

## I. THE COMPETING THEORIES

This chapter reviews the literature on commodities, gifts and goods; its aim is to identify the competing theories by contrasting the approaches used by different theorists. It outlines the defining characteristics of Political Economy and Economics, and shows how the rise to dominance of Economics in 1870 involved a radical departure from the theoretical approach of Quesnay, Smith, Ricardo and Marx to the analysis of economic systems. It also argues that the Political Economy approach was taken over and developed, if somewhat unconsciously, by Morgan, Mauss and Lévi-Strauss, and other anthropological theorists.

The reason why the Economics approach rose to dominance in the 1870s is a problem for historians of thought and is beyond the scope of this book. Having identified the different approaches, the concern of the following chapters is to challenge the continued dominance of the Economics approach today.

### A. POLITICAL ECONOMY

#### 1. *The Theory of Commodities*

Because wealth assumes the form of an accumulation of commodities in European countries, an examination of the category commodity was the starting point for the early Political Economists. A commodity is defined as a socially desirable thing with a use-value and an exchange-value. The use-value of a commodity is an intrinsic property of a thing desired or discovered by society at different stages in its historical evolution. For example, as Marx (1867, p. 43 fn.) noted, "The property which the magnet

possesses of attracting iron, became of use only after by means of that property the polarity of the magnet had been discovered." 'Exchange-value' on the other hand is an extrinsic property, and is the defining characteristic of a commodity. 'Exchange-value' refers to the quantitative proportion in which use-values of one sort are exchanged for those of another sort.

These propositions were developed by Smith, Ricardo and Marx among others; but Marx's great advance over his predecessors was to see that exchange-value was an historically specific property of the commodity which presupposed certain social conditions for its existence.

Consider Smith for example. He argued that commodity exchange was the defining characteristic of people. "It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts" (1776, p. 12). Smith's analysis of the commodity form begins with the analysis of commodity exchange in a tribe of hunters and proceeds through what he considered to be the other three stages of mankind—the age of shepherds, the age of agriculture, and the age of commerce (see Meek, 1976, p. 117). Smith's analysis of that "early and rude state of society" was completely fanciful because it was based on the highly unreliable travellers' tales of the social life of the American Indians (see Meek, 1976, Ch. 4). Smith (1776, pp. 13–14) argued that in a tribe of hunters

a particular person makes bows and arrows . . . with more readiness and dexterity than any other. He frequently exchanges them for cattle or for venison with his companions; and he finds at last that he can in this manner get more cattle and venison than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of armourer.

But as an anthropologist has recently pointed out, "Smith was wrong on this point . . . the modern anthropologist cannot fathom a man dextrous in manufacturing bows giving up cattle in a cattle society, one where ritual values and status are connected with cattle, merely in order to make bows" (Steiner, 1957, p. 120).

A similar criticism can be made of Ricardo. Not only did he believe that commodity exchange was universal, he also believed that humanity was divided into three classes: the "proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated" (1817, preface). What distinguished the different

stages of society for him was the proportion allotted to each of these classes "under the names of rent, profit, and wages".

Marx's approach was different. He criticised Ricardo for making

the primitive hunter and the primitive fisher straightway, as owners of commodities, exchange fish and game in the proportion in which labour-time is incorporated in these exchange-values. On this occasion he commits the anachronism of making these men apply to the calculation, so far as their implements have to be taken into account, the annuity tables in current use on the London Exchange in the year 1817. (1867, p. 81 fn. 1).

The argument that Marx developed in opposition to this was that

the exchange of commodities evolves originally not within primitive communities, but on their margins, on their borders, the few points where they come into contact with other communities. This is where barter begins and moves thence into the interior of the community, exerting a disintegrating influence upon it. (Marx, 1859, p. 50).

The proposition that commodity exchange begins on the boundaries of 'primitive' communities was, according to Engels, later verified by the anthropological data. In an editorial footnote to Volume III of *Capital* he commented that "after the extensive research ranging from Maurer to Morgan into the nature of primitive communities, it is an accepted fact that is hardly anywhere denied" (see Marx, 1894, p. 177).<sup>\*†</sup>

Building on this simple fact, Marx (1867, p. 91) was able to develop a very important proposition: that commodity exchange is an exchange of alienable things between transactors who are in a state of reciprocal independence. 'Alienation' is the transference of private property; this, as Marx (1867, p. 91) noted, "has no existence in a primitive society based on property in common". The corollary of this is that non-commodity (gift) exchange is an exchange of inalienable things between transactors who are in a state of reciprocal dependence. This proposition is only implicit in Marx's analysis but it is, as will be seen below, a precise definition of gift exchange. The distinction between a commodity economy and a non-commodity economy, then, is the first defining characteristic of the Political Economy approach.

\* This is not quite true. Whilst the data shows that commodity exchange is a subordinate and peripheral form of economic activity in clan-based societies, it says nothing about the origins of commodity exchange. See Sahlins (1972, Ch. 6).

