (4) Feeding of transients in Whydah
- (c) Disposal of household surplus
- (d) Division of labor and economic specialization
 - (1) Market provides livelihood for professional craft workers
 - (2) Market linked with basic division of labor between the sexes
- (e) Monetarisaton of status revenue
 - (1) Grant of resale privilege in local markets permits foreign trade goods to be converted into money
 - (2) Local markets an outlet for palace craft wares
- (f) Minor circulations: disposal of rations, gifts, etc.
 - (1) Palace women selling 'from their hoards'
 - (2) Priests selling offerings received at shrines
 - (3) Women slaves from royal plantations allowed to sell and buy in local markets
- (g) Distribution of purchasing power - market makes possible:
 - (1) Purchase of necessaries with money
 - (2) Payment of taxes and other obligations in money
 - (3) Individualisation of the proceeds of joint work
 - (4) Implementation of individual preferences
 - (5) Hoarding of currency

(II) Structure and mechanism of non-price-making markets

(a) Establishment and supervision of markets

- (1) Location
- (2) Entry
- (3) Policing
- (4) Direct supervision of sales of certain items
- (5) Market arrangement: separate place for each type of product
- (6) Collection of taxes on items sold - probably to facilitate supervision as well as collect revenue

(b) Price making

- (1) Retail prices
- (2) Wholesale prices
- (3) The retail span

(c) Balancing of supply and demand, by redistributive action

- (1) Redistributive action from the center with respect to resource allocation
- (2) Restricted character of demand
- (3) Adjustment of stock by habituation
- (4) Effect of guild regulations on supply
- (5) Price changes
- (6) Other possibilities - sweeping the market, etc.

(d) Supply of purchasing power

(III) Limitations on the market

(a) Institutional pricing: Local markets insulated against direct impact of price movements from outside

(b) Trade regulations: Communication between markets regulated by restrictions on carriers, and regional monopolies of trading and marketing assigned by the king

(c) Resource allocation: markets merely a distributive organization - do not govern resource allocation

(d) Livelihood: distributed by markets on terms governed by rules of law:

- (1) Price fixing
- (2) Absence of competition
- (3) Equalizing devices: taking turns in selling, etc.

Conclusions

(Printed in London)
The Bodley Head
VI. 18. 1955

Livelihood of Man

by Karl Polanyi

with the co-operation of Charles E. Silberman
and Rosemary Arnold

Author's Preface

The broad initiative taken by the author in his Great Transformation (1944) ~~x~~ is here to be continued, thus summing up the ^{endeavour} ~~results~~ of a lifetime.

'The Great Transformation' implied that ~~x~~ in order to gain a more realistic view of the place occupied by the economy in ~~human~~ society it is imperative that the study of ~~universal~~ economic history be ^{re-} ~~established~~ ^{broad} on conceptual foundations.

On the theoretical level ~~therefore~~ the attempt was made to develop terms for trade, money and market institutions that are applicable to societies of all times and places.

On the historical level two main case studies were to bring to life generalizations, by way of parallel and contrast.

Finally, on the policy level, ^{answers were to be} ~~an endeavour was made to~~ wrest ^{ed} from history ~~answers~~ to some of the burning moral and operational problems of our own age.

In the physical world the existence of this work is owing to the support of the Council for Research in the Social Sciences at Columbia University. A Project on the Origins of Economic Institutions was set up under the author's ^{Sole} direction from 1948 to 1953. Six months of this time were devoted to a study of the problem of cowrie currencies at the British Museum, when on leave in Fall 1949. From 1953 to 1955 ~~he had the benefit of~~ ^{the author} ~~ed~~ serving as Co-Director with Professor of Anthropology C.M. Arensberg on an Interdisciplinary

Project ~~at Columbia University~~ ^{to Columbia University} on the Economic Aspects of Institutional Growth, supported by a grant from the Ford Foundation, Behavioral Sciences Division.

