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3

Traders and Trade¹

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DEFINITIONS OF TRADE

From the *institutional* point of view, trade is a method of acquiring goods that are not available on the spot. It is something external to the group, similar to activities which we are used to associating with quite different spheres of life, namely, hunts, expeditions, and piratic raids. The point of all these activities, including trade, is acquisition and carrying of goods from a distance. What distinguishes trade from the rest is a two-sidedness which also ensures its peaceful nature, absent in quests for booty and plunder.

Under the *market definition*, trade is the movement of goods on their way through the market, that is, an institution embodying a supply-demand-price mechanism. One commodity is moving in the one direction, the other in the opposite direction. The movement is controlled by prices. Trade and market are coterminous. All commodities—goods produced for sale—are potential objects of trade. The movement of trade is

the function of prices, which, again, are the function of the market. Consequently, all trade is market trade.

The *institutional definition of trade* is independent of such a market. Under undisturbed primitive conditions it is—like a hunt, an expedition, or a raid—an organized group activity. It centers in the meeting of groups belonging to different communities. One of the purposes of such meetings is the exchange of goods. These meetings, as we know, do not produce rates of exchange, but, on the contrary, presuppose them. Neither individual traders nor individual motives of gain are involved; the chief or king may act for the community, after having collected the "export" goods, or numerous individuals may meet their counterparts on the beach. In either case ceremonial and ritual elements are interwoven with the proceedings, which never lack some social or political connotation.

Even under primitive conditions it may become apparent whether the community is engaged in active or in passive forms of trade, according to whether the site of the meeting is abroad or at home. Except when it happens to be in a neutral spot, one of the two parties is the visitor, the other the host. The first carries the goods and bears the brunt of the risk and initiative; the other merely responds to the occasion. Usually the parties alternate in this role. Later on, under archaic conditions, the distinction may develop into a sharp difference between active and passive trading which may involve the total organization of trade.

If it seems that we have unduly stressed "acquisition of goods from a distance" as the crucial factor in trade, we have done so, among other reasons, in order to work out more clearly the determinative role played by the *acquisitive or import interest* in the history of trade. Involved here, as we have seen, is the choice between peaceful and forcible methods of satisfying that interest, a matter which may affect, under given conditions, the total structure of the state as well as its modes of acting in history.

The different phases in the story of nomadic civilizations, such as the Mongol and the Arabic, illustrate the point. We should here distinguish between, on the one hand, the small-scale combination of raiding and trading, as found among some Homeric Greeks and Phoenicians or Old Testament Bedouins, and, on the other, the less obvious but much more consequential way in which the interest of great empires was served

Traders and Trade

sometimes by military, sometimes by transactional methods of acquiring goods from a distance. The changing requirements of these alternatives decisively shaped domestic and foreign policy. The permanent background factor was the acquisitive or import interest in the products of their settled neighbors: the dependence on some "necessities" and, even more so, on some "luxuries" from these neighbors. Textiles and household articles belonged in the first group; gold, slaves, precious stones, silk and leather finery, cosmetics, and adornments in the latter. The distinction is, of course, more tenuous than is sometimes realized, for what we term "luxuries" were no more than the necessities of the rich and powerful, whose import interest determined foreign economic policy.

The acquisition of the goods on the part of the nomadic empire-builders could happen in several ways: (1) through mere predatory excursions, ranging from occasional raids to permanent conquest; (2) by the fostering of passive trade; (3) by the combination of predatory wars with passive trade; (4) by the development of active trade.

In each case, however, the character of the "empire" would tend to be different: (1) Mere marauding expeditions, on whatever scale, did not require more than the kind of pseudoempire of which Attila's Huns or the Avars could boast. (2) A full-fledged empire of nomadic clans (such as Genghis Khan's and his successors') which comprised far-flung trade routes would rely for its imports on passive trade, organized on an enormous scale. Military power served such empires as a mere auxiliary of trade by policing the caravan routes, securing the débouchés, and compelling the settled neighbors to grant access to their markets—that is, to their goods—to all those who traded in the service of the empire. A network of hostels for foreign merchants and a transcontinental postal service in the hands of the government were designed to further the wealth of the realm through an ever-increasing volume of imports. The result was a large volume of trade transacted by a host of traders and merchants of all nationalities along the endless trade routes of the empire, with no Mongol engaging actively in trade. (3) Upon the fall of the Yuan (Mongol) dynasty in China, the Mongol clan chiefs were forced to revert to their native haunts, and the flourishing passive trade of Genghis Khan's empire ceased forever. This situation offered a significant instance of the alternatives at issue. The fragments of Genghis

