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The Polanyi School of Anthropology on Money: An Economist's View Jacques Melitzⁱ

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Summary: This paper questions the popular anthropological assumption that all purpose money rules in the West today. Contrary to the followers of Karl Polanyi in anthropology, modern as well as primitive money is special purpose money. It is argued further that serious difficulties and confusions arise from indiscriminate use of the term money to refer both to (1) media of exchange and means of payment and (2) units of account. Lastly, the scholarship and perspicacity of the Polanyist verdicts about economists' views in the area of money is disputed

One source of ambiguity in the literature is the quest for a single, all-purpose definition of money that would include our own kind (and presumably Soviet money), as well as the welter of types in use in primitive and peasant economies differing widely in organization [Dalton 1965:280].

I think it misleading to suggest, as Jevons does [1875], that the attempt to define a class-name necessarily implies a neglect of the specific differences of the things contained in the class. Indeed, when he goes on to say that the many things which are or may be called money - "bullion, standard coin, convertible and inconvertible notes ... etc." - "require each its own definition," he apparently maintains the rather paradoxical position that it is logically correct to give definitions of a number of species, but logically erroneous to try to define their common genus [Sidgwick 1901 (1883):224, n. 1].

INTRODUCTION

MOST EVERYONE would agree that the institutions and habits of our world must not completely dominate our thinking about other social orders. This stricture is the basis of a current challenge to economic theory in the study of nearly every recorded society. The late Karl Polanyi argues (1957a:243-270) that economic theory imposes habits of thought that are detrimental in examining societies that, unlike our own, are not market-oriented and highly market-integrated (see also Polanyi 1944; Bohannan and Dalton 1965:1509; and Dalton 1968:xxviii-xxix). Thus far Polanyi's main success has been in anthropology, where he has rallied a vocal and energetic group to his banner. The major inroads of this group have been in the area of primitive money. I shall try to show that the Polanyists' monetary views are fairly insubstantial. My treatment of the Polanyist monetary stand will focus successively on (1) the distinction between contemporary and primitive money, (2) the general nature of money, and (3) the application of the monetary theory of economists to the study of primitive society.

THE DISTINCTION BETWEEN CONTEMPORARY AND PRIMITIVE MONEY

The Polanyist Position

Polanyi and his followers offer the seemingly innocuous, yet highly contestable, view that contemporary Western money is all-purpose, whereas primitive money is special-purpose (Polanyi 1957a:264-266; 1957b: 178-181; Dalton 1961: 12-13). All-purpose money performs all the functions traditionally cited in the undergraduate money and banking textbooks: (1) medium of change, (2) unit of account, (3) store value, and (4) standard of deferred payments.ⁱⁱ In addition, anthropologists regularly stress one extra monetary function relating basically to wife purchase and unilateral payments such as fines, tributes, compensations for wrongs: that of means of payment. This fifth function is clearly distinct from the more widely recognized one of medium of exchange.

On the basis of strict Polanyist definitions, which usually occur in discussing current Western money, a money is special purpose if it serves less than all five of the preceding functions. But the Polanyists

regularly stress a second meaning of special-purpose money, which often overshadows the first. According to this separate meaning a special-purpose money performs any of the monetary functions only in a very circumscribed way (Polanyi 1957a:264-266; Bohannon 1959: 124, 126; Bohannon and Dalton 1962:10- 12; Dalton 1965:260-261, 265-266). One apparent member of the Polanyist fold, centering on this second meaning, defines special-purpose money essentially as "confined to a particular circuit of exchange" (Nash 1964:6).ⁱⁱⁱ On either of the two preceding definitions, I shall argue, contrary to the Polanyists, contemporary Western money is special-purpose, not general-purpose, money.

In terms of the first definition, current Western money cannot be all-purpose, if only because of the presence of abstract units of account. Contemporary Western accounting units, such as the dollar and the franc, are arbitrary measures, like the foot or the quart, that cannot possibly coincide with any particular good. For example, the U.S. dollar is not the Federal Reserve note with a face value of \$1. Even if there were no such currency denomination, or this de-nomination sold for other goods with different accounting prices than \$1, the dollar still would be the U.S. unit of account. In arguing that "U.S. dollars are a single monetary instrument to perform all monetary uses," Dalton (1965:257-258) completely overlooks this point and confuses the U.S. accounting unit with specific U.S. goods.

In fact, George Dalton's whole argument for the all-purpose nature of current U.S. money in his well-known essay "Primitive Money" (1965) rests on the previous confusion. Thus in purporting to illustrate how a hypothetical \$20,000 payment for a house might serve every relevant monetary function (Dalton 1965:258 n.), he omits mention of \$20,000 of what. He might equally have argued that dogs' teeth in the Admiralty Islands during the early 1930s were all-purpose money because, as I understand (Herskovits 1952:255), at this time on the island every good was valued in dogs' teeth (as well as shell money), and therefore dogs' teeth, in one form or another, could perform every monetary function. Rather than merely dollars, Dalton ought to have considered checking accounts, currency notes, and the like, as such, in discussing money in the United States.

In regard to the performance of the remaining four monetary functions by current Western money goods, we must first consider the actual composition of these goods. During the last seven centuries of recorded thought, there has often been wide disagreement among serious economic thinkers over what constitutes the stock of money. At the moment, economists generally would term coin, paper currency, and demand deposits as money (apart from lesser items such as travelers' checks, postal money orders, cashiers' checks, and certified checks). But much debate continues over the inclusion of saving deposits, particularly those at commercial banks as opposed to other financial institutions. For this reason, (1) coin, paper currency, and demand deposits and (2) saving deposits ought to be treated separately.

There is no doubt that coin, paper currency, and checking accounts serve as means of payment and media of exchange in the West today. But the Polanyists are too quick to view these assets as standards of deferred payments and stores of value. First, as concerns the function of a standard of deferred payments, there is an unfortunate ambiguity in the term. Coin, paper currency, and demand deposits are effective means of meeting payment obligations on debts. But unlike the unit of account, they are not the unit in terms of which payment obligations are stated.

Even more problematic, however, is the supposed store of value function of the preceding Western money goods. Any asset, whether held for making payments or anything else, is a store of value. However, references to a store-of-value function of money clearly imply more, namely, that money is a particularly satisfactory means of storing wealth and, more significantly, is partly valued as such. But it is not plain that people hold coin, paper currency, and checking accounts, in any part, in order to store wealth rather than to obtain the services of media of exchange. Generally the value of any good as a means of storing wealth depends on the available substitutes. In contemporary Western society, if people behaved rationally, that is, if they tried to minimize the costs of achieving their chosen ends, there is one asset that necessarily would completely dominate coins, paper currency, and demand deposits as a tool for storing wealth: the savings deposit. This instrument offers equal security against a fall in (nominal) capital value, suffers no more under inflation, and has the extra merit of paying interest. Consequently, coins, paper currency, and checking accounts are not plainly stores of value today in the most relevant sense.

The savings deposit, however, though usually an important store of value, is not a medium of exchange, a means of payment, a standard of deferred payments (in either of the two preceding senses), or a unit of account. I conclude then that there is little merit in Polanyi's statement: "In modern society, the money employed as a means of exchange is endowed with the capacity of performing all the other functions as well" (1957b:178).

The second Polanyist definition, centering on the limited exercise of those monetary functions that are performed, opens up a whole new field of observations supporting special-purpose money in the West today. First, our coins are mainly limited to the payment of petty sums. Otherwise, they are too cumbersome to carry and too time-consuming to count (although increasingly important in operating vending machines). Our paper currency is also unsuitable for payments above moderate levels - say, not exceeding several hundred dollars in the United States - because of high vulnerability to uninsured theft and accidental loss. Also, all our currency, whether paper or coin, is inconvenient for mail payments. Personal checks, on the other hand, though suitable for large payments and transactions by mail, are very costly to use in penny transactions, and - most damaging of all - they are not generally accepted, especially from travelers.