Cooperation with ~~with~~ Charles E. Silberman and Rosemary Arnold, who worked as Research Associates on the ~~the~~ C.R.S.Sc. Project, was exceptionally close. While their help in the way of research was considerable, in the way of writing it was even greater. The chapters on ancient Greece were ~~written~~ ^{drafted} and ~~written~~ ^{redrafted} by Mr. Silberman, ~~based on~~ ^{who did} extensive research on secondary sources; those on Dahomey by Mrs. Arnold, who combed the contemporary authors and, of course, Melville Herskovits' classic, for evidence. Part II, Chapter ~~to~~ ⁷ ~~as it now stands,~~ ^{and} involving independent research, was altogether written by Mr. Silberman. Part III, Chapters 1 to 3, are from Mrs. Arnold's pen. The author is ~~deeply~~ ^{greatly} indebted to ~~them~~ ^{both of} ~~them~~ for numerous insights; ~~for~~ much felicitous phrasing; but perhaps most, ^{of all} ~~for~~ a patient wait for the fruition of an undertaking in which they had time and again ^{an important} ~~a vital~~ share.

Acknowledgements are due to Miss Roxane Eberlein whose dedicated help produced over the years the card index of the project; to George Woodard of Goddard College, Vermont, whose researches into the Old Testament data enriched the common pool; to Mrs. Laura Striker D. Phil. (Hist.) for generous assistance in the field of antiquity; finally, to M.I. Finley who kindly helped in checking the Greek references.

Karl Polanyi

New York

LIVELIHOOD OF MAN

Introduction

The purpose of this work is to reconsider the problem of human livelihood in the light of the secular perspective that opens before our generation.

At the time of the writing of this work it must appear as certain that in the coming years the institutional setting of human affairs will continue to undergo a far-reaching transformation. Even a blind balancing out of the forces - social, political, ideological and technological - which are already manifest must have this for an outcome. All the more so if, as we must hope, solutions are to be found for some of the perilous tensions in our civilization.

It now appears that the process of institutional change induced by the Industrial Revolution of the 18th century is far from having run its course. The approximation to a self-regulating system of markets, which revolutionized society in the first half of the 19th century, was no more than an initial adjustment to the coming of the machine. Vital though it was, and tremendously successful in spite of grave transitional suffering, this adaptation was neither complete nor final. Eventually, recurrent mass unemployment, insecurity of individual livelihood, and the waste of the business cycle, together with the accompaniments of ceaseless change, especially in the underdeveloped areas of the world made the process of industrialization into a burden almost too great borne. What seemed everywhere the growth of a nationalistic

spirit was in reality no else than the natural tendency of self-protection against the uncontrolled social dislocation caused by the new economy.

Thus, in our own time, another period of transformation set in. The breakdown in the wake of the Great Depression of the most comprehensive of all market institutions, the Gold Standard, ^{ushered in} the end of the market utopia. Roughly similar innovations were introduced under politically very different regimes in the industrially advanced countries of the West. Full employment at home, regulated trading abroad, a controlled development of the national resources, were the new postulates. Nothing less than a shift of the place occupied by the economy in society as a whole was involved.

The perils of the transition are as formidable as they were a hundred years ago, when the common people of England very nearly succumbed to the impact of the factory system. In the industrially integrated countries pressure towards an enforced intellectual conformity of the individual is becoming manifest. And the competing social forms of livelihood are catalyzing the clash of the Great Powers, while the danger of a conflict between them has been scaled up to a hitherto unknown level by the invention of atomic weapons.

It falls to the social scientist to improve the intellectual equipment of the human race in this struggle for survival. But at this point he is met with a basic paradox. Precisely because it developed a self-regulating system of

markets, on which the rest of organized life in society depended, the nineteenth century lost all sense of orientation in regard to things economic. Having centered its existence in the economy, it found itself incapable of relating the economy to the rest of existence. Instead, the economy became the standard by which reason and justice themselves were judged. Eventually, the meaning of progress was narrowed down to the point where the whole course of history seemed a mere introduction to some of the favorite practices of 19th-century business life. The more our knowledge of the past grew, the less were we able to interpret its message.