Khan's steppe empire had been engaged in a civil war which raged for a long time between the feudal squires of the West and the Genghis Khan-like princes of the East. The latter won the day and established their ascendancy over all the Khanates because they alone could act as a central power capable of alternately organizing predatory incursions into the territory of their neighbors and engaging in regular commercial relations with them. Vladimirtsov emphasized that success in either of these ventures—raid or trade—required not only central direction but also central "repartition"—of the booty in one case, of the imported goods in the other. (4) The Mongols never indulged in active trade, but Arabic empires, though starting from similar nomadic clan conditions, eventually evolved, thanks to their more democratic set-up, a broad commercial stratum, which provided for ample imports through its active trade without recourse to predatory methods. In this capacity for active trading, it may be surmised, lay the decisive historical superiority of the Islamic empires over the more transitory Mongol Khanate, with its passive trading system.

INSTITUTIONAL FEATURES OF TRADE

Since something must be carried by someone over a distance and this is to happen in two directions, trade must involve (1) personnel; (2) goods; (3) carrying; and (4) two-sidedness. All of these institutional features permit classification according to criteria which are either sociological or technological or both. On this depends the relevance of the following analysis for the enormous variety of forms and organizations of trade in history.

Personnel

Factor and Mercator: Status Motive and Profit Motive. Acquisition of goods from a distance may be practiced by a trader either from motives peculiar to his standing in society—and as a rule comprising elements of duty or public service (status motive)—or for the sake of the gain which may accrue to him from the buying and selling transaction in hand (profit motive). The typical (although by no means only) representative

Traders and Trade

of the former kind of trader is the *factor*; the representative of the latter type is the *mercator*.

In spite of many combinations of the two, duty on the one hand and gain on the other stand out as sharply distinct primary motivations. If the status motive is reinforced by that of material benefit, the latter does not, as a rule, take the form of gain made on exchange, but rather that of gifts of treasure or landed revenue received by the trader from the master or lord by way of recompense. The transactional gains of the mercator usually add up to paltry sums that bear no comparison with the wealth showered by his lord upon the resourceful and successfully venturing trader. Thus he who trades for the sake of duty and honor grows rich, while he who trades for filthy lucre remains poor—an added reason why the profit motive is under a shadow in archaic society.

The distinction between status motive and profit motive might, to the historian, seem rather irrelevant, since most societies prior to our own were, broadly speaking, status societies and thus presumably would not have had room for the poor trader with his profit motive. To make this assumption, however, would be to confuse two different functions of status, a term which can refer to the *origin* of the rights and duties or to their *content*. In a status society the rights and duties of all groups are determined by birth, but the rights and duties themselves need not be of an honorific character. The higher-status groups are usually expected to act on honorific motives of duty, obligation, and self-respect, while the lower-status groups may well be encouraged to indulge in gainful occupations. These pursuits are looked down upon and are hardly profitable. In ancient Greece, for instance, the metic was in such a position. Conversely, our modern nonstatus societies have been for centuries familiar with the figure of the nonprofit trader, the agent or factor who trades for his company, not for himself, and to whom success means not profit but preferment.

But all this does not affect the basic distinction between factor and mercator. The latter is engaged in trade for the sake of the profit he hopes to make on the transaction, the former trades as a part of his general duties and obligations.

Upper, Lower, and "Middle" Class: Standards of Life. The place occupied by the trader on the ladder of standards of life has been very dif-

ferent in different societies and, indeed, even in one and the same society at different times. The matter is in some cases complicated by the simultaneous existence of more than one layer of trading population in the society.

In archaic society the chief or king and his immediate entourage are alone entitled to trade, that is, to initiate the more or less warlike and diplomatic ventures which lead to the acquisition of goods from a distance. Piratic and treaty trade, whether separately or jointly practiced, belong to the governmental sphere. The king may personally lead the venture, like Mentès, the legendary ruler of the Taphians, or only supervise its execution, as Argesilaos, authentic king of the Cyrenaika, appears to have done. But chief's or king's trade by no means implies the personal activity of the sovereign, who must in practice employ hundreds or even thousands of traders as factors or "king's merchants" to carry on trade for him. Some of them may belong to the royal family itself; others rank as princes and rulers, owning fortresses and castles, vast manorial estates; still others may only count as court personages, enjoying a revenue from royal donations or, much more frequently, from the privilege of participating in the trading profits of the royal syndicate. In all cases the "king's merchants" rank with army generals, civil governors, and other high officials among the great men of the country.