† Marx made a careful study of this anthropological literature in the later years of his life but never wrote it up. See Krader (1972).

The second defining characteristic of the Political Economy approach is the importance attached to the analysis of the social control exercised over land and other important means of production as the key to understanding economic activity. Jones has stated this precisely. He argued that only an accurate knowledge of the "economical structure of nations" can provide the key to understanding economic activity. By the "economical structure" he meant "those relations between the different classes which are established in the first instance by the institution of property in the soil, and by the distribution of its surplus product". (Jones, 1859, p. 560).

This was the procedure followed by Quesnay, Smith, Ricardo and Marx among others; it was this method that gave their theories historic specificity. Quesnay, for example, who wrote in the mid-eighteenth century, distinguished three classes: the productive class, the class of proprietors, and the sterile class. The 'productive class' consisted of the farmers who did the work, and incurred the expenses, in bringing agricultural products to the market; the 'class of proprietors' included the sovereign, the owners of the land, and the tithe-owners who subsisted on the revenue or net product of cultivation; the 'sterile class' was composed of all the citizens engaged in providing other services, or doing work other than that of agriculture. This 'economical structure' captured the essence of the eighteenth century French economy. This is because manufacturing was 'sterile' in the sense that it was incapable of yielding any disposable surplus over necessary costs in terms of value (Meek, 1962, p. 381). Furthermore, there was no landless proletariat to speak of. However, by the time Marx came to analyse English capitalism over 100 years later, this 'economical structure' was inadequate for understanding commodity production. Marx captured the changed historical circumstances by removing the class of landed proprietors to a subordinate position, elevating the 'sterile' class to the status of 'productive', and by dividing the productive 'departments'—agriculture and industry—into the opposed classes of wage-labourers and capitalists. All of Marx's categories derive their meaning from these relationships and, like Quesnay's theories, they cease to apply when the historical circumstances render the 'economical structure' inappropriate. Thus, theories within Political Economy have a planned obsolescence.

A third defining characteristic of the Political Economy approach is the picture of production and consumption as a circular process. Quesnay (1759) was the first to develop this with his *tableau economique*; Marx (1893) elaborated the idea in his 'reproduction schemes'; and Sraffa (1960)

developed the idea even further with his *Production of Commodities by Means of Commodities*. These models all deal with the reproduction of things and they have served two quite distinct purposes: on the one hand they have been used to analyse the conditions of self-replacement; on the other they have been used to analyse growth and change. Sraffa, unlike Quesnay and Marx, used his model only for the purposes of the former, a procedure that will be adopted in this book.

Models of the reproduction of people were not developed by the classical economists. This was because, in the European economies which they studied, the reproduction of things was the predominant sphere. As Marx and Engels (1846, p. 28) noted,

The family, which to begin with is the only social relation, becomes later, when increased needs create new social relations and the increased population new needs, a subordinate one . . . and must be located and analysed according to the existing empirical data.

Engels was to return to this point forty years later and to verify the converse proposition with respect to non-European societies by an examination of the anthropological data and, in particular, Morgan's *Ancient Society* (1877). Engels (1884, p. 449) observed "the less the development of labour, and the more limited its volume of production and, therefore, the wealth of society, the more preponderatingly does the social order appear to be dominated by ties of sex".

A fourth defining characteristic of the Political Economy paradigm is the 'logical-historical' method of enquiry. Engels (1859, p. 98) has described this method in the following terms:

The criticism of economics . . . could . . . be exercised in two ways: historically or logically. Since in history, as in its literary reflection, development as a whole proceeds from the most simple to the most complex relations, the historical development of the literature of political economy provided a natural guiding thread with which criticism could link up and the economic categories as a whole would thereby appear in the same sequence as in the logical development. This form apparently has the advantage of greater clearness, since indeed it is the *actual* development that is followed, but as a matter of fact it would thereby at most become more popular. History often proceeds by jumps and zigzags and it would in this way have to be followed everywhere, whereby not only would much material of minor importance have to be incorporated but there would be much interruption of the chain of thought; furthermore, the history of economics could not be written without that of bourgeois society and this would make the task endless, since all preliminary work is lacking.

The logical method of treatment was, therefore, the only appropriate one. But this, as a matter of fact, is nothing else than the historical method, divested of its historical form and disturbing fortuities. The chain of thought must begin with the same thing that this history begins with and its further course will be nothing but the mirror-image of the historical course in abstract and theoretically consistent form, a corrected mirror-image but corrected according to laws furnished by the real course of history itself, in that each factor can be considered at its ripest point of development, in its classic form.

This method, as Meek (1967) has demonstrated, was used, in one form or another, by Quesnay, Smith, Ricardo and Marx among others. These authors also used the 'conjectural-historical' method which must not be confused with the logical-historical method. The former is a highly controversial theory of the evolution of society while the latter is merely a system of classification. For example a conjectural historian uses contemporary anthropological evidence to reconstruct the pre-history of Europe. This process necessarily involves the logical-historical method. However, logical history can also be used to classify categories as a prelude to the analysis of the impact of colonisation, a procedure which uses anthropological data in an altogether different way.