In thinking of the past, time-bound prejudices befog our outlook. We are particularly apt to misjudge the economic events of early history. First, in regard to their sequence; secondly, as to the facts themselves.

As to sequence it is mere prejudice to assume that in any development the smaller sized specimen necessarily precedes the larger sized one. Actually, this is no more than an uncritical extension of the laws of organic evolution. Trade over the longest distances generally preceded that over a shorter distance, just as the farthest colonies were usually founded first and vast empires came earlier in history than smaller kingdoms. A similar mistake is to regard phenomena such as credit and finance as necessarily 'late' developments, only because in the brief perspective of the last few centuries, they happen to have followed upon the emergence of the modern

market system. This particular fallacy was epitomised in one of the more popular 'stages' theories, which insisted upon the sequence: natural economy, money economy, and credit economy as a supposed law of development. As a matter of fact, debts and obligations are primitive phenomena, which antedate the existence of markets, just as the storage economies of antiquity offer instances of financial planning and accountancy, long before the use of means of exchange was practiced. This bias towards small and simple beginnings, is, of course, only a corollary of the postulate of gradual growth, which dominated 19th-century thinking. Yet the continuity implied in organic processes is only one mode of happening, alongside of which run the inherent discontinuities of development (the total process being a conjuncture of the two). This predilection for continuity, from which 19th-century historiography suffered, made us often misread not only the sequence of the facts, but also the facts themselves. For, alongside of, and often in sharp contrast to continuous growth from small beginnings, there is also an ~~utterly~~ different pattern of change, that of discontinuous development from previously unconnected elements. The field in which this phenomenon of a sudden change occurs, is the group and its environment, under definite conditions. Admittedly, circumstances largely determine what ideas and concepts may gain currency at a time with the members of the group. But, once disseminated, these ideas and concepts make almost instantaneous change possible, since the patterns of

individual behavior can now fall into line with the new general pattern formed by those ideas and concepts: thus all elements of behavior link up in a new complex whole. The so-called idealistic and materialistic approaches to history appear in this light not as opposites but rather as pertaining to two different phases in the total process. The idealist expresses, although in a mystificatory form, the fact that human thoughts and ideas play a part in development. The materialist stresses that objective factors condition the spread of thoughts and ideas, which are not, therefore, as the idealists assumed, merely determined by an abstract dialectic. One-sided evolutionism obscured some aspects of economic development that are vital to men in this present phase of transition. The dogma of continuity must, in the last resort, weaken men's powers of shaping his own history. The discounting of the role of deliberate change in human institutions enfeebles his reliance on the forces of the mind and spirit, and a mystic belief in the wisdom of unconscious growth deprives him of his confidence in his powers to re-embodify the ideals of justice, law and freedom in his changing institutions.

The scholar's endeavor must be, firstly, to give clarity and precision to our concepts so that we be enabled to formulate the problems of livelihood in terms fitted as closely as possible to the actual features of the situation in which we operate; secondly, to widen the range of principles and policies at our disposal through a study of the methods by which civilizations of the past successfully engineered their great transitions.

Accordingly, the theoretical task consists in establishing the study of man's livelihood on broad institutional and historical foundations. The method to be used is given by the interdependence of thought and experience. Terms and definitions constructed without reference to factual data are hollow; while a mere collecting of facts without a readjustment of our perspective is barren. To break this vicious circle, conceptual and empirical research must be carried forward pari passu. Our efforts shall be sustained by the awareness that there are no short cuts on this trail of inquiry.

To contribute to such a new approach to the questions of the human economy is the aim of this book.

LIVELIHOOD OF MAN

Introduction

The purpose of this work is to reconsider the problem of human livelihood in the light of the secular perspective that opens before our generation.

At the time of the writing of this book it must appear as certain that in the coming years the institutional setting of human affairs will continue to undergo a far-reaching transformation. Even a blind balancing out of the forces - social, political, ideological and technological - which are already manifest must have this for an outcome. All the more so if, as it must be hoped, solutions are to be found for some of the perilous tensions in our civilization.