In peasant-type societies, such as ancient Greece after the seventh century B.C. or Rome after the end of the monarchy, king's and prince's trade ceases. Foreign trade is either discontinued, as in Rome, or it is reduced to passive trade. In the sixth century B.C. Solon is mentioned as a merchant, and the Peisistratids as well as the Alkmeonids should certainly be inferred to have engaged at least incidentally in large-scale foreign trading ventures. But these were exceptions. Solon himself assumed that Athens was dependent for her food supplies on foreign corn merchants. The inland region of Israel developed king's trade under David and on a considerable level under Solomon, but after the breakup of the united empire it became entirely dependent on passive trade. Of the Hebrews, the Greeks, and the Romans, the Greeks alone produced lower-class traders in the *kapeloi*—the local retailers of food—and the metic class of *naukleroi*, the trading skippers. Neither of them ever developed into a middle class. The class much idealized by Aristotle under that name was a landed class, not a commercial class at all.

Traders and Trade

The commercial middle class of the nineteenth century was a late product of Western development. Typical medieval urban society consisted of a privileged merchant upper class of burghers and a broad stratum of artisans and traders—the “people.” Together they were the urban community, above which ranked the landed aristocracy of the manorial countryside. Even in eighteenth-century England, the most advanced western commercial society of the time, the successful merchant rose into the landed class, leaving the “tradesman” behind him in the lower ranks of society. Not until the Reform Act of 1832 did a commercial middle class gain a standing in England.

In antiquity traders belonged either to the upper or to the lower class. Upper-class traders were connected with rulership and government; lower-class traders depended for their livelihood on manual labor. This fact is of the greatest importance in understanding the forms and organization of trade in ancient times.

We may outline the classes of trade as follows:

- I. Upper range: king's trade
 - A. Chieftain's and king's trade
 1. Tribal society
 2. Acropolitan state (*Burgenkoenigtum*)
 3. Pharaonic and temple trade
 - B. Prince's and warrior's trade: archaic upper class
 1. Khorassan (pre-Arabic *muluk*, seventh century A.D.)
 2. Kievan boyars (tenth to thirteenth centuries)
 3. Mexico (the royal family and the other merchants, sixteenth century)
 4. Syrian emirs (Eldred and Tavernier, sixteenth and seventeenth centuries)
 5. Dahoman caboceers (eighteenth century)
 - C. Burgher merchant
 1. Patriciate of Western Europe
 2. Guild merchant of Novgorod
- II. Lower range: proletarian trade and carrying
 - A. Castes and guilds of carriers and bazaar craftsmen in irrigational empires
 - B. Metic in the Eastern Mediterranean polis

- C. Local retailer of food and household articles on the agora (*kapeloi*)
- III. "Middle" range: commercial classes
 - A. Byzantine empire (post-Roman nonfeudal area)
 - B. Ptolemaic and Roman Alexandria, and early Islam from West Africa to India
 - C. Nineteenth-century Western European "commercial classes"

Tamkar, Metic, and Foreigner: Types of Traders in the Archaic World. The typical traders of antiquity were the tamkar, the metic, and the foreigner. The *tamkar* dominated the Mesopotamian scene from the Sumerian beginnings to the rise of Islam, a period of over 3,000 years. The Nile Valley, too, knew only this type of trader. The *metic* trader first became historically conspicuous in Athens and rose during the Hellenistic era to be the prototype of the lower-class merchant from the Indus to the Pillars of Hercules. (In effect, a similar floating population of lowly merchants—not, this time, of the sea but of the land—produced the burgher merchant class of Western Europe.) The third type of trader, the *foreigner*, is, of course, ubiquitous. He is the stranger, the bearer of passive trade, who neither belongs to the community nor even enjoys the semistatus of resident alien, but is a member of an altogether different community. Accordingly, in the great civilizations of the East and of Africa the leading figure of commercial life was the tamkar; in Hellenic civilization, the metic; both types of civilizations included a sprinkling of foreigners.

It is on this deliberately oversimplified background, which must be greatly qualified to show the enormous variety of configurations, that the true picture of trade in antiquity can be sketched.