We also accept some people's checks while we refuse others', buy certain goods with checks but never others. Furthermore, our money cannot buy some goods, such as political offices, children, and professorial chairs. There are also goods that money cannot buy in our society though money often is able to do so in primitive society and claims that our money will not settle though primitive money often can. Wives and slaves are examples of the first; the redress of willful injuries to life and limb (involving the tribal blood payment), of the second. Many crimes in our society cannot be settled through private compensations or public fines. Our barter sphere admittedly is confined. But it includes baby-sitter exchanges, car pools, trade-ins, exchanges of free services within professions, and commercial tenders of large varieties of goods in return for customer knowledge, allegiance, and good will. In the poorer segments of our society, embracing much of the juvenile world, the more traditional forms of barter are evident.

These points plainly damage the Polanyist view of the all-purpose character of our money. In our own as well as in other societies, "different objects are, as a rule, employed in different monetary uses" (Polanyi 1968a: 191). Our money, consisting mainly of checking accounts, is hardly "impersonal" or "anonymous," as Dalton says (1965:255, 262).^{iv} Broadly, as the reader can check, Polanyi's grounds for asserting that "in regard to monetary organization, Hammurabi's Babylonia . . . was typically 'primitive'" (1957b:188) clearly casts our money as primitive too.

One major conceptual basis for the neglect of the preceding special-purpose aspects of Western money today is probably aggregation. When we speak of money at present we refer to the aggregate of a heterogeneous bundle of goods valued in terms of a common unit of account. Naturally, this aggregate has more characteristics and serves more functions than any individual component. Similar aggregation is absent in primitive societies, though not necessarily always because it cannot be done.^v Yet even our contemporary money aggregates pre-suppose a unit of account; they do not provide one. Also, these aggregates often do not possess a meaningful store of value. This may hold even when saving deposits are included, because of rapid inflation. In general, the technique of aggregation (which is hardly foolproof anywhere) does not change the underlying monetary situation.

I conclude, therefore, that if the Polanyists ever had bothered to apply the same methods of investigation and criteria of definition to our society as they have to the Tiv and Trobriand Islanders, they could not have espoused their distinction between special-purpose and all-purpose money.^{vi}

Some Historical Aspects

The question remains whether Polanyi's references to all-purpose money are significant if we put aside his definitions, concentrating on the empirical part of his work. The relevant material regarding contemporary Western money is mainly to be found in his *Great Transformation* (1944). According to the sweeping thesis of this volume, all-purpose money was an essential ingredient in a great transformation that shook the

West during the nineteenth century. This transformation supposedly involved the first large-scale integration of economies through markets in the annals of human history. This would mean that Western money underwent some profound change around the turn of the nineteenth century. However, investigation shows that no central aspect of our money or monetary system clearly originated in the relevant period, say, 1776-1848. Thus, little sense can be made of Polanyi's all-purpose designation even if we focus on the historical part of his work.

Use of an *abstract* unit of account, one major aspect of our current monetary system (as generally understood), was known not only throughout modern Western history, but in antiquity, and even in primitive society (Einzig 1948:509-510, *passim*). The early development of abstract accounting units evidently stems from changes in the quality of individual types of goods over time. When a cow is adopted as the unit of account, not any old burro will do, and eventually not a single cow in existence may belong to the set bearing an exchange value of one in terms of the cow unit of account. In a similar way, a commodity unit of account consisting of gold of a certain degree of fineness and weight may, after some interval, cease to have any empirical counterparts. This factor of alteration in quality of goods underlies the evolution of modern abstract units of account, like the pound, the (independent) shilling, and the thaler (from which derives the dollar) (Feavearyear 1931:6-9; Polanyi 1957b:178).

Of course, token money, another major aspect of present-day money, is also of ancient lineage. In primitive societies, the reason for such monies may lie in contact with more advanced civilizations. Unquestionably, however, token monies of all sorts existed in antiquity, preceding coinage (Polanyi 1957b:176; Einzig 1948:409-410; Burns 1927:28-29), the modern variety of which stems, through a continuous line of diffusion, from the eastern Mediterranean world circa the seventh century B.C. (Einzig 1948:225-227; Burns 1927:39-43; Weber 1927:240-241).

Of later vintage than the coin is the token coin, a type of token money dating from the fifth- or sixth-century B.C. Greek practice of plating coins (Burns 1927:159-163, 464). This practice began as a deceitful form of taxation, otherwise known as debasement. But during the first three centuries of the Roman Empire, every form of coin debasement known to man today already was exploited, including, besides plating, curtailing the degree of fineness and weight and exaggerating the use of alloys (Burns 1927:164-170, 407-440, 461-462).^{vii} These practices, except plating, survived in the Middle Ages despite heavy recorded opposition following the thirteenth century. A related, much less offensive medieval practice was that of seignorage, involving an overt charge for coining over and above the full costs of production. In addition, at least from the thirteenth century forward, subsidiary token coin issues, composed of copper or a mixture of copper and silver (then known as vellon in Spain, billon in France), were steadily present. These subsidiary token coins were practically the sole medium of exchange for the great bulk of the population in parts of continental Europe for centuries, even as late as the eighteenth (Usher 1943:198, 203-204; Cippola 1956:27-37). Their importance can scarcely be exaggerated; at the time, the smallest silver and gold coins minted were often worth more than the daily income of skilled labor. Therefore, token money, in any shape or form, clearly has nothing to do with all-purpose money.

The essence of all-purpose money also cannot inhere in our paper money instruments. The saving deposit is traceable to antiquity. The recorded history of the check dates to late medieval Italy. The instrument evidently derives from a system of book transfers of debts (first documented in the thirteenth century) requiring the presence of all three relevant parties: the debtor, the payer (or previous creditor), and the payee (new creditor). The next stage in the evolution was the bill of exchange, permitting geographical transfers of debts, though still necessitating the presence of the debtor or his legal representative at the location of payment. The modern checking account, a sixteenth-century Italian development, emerged when an order to pay became negotiable in the absence of the debtor, or prior to his awareness of the identity of his new creditor (Usher 1943:3-8, 21-23, 90; DeRoover 1948:250-283).

Modern Western currency stems from a still more sophisticated outgrowth, though bearing earlier and totally different roots in ancient China (Quiggin 1949:248; Kann 1937:366-368). In the West, currency is the stepchild of the negotiable sight note, or the order to pay, payable by the debtor on sight to whomever presents it. (The ordinary check was payable only to the party designated by the creditor of record.) The early sight note, traceable to sixteenth-century Bruges and Antwerp (Usher 1943:99, 103),^{viii} bore the

signature of every person through whose hands the instrument had passed. The distinct feature of the subsequent currency note, already manifest in the seventeenth century and flourishing in some parts during the early decades of the eighteenth (Usher 1943:189-192; Lester 1939:37-160; Supple 1957:239-255), was the absence of all countersignatures.

The essence of all-purpose money is also difficult to find in the organizational features of our monetary system. Inconvertible currency, in strict form, is very late from the standpoint of Polanyi's historical thesis, emerging in the West during the 1930s. In more flexible form, the system has roots in the token money of antiquity. From the viewpoint of the moneyholder, there obviously may be little difference between a token coin and a paper denomination (compare Burns 1927:464).

Central banking, as an agent of governmental financing, harks back to the seventeenth century. As an institution with responsibility for monetary control, it is very recent, possibly dating from World War II and in many respects not fully operative as yet, if it can ever be.^x Thus on any relevant view, the timing of central banking does not support Polanyi's ideas about the nineteenth-century origins of all-purpose money. Organized social control over the quantity of money, the broader issue involved, may well be smaller today than it was, say, among the ancient Spartans, the ancient Egyptians, and many primitive societies.