It now appears that the process of institutional change induced by the Industrial Revolution of the 18th century is far from having run its course. The approximation to a self-regulating system of markets, which revolutionized society in the first half of the 19th century, was no more, it seems, than an initial adjustment to the coming of the machine. Vital though it was, and tremendously successful in spite of grave transitional suffering, this adaptation was neither complete nor final. Ever increasing mass unemployment, insecurity of livelihood, and the waste of the business cycle, together with the other accompaniments of social dislocation, especially in

the underdeveloped areas of the world made the process of industrialization into a burden almost too great to be borne. The growth of a nationalistic spirit, which appeared to contemporaries as a senseless upsurge of atavistic instincts was in reality no else than a manifestation of a universal tendency of self-protection against the uncontrolled forces set in motion by the new economy. .

Thus, in our own time, another period of transformation set in. The breakdown, in the wake of the Great Depression, of the most ambitious of all market institutions, the Gold Standard, ushered in the end of the market utopia. Similar innovations were now introduced under politically very different regimes in the industrially advanced countries of the West. Regular employment for all, regulated trading abroad, purposeful development of national resources were the new postulates. Social security demanded high taxation; between them they caused the undiluted incentives of profit for the owner and fear of hunger for the worker to be replaced by the mixed motives of status, income, team work and a creative role in industry. Nothing less than a shift of the place occupied by the economy in society as a whole was involved.

The perils of the transition are as formidable as they were a hundred years ago, when the common people of England very nearly succumbed to the impact of the factory system. In the industrially integrated countries pressure towards spiritual conformity of the individual is becoming manifest. And the competing social forms of livelihood are

analysing the clash of the Great Powers, while the dangers of a conflict between them have been scaled up to a hitherto unknown level by the invention of atomic weapons.

It falls to the social scientist to improve the intellectual equipment of the human race in this struggle for survival. However, he meets with a basic paradox. Precisely because it developed a self-regulating system of markets, on which the rest of organized life in society depended, the nineteenth century lost all sense of orientation in regard to things economic. Having centered its existence in the economy, it found itself incapable of relating the economy to the rest of existence. Instead, the economy became the standard by which reason, ^{freedom} and justice themselves were judged. Eventually, the meaning of progress was narrowed down to the point where the whole course of human history seemed a mere introduction to some of the business practices of 19th century market life.

The history of trade, money and market institutions suffered most from this individualistic and exchange-minded outlook. Under the dominance of the market, trade is no more than a function of the market, and money merely a means of facilitating trade. So trade and money appear as adjuncts of the market. Yet actually some forms of trade and various money uses gain great importance in economic life independently of, and precedent to, markets. And even where market elements are present, these do not necessarily involve the existence of a supply-demand-price mechanism. Prices are originally set by tradition or authority and their alteration, when it occurs, is again brought about by institutional, not by market methods. Contrary to all current assumptions, the origin

of fluctuating prices, not of fixed prices is the problem for the historian of antiquity.

The notion that individual acts of exchange were at the root of trade, money, and even of market institutions is hardly tenable. Foreign trade, as a rule, preceded domestic trade, the exchange use of money originated in the foreign trade sphere, and organized markets were developed first in external trade, and in all three cases action was more of the collective than of the individual kind. In the light of these recognitions it stands to question how, in the absence of price-making markets were trade, money and market elements integrated in the economy?

Such problems were left outside the scope of inquiry by the traditional assumption of the inseparable unity of trade, money and markets. Where trade was seen, markets were assumed, and where money was in evidence trade was assumed and, therefore, markets. In point of fact, over the greater part of economic history trade, the various money uses and market elements should be regarded as occurring separately. But how does an economy function, unless trade becomes market trade and money becomes exchange-money? How, for instance, can money objects be in use for payment, other money objects be in use as a 'standard', while no exchange of any appreciable amount is carried on? Even more searching questions arise in regard to the large-scale functioning of trade and money in so-called primitive marketless economies, questions which could, of course, not even have been formulated as long as the existence of such conditions was ignored,

or their significance denied in the name of a dogmatic notion of progress.

We were thus apt to misjudge the general character of economic development both in regard to the sequence of facts and to the facts themselves.