The tamkar belonged to the factor category; he became a tamkar either in a hereditary way or by appointment of the king, priest or great one. As a tamkar he possessed a status involving privileges and duties. His livelihood was not dependent on the commercial transaction in hand; it was secured by status revenue, mostly through landed property, or at least through the claim to maintenance according to his rank from the royal or temple store. If, as in Dahomey, his revenue was derived from some special commercial privilege, the transactions through which he turned that privilege to cash were institutionally separated

Traders and Trade

from his transactions in his capacity of tamkar. Where guilds existed, to which the merchants or traders would by status belong, all this would largely be institutionalized through the guild system.

The Athenian metics, primarily a population of the ports, were sometimes artisans or craftsmen, but most of them were engaged in trade and tried to earn a living from the profits to be made by buying and selling goods. Apart from being a skipper and trader, the metic tried his hand at "banking," the menial occupation of testing and changing coins behind a bench in the marketplace. His money changer's commission fee was regulated by public authority; as a grain dealer he stood under strict supervision; and as a merchant skipper he had to comply with numerous trading restrictions, which would limit profits. But in general he was free to follow the urge of gain, a motive which was thought appropriate to his lowly status. His life was drudgery: physical exertion aggravated by exposure to the hated hardships of the sea. Yet he was to expect no riches in recompense. The metic was barred from owning land or a house; he could not hold a mortgage; consequently he could possess no property which would be reckoned as wealth. An occasional metic might accumulate a considerable amount of money, but that made little difference to his standards of life. A man who was debarred from owning land and houses could not, for instance, raise horses, give feasts, or erect a mansion. Even the few rich metics led unglamorous lives.

We may categorize the traders of the archaic world as follows:

- I. Tamkar: trader by status, acts as a factor. Combines to a varying degree two different activities: carrying and negotiating.
 - A. *Carrying* ranges from the task of a porter to that of operating caravans or fleets.
 - B. *Negotiating* includes all kinds of jobbery, transmission of information, diplomacy, making arrangements, haggling, conclusion of deals.
 - C. Related functions:
 1. Brokerage
 2. Auctioneering
 3. Trusteeship
 - a. Keeper of safe deposits
 - b. Agent of payments

- c. Maker of official loans and advances
- d. Public attorney

1 and 2 are often combined functions.

II. Metic: resident alien

A. Social composition

- 1. Native proselyte (Israel)
- 2. Floating alien population of displaced persons (DPs); fragments of dismembered peoples; political refugees; exiles; fugitive criminals; escaped slaves; discharged mercenaries (DPs).

So great is the wear and tear of archaic history that the very existence of an organized community becomes somewhat of a privilege on account of the enormous number of DPs (Thucydides).

B. Occupation

- 1. Small trader
- 2. Skipper
- 3. Money changer
- 4. Money lender, with a stall in the market (in "liberal" times)

C. Social groups partly assimilated to metics:

- 1. Freedmen (Rome)
- 2. Slaves (paying *apophora*)

III. Foreigner: alien trader under king's protection

A. Sources

- 1. Trading peoples proper
- 2. Periodically trading peoples

B. Types

- 1. Traveler: transient
- 2. Settled colonist
- 3. King's factor
toward the foreigner's home community generally

Trading Peoples. Not all communities which practice trade have professional traders. A community may trade collectively. Or it may possess professional traders and regard them as belonging to a specific social class. In a few societies, active trade is the chief occupation of the bulk

Traders and Trade

of the population. Groups like these latter we will designate as trading peoples.

The existence of trade, then, does not require traders, and even where professional traders are found, their relation to the community as a whole may be very different in different types of societies.

In *primitive society* trade is, as a rule, a collective undertaking, carried on either by the chief or through the general participation of the members. In the latter case, their purpose may be served by crowded meetings with their trading partners on the beach or by carrying some local foodstuffs or manufactured articles, sometimes by boat, to a neighboring island. Consequently, we will find here, as a rule, no one specializing in the profession of trader or merchant.

In *archaic society* the trader makes his appearance. Let us distinguish between peasant-type societies and empires, and, in regard to the latter, between nomadic and irrigational empires. In *peasant-type societies*, the royal household may employ a staff of traders, which usually disappears with the fall of the monarchy. This was probably the case in early Rome, as well as after the passing of the tyrannies in ancient Greece. In the *irrigational empire* the *tamkar* gains right of status. In the *nomadic empire* of the Mongols, trade was exclusively passive; no trader or merchant class made its appearance. This was also the case in the early African nomadic empires of the Berbers and early Arabs.

