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HEADS OR TAILS? TWO SIDES OF THE COIN*

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Money has two sides, symbolised as heads and tails. It is the product of social organisation both from the top down ('states') and from the bottom up ('markets'). It is thus both a *token* of authority and a *commodity* with a price. Most economic theories of money focus on one extreme to the exclusion of the other. The current ideological debate between Keynesians and monetarists leads to unnecessarily wide swings in public policy. It is time for anthropologists too to abandon our predilection for polarised argument when making a comparative study of institutions such as money. The article has three main sections. The first locates the problem of money in contemporary economic history, showing how the rise of Eurodollar banking, barter and plastic credit cards is undermining state control of money in the industrial societies. The second traces two influential strands in the history of western monetary theory, linking them to the contrast in nineteenth-century economic thought between English utilitarianism and the German romantic reaction. These strands are brought together in the work of Keynes, whose ideas dominate our century. The third section applies these findings to a reanalysis of Malinowski's Trobriand ethnography, suggesting that the commodity/token opposition has relevance for the organisation of exchange there. The ethnography of stateless societies adds an essential dimension to our search for effective understanding of the forces shaping the modern world.

The first modern ethnography, *Argonauts of the western Pacific*, told of a complicated exchange economy which functioned without money and markets as we know them. Malinowski used his findings to berate the insularity of contemporary models of 'economic man', in effect the ideology which represents an image of western civilisation as universal. We, his successors in British social anthropology, have retained a penchant for juxtaposing exotic facts and western folk theories. But Malinowski's example is deficient in several ways. First, we should be more explicitly aware of the concrete conditions which stimulate our interest in some abstract problems rather than others. This means asking what it is in the world as we experience it that informs our researches, whether directly or indirectly. Second, it is no good taking potshots at vulgar reductions of economic ideas, when the intellectual history of western economic thought is itself extremely plural, even contradictory. A constructive reading of that intellectual history might have served Malinowski's ethnographic analysis better than the straw man he chose to attack. Finally, when historical awareness and a more sophisticated intellectual apparatus are combined with our discipline's standby of ethnographic fieldwork, the resulting anthropological

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analysis offers a more secure foundation for critical understanding of the world in which we live.

As a synthetic vehicle for this task I have chosen the topic of *money*, specifically how we are to assess its changing role in exchange economies as diverse as the Trobriand Islanders' and our own.¹ Malinowski insisted that the idea of money as 'currency' should be limited to that universal means of exchange and standard of value which is typically found in the form of 'coin of the realm'.² Mauss took him to task for this, claiming that Melanesian valuables should also be thought of as a sort of money.³ In our own day, cash is rapidly being displaced by plastic credit cards; and computerised barter networks have arisen as alternatives to markets based on money. If we want to make sense of such phenomena, it will not do to cling to a restrictive definition of money which explains more the preindustrial roots of modern civilisation than its continuing evolution and potentialities.

The monetary theories of economists ought to offer a more effective framework for this analysis than popular beliefs and vernacular expressions. But a cursory inspection of the metaphysics of monetary theory reveals a state of affairs more akin to theology than science.⁴ Here we find two broad camps, each fixing on one side of money to the exclusion of the other and claiming a monopoly of truth on the subject. The current labels for these camps are 'Keynesians' and 'monetarists'; but they have existed under other names at least since the Enlightenment and took definite form in the nineteenth century.

Their relative positions are summarised in my lecture title. Look at a coin from your pocket. On one side is 'heads'—the symbol of the political authority which minted the coin; on the other side is 'tails'—the precise specification of the amount the coin is worth as payment in exchange. One side reminds us that states underwrite currencies and that money is originally a relation between persons in society, a token perhaps. The other reveals the coin as a thing, capable of entering into definite relations with other things, as a quantitative ratio independent of the persons engaged in any particular transaction. In this latter respect money is like a commodity and its logic is that of anonymous markets. Heads and tails stand for social organisation from the *top* down and from the *bottom* up, epitomised in modern theory by the state and the market respectively. Most theories of money give priority to one side over the other. It is as if, not content with exploring the ambiguous unity of heads and tails, politics and markets, economists felt compelled like gamblers to toss the coin—heads or tails?—and, having opted for the one that lands up, then denied the existence of the other side, except in the minds of devil-worshippers. This Manichaean medieval impulse is deeply embedded in modern economic thought, and our century has seen the two sides inflated into an ideological struggle between state socialism and the free market that could be the death of us all. Malinowski was part of this ruinous polarisation; and, if we are to do better in future, anthropologists have to be capable of comparing their exotica with a more profound picture of ideas and realities in the modern industrial world which sustains us.

Conventional economic reasoning fails to enlighten us because it is so unremittingly one-dimensional. The coin has two sides for a good reason—both are indispensable. Money is at the same time an aspect of relations

between persons and a thing detached from persons. If we forget this, we encourage social disasters and perpetuate the wild oscillation between extremes which has dogged monetary policy over the last century. For too long now economic anthropologists have been, at best, brokers between two separate disciplines. Today's effort is an act of *bricolage* rather than brokerage, formed from a vision of the anthropologist as a handyman who can help repair the damage done by professionals.

The modern evolution of money

This is a time of unprecedented dynamism in the form and institutional organisation of money. Here I will offer some brief notes indicative of the transformation we are living through.⁵ Most of us have access to five forms of money—coins, banknotes, cheques, savings accounts and plastic. The relationship between the five is inherently unstable. The traditional money form, known as 'specie'—i.e. coins containing precious metals equivalent to their nominal value—now survives only in a specialist hoarders' market for gold coins. For two and a half millennia the only alternative to specie were notes of credit, which took the precise form of bills of exchange in Europe about 600 years ago. Coins were first mass-produced in Britain around 1800. Then, in the second half of the nineteenth century, national paper money emerged as a widespread substitute for both specie and promissory notes issued by private banks. Base metal coinage was introduced after the second world war, so that both paper and metal versions of the national currency now became equally worthless, being distinguished largely by function rather than cost of production. In the meantime, private individuals have continued to issue cheques against their bank accounts; and this source of personal liquidity has recently been augmented by the phenomenon of plastic credit cards. It is tempting to predict that before long this decentralised form of money will also be nationalised, perhaps through an adaptation of existing arrangements for national insurance and taxation.

In the course of these developments, the state monopoly of money has been subjected to pressure from both above and below, from the international sphere of banking and commerce, as well as from internal devolution of control over liquidity within the national economy. I wish to take these two aspects of modern monetary institutions in order.