In conclusion, the facts of modern monetary evolution in the West are basically opposed to the thesis that something unprecedented happened to our money during the nineteenth century. Hence Polanyist references to all-purpose money have meager practical import at best. Such references may be perhaps interpreted very modestly as affirming the vital significance of money transactions and the use of a common unit of account in the modern industrialized West since the nineteenth century, if not before. No doubt Polanyi and his following maintain that we could not have achieved the same degree of integration of our economy through markets without the use of a single, widespread unit of account and the monetization of practically the entire payments and exchange sphere. But this view, though possibly the basis for a distinction between the order of significance of money in modern and primitive society, cannot support any general distinction between modern and primitive money.^x Regarding this last sort of distinction, the Polanyists essentially make no headway. This is not to deny, however, their contributions to the study of some ancient and primitive monetary systems.

ON THE NATURE OF MONEY

Definitional questions are perennially in disrepute. But in regard to primitive money, the issue of the meaning of money is inefaceable. The Polanyists often imply a simple definition of money as anything that partly serves any of the five foregoing monetary functions. However, this last definitional criterion only suits them in the case of primitive money. In the area of modern money, they rebel against all definitional endeavor (Polanyi 1957b:175; Dalton 1965: 280-281). This nonconformity, which rests on complaints about the overly narrow definitions of past writers, does not help the understanding of their own general references to money. But on the definitional issue, Polanyi has bequeathed one important legacy to the group demanding serious attention: the idea of money as a symbol.

Money as a Symbol

According to Polanyi, "actual money... is merely a token of purchasing power," "a fiction" (1944:72), "no object is money *per se*" (1957b: 175). Further major statements are:

In truth, money is a system of symbols similar to language, writing, or weights and measures [1957b: 175].

From a formal angle, modern money, in contrast to primitive money, offers a striking resemblance to both language and writing. They all possess a uniform grammar. All three are organized in an

elaborate code of rules concerning the correct way of employing the symbols - and general rules applicable to all symbols [1957b:178].

Thus nineteenth-century money, employing exchange symbols for various other uses, appears an almost complete parallel to language and writing with its all-purpose sounds and signs [1957b:179; see also 1968a:194; 1966: 174, 281].

Dalton tries to accommodate these claims by distinguishing between money stuffs and abstract money (1965:254-281, esp. 278). But this mode of reconciliation fails in the light of Polanyi's idea that money stuffs, at least in the West today, are not money at all, but merely vehicles for conveying the idea of money.

Helen Codere deserves credit as the first to try to give meaningful content to Polanyi's view that money, in all its guises, is a symbol. Recognizing Dalton's previous departure, she says, though in somewhat unfelicitous language: "We forget that these amounts of money are abstract amounts of a symbolic substance" (1968:559). She may even be going beyond the master in imputing symbolism to primitive society wherever money is present. "All the 'money-stuffs' of the world," she asserts, "have a physical form: but whatever this is (and forms range from great stone wheels to gold and wood-pecker scalps) it is a symbol" (Codere 1968:560).

Codere reasons that any means of exchange symbolizes all the goods that it can purchase. Accordingly, the wider the exchange sphere, the more inclusive the money symbolism. But as she implicitly apprehends, this view only accommodates the monetary functions of medium of exchange and means of payment. Consequently, Codere also maintains, evidently with the unit of account in mind, that money as a symbolic system can interact with other symbolic systems, such as numbers and writing, thereby achieving higher generality and abstraction.

As opposed to Codere, I would argue in regard to the functions of medium of exchange and means of payment that all references to money symbolism can be expunged. It takes some "stuff" to pay a fine or a blood price, or to buy a cow. Whatever this stuff may symbolize, its commodity description adequately denotes the thing that performs the function of payment or meets the price. Of course, people's attitudes toward these stuffs may matter - sufficiently so to induce us to limit the term money to goods people view in a certain way. Yet there can be little harm in ascribing the label "money" to a properly circumscribed class of goods.

To say with Codere that money goods merely convey the idea of money because they represent all the goods that they can buy not only complicates the language but breeds misunderstanding. For example, the money-holder may be oblivious to scores of goods his money can buy. In the United States he may simply consider his Federal Reserve notes as money just as an early twentieth-century Tiv may have conceived of his brass rods as money, without regard to symbolism. When people do interpret money goods as symbols, the symbolism may differ from the sort Codere imagines. Thus, at best, her view reduces to the statement that media of exchange possibly can be conceived as symbolizing everything purchasable with them.^{xi}

The issue of symbolism inescapably arises in regard to money as traditionally understood, solely in connection with the unit of account. Such units ordinarily cannot properly be conceived as a good even if the name suggests some object. Many parts of Polanyi's work may be construed harmoniously. For example, his treatment of submonetary devices in Mycenae (1960:321-334) entirely centers on accounting practices permitting valuations of heterogeneous bundles of goods (for taxation purposes) without substantial calculation.^{xii} Further, his discussions of symbolic money abound with references to quantitativeness, arithmetical operations, and recording (1968a:191-193; 1957a:264-266; 1957b:176, 180-182), all of which can be understood only as pertaining to the accounting unit, inasmuch as counting, recording, and the like may be equally important under barter as money exchange. However, there is little conceivable merit to Polanyi's broad suggestion (quoted above) that the money symbol has a grammar and elaborate set of rules of its own. Clearly, the only grammar and rules relating to the unit of account

may be ones belonging to language, mathematics, and accounting, rather than to the accounting unit as such.

I conclude, therefore, in line with a long tradition predating the classical economists, that the only serviceable view of money as a symbol or abstraction concerns the unit of account. But I shall go further now, in opposition to Polanyi (1957b:180) and a host of ancient and modern writers (Einzig 1948: 321-322), to advocate restricting the term money to media of exchange and means of payment and letting the unit of account stand for itself.^{xiii}

Money and the Unit of Account

The association of money and the unit of account goes back to Aristotle, who in his *Nicomachean Ethics* (Bk. 5, Ch. 8) presented this unit as one of three major functions of money (in addition to the medium of exchange and the store of value). Thirteenth- and fourteenth-century Scholastic writers later heavily underscored the idea of money as a unit of account (Monroe 1923:20-21 and n. 1). This idea has remained with us ever since.

Adherence to the notion of an intrinsic link between money and the unit of account cannot be explained on the basis of contemporary experience. Thus, we may seem to associate money with the unit of account principally because of the current constancy of the accounting prices of money goods: witness the fact that fifty-cent pieces continually trade for other goods priced exactly fifty cents. But in fact, the tendency to associate money with the unit of account was equally strong in the last century when accounting prices of money goods often varied sizably from place to place (within political boundaries) and from time to time. In earlier centuries, accounting prices even differed from coin to coin of the same denomination (Usher 1943:196-198; Bloch 1954: 8, 26; Feavearyear 1931:405; Weber 1927: 242-243). There have been long periods in modern Western history when varying accounting units existed side by side. Between the Merovingian period and the sixteenth century, coins with names corresponding to the relevant units of account were mostly rare in Europe (Usher 1943:201-202, 205- 219; Bloch 1954:40, 44, 48-49; Cippola 1956:38-51; Einaudi 1937:259-268). Such factors clearly never even ruffled belief in a fundamental tie between the unit of account and media of exchange.

On examination, the idea of this fundamental link would seem to rest on an anthropological conjecture about the origin of units of account. This follows because the single most pervasive ground offered over the last two and a half centuries or more for the essential tie of money to the unit of account is that accounting units would be impossible under barter (Gregory 1933:601). A large proportion of current undergraduate money and banking textbooks still propagate this ill-conceived view.^{xiv} Acceptance has been widespread despite related sophisticated distinctions, even preceding Adam Smith, both between money goods and abstract and imaginary monetary units^{xv} and between accounting (nominal) and real prices.^{xvi} Of course, anthropological and classical evidence of units of account under barter is extensive (Polanyi 1957b:265; Einzig 1948:364-368); and on this ground alone, money, as a medium of exchange, cannot be required to provide a unit of account.