## 2. The Theory of Gifts

The theory of gifts, as developed by Morgan (1877), Mauss (1925) and Lévi-Strauss (1949) is a logical extension of the method of Political Economy to the analysis of anthropological data. Engels was one of the first to realise that Morgan's work was a development of the Political Economy approach, describing Morgan's *Ancient Society* (1877) as "one of the few epoch-making works of our time" (1884, p. 450). *Ancient Society* was an attempt to provide a theoretical account for the wealth of anthropological data Morgan collected and published in *Systems of Consanguinity and Affinity* (1871) and *League of the Iroquois* (1851). Morgan's books introduced European readers to facts of social organisation previously unknown or uncomprehended. Morgan was, as Fortes observed (1969, p. 8), a discoverer, "one not unworthy to be ranked with the discoverer of a new planet". His discoveries provided the empirical basis for the elaboration of the distinction between classes and clans. He did not develop a theory of the gift explicitly; it arose out of the subsequent researches that his work stimulated.

Whereas Smith, Ricardo and Marx were primarily concerned with the

clarification of relations between things and, in particular, the explanation of the phenomenon of prices, Morgan was primarily concerned with the clarification of relations between people and, in particular, the explanation of the phenomenon of kinship terms. While conducting fieldwork among the American Indians, Morgan found, to his amazement, that they used kinship terms in a 'classificatory' way. For example, a male called all the male members of his clan one generation above him 'father', those below him 'son', all the female members one generation above 'mother' etc. He then collected terms from 134 different family groups around the world and discovered that 'classificatory' kinship terms were a general feature of non-European societies. He distinguished these from 'descriptive' European kinship terms which tend to be more 'individualistic' in their identification of people, especially lineal blood relations. For example, the term 'father' is usually only applied to one person, the real father.

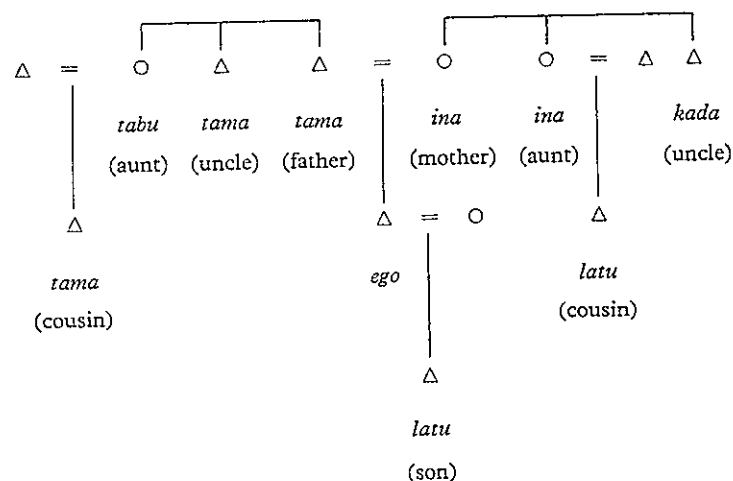


Fig. 1.1. Trobriand and English kinship terms compared. Key:  $\Delta$  male,  $\circ$  female, = marriage,  $\square$  siblings, | descent. Source: Malinowski, 1929, p. 435.

The distinction between 'descriptive' and 'classificatory' kinship systems becomes clearer when an actual empirical example, such as the one in Fig. 1.1, is considered. This shows the terms used for near relatives by Trobriand Islanders (PNG) and English speakers. It is clear from the way Trobriand Islanders use the terms *tama* and *latu* that there is an

indisputable empirical basis to Morgan's distinction. The term *tama*, for example, classifies my father, my father's brother, and my father's brother's son together. However, Morgan's conceptualisation of this difference between kinship terms, and his theoretical explanation for it, can be challenged. His argument (Morgan, 1877, p. 404) that classificatory systems result from plural marriages while descriptive kinship systems result from marriages between single pairs is no longer seriously entertained; his argument (Morgan, 1871, p. 490) that the rise of private property in Europe overthrew the classificatory system and led to the emergence of a descriptive system with clearly defined channels for transmission of estates can be neither refuted nor verified because the evidence is simply not available. However, the idea that kinship, property and systems of land tenure are somehow related was seminal. This point has been taken up and developed by contemporary theorists. Leach (1961b, p. 146), for example, has argued that a kinship system is "a way of thinking about rights and usages with respect to land".

Morgan's theory of 'gentile organisation' (i.e. clan-based societies) was an empirically-based theory of social organisation of a society without private property. Gentile organisation, Morgan observed (1877, p. 63), had an organic series:

first, the gens, a body of consanguineal having a common gentile name; second, the phratry, an assemblage of related gentes united in a higher association for certain common objects; third, the tribe, an assemblage of gentes, usually organised in phratries, all the members of which spoke the same dialect; and fourth, a confederacy of tribes, the members of which respectively spoke dialects of the same stock language. It resulted in a gentile society (*societas*), as distinguished from a political society or state (*civitas*).