Galbraith (1975) reminds us of the insubstantial basis of banking. Banks take money from one party and give it to another; they then try to persuade both that they still have it. The real reserves of wealth supporting a bank's promise to pay are normally minuscule and, in the case of national banks, mostly illusory. Seen from this point of view, money is founded on credit—it is a token, symbol of something intangible. The principles of finance are not those of commodity exchange; and it could be argued that during the modern period banking has assumed an increasingly dominant role in the management of economic affairs at all levels from the international to the domestic.

During the nineteenth century credit was based on the convertibility of

money to gold, thereby, it was hoped, subordinating the scope for financial manipulation to the need for a stable means of international exchange.⁶ The gold standard broke down between the two world wars; and it was replaced by the agreement known as Bretton Woods just over forty years ago. This was a system of state-guaranteed money with fixed parity exchange rates anchored on the reserve currencies, principally the dollar and sterling. In other words, international trade was based on confidence in the world's strongest economy, that of the United States. Bretton Woods was undermined by high US balance of payments deficits at the time of the Vietnam war; and international monetary crises were already predictable annual events by the end of the 1960's.⁷

The OPEC oil price increase and the attendant convulsions of world commodity markets in 1973/74 put paid to the fixed parity system; and the 1970's saw a shift towards acceptance of a relatively free market in currencies. This was a time of unprecedented global inflation rates, fuelled by progressive devaluation of the dollar, the oil trade's unit of account. Fear of runaway inflation prompted a decisive shift in western monetary policy away from Keynesian techniques of state management to what was thought to be the safer ground of a free market in money. The next turning point was 1979, when OPEC sought to recoup the erosion of its dollar earnings with a second major price rise. This triggered off a run on the dollar which was met by a rapid escalation of US interest rates to over 20 per cent. The United States remains a magnet for free-floating capital and this deflects the worst domestic effects of a regime based on budget deficits and high interest rates. The recent collapse of oil prices introduced another shock to a world economy already suffering from damaged confidence and lower growth rates than during the boom years of Bretton Woods.

The last two decades have also seen the flowering of the Eurodollar banking system. In consequence an incalculable proportion of all the currency in circulation is now beyond the control of the states who issue the money—in offshore banking transactions. After the second world war the Russians and the Chinese, legitimately fearing seizure of their New York dollar deposits by a hostile US government, transferred the money to London and Paris. The financial crisis of the early 1970's led to a more widespread use of this procedure, with London emerging as the main centre for 'Eurodollar banking'—i.e. dollars held by a non-resident of the US, usually in the form of a deposit with a bank outside the US.⁸

Offshore banking has on average a one per cent. edge in the interest rates it can afford to offer, this being the cost of keeping the minimum deposit required as security by law when banks are subject to national regulation. The oil price rise depressed demand for loans in the industrial countries and generated an OPEC financial surplus much of which found its way into the offshore system. In consequence the Third World became the target of a massive sales drive for loans by private banks.⁹ A decade later the prospects for Third World development are generally bleak and offshore investors must be wondering what their paper assets are really worth. What then is the basis of the Eurodollar banks' credit? Not commodities nor state power, to be sure. Their credit is based on the value of outstanding loans. Default on any major loan would call into question the

creditworthiness of all the offshore banks, which are of course often subsidiaries of the domestic banks—Barclays, Chase Manhattan, *Crédit Lyonnais* etc. The banks invented what they hope is a form of insurance against default. Each loan is farmed out to a consortium of up to 200–300 banks. If that loan were declared in default, the banks would lay claim to any foreign assets of the country involved, including all its exports. More important, their customers might be stampeded into a collective run on the bank which would make the bank failures of the Depression years seem trivial in comparison. It is not surprising then that the principal capitalist states periodically reschedule Third World private debts, rather than invoke this spectre of default.

In this inherently unstable situation, money itself has become a commodity traded in a purely speculative way. The total volume of money sales is now vastly in excess of the amount needed to finance international trade. Credit is grounded neither in real values nor in state-made money. On the Chicago Mercantile Exchange money is traded alongside pork-belly futures;¹⁰ and the continuing world depression piles up idle money capital to fuel an endless round of speculative surges. While most people, ostrich-like, hope that the problem will go away, vast fortunes are made by those who keep their eyes open and the international monetary crisis deepens.

Nor is money standing still on the home front. The virtue of traditional money forms—coinage and later banknotes—was that they could be transported easily and spent anonymously in a wide variety of commodity transactions. Since their value was objective, there was no need to introduce questions concerning an individual's creditworthiness. Moreover, complex networks of exchange could be articulated without requiring the simultaneous two-way transfer of commodities associated with barter systems. A further feature of conventional money is closely linked to the activities of those preindustrial states who did most to promote 'coin of the realm'. Governments have long depended on cash transactions for their own sources of liquidity. Taxation and markets are symbiotic. Internal revenues today are still levied almost exclusively on the exchange of goods and services for money. But the technical and institutional underpinnings of state-made money in its classic form have been eroded by postwar developments in telecommunications and computers—the so-called 'information revolution'.¹¹

It is now easier to evade state control at all levels of the economy; and money has become less anonymous, more personalised. One sign of the first tendency is the revival of barter in the industrial economies.¹² Multinational corporations swap bulk quantities of unsold commodities through brokers: thus, for example, an oil company offloads 100,000 gallons of surplus paint in direct exchange for an off-season lease of an airline's hotel in the Bahamas. Meanwhile tax lawyers argue with the Internal Revenue Service about the income represented by this non-market transaction. Barter has, of course, long been the mainstay of trade between nations of the eastern and western blocs, ever since the Bolsheviks pulled Russia out of the international system of commodity-based currencies. Today Third World countries who lack the dollars to participate in normal trade reach barter agreements among themselves. The largest of these to date is a deal involving Nigerian oil and Brazilian manufactures over a number of years.

More routinely, impoverished neighbours in West Africa swap meat for grain. A recent report of The Group of Thirty estimated that barter now accounts for 8–10 per cent. of international trade, a half of all arms sales. They conclude that barter does not *yet* pose a threat to the monetary system.