It is mere prejudice to assume that in every development the smaller sized specimen was necessarily anterior to the larger sized one. To postulate such a sequence in history is no more than an uncritical extension of the law of organic evolution. Trade over the longest distances generally preceded that over a shorter distance, just as the farthest colonies were usually founded first and vast empires arose earlier in history than smaller kingdoms. A similar mistake is to regard phenomena such as credit and finance as 'late' developments, only because in the short perspective of the last few centuries, they happened to have come again into prominence following upon the emergence of the modern market system. This particular fallacy was epitomised in one of the more popular 'stages' theories, which insisted upon the sequence: 'natural economy, money economy, credit economy' as a supposed law of development. As a matter of fact, debts and obligations are primitive phenomena, which antedate the existence of markets, and the storage economies of antiquity practised large scale financial planning and accountancy long before the use of money as a means of exchange gained importance.

The predilection for continuity, from which 19th century historiography suffered made us often misread not only the sequence of the facts, but also the facts themselves. The continuity which

was taken to be implied in organic processes is only one mode of happening, alongside of which run the inherent discontinuities of development (the total process being a combination of the two). Besides continuous growth from small beginnings, there is also a very different pattern, that of discontinuous development from previously unconnected elements. The 'field' in which such sudden change as the emergence of a complex whole occurs, is the social group, under definite conditions. These broadly determine what ideas and concepts may gain currency with the members of a group and at what rate. But once disseminated, those ideas and concepts make possible change at an enormously accelerated rate, since the patterns of individual behaviour can now simply fall into line with the new general pattern preformed by those ideas and concepts. Formerly unconnected elements of behaviour thus link up directly in a new complex whole, without any transition. The so-called idealistic and materialistic approaches to history appear in this light not so much as opposites, but rather as pertaining to two different phases in the total process. The idealist expresses, although in a mystificatory form, the fact that human thoughts and ideas play a decisive part in the emergence of institutions and the turns of history. The materialist stresses that objective factors condition the spread of those thoughts and ideas, which are not, therefore, as the Hegelian idealists assumed, born from an abstract dialectic.

The history of man's society and of the place of the economy in it, is not an account of unconscious growth and organic continuity, as the evolutionists will have it. Such an approach

must needs obscure some aspects of economic development that are vital to men in this present phase of transition. For the dogma of organic continuity must, in the last resort, weaken man's powers of shaping his own history. The discounting of the role of deliberate change in human institutions must enfeeble his reliance on the forces of the mind and spirit, just as a mystic belief in the wisdom of unconscious growth must sap his confidence in his powers to re-embody the ideals of justice, law and freedom in his changing institutions.

The scholar's endeavour must be, firstly, to give clarity and precision to our concepts so that we be enabled to formulate the problems of livelihood in terms fitted as closely as possible to the actual features of the situation in which we operate; secondly, to widen the range of principles and policies at our disposal through a study of the shifting place of the economy in human society and the methods by which civilizations of the past successfully engineered their great transitions.

Accordingly, the theoretical task consists in establishing the study of man's livelihood on broad institutional and historical foundations. The method to be used is given by the interdependence of thought and experience. Terms and definitions constructed without reference to factual data are hollow; while a mere collecting of facts without a readjustment of our perspective is barren. To break this vicious circle, conceptual and empirical research must be carried forward pari passu. Our efforts shall be sustained by the awareness that there are no short cuts on this trail of inquiry.

To contribute to such an approach to the questions of the human economy is the aim of this book.

To be lashed at

LIVELIHOOD OF MAN

by Karl Polanyi

The purport of this work is to make universal economic history the starting point of a comprehensive reconsideration of the problem of human livelihood.

Thus the initiative which was taken a decade ago in The Great Transformation is here to be followed up.

The Great Transformation implied that in order to gain a more realistic view of the place occupied by the economy in human society it is necessary that general economic history be re-established on broad conceptual foundations.

More than five years of systematic inquiry, endowed by the Columbia Council for Research in the Social Sciences, have been spent in that effort. The outcome is the present work entitled Livelihood of Man.