Trading peoples differ sharply from all of these societies; with them trade is a source of collective livelihood. Among themselves trading peoples differ again in an important respect: The trading peoples proper, as we may call them, are exclusively dependent for their subsistence on trade in which, directly or indirectly, the whole of the population is engaged. In the case of others—a much more numerous group—trade is only one of the occupations in which a considerable part of the population engages from time to time, traveling abroad with goods over shorter or longer periods.

We may categorize trading peoples as follows:

- I. Trading people proper (everyone directly or indirectly engaged in trade)
 - A. Sea
 1. Phoenicians

- 2. Rhodians
- 3. Western Vikings
- B. Desert
 - 1. Bedouins
 - 2. Tuareg
- C. River
 - 1. Eastern Vikings
 - 2. Kede (of the Niger)
- II. Periodically trading peoples
 - A. West African peoples
 - 1. Hausa
 - 2. Duala
 - 3. Mandingo
 - 4. Others
 - B. Malayan peoples
- III. Dislocated peoples
 - A. Armenians
 - B. Jews
 - C. "Greeks"

Goods

The decision to acquire and carry goods from a distance obviously depends on the urgency of the need for the objects and on the difficulty of acquiring and transporting them. Moreover, the need must be felt by those who possess the political and technical means of executing the trade expedition. The decision to acquire some kind of goods from a definite distance and region is necessarily made under concrete circumstances different from those under which some other kind of goods would have to be acquired from somewhere else. *Archaic trade is, for this reason, a discontinuous business, restricted to definite undertakings which do not develop into a continuous enterprise.* Secondly, trading ventures differ according to the type of goods to be acquired and transported, thus forming separate branches of trade, each with its distinctive operational methods and organization.

All this may appear too obvious to mention. Yet it is useful to recall these facts in order to interpret correctly the incisive feature of non-

Traders and Trade

market trade: There is here no such thing as "trading in general." All trade is originally specific according to the goods involved. It is easier to transport slaves and cattle who, so to speak, travel under their own steam, than to move huge rocks, say, or enormous tree trunks over hundreds of miles of roadless country. This specificity of archaic trade is enhanced in the usual course of things by the necessity of acquiring the imported goods by means of exported ones. For under nonmarket conditions, imports and exports tend to fall under different administrative regimes. The process of collecting the goods to be exported is often quite separate from that by which the imported goods have to be repartitioned. The first is a matter of tribute, taxation, feudal gifts, or some other means of making the goods flow to the center, while the repartition may descend in a hierarchic cascade on very different lines. Kievan Russia exported furs, flax, and honey collected by the prince and the boyars as tribute from their subjects; their "imports" were the precious silks, cloths, jewelry, and finery of Byzantium. In the Roman Empire, the food and other necessary articles which flowed from the provinces to the capital as *annona* represented an unrequited "import" of a purely political character. In this case the imports had to be first locally collected in the provinces themselves before they could be shipped to Rome. Fifteen-hundred years later, the African, East Indian, and West Indian trade of the chartered companies of Europe ran mainly in channels determined by the methods by which tribute goods were collected from the natives, either by their princes or by the Europeans themselves, for export to Europe.

We may outline as follows the kinds of goods involved in trade:

I. Treasure:

- A. *Moventia*—slaves and cattle—predestined as objects of piratic trade
- B. *Moventia plus* precious stones and metals: booty
- C. *Booty plus* land conquest: treasure (eventually: ivory and clothes)

II. Public requirements

- A. Staple foods: corn, oil, wine, dried fish, wool
- B. Military requirements:
 - 1. Navy: timber, tar, hemp
 - 2. Army: copper, tin, lead, iron

- III. Luxuries:
 - A. Spices
 - B. Cosmetics
 - C. Incense
 - D. Rare woods
 - E. Elaborate artifacts
- IV. Bulky objects (hauling expeditions)
 - A. Stones
 - B. Timber

These goods are traded according to the following motives:

Four main types of trade:	Characteristic of trade interest:
I. Piratic: moventia and treasure	Booty
II. Staples: collective necessities (food)	Public policy matter
III. Luxuries	Class interest
IV. Bulky objects: stone and timber	Expeditionary

Transportation

The market is a leveler with regard to transportation as well as with regard to goods. It obliterates all differences; what nature made distinct, the market makes homogeneous. Even the difference between goods and their transportation is done away with, since both can be bought and sold in the market—the one in the commodity market, the other in the freight market. In either case there is supply and demand, and prices are formed in one and the same fashion. The various kinds of transportation services share a common denominator with the various goods in terms of costs, the *caput mortuum* of the market alchemy.