At a lower level, barter networks for individual businesses are springing up throughout North America.¹³ Some of these appear to originate in Oklahoma City, where there is a large Mormon community. (Mormons were forced into the federal political economy more or less at gunpoint a century ago and now they are leading the backlash against state control of business.) In California old age pensioners exchange services for points registered on a Social Services Department computer: gentleman willing to mow lawns meets lady anxious to knit jumpers—and no money changes hands. In British Columbia an alternative trading system known as LETS (Local Exchange Trading System—with echoes of *laissez-faire*?) has taken root in several communities (Gabel *et al.* 1985). Members need a home computer and a telephone to trade with each other in ‘green dollars’, an imaginary currency equivalent to federal dollars. Credit and debt are always exactly balanced in the system and anyone can inspect the banking record of another member. Such local initiatives are not entirely new; less sophisticated substitutes for scarce dollars in the Great Depression, according to a report of *The Times* of 20 June, 1933, included wooden cash and notes stamped on real buckskin in denominations of ‘one buck’ and ‘half a buck’.¹⁴ Barter, of course, is less vulnerable to inflation than trading mediated by state-backed currencies. It is possible to discern in phenomena such as these the seeds of a tax revolt, with large chunks of the North American economy withdrawing from the cash/tax nexus and public finances being subjected to a cumulative squeeze comparable to the fiscal crisis of the later Roman empire.¹⁵

The second tendency—personalisation of money as information technology catches up with the proliferation of transactions—is typified by the spread of plastic money in our lives.¹⁶ Now a seller can phone a computer and decide on the spot whether to extend credit to someone he has never seen before. Below I will suggest that personal identity is intrinsic to the functional equivalent of money in primitive economies such as that of the Trobriand Islands. Now money is once more bound up with tokens of personal identity; but credit is extended to something rather less than the whole person, to a formal abstraction of individual human beings, to a cipher in a universe of numbers. To all the other manifestations of our alienation we must now add the fear of being defined by machines processing digitalised identities. At the same time most of us now experience greater freedom in opening up personal lines of credit; and the control exercised by governments over the money supply is made to a corresponding degree weaker. I have explored this aspect of what I call ‘commodification’ in another place (Hart 1982). The continuing evolution of money is as double-sided a phenomenon as coinage. The information revolution clearly exposes us to the threat of ever more centralised access to our personal credit rating, while at the same time offering a partial escape from state-made money on a scale unequalled in western economic history since bills of exchange superseded coin of the realm for medieval merchants.

Let us next see what light is thrown on these matters by the discourse of modern economists.

Modern theories of money

The great historian of economic ideas, Joseph Schumpeter, once said, 'There is no denying that views on money are as difficult to describe as shifting clouds' (1954: 289).¹⁷ My hubristic aim here is to reduce this elusive skyscape to a few simplified sketches. The problem of money was intrinsic to the birth of English economics. Locke and his contemporaries were faced with a crisis of confidence in the coin of the realm (the so-called 're-coinage crisis'), following the triumph of Parliament over absolutism.¹⁸ By the eighteenth century mercantilist theory leaned towards a position later dubbed 'metallism'. This stated that the value of currency should be tied to precious metals such as gold and silver, thereby subordinating its circulation to the functioning of markets. This 'commodity theory' of money held sway in Britain right into this century. Anti-metallists, such as Barbon, held that 'money is a value made by law'. The special term 'chartalism' was later coined for this school which stressed the several forms that money could take, including paper promises made by private individuals or by the government. The 'quantity theory' of money associated with Bodin and Hume took the metallist position to the point of asserting that public intervention in the money supply, with the aim of stimulating economic expansion, was bound to fail in its intention. Hume argued that the volume of commodity exchange was logically independent of money supply, so that, in a closed economy, twice the amount of money in circulation would merely double prices. This has led him to be claimed as an ancestor by Milton Friedman and to be satirised by Karl Polanyi (1944), who tartly asks how much of society would be left intact by such a quantitative adjustment.¹⁹

The classical theory systematised by Ricardo (1817) and Mill (1848) drew from these preclassical antecedents the notion that money was the servant of the 'Law of Value', a mere technical prerequisite of commodity exchange which should be removed as far as possible from the threat of political manipulation by being tied to precious metals. The liberal synthesis of the nineteenth century found institutional expression in the promotion of free markets based on the gold standard under British financial and industrial hegemony. Adherence to the gold standard made it impossible for governments to protect their populations from excessive fluctuations in markets; and this point was made sporadically by an undercurrent of populist opposition throughout the Victorian era, exemplified by Major Douglas whose theory of underconsumption receives a doubled-edged endorsement from Keynes in the *General Theory*.²⁰

In matters of monetary theory Marx adhered broadly to classical orthodoxy. The opening passages of *Capital* (1887) make it clear that money is a commodity whose use is to facilitate exchange and capital is money put to accumulative ends within the exchange circuit. Marx's main innovation was to draw from Hegel's theory of alienation the notion of money and commerce as an estranged burden on the freedom of modern man. This allowed him to develop a phenomenological analysis of money's fetishised role in our understanding of social agency.²¹

He also, of course, placed great emphasis on extraction of surplus value as the key source of money capital. But in essentials he subscribed to the prevailing classical view that money was subordinate to the laws of commodity exchange and as such best thought of as a specialised commodity itself. This was monetary orthodoxy in the heyday of British industrial expansion.

The most systematic challenge to this orthodoxy came from Germany. One man deserves to be recognised as the author of a fully-fledged romantic theory of money—Adam Muller, who wrote *A new theory of money* in 1816.²² Muller negated everything that British political economy stood for—free trade, division of labour etc.—in favour of national self-sufficiency, the virtues of working the land and so on. Money for him derives its value from the trust generated within a community and is more specifically an expression of the national will. Schumpeter vehemently rejects Muller's claim to the rank of an economist, speaking of '... a number of wholly inoperative metaphysical conceptions' (1954: 421). This is an inevitable reaction once the intellectual historian is committed to teleological reconstruction of a process culminating in twentieth-century anglophone economic science. Such an approach reduces German economic ideas to the status of an aberrant sideshow for their refusal to extrude the social and cultural context of economic life into the analytical dumping-ground known normally as *ceteris paribus* assumptions.²³

The first years of this century saw the culmination of German monetary theory in Knapp's *State theory of money* (1924) and Simmel's *Philosophy of money* (1978); Weber devotes a long passage of *Economy and society* (1978: 166–93) to a discussion of money which draws heavily on Knapp. G. F. Knapp gave us terms such as 'metallism' and 'chartalism', so that it is his work that has done most to crystallise the opposition between commodity and token in the history of monetary theory. Being an anti-metallist, Knapp set out to put flesh on Barbon's dictum that 'money is a value made by law'. He believed that money was a standard of credit issued by the state and that the state's freedom of manoeuvre in monetary policy should not be restricted by an international system anchored in the timeless exchangeability of gold.