Those who recognize the last point still may wish to argue that there is no harm in letting money cover both units of account and media of exchange. Such language, however, easily can be shown to be conducive to grave misapprehension. As one instance reflecting a large category of cases, observe Raymond Firth's declaration: "Without money there is no simple means of reckoning prices" (1951:122). Because Firth is well aware of many simple means of reckoning prices under barter, he must be using money to mean the unit of account. Thus his assertion reduces to a tautology. A far more serious peril in the current terminology, exemplified in the following two quotations, is the tendency to skip from one of the two present meanings of money (as a medium of exchange) to the other (as a unit of account). The resulting elementary fallacies would hardly be possible with clearer language:

General-purpose money provides a common denominator among all the spheres, thus making the commodities within each expressible in terms of a single standard and hence immediately exchangeable [Bohannon 1959: 132].

The use of all-purpose money is a requisite for market-organized economy because all labor and resource ingredients as well as finished output must bear price tags expressed in the same money in order for buyers and sellers to transact them through the market exchange mechanism [Dalton 1961:13].^{xvii}

Contrary to the first statement, by Paul Bohannon, two goods do not become immediately exchangeable because their prices are stated in a common unit of account. Witness the examples of gold, marihuana, child abortion, and the White House in the United States - all are not ordinarily purchasable although bearing dollar values. Contrary to the second statement, by Dalton, goods easily may trade even when their prices are stated in different units - witness international trade. Both statements exhibit the tendency of adherence to the notion of all-purpose money to provoke mistakes.

Further Argument

The strongest argument, however, for restricting the term money to means of payment and media of exchange is conceptual. There are radically different and much simpler grounds for adopting a common accounting unit than a medium of exchange. Subordinately, there are also different grounds for a common unit of account and uniform means of payment.

Consider the example of four goods, A, B, C, and D, which are all interchangeable at one time and place. Each good then can be priced in terms of all three others, resulting in a total of three times four, or twelve possible price quotations. Suppose for the moment that all twelve prices are mutually consistent. In this case, any one of the four possible sets of prices in terms of a single good would yield the same information as the sum of all four sets, or all twelve prices together. For example, if we knew the prices of B, C, and D in terms of A (P_{ba} , P_{ca} , P_{da}), the price of A in terms of B (P_{ab}) would be the reciprocal of the price of B in terms of A (P_{ba}); the price of B in terms of C would be the price of B in terms of A divided by the price of C in terms of A ($P_{bc} = P_{ba}/P_{ca}$); and thus all twelve prices would follow. One advantage of a common unit of account, hence, is an economy in price quotations.

However, it might be argued that quoting all twelve prices would be preferable to doing all the necessary divisions to obtain the twelve exchange ratios from information about three of the prices alone. This seeming objection points to some further benefits of a standard unit of account.

If prices are stated in terms of different units of account, the exchange ratio between two goods in terms of one accounting unit may differ from the ratio between the same two goods in terms of another unit. For example, if P_{db} is quoted as well as P_d and P_{ba} , P_{db} may fail to equal P_{da}/P_{ba} . Then, as the reader can check, it would be possible to transform any of the four goods into more of the same good through an appropriate series of trades. Such private gains, however, obviously would be at the expense of the other social members, because our four-goods example offers no basis for services of wholesaling and retailing. Thus, a second advantage of a common unit of account is the prevention of the preceding socially unintended redistribution of goods.

Furthermore, if conditions permitted the relevant price inconsistencies, one would need to know the inconsistencies in order to exploit them or, as well, in order to avoid being cheated by them. Even with only four goods in the market, this entails a bit of computation, as there are then twelve possible price quotations, any of which may be inconsistent with the rest. If any inconsistencies are uncovered, moreover, further computational effort is necessary in order to decide how best to deal with them. It follows that a common unit of account may well diminish total computational effort rather than the opposite, as suggested above.

The case for a common unit of account, consequently, is strong even under very primitive conditions. Besides the fact that the preceding argument involves only four goods, it would hold for only two traders and is independent of market distances.^{xviii}

The conditions for a medium of exchange are much more exacting and complex. Such a medium, of course, implies significant customary trade of goods for money, M, and M for other goods, in order to convert nonmoney goods. What is the ground for the intermediary, M? The answer must lie essentially in a

desire to economize on transaction costs. Transaction costs rest on two factors: (1) imperfect information and (2) obstacles to trade, such as distance, transportation, and transfer of title. Without imperfect information, each market participant would know immediately every quality and price, and every potential trade partner on the market. He could then see at once his best possible bargain. Without obstacles to trade, no one would have cause for concern with distances, bulkiness and fragility of goods, and number of intermediary exchanges. Without either factor, one procedure for converting A into B through trade necessarily would be as good as any other. Thus a medium of exchange would be fruitless.

Transaction costs, however, do not suffice to spell the advantage of a medium of exchange, for the arrangement ties up resources that might be used differently. With only a handful of traders^{xix} or goods, the possible economies in transaction costs through a medium of exchange plainly would be negligible relative to the costs. Distances are also a consideration. Even several hundred traders dealing in scores of goods may find barter superior to money exchange if they are in sufficient proximity. For then they can easily arrange a regular meeting place where they can display their wares, sample qualities and prices, readily communicate, and enter into triangular or even more complex trading patterns under barter. To explain a medium of exchange, then, is a totally separate problem from that of explaining a unit of account.^{xx}

The bases for a common unit of account and uniform means of payment differ also. The inducement to uniformity of means of payment - or uniform means of meeting major social and political obligations and buying wives - would seem mostly to stem from the advantages of institutionalizing procedures through which the most potentially divisive social engagements within a group take place. This promotes certainty and harmony. The same reasoning applies in the case of intertribal blood payments and tributes, which are sometimes the governing factors.

Thus, to recapitulate, means of payment and settling transactions never perfectly coincide with accounting units. Units of account have existed in the absence of media of exchange. The theories underlying the unit of account and the use of money transactions and money payments differ radically.^{xxi} The current usage, permitting the same term to stand for units of account, on the one side, and media of exchange and means of payment, on the other, rests on misunderstanding and breeds more misunderstanding. In addition, "unit of account" is a perfectly good term, which gains nothing in clarity through such epithets as "monetary unit," "money of account," and "monetary unit of account." Therefore, there is much to gain and little to lose by letting money stand only for means of payment and media of exchange.^{xxii}

Some Definitional Clarification

I do not pretend, however, that "means of payment" and "media of exchange" suffice to define money. Most important, these terms omit any reference to motives. Yet money is not the sort of good that can be identified strictly in terms of technical performance characteristics. Rather, like the ceremonial dress and the meeting room, money cannot exist unless people think so. Without some vague notion of moneyness in a primitive group, it is arguable that even the germ of money can be present. On the other hand, if a concept in a primitive society is clearly translatable into English as money, the group undeniably has experienced money even if none is around currently.

In regard to the money motives, noneconomists are highly prone to think of the services people obtain by letting go of money. Yet nothing is valued because of a desire to get rid of it. If popular desire to possess money shrank rapidly, hyperinflation would ensue, portending some retreat to barter. Thus, the relevant motives in defining money concern the reasons for holding on, not for letting go. This may seem paradoxical because prevalent forms of money today are worthless except for use in payments or exchange. But if so, think of the benefits of an inventory of any kind, say a grocer's. The grocer wants to sell his entire present stock, yet he never wants to run out. Moreover, the faster his goods move, the larger the average stock of inventories he wants to keep on hand.