In a *societas* all the important means of production, such as land, belong to the confederacy and the different units of social organisation have rights over the land which vary according to the position of the social unit in a hierarchy. For example members of a clan *x* of tribe *A* have different rights to the land they occupy than do members of clan *y* of tribe *A*. The clan is characterised by rights, privileges, and obligations conferred and imposed upon its members. Morgan gives a long list of these but the following are the most important: the obligation not to marry in the clan; mutual rights of inheritance of the property of deceased members; reciprocal obligations of help, defence and redress of injuries.

The next significant contribution to the distinction between class-based and clan-based societies was Marcel Mauss' *The Gift* (1925). Like Morgan's

theory, Mauss' theory arose out of a detailed comparative analysis of the extant anthropological data. However, by the 1920s much more reliable data had been collected, especially from the Pacific area. Mauss therefore had data from Papua New Guinea, the home of the classic gift economy. This country was not even colonised at the time that Morgan wrote.

Like Morgan, Mauss was concerned to contrast the European with the non-European economy; but whereas Morgan concentrated on the contrasts between the social and political structures, Mauss concentrated on the contrasts between the economic structures, in particular, the modes of exchanging things.

One of Mauss' aims was to debunk the prevailing orthodoxy among economists that economies of the PNG-type were 'natural' economies which produced for subsistence rather than exchange. After surveying a vast amount of historical and anthropological literature, he came to the conclusion that, "It appears that there has never existed, either in the past or in modern primitive societies, anything like a 'natural' economy". (Mauss, 1925, p. 3). He noted that "we see that a part of mankind, wealthy, hard-working and creating large surpluses, exchanges vast amounts in ways and for reasons other than those with which we are familiar from our own societies". He called this system of production and exchange a "gift economy" and found that it was widely distributed throughout the non-European parts of the world.

But in what sense is production for gift exchange unfamiliar? How does it differ from production for commodity exchange?

"We live in a society where there is a marked distinction between real and personal law, between things and persons", said Mauss (p. 46). "This distinction is fundamental; it is the very condition of part of our system of property, alienation and exchange. Yet it is foreign to the customs [in the non-European societies] we have been studying". In other words, in a class-based economy, where there is private property, a person has alienable rights over the things that he owns. This requires that a sharp distinction be drawn between a thing and its owner. But in a clan-based economy, where there is no private property, people do not have alienable rights over things. As a result "the objects are never completely separated from the men who exchange them" (p. 31).

The inalienability of things as gifts is a recurrent theme of Mauss' work (pp. 9-10, 18, 24, 31, 42, 112 etc). He showed that "the indissoluble bond of a thing with its original owner" is a feature of gift exchange systems from all over the world. And he noted that because of the inalienable nature of

the thing transmitted "the alliance contracted is not temporary, and the contracting parties are bound in perpetual interdependence" (p. 62). In other words, he argued that gift exchange is an exchange of inalienable things between persons who are in a state of reciprocal dependence.

It follows from these definitions of exchange that commodity exchange establishes a relationship between the objects exchanged, whereas gift exchange establishes a relationship between the subjects. In other words commodity exchange is a price-forming process, a system of purchase and sale. Gift exchange is not. As Mauss noted, "They replace our system of sale and purchase with one of gifts and return gifts" (p. 30). With gift exchange "It is wrong to speak . . . of alienation, for these things are loaned rather than sold and ceded" (p. 42). An inalienable thing that is given away must be returned. Thus a gift creates a debt that has to be repaid.

Cuq could still say in 1910: 'In primitive societies barter alone is found; in those advanced, direct sale is practised. Sale on credit characterises a higher stage of civilisation; it appears first in an indirect manner, a combination of sale and loan'. In fact the origin of credit is different. It is to be found in a range of customs neglected by lawyers and economists as uninteresting: namely the gift, which is a complex phenomenon especially in its ancient form of total prestation, which we are studying here. Now a gift necessarily implies the notion of credit. Economic evolution has not gone from barter to sale and from cash to credit. Barter arose from the system of gifts given and received on credit, simplified by drawing together the moments of time which had previously been distinct (pp. 34-35).

The gift economy, then, is a debt economy. The aim of a transactor in such an economy is to acquire as many gift-debtors as he possibly can and not to maximise profit, as it is in a commodity economy. What a gift transactor desires is the personal relationships that the exchange of gifts creates, and not the things themselves.

The problem that is most difficult for a European to understand is the obligation to give a thing as a gift. Mauss addressed himself to this problem and in his treatment of it he raises a number of significant issues. First, gift exchange is peculiar to clan-based societies and not class-based societies. Secondly, "charity wounds him who receives" (p. 63). In other words, gift-giving places the debtor in a subordinate position. Furthermore, "The person who cannot return a loan . . . loses his rank and even his status of a free man" (p. 41). Thus gift exchange is a means by which the relations of domination and control are established in a clan-based economy. It should be remembered, too, that a clan-based economy is relatively egalitarian in the sense that there does not exist one group of people who

live off the surplus product of another group of people. Of course clans may have a rigid hierarchical structure, with the chief's clan at the top. But, as Mauss notes, the exchange of things as gifts tends to be absent in such societies; it flourishes in those societies where there is an unstable clan hierarchy changeable from time to time (p. 91 fn. 68). This is precisely the situation one finds in most areas of Papua New Guinea today.