The common intellectual inheritance of Knapp, Weber and later Polanyi was Kant's dialectic of form and content (in essence the relationship between mental construct and material substance). For Kant our world is made up of two constituents—a form supplied by the structure of the mind and a content supplied by the senses. In continental social thought this analytical distinction was later made to inform a contrast between on the one hand the self-conscious rationality of state-made law and markets and on the other the anonymous everyday influence of customs whose force was presumed to derive from ancient mechanisms of collective survival. Weber (1978: 85–6) argued that formal and substantive rationality were in conflict, i.e. that the growing dominance of calculation in public life impaired our ability to make adequate social provision for material welfare. This distinction was taken up by Polanyi (1957*b*) and made the basis for the mind-bogglingly reductionist formal-substantive debate which dogged economic anthropology in the 1960's and 70's.

At this point the issue becomes more complicated than a simple opposition between English utilitarianism and German idealism. For one thing, Victorian

Britain had its romantics too—but this is no place to explore the monetary theories of Morris and Ruskin. More significantly, British liberals were as likely to draw on the moral sentiments of Adam Smith as on Benthamite principles. For example, John Stuart Mill simultaneously plays down the importance of money in relation to free commodity exchange and decries the emphasis on money-making for its own sake in England and America. Thus in one place he says ‘There cannot in short be intrinsically a more insignificant thing in the economy of society than money’ (1848: 488); and elsewhere he inveighs vigorously against the subordination of public morality to the mindless accumulation of money.²⁵ Money was not just an instrument of trade, repository of universal natural impulse, a gold-based bulwark against absolutism. It was also the object of money-making and as such shaped by all the abuses that anti-social capitalists could inflict on their contemporaries. Bagehot’s lesser known work on Lombard Street (1910) represents a counter-current which emphasised the moral dimensions of bourgeois accumulation. Here trust, debt, banking, ‘the Englishman’s word’—in a word, credit—defined money as an aspect of relations between persons, not as a thing, mere cash. We are reminded of Durkheim’s refutation of utilitarian abstraction in *The division of labour in society* (1933), when he speaks of the non-contractual element of the contract—the nexus of humane institutions and values that makes market behaviour possible. It is as well to remember that not all Victorians were unreconstructed Benthamites and social Darwinists.

Simmel reflects this position as a German liberal.²⁶ For him money encapsulates all the main strands of social life. There is no essential contradiction between capitalism and society, as both Marx and Weber held. Above all Simmel emphasised the morality of exchange, echoing Muller and prefiguring Mauss. The rationalism of statisticians such as Knapp and liberal economists such as Ricardo equally abstract commodity exchange from its moral source—the human wisdom of an anonymous economy based on trust.

What started as a simple opposition between commodity and token theories of money—between anglophone economism and the German romantic reaction—clearly needs to be modified to take account of two cross-cutting nineteenth century ideologies. These are first the perceived contradiction between markets and states which supposed that anyone who was in favour of one must be against the other; and second Kant’s analytic of form and substance, which explicitly shaped much European discourse and was implicit in the moral discourse of some British liberals. I have summarised what is a rather dense section of my argument in fig. 1.²⁷ The liberal pro-market side equates social progress with capitalism, but splits into formal economics and a substantive emphasis on trust. The statist side sees capitalism and society as contradictory, but splits into a formal theory looking to rational law and government policy for antidotes and a substantive construct of the state as nation, *Volk* or *narod*, in a word—populism.

There are thus three types of theory opposed to the classical orthodoxy which regards money solely as a commodity, subject to the laws of competitive markets. These are all *token* theories which insist that money is a symbol for something intangible, an aspect of human agency, not just a thing like a lump of

	MARKET		STATE	
FORMAL	C	Economics	T	Policy Law
SUBSTANTIVE	T	Credit Trust	T	National Institutions

C = Commodity Theory
 T = Token Theory

FIGURE 1. *Theories of money c. 1900.*

coal. Money as trust locates value in the morality of civil society; its fulcrum is the management of credit and debt in human relations—as illuminated, for example, by Mauss’s great work *The gift* (1967), so revealingly interpreted by the last Malinowski lecturer, Jonathan Parry.²⁸ Money as the expression of state policy emphasises the role of law and government intervention—a tradition stretching from Barbon to Knapp and beyond. The populist theory of money stresses the accumulated institutions of a nation as a necessary framework for markets and finance. American institutionalist economics—with its roots in the politics of William Jennings Bryan and Henry George and the writings of Veblen, Commons and Ayres²⁹—is a major vehicle for this tendency; as are the Russian Narodniks whose theories so infuriated Lenin.³⁰

This discussion prepares the way for an assessment of the pivotal figure in twentieth century social thought. In seeking to overthrow English monetary theory between the wars, Keynes was bound to recapitulate elements of the predominantly German critique. The details of Keynes’s recommendations are unimportant here.³¹ He proposed that the state manipulate demand and investment through control of the interest rate and the size of the public debt. This represented explicit recognition that unemployment could not be brought down by adherence to the practices of the gold standard years. For all his credentials as a social democrat, Keynes belongs squarely with Knapp in the elitist box of formal statism. Not for him the folk wisdom of mass social action or even that of a humanised bourgeoisie. He wrote for the chosen few who effect policy and thought himself with some reason to be one of them. In characterising the motives of the capitalist class as ‘animal spirits’ he both echoed the Scottish enlightenment’s emphasis on the role of the passions in human nature and the recent attention given to the non-rational foundations of supposedly rational behaviour, a recurring theme of late nineteenth-century German sociology and of Max Weber’s work in particular.³²

Keynes’s greatest legacies are Bretton Woods, the postwar monetary order which was smashed in the 1970’s,³³ and the welfare states which were built from the proceeds of those boom years. Richard Nixon’s announcement, just before his downfall, that ‘we are all Keynesians now’, is as good a marker as any of the

end of the great economist's influence. The confidence of western nations in state fiscal policy was shattered by an inflation which undermined the price mechanism and much else in their market economies. By the mid-1980's conservative regimes dogmatically opposed to 'Keynesianism' run the United States, Britain, Germany and Japan. Their creed is 'monetarism', a revival of the old liberalism and of the commodity theory of money. Its most vigorous exponents are Milton Friedman and other members of the Chicago school.³⁴ They make an explicit link to the quantity theory of two centuries ago. Money is just a thing with a function and a price; any government interference will have unintended consequences whose effects are on balance likely to be negative; so that it is best to concentrate on ensuring that markets are efficient. As always, political practice is more confusing than professed ideology. One has only to think of Reagan's massive Keynesian reflation of demand through expansion of the US public debt in the light of his alleged adherence to 'supply-side economics'.