On the theoretical level the attempt is made to develop concepts of trade, money and market institutions applicable to all types of societies.

On the historical level case studies are intended to

bring to life our generalizations by way of parallel and contrast.

On the policy level history should be made to yield answers to some of the burning moral and operational problems of our own age. ✕

What is the world of thought like upon which we are here inviting the reader to enter? And how are the facts, the concepts, the arguments and the perspectives to be presented?

Theory, history and policy

The use of the term 'economic' is bedeviled by ambiguities. Economic theory has invested it with a time-bound connotation that renders it ineffective outside the narrow confines of our market dominated societies. Terms like supply, demand and price should be made replaceable by wider terms such as resources, requirements and equivalencies. The historian should thus be enabled to compare the economic institutions of different periods and regions without running the danger of foisting upon the bare facts the market shape of things.

Once out of the rubber cell of self-defeating notions, we can come to grips with realities. In our market-organized economies trade and money appear to us as mere functions of the market, which up to a point they here are. Yet such an

appearance, if generalized, must falsify the facts of the past. Foreign trade and some money uses are as old as mankind, while price-making markets are a comparatively recent innovation. Such insights may seem at first of limited scope. Still, they may force upon us no less than a reappraisal of the time scale of Eurasian civilization. Since the discovery, in 1902, of Hammurabi's Code of Laws, engraved on an obsidian stele, the all-out commercial character of Babylonian society was taken for granted. The admittedly high level of trading activities and use of money for payment, and as a standard was looked upon as evidence of commerce and flourishing markets. The origins of our commercial civilization now seemed to reach back to the very beginnings of recorded history. Yet trade and money uses, as we just said, need not imply markets and, as recent archaeological findings reveal, market places were actually absent in the whole area. Not Babylon, but maybe Athens will have in future to be credited with the possession of the first important city market. The historiography of market trade appears, then, to be shifting by not less than a millennium, in time and by several degrees of longitude, in space.

The crucial policy slant comes home to us as the earlier millennia of human problems pass in review. What to our generation seem unique and fateful cross-roads -- freedom versus bureaucracy, planning versus market methods -- are then recognized as merely topical versions of recurrent human situations. To harmonize the personal initiative of the trader

with governmental direction of trade was an aim pursued by Assyrian rulers as early as the beginning of the second millennium B.C. And successfully too, judging by the ingenious devices by which their methods of colonial trading safeguarded the freedom of the individual trader. The so-called 'Cappadocian' trading colony which we have here in mind lacked price making markets, and practiced a riskless type of business under fixed prices, the traders' profit being made on commission fees. Yet the safeguards of the rule of law and of the trader's personal liberty were striking. Similarly, ways were found to reconcile economic planning with the requirements of markets in communities as different as democratic Attica of the fifth century B.C. and the pre-literate Negro Empire of West Africa, more than two thousand years later.

Although in terms of livelihood our modern world may be even younger than we thought, the great problems of the human race -- freedom and centralization, initiative and planning -- certainly bear more lasting features than we believed to be possible.

Structure and Content of the Work

The argument of the book is developed as a comprehensive attack on that chief obstacle of economic research, the economic fallacy. It consists in a false identification of the human economy with its market form. The mainstay of this

habit of thought is to regard trade, money and market institutions as an inseparable unit. It is in the course of such a sustained argument that the data concerning trade, money and markets are marshalled: In Part I, conceptually and institutionally; in Parts II and III, historically.

Part I elaborates the problem and perspective of the work; the historian's role in fitting our minds to the tasks of an atomic age; physical survival and personal freedom as the central concerns of the next stage of our technological civilization; the dangers of a rigid adherence to a onesided economic outlook; the two root meanings of economic; the separate and independent origins of trade and money institutions; the varying ways in which the place occupied by the economy in society has shifted in the past; how rationality and freedom were sustained. The data supplied by anthropological and historical research are here interspersed in the general text. This holds especially for our reinterpretation of Babylonian and Assyrian trading and monetary institutions with its farreaching consequences for the subsequent appraisal of the economy of ancient Greece.