Similarly, people want to hold positive levels of money, varying in size with the scale of the services money yields. These services, as previously underscored, fundamentally stem from economies in transaction costs. That is, the penalty for holding too little money is excessive transaction costs (for examples, too many trips to the bank or the market, delays in consumption, excessive sales of noncash assets, costs of

keeping careful accounts). Because transaction costs are tied to payments, or more broadly, transactions, it is therefore possible to define money for anthropologists, economic historians, sociologists, and economists alike as goods held, in significant measure, for purposes of settling transactions.

This definition is not especially designed to reduce the area of ambiguous cases, but it is intended to enhance order and clarity. As regards the empirical composition of money goods, in the case of modern Western society, the perennial question is one of inclusiveness. On the other side, with respect to primitive society, the question is where to begin and whether to begin at all. This question reflects the fact that in the field of primitive money, the overriding problem is probably the origin and development of money and the connected issue of the ramifications of monetary development for economy and society. On these topics, exact demarcations between money and nonmoney are not necessarily critical, and excessive attention to such dividing lines even may impede progress. Given conceptual clarity, there is little reason to sanctify adherence to a single measure of money. Economists are increasingly tending to use a variety of money measures.

ON THE APPLICATION OF MONETARY THEORY TO PRIMITIVE SOCIETY

I will now briefly comment on the Polanyist thesis that the monetary analysis of economists applies only to modern Western money, which is too broad for comprehensive treatment. There is no effort to show that this monetary analysis is indispensable to the economic anthropologist. I shall merely defend the applicability of the analysis to the field.

The major barrier to plying monetary analysis, or any modern theoretical tools of economics, in treating primitive money is the idea that modern money is intrinsically economically superior to the primitive variety. Economists bear the brunt of the blame for this error; typical economic discussions represent the evolution of money from such natural units as pigs' jawbones and buffalo hides to more processed goods, such as lead and copper bars, and further to the sophisticated coin and contemporary paper and credit instrument as the epic conquest of a barrier, the perfection of a technique. The Polanyists, in fact, carry this view to an extreme. In basic harmony with their image of money as a symbol, they consider modern money as essentially an advancement in thought. Bohannan, who takes the vanguard on this issue, argues that Western money is so overpowering an idea, that once conceiving it, the primitive man must yield to the notion, however painful the adjustment. To quote his most succinct statement in a fascinating article on the Tiv: "Money is one of the shatteringly simplifying ideas of all time, and like any other new and compelling idea, it creates its own revolution" (Bohannan 1959:135).^{xxiii}

The notion of the logical or technical superiority of modern Western money does not bear close examination. The desirability of adopting any kind of money always depends on costs relative to benefits. Western thinking traditionally has concentrated almost exclusively on the benefits of more sophisticated forms of money. Already in the fourteenth century, the Scholastic writers attributed the spread of coinage since Roman times to the superior fitness of coins to competing moneys and called attention to the four time-honored desirable characteristics of money goods: homogeneity, durability, portability, and economic divisibility (Monroe 1923:23-24; Cannan 1896:185-186, n. 1). Yet they slighted the costs of these benefits, which is always conducive to error, but particularly so perhaps in coping with primitive money.^{xxiv}

Coined money requires resources whether imported or produced domestically. Besides eating up resources, paper money demands substantial organizational technique. In general, a new kind of money resembles any ordinary economic innovation: it absorbs fresh resources while releasing others previously employed. The economy involved therefore hinges greatly on the price of the resources newly required relative to those freed. Stated differently, the same compelling reasons that show that the plow is often superior to the tractor and the windy bush path to the paved highway in the poor economy also mean that the metallic bar, the cow, or the pig may be superior to the coin and the paper instrument as money.

Supporting field evidence may be cited too. Many primitive societies have rejected modern Western money for long periods, others have consigned it to a foreign exchange sphere, and still others have adopted it temporarily and ultimately decided against it (Einzig 1948:439-450; Polanyi 1968a: 201). Furthermore,

during the period of Western colonial expansion, European settlers in new areas often rejected their earlier monetary experience with coins and chose to borrow and adapt primitive folkways, not only in their dealings with natives, but even among themselves (as, for example, in many instances in the American colonies) (Einzig 1948:178, 287-295, 297-305, 464, 468; Quiggin 1949:316-320; Lester 1939: 10-17).^{xxv}

Once the costs are considered along with the benefits of monetary innovations, much of the Polanyist criticism of monetary analysis loses force. The supposedly contradictory fact that money does not arise in primitive societies owing to disadvantages of barter (Polanyi 1968a: 190-201), for example, becomes totally conformable. If the Polanyists are correct in describing primitive societies as close-knit groups, with very limited exchange spheres, within which exchange rates are fixed, then previous reasoning would show that barter is economically immeasurably superior to money exchange. In ascribing primitive money to the inconveniences of barter, economists simply have confused the facts. Polanyi characteristically traces this error to the classical economists. But the mistake is found in Aristotle (Politics, Bk. 1, Ch. 9) and prevails in medieval and Renaissance discussions of the origin of money. Broadly speaking, the dominant current anthropological view of money as stemming from unilateral payments and bride purchases in primitive societies is entirely reconcilable with the monetary theory of economists.

Some parts of the anthropological evidence, moreover, favor economists' treatment of money. Particularly so are testimonies of the important tie of monetary evolution to external trade (Polanyi 1944:277; 1968a:201; Weber 1927:238). If money is a means of economizing on transaction costs, as economists conceive, such a tie plainly follows, because in the primitive context little could magnify the significance of transaction costs as much as does contact with foreign cultures. Also bolstering monetary theory is the tendency for habits of using a medium of exchange to develop first among the wealthier groups in highly stratified early civilizations, and only later to seep down to the poorer classes. There is also much evidence favoring the economic hypothesis, outlined before, that units of account tend to arise under much more primitive conditions of social organization than media of exchange. This hypothesis certainly warrants further investigation.

One sort of disturbing evidence, however, regards the presence of indigenous token monies among primitive societies with a narrow market base and lacking contact with advanced civilizations. We may define a money as token to the extent that its nonmonetary value is below its monetary one. Accordingly, a fully token money is worthless except as money. (Such a type of money is a limiting case rarely even approximated in primitive societies where token monies ordinarily possess substantial ceremonial or prestige value.) It follows, then, on economic rationality assumptions, that all resources devoted to tokens or tokenness are entirely absorbed in improving the quality of monetary services, or in promoting the previous four desirable monetary characteristics: homogeneity, durability (resulting from partial divorce of economic value from physical state in the case of tokens), portability, and economic divisibility (resulting from enhanced capacity to vary sizes and other properties attending tokens).^{xxvi} But in order to merit resources on the scale that a token money often involves, usually these benefits must be fairly substantial. Obligatory unilateral payments and bride prices, for example, would not explain the adoption of any token monies at all. Therefore, though cases of token monies stemming from contact with advanced civilizations, such as those of cowrie shells and wampum, are quite understandable, similar examples of token money in primitive groups with a scant trading sphere are difficult to explain.^{xxvii}

My argument, in sum, has been that in order properly to apply monetary theory to primitive society, we must forsake the idea that the essential aspects of current Western monetary organization are the rational solution to the monetary problems of all civilizations. In addition to the fact that our system would entail unsupportable wastes in primitive settings, its efficiency today is also questionable.

The monetary evolution of the West has not been guided by an invisible hand of progress, but largely imposed by conspicuous actions of government. Heavy governmental participation in any field often brings a marked reduction in social experimentation and the survival of inefficient market forms. Many of the foremost features of the monetary system we know today, in fact, are the result of governmental improvisations following crises. Furthermore, some of these improvisations were fought at every step along the way by some of the most enlightened minds present during the enactment period.