There is thus a long history underlying contemporary fashions in monetary theory. Anthropologists are not immune to absorbing these polarised currents of modern ideas; but prior exposure to their history might help to make our borrowings from economic thought less vulgar than before—less confused and more self-conscious. While being more respectful of a plural intellectual tradition, we should also be open to the notion of economics as a form of secular theology. Relations between persons and things are typically fetishised as two contradictory camps, thought of as states and markets, abstract actors in a Manichean universe of good and evil which only has room for one side of the coin at any time. It is surely the case that the coin has two sides and that what matters is their relationship, the mutual constitution of politics and markets in a moving social whole.

I now turn to an ethnographic setting where money and markets as we know them are apparently absent—Malinowski's Trobriand Islands.

Ethnographic analysis

Throughout *Argonauts of the western Pacific* (1922), Malinowski emphasises the contrast between *kula* and *gimwali* in Trobriand economy.³⁵ The first is a ceremonious exchange of gifts (personal ornaments) and it carries great social prestige. The second is an undignified haggling, individual barter; its social significance is minimal and it frequently accompanies the *kula*, perhaps under the latter's umbrella. Trobrianders say that the two types of exchange are in the starkest possible contrast: the one epitomising generosity, the other selfishness. Malinowski lists seven types of transaction from pure gift to trade (1922: 177–91). The last two are 'ceremonial barter with deferred payment' (including the *kula*) and 'trade, pure and simple' (typically *gimwali*). But rather than rehash the well-known *kula* story here, I want to draw your attention to two subsidiary examples noted briefly by Malinowski in this context.

Coastal and inland villages on Kiriwina are in the habit of exchanging fish for yams or vegetables, allowing a measure of division of labour between fishing

and agriculture. Sometimes this exchange takes the form of ceremonial prestations (*wasi*) involving community leaders on the pattern of *kula*. But we are told that, where no *wasi* relationship exists between villages, individual barter at the household level (*vava*) is normal. So, whereas in one case a big man hands over a job lot of fish to his counterpart, allowing him to ration them out among his followers and to organise a future return of yams in similar fashion, in the other individuals wander from house to house trying to get a reasonable deal for the quantity of commodities they have to sell.

Three features of this opposition are worth noting. 1) The degree of formalisation of the social processes involved—the presence and absence of ceremony.³⁶ 2) The time interval between the two moments of exchange (giving and the return)—their separation by a delay in *wasi*, their collapse into a simultaneous equivalence in *vava*.³⁷ 3) The level of conflict tolerated in the price-setting mechanism—the generosity of gift-giving as a means of avoiding conflict and haggling as an expression of confidence in the partners' ability to contain aggression. The fact that the two institutions fall neatly into paired sets, each the other's negation, suggests a routinised resolution of social ambivalence. Formalisation of exchange—ceremony, separation of the moments of exchange, conflict avoidance—reflects high social distance and weak political order, bringing big men and corporate organisation into play. Informal interpersonal haggling reflects low social distance and strong political order. The issue is whether individuals belonging to different groups feel free to risk the conflict inherent in barter without invoking all the danger, magic, prestige and hierarchy that go with ceremonial exchange. Thus one form is a temporary social framework erected in the relative absence of society; the other is an atomised interaction predicated on the presence of society. This has to be spelled out, following the example of both Marx and Mauss, because it is often assumed that individualism is in contradiction with social order, rather than, as this case suggests, being predicated on it.³⁸

My argument, which is admittedly a speculative extrapolation from incomplete ethnography, is that the two types are different means of securing the same ends, namely circulation of commodities between independent communities. Individual barter is favoured when the general peace is such as to allow commodities to flow at their equivalent values; whereas ceremonial exchange is a temporary construct of peace based on alliance between leaders of communities at war, with political intervention in the distribution of commodities an inevitable corollary. Thus the *kula* valuables are tokens of personal responsibility, naming the networks of big men whose reputations secure peace for the trade.³⁹ Obviously barter can and does take place within the temporary framework of *kula*, which should be seen as a highly visible version of that social glue that Durkheim (1933) insisted lies more invisibly behind the anonymity of market contracts.

One further point. Although Malinowski speaks as if these institutional arrangements were congealed in aspic forever, my analysis lends itself to a more dynamic interpretation. Thus a breakdown of political relations between coastal and inland villages (i.e. war) might occasion a shift from *vava* to the more formal *wasi*. Equally, unpredictable fluctuations in supply (failure of the fish catch or a

yam glut) might undermine the price-setting mechanism of barter and require the intervention of big men as rationing or stockpiling agents. The Trobriand economy may thus be represented as oscillating between two types of organisation of commodity exchange in response to imperfections both of the political order and of supply and demand. Normal conditions grant low-level agents considerable autonomy which is superseded by high-level regulation when the environment is especially uncertain. Big men may affect to despise haggling—it is not, after all, their stock-in-trade—but we would be ill-advised to take at face value statements that formal exchange and ordinary barter have nothing whatsoever to do with each other, a rhetorical exaggeration of their conceptual and practical complementarity.⁴⁰

So, although there are no coins in Trobriand economy, the two sides of the coin have their counterparts in local economic institutions. There is political authority and there are markets of a sort. Their interaction is flexible according to variable conditions affecting trade. The question has been asked from time to time whether the *kula* valuables are a form of money.⁴¹ Malinowski answers emphatically that they are not, by which he means that they are not money as defined by the commodity theory of liberal orthodoxy. Clearly they are tokens of interpersonal relations, a sophisticated device for ranking political credit in an unstable environment of trade and war between communities. In consequence one of the most complex commercial organisations in the preindustrial world is carried out without benefit of states or merchants under considerable handicaps of transport, communications and ecological instability. Perhaps Mauss (1967: 94) was right to suggest that enabling exchange in this way ought to be counted one of the functions of money. When states invented coin of the realm, credit was shifted from a personal basis to the objective value of the contents of a man's pockets. Private notes of credit, such as cheques, supplied a personal dimension to money; and today advanced information systems have expanded this dimension in the form of plastic credit cards. It may not then be ridiculous to think of *kula* valuables as money after all.