Such homogeneity makes for good economic theory but bad economic history. For the very differences which vanish in the market are the stuff of history. Different goods, as we have seen, create in archaic times distinctive branches of trade. The traded goods may be needed by people of different status, whose interests are expressed through different channels, who have different means at their disposal to achieve their ends, and who, therefore, develop different types of trade whose organization has hardly anything in common. To ignore the difference between goods

Traders and Trade

that can move, like slaves and cattle, and goods that cannot, like stones and timber, would make the early history of trade unintelligible.

The routes traveled and the means and modes of carrying are of no less incisive relevance than the types of the goods carried. In both cases the geographical and technological facts interpenetrate with the social structure.

Transportation, the carrying of goods over a distance, involves (I) *routes*, (II) *means of transportation*, and (III) a definite *organization*.

I. Routes:

- A. Maritime
- B. Riverine
- C. Overland

II. Means of transport:

- A. Human
- B. Animal
- C. Mechanical
 - 1. Ships
 - 2. Wagons

III. Organization:

- A. Technical organization of the expedition or caravan
- B. Political organization
 - 1. The carrying body, its leadership, defense, etc.
 - 2. Transit through territory of foreign tribes, peoples, nations.

The organization must be able to cope with the perils and obstructions caused both by nature and by man. In seafaring, for instance, one type of vessel was used both against the hazards of nature and against those of war. Only comparatively late did fighting craft branch off from the merchant vessels which had served both peaceful and warlike purposes. In this light, the personnel of the war boat's crew is only a variant of the merchantman's. Its recruitment is, therefore, not primarily a business proposition—another pointer for the history of trade.

As to the dangers from pirates and robbers, overland routes and coastal trade are almost equally exposed. Only on the high seas does attack from pirates become an exceptional hazard. (This is, of course, less true in later times, when sea lanes are more heavily traveled.)

Policing of overland routes was the *raison d'être* of all but the earliest

empires, which sprang directly from the political requirements of irrigation. Neither Babylonia nor Egypt nor China spread along overland routes; their transportation was predominantly riverine (the Akkadian term for a trading place is *port*). But the nomadic empires of the Turk, Mongol, Arabic, and Berber peoples were spread out like nets alongside transcontinental caravan routes. The purpose was to "own" the routes, which would provide a flow of imports, partly in the form of tolls and taxes, payment for safe-conduct, and the like, and partly in exchange for raw materials collected as tribute from the conquered peoples by the empire builders.

Caravans thus antedate empires. Their organization was dictated by the requirements of transit through nonpoliced areas. The early caravans, whether in the framework of king's trade or warrior trade, were doubtless set up and armed by the public powers for their tasks. In either case the trader was of the tamkar type. But even the later, independent caravan, often consisting of burgher merchants frequenting the traditional overland routes, remained a kind of small wandering state, threading its way between numberless smaller or larger settlements of peoples of a more or less predatory kind. This extraterritorial caravan was expected to keep strictly to the beaten track and look neither right nor left in traversing the countryside. Its participants often learned as little about the regions through which they were passing as the modern globe-trotter on his conducted tour, hopping by plane from hotel to hotel. Most of the ancient slave trade was carried on by this sort of caravan. Only rarely did individual traders, without the armed accompaniment of a caravan, lead whole slave transports across political frontiers, paying their dues at each boundary to the local sovereign. Probably this last type of travel by stages was the method by which hosts of slaves were sold "down the river" over hundreds of miles on the western coast of Equatorial Africa. Especially after the arrival of the Portuguese on the Congo Delta in the sixteenth century, such noncaravan, riverine trade passed its freighted canoes along the river's winding length very much as the boa constrictor digests its prey.