Parts II and III form the bulk of the book. In the instances of classical Greece and eighteenth century native Dahomey the argument is highlighted, the evidence discussed, and a vista opened that should, it is hoped, prove creative in its implications for progress and freedom.

The centre of the scene is occupied by the Attican polis

economy. Was it administered or competitive? Was it bureaucratic or free? And, if these alternatives are not applicable, how then were these opposites reconciled?

Dahomey enlarges this approach. Even non-literate societies, as it shows, faced up to those major alternatives common to all forms of human livelihood.

The conclusions of the work, explicit and implicit in the argument, spring from a sifting of the evidence in the light of a reasonably hopeful perspective.

Approximately 200,000 words.

6/12/54
KARL POLANYI : LIVELIHOOD OF MAN

pp 2-3

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On the policy level, history should be made to yield answers to some of the burning moral and operational problems of our own age.

What is the world of thought like that we are here invited to enter? And how are the facts, concepts, arguments and perspectives presented?

A. Theory, history and policy

The use of the term 'economic' is bedevilled by ambiguities. Economic theory has invested it with a time-bound connotation that renders it ineffective outside the narrow confines of our market

dominated economies. Words like supply, demand and price should be made replaceable by wider terms such as resources, requirements and equivalencies. The historian will then be enabled to compare the economic institutions of different periods and regions without running the danger of foisting upon the bare facts the market shape of things.

Once out of the rubber cell of self-defeating notions, we can come to grips with historical realities. In our market-organized economies trade and money seem to be mere functions of the market. But this falsifies the facts of the past. Foreign trade and some money uses are as old as mankind, while price-making markets are a comparatively recent innovation. Such insights seem to be of limited scope. Yet they may lead to a reappraisal of the economic development of Eurasian civilization. Since the discovery, in 1902, of Hammurabi's Code of Laws, engraved on an obsidian stele, the all-out commercial character of Babylonian society was taken for granted. High level of trading activities and use of money for payment, and as a standard was looked upon as evidence of commerce and flourishing markets. The origins of a commercial civilization now seemed to reach back to the very beginnings of recorded history. Yet trade and money uses, as we said, need not imply markets and, as more recent archaeological findings reveal, market places were actually absent. No Babylon, but maybe Athens will have in future to be credited with the possession of the first important city market. The axis of the historiography of market trade appears, then, to be shifting by more than a millennium in time, and by several degrees of longitude in space.

The crucial policy slant comes home to us as the earlier

millennia of human problems pass in review. [What to our generation appear as unique cross-roads - freedom versus bureaucracy, planning versus market methods - will then be recognized as topical versions of recurrent human alternatives.] To harmonize the personal initiative of the trader and the governmental direction of trade was an aim pursued by Assyrian rulers as early as the beginning of the second millennium B.C., judging by the ingenious devices by which their methods of colonial trading attempted to safeguard the freedom of the individual trader. The so-called 'Cappadocian' trading colony, which we have here in mind, entirely lacked price making markets, and practiced a riskless type of business under fixed prices, the traders' profit being made on commission fees. Yet the success of early Assyria in achieving the trader's personal liberty was striking. Similarly, [ways were found to reconcile economic planning with the requirements of markets in communities as different as democratic Attica of the fifth century B.C. and the pre-literate Negro Empire of West Africa, more than two thousand years later.]

Although in terms of livelihood our modern world may be even younger than we thought, ^{Some} the great problems of the human race - freedom and centralization, initiative and planning - are certainly much older and bear more lasting features than we believed to be possible.]

B. Structure and Content.

The argument of the book is developed as one comprehensive attack on the chief obstacle of economic research, designated here as the economistic fallacy. It consists in a false identification of the human economy with its market form. The mainstay of this habit of thought is to regard trade, money and market institutions as an

inseparable unit. It is in the course of such a sustained argument that the data concerning trade, money and markets are marshalled: In Part I, conceptually and institutionally; in Part II, historically.