I should add some brief comments on the possible application of my dualistic perspective to the preindustrial states whose economy rested so heavily on coins made from precious metal. The path of commodity exchange appears to have been universally problematic for archaic civilisations.⁴² Usury, debt bondage and gross inequalities of wealth provoked popular revolutions at regular intervals in the ancient Mediterranean⁴³. The emergence of democratic political theory in the Greek city state was thus, as Fustel de Coulanges (1866) and Weber (1976) insist, largely a response to the class polarisation and economic chaos of the preclassical period (roughly 800–500 B.C.). Later, conservative theorists such as Plato and Aristotle promoted economic models based on self-sufficiency and low division of labour as an antidote to Athens's escalating dependence on maritime trade. This in turn was canonised by the medieval scholastics as a bias against markets in favour of a system of landed property where the natural harmony of God, king and the earth rested on responsible self-management.⁴⁴

The point of this excursion is to reveal the true source of the idea that heads and tails are in irreconcilable conflict—the Aristotelian theodicy of Europe's middle ages—which Adam Smith (1776) stood on its head by preferring the

rational anarchy of markets to the clumsy dirigiste efforts of a corrupt court and its clientele of oafish landowners. To summarise, commodity economy was understood to be in contradiction with sound public policy throughout the era of agrarian states. Oscillations between the two produced both revolutions and institutions designed to contain the contradiction. Economic thought was overwhelmingly interventionist and hostile to trade. Modern liberal orthodoxy is best thought of as the negation of all that. But the contradiction continues, as do its attendant oscillations. Modern monetary policy, however, is less flexible than Trobriand institutional practice because it is still governed by a quasi-theological dogmatism.

Concluding remarks

I have suggested that ethnographic analysis needs to be complemented by greater openness to intellectual history and by a journalistic awareness of the events unfolding in our time. Moreover, I am committed to the proposition that the ethnography of stateless societies adds an essential dimension to our search for effective understanding of the major forces shaping the modern world.⁴⁵

Many of the distinctive features of our civilisation were formed during the 5,000 years of agrarian states. Far from being the enlightened offspring of industrialism that we fondly imagine ourselves to be, we are rather the confused by-product of social and technical processes whose implications are masked by the persistence of preindustrial cultural assumptions and institutions. There can be little doubt that the legacy of agrarian society is unravelling before our eyes; but we need the benefit of long-run, wide-angle vision—of an anthropological vision—if we are to have much chance of sorting out the elements of the era our generations are setting in train.

The chief characteristic of preindustrial states is their preoccupation with *states*, i.e. with fixity, permanence, the absolute. Their religions anchor all experience in the single, aprioristic truth of a universal Creator. Their monarchs provide a central point of coherence in a fragmented society. Their cities are centred on the ‘pivot of the four quarters’ (Wheatley 1971). So it is too with their money, which is presumptively immutable, objective, a thing uniting a quasi-divine royal authority with the timeless value of gold and silver.

Much of the monetary history of the last 150 years has been a losing battle to retain a fixed standard for money. The role of economists in this process has largely been to divide into two warring camps split by the definition of what money ‘really’ is. Some have sought to pin money down as a commodity and others have sought refuge in the power of nation-states. Their intellectual rigidity has precluded a dialectical synthesis of money’s two sides, namely the relationship between persons and things in a social world dominated by both states and markets.⁴⁶ Instead we have witnessed the unseemly debacle of wide oscillations between polarised policies which court disaster through systematic rejection of the opposite point of view. This is what I mean by referring to one strand of economic thought as ‘secular theology’.

Keynes is a crucial figure, not just for his influence on modern economic

institutions, but because he set himself firmly against the pretence that economic science can protect us from confusion and error with its deductive logic and mathematical techniques.⁴⁷ In this respect he deserves to be placed alongside Max Weber as a sympathetic critic of the liberal tradition in economics. One of the inferences to be drawn from my argument is that German dialectical reason offers at the very least a conceptual framework for resolving intellectual difficulties posed by the Anglo-Saxon preoccupation with naming unambiguous entities in the real world.⁴⁸ If we remain fixated on what money 'really' is, we shall be unable to grasp the interplay of forces that makes up its history and continuing evolution.

This is the value of Trobriand ethnography. The Melanesians are not bound by a static doctrine of social principle. They have not developed states and are extremely wary of established political office in any form. Yet they are aware that commodity exchange depends on flexible substitution of free individual barter and regulated communal transfers. This is, roughly speaking, the practice of modern treasury departments—pragmatic reconciliation of opposing aims in response to changing circumstances. But at the highest theoretical level it seems that pragmatism is insufficient. We need to know on what solid foundation money rests—on commodities or states or what? I believe that the core of an answer lies in the shifting hierarchy of credit relations that make up modern markets—a less substantial foundation than most of us seem willing to live with. In this respect our plastic-toting yuppie culture is nearer to Malinowski's *kula* ring than either is to traditional 'coin of the realm' or to the nineteenth century experiment in gold-backed currency which has done so much to shape modern western attitudes to money.⁴⁹

NOTES

With one or two very minor changes, the present text is the same as the original lecture, given on March 13th, 1986 at the London School of Economics and Political Science under the title 'The two sides of money'. Subsequent elaboration and documentation of the argument are restricted to the notes and text citations. I am grateful to Mick Brown, John Bryden, John Coates, Eduardo da Fonseca, Ernest Gellner, Tony Giddens, Chris Hann, Carrie Humphrey, Johnny Parry and Marilyn Strathern for their comments on earlier drafts.

¹ This is not the place to review the anthropology of money. Crump's *The phenomenon of money* (1981) is a remarkable synthesis which has influenced my own enterprise more diffusely than can be acknowledged in footnotes. Einzig's *Primitive money* (1949) is still an indispensable introduction to the subject. Gregory's *Gifts and commodities* (1982) addresses some of the more general issues raised here. Those readers who would prefer more explicit reference to the major figures of economic anthropology—Firth, Sahlins, Douglas, Godelier, Bohannan and Dalton—will generally be disappointed. My debt to these colleagues is, however, immense.

² See his article 'Primitive currency' (1923) and the comment in *Argonauts* on Seligman's usage: 'Currency as a rule means a medium of exchange and standard of value, and none of the Massim valuables fulfil these functions' (1922: 499).

³ Mauss (1967: 93–4) adds a long footnote to *The gift* 'on the principle adopted in discussing the idea of money'. 'In this view . . . there is money only when precious objects . . . are made into money—when they are named, impersonalized, detached from any relationships with moral, collective or individual persons other than the authority of the state which mints them . . . The above definition can cover only a secondary type of money—our own'. (p. 93) He prefers to stress the purchasing power of primitive valuables—'. . . these purchasing instruments could serve as a

means to count wealth and make it circulate' (p. 94); and concludes that the forms of money are more plural than Malinowski's restrictive definition implies.

⁴ I use neither expression as a term of abuse. Economics, like evolutionary biology, stands as a bridge between medieval cosmology and the modern aspiration to place our collective affairs on a rational footing. The economics of money is a discipline all by itself; Clower (1971) is one means of entry.