Another theme of Mauss' theory is the anthropomorphic quality of gifts. This property of gifts is an aspect of their inalienable nature. For example, speaking of an American Indian tribe, he noted that "The only domestic animal in these tribes is the dog. It is named according to the clan and cannot be sold. 'They are men like us' say the Kwakiutl" (p. 112). This is to be contrasted with Marx's theory of the 'fetishism' of commodities. 'Fetishism' refers to the reified nature of things as commodities and is an aspect of the alienability of a commodity (see Marx, 1867, pp. 76-87).

Mauss developed a "three stage theory" of the evolution of the gift economy. The first stage is the system of "total prestations" where two clans oppose each other and exchange "courtesies, entertainments, ritual, military assistance, *women, children*, dances and feasts" (Mauss, 1925, p. 3, emphasis added). An example is the hunting and gathering tribes of the Australian aborigines. Total prestation "constitutes the oldest economic system we know. It is the base from which gift-exchange arose" (p. 68). The gift economy, then, is the second stage. The third stage is the commodity economy. Central to Mauss' theory is the concept money, by which he meant any instrument of gift or commodity exchange; but money is not merely a physical thing, says Mauss (1914, p. 106), it is essentially a social relation. Mauss (1925, p. 94) argued that

At first it was found that certain things, most of them magical and precious, were by custom not destroyed, and these were endowed with the power to exchange . . . . In the second stage, mankind having succeeded in making things circulate within the tribe and far outside it found that these purchasing instruments could serve as a means to count wealth and make it circulate . . . . The third stage began in ancient Semitic societies which invented the means of *detaching* these precious things from groups and individuals and of making them permanent instruments of value measurement—universal, if not entirely rational—for lack of any better system. (emphasis added).

The next significant contribution to the theory of gifts was Lévi-Strauss' *The Elementary Structures of Kinship*. Whereas Mauss was primarily interested in the exchange of things as gifts and mentioned the exchange of people

as gifts only in passing, Lévi-Strauss made the latter the principal object of his analysis. He argued that women are the "supreme gift" (1949, p. 65) and that if we can understand the principles governing the exchange of women as gifts then we can understand the principles governing the exchange of things as gifts much better.

His principal contribution was to conceptualise marriage as a system of the gift exchange of women. This is how marriage is conceived of in European society. For example, in a Christian wedding ceremony it is the father who gives away the daughter, and not the mother who gives away the son. Marriage in European societies has limited economic significance and is usually ignored by economists. But "in primitive societies . . . marriage is of an entirely different importance, not erotic, but economic" (p. 30). In clan-based societies the exchange of women at marriage is, among other things, an exchange of productive labour between clans.

Lévi-Strauss distinguished between 'complex' exchange and 'elementary' exchange: the former refers to marriage in European-type societies, the latter to marriage in non-European societies. He defined 'elementary' structures as

those systems in which the nomenclature permits the immediate determination of the circle of kin and that of affines, that is, those systems which prescribe marriage with a certain type of relative, or, alternatively, those which, while defining all members of the society as relatives, divide them into two categories, viz., possible spouses and prohibited spouses. The term 'complex structures' is reserved for systems which limit themselves to defining the circle of relatives and leave the determination of the spouse to other mechanisms, economic or psychological". (p. xxiii).

This contrast may be seen as an attempt to develop Morgan's distinction between 'descriptive' and 'classificatory' kinship systems in terms of Mauss' theory of the gift.

Lévi-Strauss limited himself to a discussion of 'elementary' structures and within this category he distinguished between 'restricted' and 'generalised' exchange. He said

Generalised exchange establishes a system of operations conducted '*on credit*'. A surrenders a daughter or a sister to B, who surrenders one to C, who, in turn, will surrender one to A. This is its simplest formula. Consequently, generalised exchange always contains an element of trust . . . . There must be the confidence that the cycle will close again, and that after a period of time a woman will eventually be received in compensation for the woman initially surrendered. (p. 265, emphasis added).

Restricted exchange only involves two parties, *A* and *B*, who exchange classificatory daughters or sisters. Lévi-Strauss argued that restricted exchange is the original form of gift exchange, that generalised exchange is a more developed form of this, and finally that the gift exchange of things is a yet more developed form. 'Brideprice'\* is an intermediary form between the last two, "it is a process whereby the woman provided as a counterpart is replaced by a symbolical equivalent" (p. 470).