The caravan was also, in some respects, the source of an important military development. Rostovtzeff has pointed out that the Hellenistic army was one of the most original creations of the age, the economic importance of which cannot be overrated. He referred, of course, to the

Traders and Trade

enormous concourse of men and beasts, numbering tens of thousands of sutlers and craftsmen, which formed the wandering capital of the empire. It was a maze of markets, enmeshed in the tissues of a monstrously enlarged military headquarters. In effect, this army was a glorified caravan, the first armed formation to attempt the task of making large wandering bodies of persons self-supporting. And yet it was a far cry from the modest Seleucid *skeue*, which impressed Rostovtzeff, to the Grand Mogul's summer journey, some two thousand years later, as described by Tavernier, from his dusty Indian capital to the high mountains. Nearly half a million camp followers, including the entire bazaar population of deserted Delhi, marched cross country like some sprawling monster, camping each night at a new site, an improvised city of fantastic proportions.

Two-sidedness

The acquiring of objects which are not available to the community on the spot necessarily engages the group in external activities. Its *pretrade* forms are the *hunt*, the *expedition*, and the *raid*. The movement of goods is one-sided in these activities. The catching, the quarrying, the felling, the robbing, or any other way of getting hold of the goods forms one part of the action; the carrying, hauling, or other way of transporting the acquisition, the other.

We meet with three main types of trade: *gift trade*, *administered or treaty trade*, and *market trade*.

Gift trade links the partners in relationships of *reciprocity*, such as those of guest friends, kula partners, and visiting traders. The *organization* of trading is usually ceremonial, involving mutual presentations, embassies, or political dealings between the chiefs or kings. The *goods* are treasure, objects of elite circulation; in the borderline case of visiting parties the goods may be of a more "democratic" character.

Administered or treaty trade has a firm foundation in treaty relationships of a more or less formal nature. On both sides the import interest is determinative, and for that reason the trade is organized through governmental or government-controlled channels. In a secondary way, this involves a similar organization of the export goods. Accordingly, the whole organization of trade is carried on by administrative methods.

These are, as a rule, also responsible for the manner in which business is transacted: arrangements concerning "rates" of units; port facilities; weighing; checking of quality; the physical exchange of the goods; storage; safekeeping; the control of the trading personnel; regulation of "payments"; credits; price differentials. Some of these are naturally linked with the details of the actual collection of export goods and the repartition of the imported ones; both of these activities fall into the redistributive sphere of the domestic economy. The mutually imported goods are standardized according to quality and package, weight, or other easily ascertainable criteria. Only "trade goods" of this sort can be traded. Equivalents are set out in simple relations; in principle, trade is 1:1. Haggling is not part of the proceedings; since in actual fact it often cannot be completely avoided, to meet the changing circumstances it is practiced only *on items other than price*, such as measures, quality, means of payment, and profits.

Market trade is the third typical form of trading. Exchange is here the form of integration that relates the partners to each other. The range of tradable goods—the commodities—is practically unlimited; the organization follows the lines traced by the supply-demand-price mechanism. The market mechanism is adaptable to the handling not only of the goods, but of every element of trade separately—storage, transportation, risk, credit, payments, and the like—by forming special markets for freight, loan, capital, warehouse space, short and long term credit, insurance, and so on.

The "origin" of trade is, of course, a different matter. The acquisition of goods from a distance, though a vital criterion of trade, in this regard holds no precedence over two-sidedness. Two-sided relationships that overcome distance are not limited to the acquisition of goods. Sexual organization, which centers on marriage and reproduction, is predominantly exogamic and very frequently, therefore, relates to groups that are surprisingly distant geographically. If, as usual, bride-price and, sometimes, dowry accompany the moving of the bride, the resulting two-sided movement of goods becomes an important source of the satisfaction of the "import interest" for at least one of the parties. Yet the reciprocity between them centers not on the exchange of goods but on the bride.

In a minor key, the noncommercial reciprocity of the kula ring pre-

Traders and Trade

cedes the two-sidedness of the trading transactions which, in a small way, accompany the fabulous traject of the heroes of the ring. And yet, here again, regular trade between kula partners may well originate in (and even outlive) the arabesques of the kula.

This does not, however, diminish the important implications of expeditionary and especially of raiding "trade" for the origins of trade proper. Even head-hunting and the trading of food are sometimes combined. According to Thurnwald, some New Guinea tribes return from their macabre expeditions laden not only with skulls but with corn bartered from their victims. In archaic society piratic trade is one of the starting points of both gift trade and treaty trade.