Judged by performance alone, our system has a greater inflationary bias than any in history. Under commodity money, coin debasement merely decelerated the pace of deflation for long decades. Nowadays deflations are uniformly mild, fairly short-lived, and limited to a small minority of countries at a time. Inflation is the rule. Moreover, with the possible exception of some late eighteenth-century paper money experiments, employing contemporary methods, our system has produced episodes of hyper-inflation of a dimension that makes all previous examples pale by comparison. Little before 1900 can vaguely match the German, Austrian, Hungarian, Russian, Greek, Polish, and Chinese inflations of this century.^{xxviii} In addition, it has never been convincingly shown that our system is superior to a number of cogently argued, untried commodity money schemes, and 100 percent reserve requirement proposals.^{xxix} Anthropologists and economists alike, therefore, should beware of any suggestion that we have reached an apogee in the development of money. If history is any guide, not only can we make sizable improvements today, but in another century or so our system will belong to the endless exhibits in mankind's museum of monetary experiments.

CONCLUSIONS

My several deviations from orthodox positions in economics, as the reader no doubt has noticed, are rather counterrevolutionary since they tend to reinforce the basic thinking in my field. Nonetheless, the deviations should warn anthropologists against seeking ready-made recipes in economics. In my opinion, such efforts are mostly doomed. To be of substantial value to the anthropologist, in most cases, economic theory - or at least the soundings of economists about this theory - requires adaptation, reconstruction, and extension. Nothing is more inimical to this type of work than the frequently promulgated view of economic theory, by supporters and antagonists alike, as a polished, complete structure, articulated in every important detail.^{xxx}

In applying economic theory to other areas, as is occasionally successfully done a minority,^{xxxi} the one inviolable rule the social scientist must observe is the principle that the relevant population, either individually or collectively, wants to maximize something (usually termed "utility," but possibly encompassing, say, a desire for military superiority) subject to some constraints (for example, no spilling of goats' milk). The constraints, if effective, mean that the group and its members cannot have all they desire of whatever they are trying to maximize. On this view, there is little substance to the Polanyist denial of economic costs and prices in primitive society on the mere ground that the primitives may do little trade, but rely heavily on gift exchange and/or central decision-making (Polanyi 1957a:243-270; 1966:xv-xxii; Dalton 1961:7).^{xxxii} The most striking illustrations of the application of economic theory, as economists well know, occur under aberrations from ordinary market assumptions - that is, in such situations as the post-1917 Soviet Union, World War II price controls, and prisoner-of-war camps.

POLANYI ON THE HISTORY OF ECONOMIC THOUGHT

Earlier I had contemplated a point-by-point critique of Karl Polanyi's treatment of the history of economic thought. But as my overriding objective was to warn the reader about Polanyi's extraordinary unreliability in this field, I soon realized that I could accomplish my aim within less space.

In line with his broad historical slant, Polanyi insists on viewing the English classical school as the fount of modern economic theory (Polanyi 1944:104, 111-129, esp. 124). There is admittedly a tendency, even among specialists, to date the birth of economics to the second half of the eighteenth century, with Adam Smith along with various non-classical authors, such as Richard Cantillon, François Quesnay, and A. R. J. Turgot. But this tendency rests essentially on a desire to associate the debut of the discipline with the emergence of the embracing, systematic economic treatise. As is well known, demand-and-supply analysis of the determination of value was thriving in late medieval Scholasticism (Schumpeter 1954:98; DeRoover 1957:115-146), and by the early decades of the eighteenth century, monetary theory, the theory of international trade, and the theory of taxation were in a fairly mature state.

The English classical school largely promoted systematization. Most important, they linked economic analysis to a significant Weltanschauung, involving a general social philosophy and a powerful theory of economic growth. But in the field of microeconomic theory, now generally conceived as the heart of economic theory, the group was obscure and largely wrong-headed. Their main contributions concern the pricing of factors (known as distribution theory) and are distinguished for their systematization and policy implications rather than precision or originality. Specialists still debate whether economic theory, as it stood in the 1890s, is not mainly the product of a rich international harvest that had been reaped by 1775 and then advanced through the efforts of a continental line of writers extending from Auguste Cournot to Henrich von Thiinen and Léon Walras, all outside the classical school (as W. S. Jevons proposed, in essence, in 1871). The weakness of Polanyi's position may be easily discovered by skimming the pages of Joseph Schumpeter's *History of Economic Analysis* (1954).

Polanyi's biases become more evident elsewhere. For example, he credits the classical economists with originating the notion of the "economic man" (1944:43; 1947:59- 77; Dalton 1968:xxvii). However, it is proverbial in the modern literature on mercantilism that seventeenth-century English economic writings offer a far more pessimistic view of common man than did the English classicists (Furness 1920; Buck 1942: 88-96; Johnson 1937:287-292). Moreover, the English classicists' conception of human nature should be compared with the earlier Christian notion of the "fallen man." It is only in contrast with such eighteenth-century sentimentalists as the Marquis de Condorcet and William Godwin (omitting the important but earlier third Earl of Shaftesbury) that Bentham and Malthus seem harsh. In addition, the pre-Benthamite history of psychological hedonism in England should be evident (Albee 1902).

In further pointed opposition to Polanyi, Malthus' originality is often contested among students of the history of population theory. There is also no basis for Polanyi's ascription of an "iron law of wages" to classical economics (1944:123, 126, 164; 1968b:131-132). First, this Marxist view makes little sense in the context of Malthus' sophisticated population theory. But more significantly, there can be no mistake about the importance of Malthus' "preventive checks" in Ricardo's theory of "normal wages," which defines the main classical position on wages prior to John Stuart Mill (whom Polanyi evidently excludes among the architects of classicism). On all these topics, consult particularly Jacob Viner's essays on Adam Smith and Bentham and Mill (Viner 1958:213-246, 306-332), Lionel Robbins (1952), and Elie Halevy (1928).^{xxxiii}

Two details of Polanyi's exposition are particularly striking. One is his treatment of Adam Smith's conjecture about the origin of trade in a human "propensity to truck, barter, and exchange" (Smith 1776:Bk. 1, Ch. 2), which Polanyi poses as a cornerstone of the classical position.^{xxxiv} In fact, Adam Smith is the only known writer ever to express this opinion, which in turn has been long regarded as a curiosity of the *Wealth of Nations*. Furthermore, the classical trade doctrine rests on the theory of comparative costs, which predates Adam Smith (in a more mature form than the latter provided in his masterwork) and is utterly independent of any propensity to barter.

The second detail regards Polanyi's portrayal of Joseph Townsend as a key figure in the development of classicism (1944:111- 116, 123, 125, 223; 1968b:129-130, 132). Polanyi relies entirely on favorable references to Townsend in Bentham and Malthus (though appearing only in the second edition [1803] of the latter's *Essay on Population*). However, David Ricardo, John McCullough, Nassau Senior, and James and John Stuart Mill never once mention Townsend in their respective *Principles*.^{xxxv} The man is virtually unknown except to specialists in the history of economic thought and population theory. Townsend's place in Polanyi's analysis plainly stems from a desire to burden the classicists with a biological view of man. Townsend offers Polanyi otherwise unavailable support for his slant in an interesting analogy between the population behavior of humans and animals.^{xxxvi}

Nothing perhaps indicates as well Polanyi's pretensions in the field as his travesty of Ricardo's labor theory of value: "In a mistaken theorem of tremendous scope he [Ricardo] invested labor with the sole capacity of constituting value" (1944:126). Though Ricardo is extremely difficult to follow, anyone with the book before him can hardly fail to notice Ricardo's enumeration of one way after another in which capital affects value. His labor theory of value is a typical Ricardian *ceteris paribus* "other things equal" assertion, saying: "Under conditions x_1, x_2, \dots, x_n , the price of any good, A, relative to any other good, B, will move in proportion with the change in the amount of common labor used to produce A relative to B." Ricardo was also

sanguine about the stability of x_1, x_2, \dots, x_n . The idea that labor is the only input that adds to value or net output has no classical roots except in some contradictory passages in Smith, which Ricardo avoided.