Lévi-Strauss' theory of the evolution of the gift economy revolves around the interpretation of the phenomenon of incest taboo. He said,

The prohibition of incest is less a rule prohibiting marriage with the mother, sister or daughter, than a rule obliging the mother, sister or daughter to be given to others. It is the supreme rule of the gift, and it is clearly this aspect, too often unrecognised, which allows its nature to be understood. (p. 481).

It was man's desire to maximise the length of the kinship distance between himself and his wife that caused society to progress through the different stages of society (Ch. XXVIII). For example, marriage with one's father's sister's daughter is better than marriage with one's sister, and marriage with one's mother's brother's daughter is better than marriage with one's father's sister's daughter from the point of view of kinship distance (1949, p. 452).

A number of important contributions to the theory of the gift have been made since Lévi-Strauss' *The Elementary Structures of Kinship* (1949) and it is useful to review these quickly.

With the publication of *Trade and Markets in the Early Empires* by Polanyi *et al.* (1957) the so-called substantivist school of economic anthropology emerged. Polanyi distinguished between the two meanings of economic, the 'substantive' and the 'formal'. "The latter" (i.e. neoclassical economics), he argued (1957, p. 243), "derives from logic, the former from fact". He set out to build a 'substantive' theory of economics from the historical and anthropological record. Perhaps the most significant advance made by this school is the theory of modes of exchange they have developed. Sahlins' *Stone Age Economics* (1972) contains the most mature version of this theory. One of the important points he made was

that the distinction between gift exchange and commodity exchange should not be seen as a bipolar opposition but rather as the extreme points of a continuum. The key variable in the movement from one extreme to the other is "kinship distance" (pp. 185-276): gift exchange tends to be between people who are relatives; as the kinship distance lengthens, and the transactors become strangers, commodity exchange emerges. This argument, which is based on a wealth of anthropological evidence, is a sophisticated restatement of Marx's distinction between commodity exchange and non-commodity exchange.

Another 'school' to emerge is the neo-marxist school.\* Important theoretical and empirical contributions have been made by its founders, Meillassoux (1960, 1964, 1975) and Godelier (1966, 1973). For example, Godelier, who has carried out many years' fieldwork among the Baruya of PNG, makes the simple—but profound—point that a single object may exchange as a gift within a tribal community and as a commodity outside it (1973, p. 128). In other words, he has shown how a single natural object (salt in the case of the Baruya) can assume different social forms depending upon the social context.

An important perceptual breakthrough was made by Baric (1964) in her analysis of the Rossel Island 'shell-money' system of PNG. She made the point that "it is impossible to speak of Rossel currency in terms of values ... 'ranks' rather than 'values' ... represent the picture of relationships more accurately" (p. 47). Bohannan (1959) made a similar point in his analysis of the Tiv gift economy of West Africa where he argued that a gift economy has multiple spheres of exchange while a commodity economy has only one sphere. This perception of the gift economy, which recognises that objects of gift exchange are ordinally related rather than cardinally related, enables the analyst to see the gift economy in its own right rather than by using inappropriate categories such as 'price', 'money', etc.

It is clear from the foregoing discussion of the theory of the gift and the theory of the commodity that while many divergent approaches exist, a common theme runs through it all. This common theme enables the identification of the Political Economy approach. There is a common method: concepts and distinctions are empirically based, being derived from the historical and anthropological facts; explanation involves explicating the logical history of a category. There is a common perceptual standpoint: the people/land relation is the central focus giving the concept

\* 'Bridewealth' is the preferred term nowadays. This is consistent with the conception of marriage as a gift exchange. As Dalton (1971, p. 193) notes, "To use the term 'brideprice' is to imply that payment at marriage is a market or commercial [i.e. commodity] transaction".

\* Copans and Seddon (1978) have produced a useful survey of this literature.

'clan' in the one case, 'class' in the other.\* The concepts, gifts and commodities, while different, are nevertheless complementary: the concept commodity, which presupposes reciprocal independence and alienability, is a mirror image of the concept gift, which presupposes reciprocal dependence and inalienability.

## B. ECONOMICS

### 1. *The Theory of Modern Goods*

Contemporary economists, by appropriating Smith and Ricardo as 'fathers', tend to blur the distinction between Political Economy and Economics. However, the people who launched Economics on its rise to dominance—Jevons, Walras and Menger—were well aware of the paradigm shift they set in motion. They realised that the new conceptual framework, method and perspective they were adopting were so radical as to warrant, not only a new set of economic terms, but a new name for the subject. The change from 'Political Economy' to 'Economics' epitomised this revolution.

In the 1860s, practitioners of the new approach realised that the term 'Political Economy' did not describe what they were doing and there was much discussion about the problem. Hearn (1863), for example, rejected the term for three reasons: first, its etymology involved an inconsistency as one part referred to the family and the other the state; secondly, to the extent that it referred to the management of affairs of state it was an art not a science; thirdly, and most importantly, the perspective of Political Economy was society and not the individual. Hearn (1863, p. 5) believed that the method of Political Economy which involved an inquiry into public or national wealth before the inquiry into the principles of private or individual wealth, was an "inversion of the natural arrangement". He suggested the word 'plutology' as an alternative. Jevons agreed completely with Hearn on principle but suggested the term 'Economics' instead. (Jevons, 1871, pp. xiv, 273). This term was adopted by Jevons' followers.