⁵ This is not a scholarly guide to modern monetary institutions; and references are kept to a minimum. My sources range from recent journalism to an unsystematic selection of economic history textbooks. The most recent British monograph on the extraordinary monetary developments during our times is Hamilton's *The financial revolution* (1986), which contains a glossary of what is truly a fast-breaking terminology. Moffitt's *The world's money* (1983), Samson's *The money-lenders* (1981) and Galbraith's *Money: whence it came, where it went* (1975) offer a range of popular introductions to the subject. Institutional innovation is now so rapid that up-to-date knowledge can only be gained from a daily reading of the *Financial Times* or *Wall Street Journal*.

I believe that anthropologists must offer inexpert summaries of the industrial world, if our ethnographic findings are not to be ghettoised. It is easier to be proved wrong when a topic commands the attention of hundreds of professionals from several disciplines, safer by far to stick to reporting unknown tribes with the interpolation of occasional abstract commentary on the great divide between 'them' and 'us'. My point is that 'we' are extremely diverse and are caught in the middle of profound upheavals. Anthropologists can and should make a concrete contribution to understanding these developments.

⁶ Polanyi's masterpiece, *The great transformation* (1944), represents the gold standard, along with the balance of power system, the liberal state and the self-regulating market, as an institutional bulwark of the first industrial civilisation.

⁷ The Bretton Woods system was effectively abandoned in 1947–48 and rediscovered, along with convertible currencies, a decade later. Its heyday was 1958–71. For most of the period immediately following the second world war national protectionist regimes dominated monetary management, in violation of the international spirit of Bretton Woods.

⁸ The definition is Hamilton's (1986: 245). Eurobanking in general refers to non-residents holding deposits of any currency somewhere other than the national territory of the state issuing that currency. The Eurodollar market has grown within a decade from a few hundred million dollars to \$300 billions a year today.

⁹ Samson (1981) provides a vivid account of loan peddlers hawking their wares around some of the Third World's less savoury regimes in the 1970's.

¹⁰ Whereas markets were once traditionally specialised and Chicago was hog-butcher to the world, the recent trend has been towards 'financial supermarkets' competing across the board worldwide. Financial futures now represent 90% of total volume on the Chicago Mercantile Exchange, which was a frontrunner in the money market revolution of the mid-1970's.

¹¹ For a recent summary, see Office of Technology Assessment, US Congress *Effects of information technology on financial services systems* (1984); also Hamilton (1986: 30–49) who cites Walter Wriston's maxim 'The information standard has replaced the gold standard as the basis of world finance'.

¹² There have been several recent conferences on barter within and between industrial nations; but serious academic analysis of emergent economic institutions of this sort has not come to my notice.

¹³ These examples were gathered informally during a period (1975–83) spent teaching in North America.

¹⁴ Deerskin was a unit of account in the early North American fur trade; hence the popular term for a dollar—'buck'.

¹⁵ Weber's classic essay, 'The social causes of the decline of ancient civilization' (1976: 389–411), shows how the flight from central taxation contributed to the feudalisation of the Roman empire from within.

¹⁶ The spread of plastic money deserves more attention than it appears to get from social scientists. Crump (1981: 129) mentions the phenomenon, with special reference to taxation.

¹⁷ Readers who wish to explore the history of economic ideas should start with Schumpeter's magisterial *History of economic analysis* (1954).

¹⁸ For Locke's economic thought and its historical context, see Vaughn (1980).

¹⁹ See Schumpeter (1954: 311–17) on the quantity theory; also Friedman & Schwarz (1963) and Polanyi (1944: 192–93). Polanyi's critique of liberalism in *The great transformation* is devastating. Money, he says, is a fictitious commodity, since it is not produced by labour. It should rather be conceived of as an expression of society's need for commerce. Money is both a commodity for purposes of international trade and a token of domestic policy. In this latter capacity its supply is bound to be used to protect citizens from depression, war-induced shortage and various forms of economic calamity. Such measures would in turn undermine attempts to found the international economic order on gold or some other commodity.

²⁰ 'Major Douglas is entitled to claim, as against some of his orthodox adversaries, that he at least has not been wholly oblivious of the outstanding problem of our economic system. Yet he has scarcely established an equal claim to rank—a private, perhaps, but not a major in the brave army of heretics—with Mandeville, Malthus, Gesell and Hobson, who, following their intuitions, have preferred to see the truth obscurely and imperfectly rather than maintain error, reached indeed with clearness and consistency and by easy logic but on hypotheses inappropriate to the facts.' (1936: 371)

²¹ The fetishism of commodities (*Capital Vol. 1* 1970: 71–83) is an idea whose day has certainly arrived in anthropology. See Taussig (1980), Bloch (in press) and Appadurai (1986) for interesting commentary on Marx's phenomenology.

²² *Versuche einer neuen Theorie des Geldes*. Schumpeter's distaste for Muller as a German romantic is extreme: 'Such interpretations of metaphysical meanings are by nature incapable of telling us anything that we do not already know about the relations subsisting in the empirical world . . . I have no intention of paralleling the ignorance that fails to appreciate the tasks and methods of analysis by equally ignorant failure to appreciate the tasks and methods of philosophic vision or interpretation of meanings . . . these are two different worlds that do not touch anywhere' (1954: 422).

²³ The most common word for economics in nineteenth-century Germany (*Sozialpolitik*; cf. also *Nazionaloekonomie*) speaks of the huge gulf between national intellectual traditions. One of the earliest uses of the term 'economics' is in the name of the institution which sponsored this lecture (founded in 1891).

²⁴ A good selection of arguments from the formalist–substantivist debate in its heyday is Leclair and Schneider (1968). Economic anthropology today boasts of almost as many positions as practitioners. (See Ortiz 1983). Weber repeatedly made the point that any work of comparison requires the dialectical ability to make empirical distinctions within a unifying conceptual framework, that is, to embrace both sameness and difference—a point that was lost in the heat of academic polarisation.

²⁵ Of Americans Mill wrote ' . . . the life of the whole of one sex is devoted to dollar hunting and of the other to breeding dollar hunters' (Mill 1965: 755).

²⁶ Simmel's *The philosophy of money* (1978), recently revived in English translation, is a complex masterpiece which deserves to be placed among the classics to which anthropologists pay routine homage. Frankel's *Money: two philosophies* (1977) draws on Simmel, along with Marx and Keynes, to make a neo-liberal case for emphasising trust in monetary theory.

²⁷ The typology of theories is ideal. Great thinkers never fit easily into such boxes, but their epigones often split into opposed camps along simplified lines of the sort identified here.

²⁸ See *Man* (N.S.) 21, 453–76. My lecture was designed in part to be complementary to his: whereas I emphasise the outside context of economic anthropology, Parry focuses on the inside story of our discipline's preoccupation with exchange.