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ⁱ I would like to thank my colleague in the Anthropology Department, Munro S. Edmonson, and the editor of this journal, Ward H. Goodenough, for valuable comments.

ⁱⁱ According to Karl Polanyi: "Payments, standards, and means of exchange are distinctions originally developed by classical economics" (1957b:177). Correspondingly, Helen Codere says: "Karl Polanyi was thoroughly dissatisfied with the long line of thought about money that goes back at least to Jevons [1875]" (1968:573, 558). Contrary to these views, however, the history of the distinctions between the standard monetary functions is very ancient. See A. E. Monroe, *Monetary Theory before Adam Smith* (1923). A pertinent summary may be found in Joseph Schumpeter (1954:297).

ⁱⁱⁱ Manning Nash is expressly influenced by the apparent anthropological evidence of primitive monies partly serving all the essential monetary functions. See W. H. Davenport (1961:64-65) and Paul Bohannon (1959:123- 135).

^{iv} George Dalton might have known better because he recognizes demand deposits as money. On the other hand, judging from his entire output of monetary writing, Polanyi evidently adheres to an antiquated view of our money as strictly currency. The same narrow view of our money pervades a bizarre passage in Codere (1968:570), mocking the idea of money goods bearing individual names, as do all our checks and deposits.

^v Such aggregation does not require a common unit of account, but will work if only all prices are convertible into a common denominator. Even if no common denominator is immediately obtainable through price quotations, there may be room for one through imputation, universally practiced today in compiling national income accounts.

^{vi} Dalton virtually admits the point in a footnote, saying;

For our purposes we regard U.S. dollars as a single kind of money. For monetary problems in our own economy it is necessary to distinguish among currency, check deposits, and saving deposits, and sometimes between legal tender and money which is not legal tender; but for the matters of contrast that concern us, it is not necessary to make these distinctions [1965:257, n.2].

In as much as "the matters of contrast that concern" him here are precisely the differences between modern and primitive money, this denial of the relevance of the major features of our money is rather unconvincing. It is interesting that in the only other passage where Dalton refers to specific liquid goods in the United States, he recognizes "jewelry, stocks, and bonds" [1965:261] as special-purpose monies.

^{vii} Some use of alloys is beneficial in protecting gold and silver coins against wear. The treatment of the previous Greek and Roman coins as tokens can be clarified. By definition, a token circulates at a higher value than the sum of its commodity content plus melting expense. (The only way to keep token coins in circulation is to make them sufficiently scarce to discourage people from melting.) It follows then that the previous Greek and Roman issues must have been tokens, as otherwise there would have been no incentive to issue them in preference to fine gold and silver pieces. That is, the rate of return on coinage of fine pieces would have been about the same. Arthur Burns errs in devoting his chapter on token coinage (1927:284-313) to small denomination coins composed of lesser metals, such as copper, lead, tin, and electrum. The nature of the metal and the size of the denomination have no inherent bearing on tokenness. Historically, it happens that the Western world accepted small-denomination token coins long before it would countenance large-denomination tokens. Interestingly enough, in later parts of his work, Burns repeatedly discusses token coins in regard to debasement, as I am, rather than in accord with his own position in his chapter on the subject (1927:417-418, 429-430, 436, 456, 460, 464).

^{viii} The check, however, preceded the sight note (Usher 1943:23, 89-109).

^{ix} Polanyi presents a totally fictitious view of the advance of monetary control during the nineteenth and twentieth centuries; Dalton essentially repeats the error (1965:255, 262). Note that Polanyi also maintains, though without much impact on his following in anthropology, that the market economy has been on the decline in the twentieth century, which might imply a similar reversal with respect to primitive money.

^x Polanyi (1944) also offers no detailed evidence to support his claim of a remarkable upsurge in the importance of money in the West during the nineteenth century. His fundamental ground for attributing higher significance to money in Europe now than, say, in 1650 is the prominence of different methods of allocating and distributing resources today than existed then. But the point largely circumvents the issue; for whatever the channels through which the individual receives his bread, the whole social order may be equally susceptible to aggregate monetary shocks. In fact, much of the spur to central banking since 1800 has been a desire to insulate the national economy against the tides of monetary forces, internal and external. From this point of view, one might seriously argue that money is less important in Europe now than it was in 1650.

^{xi} Codere's essay, to which I fully subscribe in supporting a general concept of money, deserves broader comment. She offers a distinction between a simple money system (M), a money-number system (MN), a money-number-amount system (MNA), and a money-number-amount-writing system (MNAW). At first, she associates number with counting, and amount with weights and measures (1968:561-562). Thus, she would seem to contrast abstract numerical manipulation with practical numerical application. But in her empirical development, her criterion for judging whether a monetary system is M, MN, or MNA seems to be solely the magnitude of the numbers employed in monetary behavior. If the only number is one, the system is M; if low numbers above one serve, it is MN; if higher numbers serve, it is MNA. (I am entirely unable to grasp the first full paragraph on page 564.)

In general four points should be made about her treatment. First, the system focuses entirely on aspects of accounting and recording that have no logical connection with money exchange and would be equally consistent with barter. Second, the system requires knotty inferences about societal use of numbers. It is certainly arguable, for example, whether Codere is right in supposing that the Trobriand and Rossel Islanders (as discussed by Bronislaw Malinowski and W. E. Johnson, respectively) made no use of the idea of two in their monetary behavior. Third, Codere's references to the good fit of her model are misconceived (1968: 565, 566, 575); she offers a classification, not a set of hypotheses. To classify is to box cases, which differs from fitting or checking the correspondence between hypothetical implications and facts. Fourth and last, calculation and recording features do not provide an adequate framework for analyzing many monetary problems, including issues of monetary composition, usage, and organization. Thus Codere's analytical schema is hardly all embracing.

^{xii} Polanyi would have us believe that these practices largely obviated the need for any calculation at all (1960:328).

^{xiii} I thus also deny the application of the term money to stores of value bearing no other traditional monetary functions and not serving as close substitutes for goods bearing such functions. Though this denial is seemingly innocuous, the previous usage is widely practiced in anthropology, particularly in regard to ceremonial and exotic goods, which often are styled money for no other ostensible reason than that people value them greatly. This notion has no precedent in any other field of scholarly or popular writing and has never been properly examined. It would seem to rest entirely on a careless analogy with the use of precious metals in the Orient and the West.

^{xiv} According to a highly influential work by John Law: "[Under barter] no measure by which the proportion of value goods had to one another could be known" (1720:5). Similar statements occur in Samuel Pufendorf (1672: Bk. 5, Ch. 1, sec. 12); Baron de Montesquieu (1748: Vol. 1, Bk. 22, Ch. 2); John Stuart Mill (1909 [1848]:483); F. A. Walker (1888:137 and n.); and Burns (1927:442). Identical statements to Law's also may be found in the current textbook literature, as, for example, W. H. Steiner, Ezra Solomon and Eli Shapiro (1958:6), George Halm (1961:3), J. G. Ranlett (1965:4), and Harold Barger (1968:10). Many other current undergraduate textbooks come quite close to repeating Law's assertion. One important prior effort by an economist to lay aside the view that a medium of exchange must precede a unit of account is J. Laurence Laughlin (1903:6-10). See also T. E. Gregory (1933: 601, 603); and Paul Einzig (1948:366).

^{xv} This distinction was unusually common among 1700-1770 Italian writers. See Monroe (1923:183-186).