Institutional analysis, however, is not primarily concerned with origins, but with the structure and mechanism of institutions and their constituent parts. We may analyze external and internal trade as follows:

I. External trade

- A. Gift trade: widespread in some types of tribal society. Guest gifts; pomp; alliances. Political purpose of *à fonds perdu* gifts, such as those to Menelaus in Syria and Egypt or to Odysseus on the last stretch of his return: empires using gifts to secure advantages in relation to "barbarians."
 1. Rationale of gift trade
 - a. Absence of any sanctions other than retaliatory measures.
 - b. Geographical "division of labor" (ecological differential) ensuring utility of exchange.
 - c. Automatic hostility in absence of counter-gifts.
 - d. The weaker party may excel in gifts to gain favor (but may refuse tribute).
 - e. The stronger may give gifts in order to win over the weaker and put him under obligations. (See Thucydides; also evidence from archaeology)
 2. Forms: embassy or special mission.
 3. Goods: *treasure*: slaves, gold, horses, ivory, clothes, incense, etc.
- B. Administered or treaty trade: presupposes relatively stable organized political or semipolitical bodies such as chartered com-

panies. The understanding may be tacit, as in the case of traditional or customary relationships. Between sovereign bodies, however, trade on a larger scale assumes the existence of explicit treaties even in relatively early times (e.g., between Etruscan Rome and Carthage in the sixth century B.C.).

But forms of administered trade, once established, generally come into use whether there is any treaty or not. Its main institution is the *port of trade*, the site of all administered foreign trade. Its function is to offer:

1. Military security
2. Civil protection to the foreign trader
3. Facilities of anchorage, debarkation, storage, etc.
4. Judicial authorities
5. Agreement on what goods are traded
6. Organizational arrangements concerning the "proportions" of the traded goods.

C. Market trade. This presupposes, of course, both trade and markets. As to the trade, its independent origin has been shown above. The markets, on the other hand, do not necessarily spring from trade, and we will see below that local markets certainly possess independent origins of their own. The catallactic notion that markets and trade are somehow the static and dynamic forms, respectively, of one economic energy is therefore erroneous.

For the economic historian the interesting question is: *When and how does trade get linked with markets?* Under what circumstances do markets become a vehicle of trade movements? And at what times and places do we first meet the result, market trade?

The question will be dealt with separately in regard to external and to internal markets. The *external market* problem is only another aspect of the problem of the origin of the *port of trade* and the circumstances which led to its development into regular international markets. The *internal market* problem, again, refers to the process by which the strictly controlled and limited agora of the polis and the very different bazaar of the

Traders and Trade

oriental world were transformed into free meeting places of foreign traders.

The characteristics of a market are, in both cases: free accessibility and an organization of trade which favors the emergence of one price, and that a fluctuating one. With *ports of trade*, only one price obtains; but if the price is to fluctuate while there is free access to the market, the local population must be independent of the supplies which are traded there—a state of affairs which is hardly likely under primitive or even archaic conditions. The classic Greek *agora* by its very nature hardly ever developed into a regular place of market trade, as long as the polis was active and flourishing; its very separation from the emporium—i.e., the port of trade—would have obstructed such a development. The *bazaar*, which produces no single price and is therefore unsuitable as an organ of price enforcement, is limited to local supplies. If foreign traders are permitted to participate in it, they automatically gain the status of settled colonists or of resident aliens. If the bazaar happens to be an adjunct of the port of trade (as for instance with the Maydan in the Ispahan of the sixteenth and seventeenth centuries), the foreign trader is strictly enjoined to make use of the services of a broker in order to prevent the fusing of bazaar trade and foreign trade into anything in the nature of general marketing.

II. "Internal" trade

- A. Usually external to some smaller social unit, as in village-to-village trade.
- B. "Internalized" through incorporation into a neighboring group or federation into a larger unit.
- C. Ecological differences, such as those between regions, may lead to interprovincial trade.
- D. Internal trading is sometimes the result of the fragmentation of empires or at least the incipient paralysis of their central redistributive system.
- E. The latter fact may also lead to trade over sections of the border of formerly unified empires.

F. Another source of internal trade is the long traject of foreign trade before it can reach the centers from the boundary.

Proposition: Throughout, the external origin of trade is conspicuous; internal trade is largely a derivation of earlier external trade. As we will see later on, trade only presents in a striking way a feature general to the development of economic institutions, namely the polarity between the external and the internal lines of development. With trade the priority of the external line is evident.

NOTES

1. This posthumous paper is chapter 12 of an unpublished draft manuscript, dated March 1951, of a book entitled *The Livelihood of Man*. Published by permission of Iona Polanyi. Harry Pearson of Bennington College is preparing the manuscript for publication in book form.