²⁹ Veblen (1904), Commons (1934) and Ayres (1944) are the most prominent members of this school. Their followers sustain the *Journal of economic issues*.

³⁰ Lenin *The development of capitalism in Russia* (1899). See also Hussain and Tribe (1981) for the wider political context.

³¹ Keynes's two great theoretical works, the *Treatise on money* (1930) and *The general theory of employment etc.* (1936), are reasonably accessible to non-specialists. But his *Essays in persuasion* (1931) offer a readable point of entry to his thought.

³² Before the romantics gave the word its modern meaning, 'the passions' referred mainly to internalised sources of passivity—in the work of Hume and Smith (e.g. *The theory of moral sentiments* 1793) to those natural and cultural constraints within each of us which stand opposed to the exercise

of freedom through reason. In this respect the Scottish Enlightenment anticipated a central tenet of German idealism—the tension between the rational and the non-rational, between the conscious and the unconscious, that we tend to associate with Nietzsche, Freud and Weber.

³³ Although Keynes was undoubtedly one of the two major figures at the Bretton Woods conference in 1944, the final version of the new international order that emerged owed more to American interests than to his own preconceived scheme.

³⁴ See e.g. Friedman and Schwarz (1963) and Hayek (1973–79).

³⁵ Although the distinction is basic to his argument, Malinowski provides only a few scattered glimpses of trade in his ethnography. There is a generalised description of *gimwali* on pp. 189–190 of *Argonauts*. The examples of trade between *kula* visitors and hosts on pp. 362–364 leave it uncertain how far fixed rates of exchange or a sliding-price mechanism operate. Malinowski emphasises haggling, but it would not be remarkable if some long-distance exchanges were based on normalised ratios. *Wasi* and *vava* are mentioned only briefly on pp. 188–190. Much of my analysis, therefore, is an invention for which the essential information is largely missing. I have been able to draw for comparative insights on the recent explosion in Melanesian ethnography (especially J. Leach & E. Leach 1983), on several films about the Trobriands and on a visit to Papua New Guinea in 1972. My debt to Marshall Sahlins's *Stone-age economics* will be obvious—see especially his chapter 'Exchange value and the diplomacy of primitive trade' (1972: 277–314). Nevertheless, I reject the conceptual opposition of social totality and individual anarchy which informs much of the book. My prime purpose in telling the story this way is to cast doubt on the prevailing utilitarian orthodoxy in anglophone economic anthropology which in a sense stems from Malinowski (see Parry 1986). I do *not* wish to suggest that ceremonial exchange and barter institutions everywhere correspond to the idealtypical contrast drawn in this section.

³⁶ 'I shall call an action ceremonial, if it is (1) public; (2) carried on under observance of definite formalities; (3) if it has sociological, religious or magical import, and carries with it obligations' (Malinowski 1922: 95).

³⁷ Mauss (1967) makes the timing of the two moments of exchange *the* formal criterion for distinguishing between gifts and market purchases. Rejecting the ideological appearance of a contrast between the two based on altruism and egoism, he emphasises the social inequality inherent in gift-giving and the equality made possible by simultaneous commodity exchange.

³⁸ Humphrey (1985) links individualised barter to economic disintegration on the Nepal-Tibet border. The collapse of political authority and poverty combine there to inhibit the use of money in trade. See also my short essay on barter (Hart in press). The empirical permutations of social organisation and trading mechanisms are more plural than my present analysis may be taken to imply.

³⁹ Uberoi's (1962) reanalysis of the Trobriand ethnography stresses this point.

⁴⁰ Parry (1986) argues convincingly that Malinowski's opposition between 'pure gifts' and 'trade, pure and simple' belongs more securely to the ideologies of commercial civilisations than to tribal societies such as the Trobriands. Nevertheless, I am convinced that some such dualism is recognised in Trobriand cultural categories—'He conducts his Kula as if it were *gimwali*' (Malinowski 1922: 96)—even if the contrast is exaggerated both by the ethnographer and by his more aristocratic informants.

⁴¹ See notes 2 and 3 above.

⁴² Most of the standard works on ancient economy (e.g. Finley 1973; Heichelheim 1964) stress order more than disorder. But Weber (1976: 38–79) was well aware of the pathologies attending commodity exchange.

⁴³ The Hebrew institution of *jubilee* was one routinised response to these pathological features of economy in the city states and kingdoms of Mesopotamia, Iran and the Levant. This was the custom of freeing debt slaves once every fifty years and allowing people who had been evicted from their homes back to their own land. The implication of this and more radical measures of debt cancellation was that an economy based in part on commodities and money led to impoverishment of citizens on a scale insupportable by a polity claiming popular legitimacy.

⁴⁴ See Polanyi (1957a). Mandel (1968: 690–8) provides a breezy and polemical history of economic ideas in preindustrial civilisations. Polanyi epitomises the Aristotelian tradition in economic anthropology.

⁴⁵ British social anthropology's historical mission, triumphantly announced in *African political*

systems (Fortes & Evans-Pritchard 1940)—namely to expose the intermediate levels of corporate social life obscured by modern theories of the state and, I would add, by market theories—is even more necessary today than half a century ago, since postwar developments have made these public ideologies more pervasive, more deeply entrenched in popular understandings of the world.

⁴⁶ Such a rigid pattern may be more true of the British two-party system and of rivalry between the superpowers than of some other industrial and industrialising nations. It could be argued that in Germany and Japan the contradiction between states and markets has never been a prominent feature of political economy. Bismarck invented the welfare state as a necessary adjunct of industrial capitalist expansion; Hitler took the idea further; and the postwar *Wirtschaftswunder* rests on the idea that social democracy and capitalism reinforce each other. As the British contemplate their own creeping deindustrialisation, they might also dwell on the historical symbiosis of state and capital in Japan which has so far allowed that nation to avoid the excesses of *laissez faire* that are so dear to anglophone neo-conservatives.

⁴⁷ See note 20 above.

⁴⁸ 'Nominalism' is the philosophical position (associated with the medieval heretic Duns Scotus) which denies that universals have any objective reference in the real world, being rather mere abstractions. Leach (1961) took up such a position when he accused Radcliffe-Brown and his followers of 'butterfly collecting'. Despite this, the habit of conducting ethnographic comparison with reference to supposedly objective analytical categories, such as 'money' or 'unilineal descent groups', dies hard in British social anthropology.

⁴⁹ A short poem, which I composed some time ago, bears on the central philosophical theme of this lecture:

Two sides to every point.
Well fancy that—
A point that's flat.

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