Jevons' book—mistitled *Theory of Political Economy* (1871)—was one of the first to lay down the principles of Economics in a clear and precise manner. He contrasted the historical perspective of Political

Economy—"the Science of the Evolution of Social Relations" (p. 20)—with the forward-looking perspective of Economics. He stressed that a principle of mind, which any true theory must take into account, was that of foresight. Things, he said, must be valued with a view to future utility, not past labour (p. 164).

Jevons (1871, p. 18) pointed out that the basic concepts of Economics are derived from subjective axioms which are known intuitively, and that the test of a theory is its ability to predict:

The science of economics . . . is in some degree peculiar, owing to the fact, pointed out by J. S. Mill and Cairnes, that its ultimate laws are known to us immediately by intuition, or, at any rate, they are furnished to us ready made by other mental or physical sciences. That every person will choose the greater apparent good; that human wants are more or less quickly satiated; that prolonged labour becomes more and more painful, are a few of the simple inductions on which we can proceed to reason deductively with great confidence. From these axioms we can deduce the laws of supply and demand, the laws of that difficult conception, value, and all the intricate results of commerce, so far as data are available. The final agreement of our inferences with *a posteriori* observations ratifies our method.

While Jevons' book contains a precise statement of the basic principles of the new approach, his work, like that of many others that followed, is replete with terminological confusions. As Wicksteed (1910, p. 2) was to note, "Adhesion to the traditional terminology [of Political Economy] has disguised the revolution that has taken place". Jevons argued for the term 'Economics' yet called his book "Theory of Political Economy", he used the term 'commodity' instead of 'good', and he confused use-value with utility. Menger (1871, p. 52) was more precise in his use of terminology.

Things that can be placed in a causal connection with the satisfaction of human needs we term *useful things*. If however, we both recognize this causal connection, and have the power actually to direct the useful things to the satisfaction of our needs, we call them *goods*.

However, he did not manage a complete terminological breakthrough and reserved the troublesome term 'commodities' to describe intermediate goods (Menger, 1871, p. 240). The terms 'utility', 'use-value' and 'exchange-value' caused him and subsequent writers endless confusion. Clark (1886, p. 74) realised that "utility is never identical to value, either in use or exchange"; but it was some time before this became common knowledge and the terminology of the theory of commodities fell into disuse.\*

\* This distinction, which is drawn very sharply here, is modified in the next chapter.

\* This terminological revolution is an excellent illustration of the philosophical proposition that "conceptual changes show up as changes in language" (Pearce and Maynard, 1973, p. x).



Along with the change from 'commodities' to 'goods', from 'logical history' to 'prediction', and from 'society' to 'the individual', there was a change from 'reproduction' to 'scarcity'. A fundamental distinction in Political Economy is the one between reproducible products, the quantity of which can be multiplied without limit by the expenditure of more labour, and scarce products. This distinction, which was drawn very precisely by Ricardo (1817, p. 12), was disputed by Walras. "There are no products that can be multiplied without limit" he argued (Walras, 1874, p. 399). "All things which form part of social wealth exist only in limited quantities". This view was generally accepted. The focus of economic analysis henceforth moved from the study of the social relations of reproduction to the study of individual choice. The economic problem was redefined as the problem of understanding how universal economic 'man' allocated his scarce resources among his competing, and unlimited, wants.

The Economics approach is the dominant orthodoxy today. The advances made by Samuelson (1947) and Debreu (1959) have merely refined and developed the concepts introduced by Jevons and others; they have not altered the basic premises. As their axiomatic mathematical theories illustrate, the unexplained data of the Economics approach remain the subjective preferences of individuals; all the concepts used by contemporary Economists—'goods', 'marginal utility', 'marginal product' etc.—derive their meaning from these subjective data.

## 2. *The Theory of Traditional Goods*

Economic theory continued to be primarily concerned with the analysis of economic behaviour in European-type economies up until the Second World War. It was only after the war, as the political movements for decolonisation gathered force, and the cry for 'economic development' began to be heard, that attention turned to the analysis of the non-capitalist non-European economies. This immediately posed the theoretical problem of having to distinguish between different types of economic systems, and Economics responded to this challenge by, first, asserting its own universality and, secondly, by developing a theory of 'distortions' to explain the non-European economies.

The universal applicability of Economics was vigorously argued by Knight (1941) in his now famous review of Herskovits' *The Economic Life of Primitive Peoples* (1940). His defence was nothing more than a restatement of principles laid down by Jevons 70 years before:

The principles of economy are known intuitively; it is not possible to discriminate the economic character of behaviour by sense observation; and the anthropologist, or historian seeking to discover or validate economic laws by inductive investigation has embarked on a "wild goose chase". Economic principles cannot even be approximately verified—as those of mathematics can be, by counting and measuring. (Knight, 1941, p. 245).