Part I elaborates the problem and perspective of the work; the historian's role in fitting our minds to the tasks of an atomic age; physical survival and personal freedom as the central concerns of the next stage of our technological civilization; the dangers of a rigid adherence to a onesided economic outlook; the two root meanings of economic; the separate and independent origins of trade and money institutions; the varying ways in which the place occupied by the economy in society has shifted in the past; how rationality and freedom were sustained.

In this Part I the data supplied by anthropological and historical research are interspersed in the general text. This holds also for our reinterpretation of Babylonian and Assyrian trading and monetary institutions with its farreaching consequences for the subsequent appraisal of ancient Greek economy.

Part II forms the bulk of the book. In the instances of classical Greece and eighteenth century native Dahomey the argument is highlighted, the evidence discussed, and a vista opened, convincing in detail and, as it is hoped, creative in its implications for progress and freedom.

The centre of the scene is occupied by the Attican polis economy. Was it administered or competitive? Was it bureaucratic or free? And, if these alternatives are not applicable, how then were those opposites reconciled?

Dahomey enlarges this approach. Even non-literate societies,

as it shows, faced up to those major alternatives common to all forms of human livelihood.

Chapter 3: The two meanings of economics.

~~Abstract: From the topic of rational action to capitalist economy.~~

Chapter 3.
I The logic of rational action
II Formal economics
III Economic analysis
IV Empirical economy
V Basic elements of the substantive economy

- (I) The logic of rational action
- (II) FORMAL ECONOMICS
- (III) Economic analysis ~~its derivation from formal~~
- (IV) ~~Economic~~ EMPIRICAL ECONOMY.
- (V) ~~Basic elements of the substantive economy~~

Chapter 4. Economic motives

- (I) Prestige motives
- (II) Collective behavior : *Determined by (a) ecological (b) technological (c) culture?*
- (III) Economic motives proper
 - (a) To labor for pay, irrespective of the social relations involved
 - (b) To make gain on exchange
 - (c) To do anything primarily for fear of having otherwise to go without the necessities of life
- (IV) Relative absence of economic motives proper in primitive society
 - (a) No individual starvation
 - (b) Work never done for payment alone
 - (c) No gain made on exchange
 - (d) Absence of an economic sphere as an integrative concept
 - (e) The integrative function of non-economic wealth and treasure concepts

(Excuse) (V) The approval of self-interest

- Calvin
- Hobbes
- Spinoza
- Locke
- Mandeville
- Hume
- Bentham
- Spencer
- Sumner

Chapter 5.

~~Basic elements of the substantive economy~~ (Embeddedness)

- (A) History:
- (I) *Satus* and *contractus* (Maize)
 - (II) Community and society (Toennies)
 - (III) *Verstehende Soziologie* (Max Weber)
 - (IV) Embedded transactions (Malinowski)
 - (V) Determinism

- (a) Ecological: Ritter, Forde
- (b) Historical: Marx
- (c) Cultural: M. Mead

Chapter 6. Debt and obligation

Chapter 4. Forms of integration and supporting structure patterns

- (I) Reciprocity
- (II) Redistribution
- (III) Exchange
- (IV) Dominant and subordinate forms of integration

Chapter 8. Operational devices

- (I) Census, accountancy and public administration
- (II) Weights and measures
- (III) Operational uses of money
- (IV) Auction
- (V) Devices of social organization

Chapter 9. Equivalencies

- (I) Their function, in general
 - (a) The establishment of the equivalency in principle
 - (b) The ascertaining of the equivalence in practice
- (II) Equivalencies in foreign trade
 - (a) Impracticability under archaic conditions of transactions involving regular long-distance carrying, unless treaty relations previously established
 - (b) Aim, in practice, to establish 1:1 equivalencies, extending the principle if necessary to 'rates' or 'proportions' of trade
 - (1) Trade-good units organized as a 'sorting' or 'package'
 - (2) 'One to one' trade terms altered to 'two to one,' etc.



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INTERDEPARTMENT MEMORANDUM



old BK

To _____

From _____

Subject _____

Polanyi

Livelihood
of
Man

Dec 1950.
(Superseded)