^{xvi} See, for example, Max Beer (1938:167-171). Notice at this point Polanyi's exaggerated statement: "Ricardo indoctrinated nineteenth century England with the conviction that the term 'money' meant a medium of exchange" (1944:196). Surely David

Ricardo and the classicists as a group were wary of attaching much significance to money as a unit of account, but only because of a strong concern with the deficiencies of accounting prices as a measure of value.

^{xvii} Cyril S. Belshaw (1965:9-10) waxes in still greater confusion.

^{xviii} In addition, as is easily shown, the argument is not limited to any number of goods, but perfectly general. With n interchangeable goods, there are $n(n-1)$ price quotations. The adoption of a common unit of account reduces this number to $n-1$, or by a factor of n . If the unit of account is totally abstract, n rather than $n-1$ accounting prices remain (because there is no longer a commodity necessarily possessing an accounting price of one). Thus, the larger n , the greater the economy in price quotations. Also, the larger n , the greater the possible number of price inconsistencies, and therefore the more likely the benefits of avoiding the aforementioned redistribution of goods. Alongside, the higher n , the greater the probable benefits of lower computation. The argument notably does not intrinsically call for a single unit of account for society as a whole, but only for a number of accounting units equal to or less than the quantity of separate, non-overlapping exchange and payments spheres.

^{xix} The number of traders requires clarification. In regard to the Kwakiutl of 1820, this number should be understood as the entire circle of people that any good traded by these tribesmen profitably could reach within the relevant price range. The issue of price range is important because at zero prices of acquiring Kwakiutl goods, the group would be in one big world market.

^{xx} Note, of course, that the case for a medium of exchange may call for a number of such media, possibly covering different classes of transactions or limited to transactions between different sets of people.

^{xxi} Observe the parallel emphasis of Polanyi's argument for the "independent institutional origins of money uses" (1957b:178-190; 1968a: 191-194). What separates us at present is only his view that these separate origins cease to matter in respect to modern Western money. On the contrary, my position is that the essential basis for the persisting association of current Western money goods with the unit of account is a disregard of these separate origins.

^{xxii} I am ignoring the distinct large issue of the common application of the concept of money to means of payment and media of exchange. At least in the West today, the same goods serve in both roles. But since the same is often untrue among primitives, the subject demands (and frequently receives) special care in anthropology.

^{xxiii} Similarly Polanyi states (1966:166): "The unilateral introduction of a fictitious money of account, whether English or French, or other, was bound to cause serious disturbances in the slave trade." Compare Dalton (1965:280). I cannot subscribe to Codere's interpretation of Bohannan's results (1968:573).

^{xxiv} For an example of such error in Polanyi, see his Dahomey and the Slave Trade (1966: 285-287).

^{xxv} Did Western money really destroy the Tiv multicentric economy? More exactly, what was the marginal contribution of Western money to this fateful event? On Bohannan's account, Western money was imposed on the Tiv only in two ways: (1) compulsory payment of taxes, which required the establishment of some "cash crop" and (2) compulsory sale of brass rods over some (imprecisely specified) period in the past. But these two factors combined clearly explain only a fraction of Tiv acceptance of Western money and a Western accounting unit. Also critical, on the basis of Bohannan's treatment, was the Tiv response to the opportunities of Western trade. If the same opportunities of trade with the West had been presented to the Tiv on a barter basis, would they have abstained? Rather than Western money, were they not mainly victims of their own inability to resist the lure of wives, other prestige goods, and higher subsistence standards, which the Western market cast open before them? Bohannan is overly impressed with the Tivs' social perception of their own situation. True, they blamed Western money, but they needed a scapegoat (Bohannan 1955:60-70; 1959:123-135).

^{xxvi} The use of tokens in higher civilizations is often a deliberate means of taxation. But it can be shown that unless token money is advantageous to the tax-incipients, other means of taxation would yield more revenue to the authorities. On this basis, the taxation issue can be subordinated.

^{xxvii} In the latter case, however, the prestige, ceremonial, or ornamental value of the goods concerned always raises questions about the token aspect. We would generally recognize, for example, that a gold coin that can fetch as much as part of jewelry is no token at all (compare note vii). Thus, we should concede as much in the case of primitive money. Melville Herskovits (1952:Ch. 11) is alert to the issue (and many kindred ones besides), going so far as to renounce Yap stones as money (1952: 246, 264). It would be simpler, of course, to reject these stones as token money.

^{xxviii} The confederate inflation during the U.S. Civil War was of at least one-fourth the scale. The earlier Roman and Chinese inflations and the mondial inflation following the discovery of the New World, so far as one can tell, are truly of a different order.

^{xxix} As a general source of references on this topic, consult Leland Yeager (1962).

^{xxx} See D. B. Fusfeld (1957:342-356), W. C. Neale (1957:357-372), and Dalton (1961: 1-26). Through the use of strict, narrow, monolithic constructions, these writers succeed admirably in painting economic theory as utterly uninteresting. For a more profitable view, see E. E. LeClair, Jr. (1962:1179-1203).

^{xxxi} Two particularly readable examples are Anthony Downs (1957) and James Buchanan and Gordon Tullock (1962).

^{xxxii} Adherents to Polanyi's view that supply and demand are irrelevant if prices are set by authorities should consult his chapter "Exchange: Isolated Markets" (1966:81-95). Consider why, for example, according to Polanyi's account, supplies practically always were sold by day's end, and most important, why the set prices occasionally were changed. Price controls, of course, are a favorite classroom example of the operation of supply and demand. See the cogent remarks by S. C. Humphreys in a recent well-balanced review of Polanyi's lifetime work (1969:186-191).

^{xxxiii} One can hardly fail to advert to Polanyi's incredible slander: "Bentham despised equalitarianism, ridiculed the rights of man and bent heavily towards laissez-faire" (1944:110). This assessment concerns the foremost late eighteenth-century advocate of universal adult suffrage, for poor and rich, men and women alike; birth control measures for the masses; humane prison policy based on rehabilitation and totally eschewing retribution; free legal aid to the poor; legalization of trade unions; sanitary reform and preventive medicine at public expense, and so forth. Further, in ascribing a laissez-faire position to Bentham, Polanyi neglects a formidable opposition (as is his wont outside of anthropology and antiquity), including Elie Halévy's monumental and painstaking *Growth of Philosophical Radicalism* (1928), which is devoted exclusively to Bentham and Benthamism. Friedrich Hayek's idea of Bentham (1960:Ch. 4) as a leading founder of modern socialism deserves to be carefully weighed against Polanyi's position.

^{xxxiv} "The orthodox teaching started from man's propensity to truck, barter, and exchange" (1944:58). Again, Polanyi writes of a "bias which made Adam Smith's generation view primeval man as bent on barter and truck" (1944:45), and, in company with Conrad Arensberg and Harry Pearson, bemoans the fact that "the social scientist is still hampered by an intellectual heritage of man as an entity with an innate propensity to truck, barter and exchange" (1957:239; see also Polanyi 1944: Ch. 4 passim; 1968a:195).

^{xxxv} The omissions by James McCullough and the younger Mill are especially noteworthy in that both tend to mention moderately important sources. On the other hand, James Mill avoids reference to anyone.

^{xxxvi} Polanyi himself admits that the charge of a biological view of man does not apply to Adam Smith (1944:115) and ends with Ricardo (1944:126). Also notably writing about population in England between the time of Smith (1776) and Malthus (1798) were Arthur Young, William Paley, Richard Price, and George Chalmers, all of whom have as much claim to be considered as influences on the classicists as Joseph Townsend. It is also interesting that Schumpeter makes only four references to Townsend in his *History*, three of which (those cited in the author index) are buried in a string of names. The other, relating to late eighteenth-century interpretations of the policy implications of the then current overpopulation view, says: "I know of only one writer who at least sounded the eugenic note. It was Townsend" (Schumpeter 1954:257).