This sparked off a debate that still rages in the anthropological journals (see Dalton, 1969; Gudeman, 1978), a debate that is, in essence, about Political Economy versus Economics.

The theory of 'distortions' is an attempt to account for the particular features of non-European economies in terms of a deviation from the 'Pareto optimum'. Individuals in a neoclassical world are assumed to maximise utility, subject to budget constraints. In the pure case—in effect the 'modern' goods case—this establishes an equality between the marginal rate of transformation in production and the marginal rate of substitution in consumption. If there is a 'factor market imperfection' (e.g. a wage differential between the rural and urban sectors), a 'trade imperfection' (e.g. monopoly power in trade), a 'consumption imperfection', or a 'product market' imperfection, then this equality will not hold (Bhagwati, 1971). Imperfections of this type, it is argued, are to be found in the non-European countries. Thus 'traditional' goods are produced with land, labour or capital that have zero or negative marginal products or are consumed by individuals whose marginal utility for a good is zero. These propositions, it should be noted, only have meaning within the Economics approach; they are totally meaningless from the perspective of Political Economy!

W. A. Lewis was one of the first to develop this line of approach. His classic article "Economic Development with Unlimited Supplies of Labour" (1954) is based on the assumption of unlimited supplies of labour. This he argued (1954, p. 141) "may be said to exist in those countries where population is so large relative to capital and natural resources, that there are large sectors of the economy where the marginal productivity of labour is negligible, zero, or even negative". Another premise of his theory was that capitalist sector wages are 30% or more above subsistence sector earnings (p. 150).

Another seminal paper was Jorgenson's "The Development of a Dual Economy" (1961). He adopted Lewis' wage distortion argument and argued that "output of the traditional or agricultural sector is a function of land and labour alone" (p. 311), i.e. that the marginal productivity of capital in agriculture does not even exist.

These theories emphasise distortions on the production side. Consumption side distortions have been introduced by theorists who have tried to explain the gift economy of PNG. Consider Einzig (1948, p. 16):

the intellectual standard [of gift transactors] is inferior and their mentality is totally different from ours. We are, so to say, not on the same wavelength. Their attitude towards money differs fundamentally from ours in many respects. Unless we duly appreciate this difference, we have no means of understanding primitive money.

Thus, according to Einzig, the psychological preferences of gift transactors are distorted. This argument can be interpreted in marginal utility terms, a line of approach taken by Stent and Webb (1975). A traditional PNG consumer, they argued, is on the bliss point of his indifference curve (1975, p. 524). They also argued that the marginal product of land in PNG may be negative.\*

The theory of traditional goods, and the distinction between traditional and modern goods on which it is based, is surrounded in terminological confusion. For example, the terms 'backward', 'rural', 'peasant-owned' and 'agriculture' are used as synonyms for 'traditional'; the terms 'advanced', 'urban', 'capitalistic' and 'industry' are used as synonyms for 'modern' (Dixit, 1973, p. 326). But these terms describe quite different forms of activity. For example a peasant/capitalist distinction is not necessarily identical to an agriculture/industry distinction, because some agricultural practices are capitalistic. This terminological confusion, unlike the terminological confusion that occurred in the early stages of the rise of the Economics approach, is not due to a revolutionary development in underlying concepts. Rather, it is due to a fundamental contradiction in the theory of goods: a good is a universal category, whereas the objects of analysis—actual economic systems—are transitory historical phenomena whose essence can only be grasped by historically specific categories such as 'gift' and 'commodity'.

\* This theory is discussed further in Chapter V.

## II. A FRAMEWORK OF ANALYSIS

Having identified the respective conceptual, perceptual and methodological bases of Political Economy and Economics from an examination of the various theories of gifts, commodities and goods, the task now is to develop the theory of gifts/commodities as a prelude to a critique of the theory of goods. Three stages in the development of the theory of gifts/commodities must be distinguished: first, the clarification of the general relations of production to consumption, distribution and exchange; secondly, the specification of the social data necessary for the definition of particular economic relations within this general framework; thirdly, an analysis of the consequences of different social data for distinguishing between different economic systems.

In this chapter only the first two of these three steps are attempted. Marx's distinction between 'productive consumption' and 'consumptive production' is the starting point for an analysis of the general relations of production to consumption, distribution and exchange. This distinction is developed in the light of the concept of reproduction used by Lévi-Strauss. In the second part of this chapter, Marx's concept of 'primitive accumulation', which defined the social data necessary for the definition of capitalism, is the starting point. Marx's discussion involves a distinction between class and non-class society and the aim is to develop the latter category using Morgan's theory of clans.

### A. THE GENERAL RELATION OF PRODUCTION TO CONSUMPTION, DISTRIBUTION AND EXCHANGE

#### 1. Marx and Lévi-Strauss on Reproduction

The term 'reproduction' is used here to refer to the conditions necessary for the self-replacement of both things and people. As it is a wholistic