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The Great Wheel of Wealth

A Reflection of Social Reciprocity

By DAVID HAMILTON

KARL POLANYI in his *Great Transformation* argues that the contemporary economy differs from all preceding forms of economy by being organized on the market principle.¹ He contended that all preceding economies had been organized on the basis of reciprocity, but this principle had been replaced in the Western economies sometime in the early decades of the nineteenth century by that of the market.

Reciprocity is a principle of social and economic process for the explanation of which we are indebted to the anthropologist Bronislaw Malinowski. Malinowski best stated the principle in his *Crime and Custom in Savage Society*.² Despite the title, this little volume is devoted to an exposition of primitive economics as much as it is to "crime and punishment." Perhaps credit may also be given to Marcel Mauss for contributing some understanding of this basic process although his claim is partially clouded by virtue of the fact he had the benefit of some of Malinowski's work.³ But no matter to whomever we should pass the bouquets for first formulation of the concept, their largely independent work would seem to reciprocally authenticate one another and hence the principle of reciprocity.

Polanyi used the concept of reciprocity as formally stated by Malinowski rather than the slightly more complicated form in which Mauss stated it. According to Malinowski, all primitive economic exchange proceeds on the basis of reciprocity. In fact, this principle is a general one which applies to all social interaction. As he contended, everything done by one person to the favor of another must be reciprocated by the latter. A favor done requires a return favor which is socially sanctioned and readily recognized as equivalent to the initial favor. This complex is perhaps most clearly and simply illustrated to the reader unfamiliar with anthropological literature by reference to the gift exchange in our own culture which is very apparent during the Christmas season. We all have various categories

¹ Karl Polanyi, *The Great Transformation* (Boston: Beacon Press ed., 1957). See also Polanyi, Conrad M. Arensberg, and Harry W. Pearson (ed.), *Trade and Market in the Early Empires* (Glencoe, Ill.: The Free Press, 1957).

² Bronislaw Malinowski, *Crime and Custom in Savage Society* (Paterson, N.J.: Littlefield, Adams and Co., 1959, originally published in 1926).

³ Marcel Mauss, *The Gift: Forms and Functions of Exchange in Archaic Societies* (Glencoe, Ill.: The Free Press, 1954 ed.).

of Christmas-time friends with whom we exchange gifts. This gift exchange is, however, not a random phenomenon. Despite the saying that it is the spirit of giving rather than the thing given which is significant, a moment's reflection will indicate that this is only partially the truth. The gifts we exchange with one another are always what we call "appropriate," and appropriate means something which is approximately equivalent to what we anticipate receiving. Although it might intrude a jarring note into what is looked upon as a manifestation of pure generosity, we all have our \$2, \$5, and \$10 friends.

I

MALINOWSKI ENLARGED THE PRINCIPLE to explain social order itself. But we are largely concerned with its more narrow economic implications. In every society examined by the anthropologist the principle of economic reciprocity has manifested itself in a system of circulation, the most notorious being the Kula circuit among the island dwellers off the north-east coast of New Guinea. In this complex, red shell necklaces pass clockwise through the islands while white shell bracelets pass counterclockwise. Interisland trading partners are linked to one another through these objects. The islanders of the Trobriand Archipelago are linked to those of Dobu through this exchange. The Trobrianders call upon the Dobuans and they receive from their respective trading partners necklaces. The Dobuans counter this by calling upon their Trobriand partners in anticipation of receiving arm shells which are looked upon as of equal social worth. In other words, the Trobriander who has received a necklace from his Dobuan trading partner must reciprocate to him by the gift of an arm shell held to be of equal social worth to the necklace he has received earlier. This complex circuit is a closed one for it extends through the islands in a complete circle.⁴

Such circular systems have been found by the student of primitive society elsewhere. A similar phenomenon has been found in northern Australia in what is called Arnhem Land. There the objects exchanged are referred to as *gerri*.⁵ In East Africa even the matter of marriage is tied into the economy through the circuit flow of brides and cattle—brides going in one direction and cattle in the other. In fact, the cattle-brides complex can be diagrammed in very much the same fashion appropriate to

⁴ Bronislaw Malinowski, *Argonauts of the Western Pacific* (London: Routledge-Kegan Paul Ltd., 1922), Chap. III.

⁵ Donald F. Thomson, *Economic Structure and the Ceremonial Exchange Cycle* (Melbourne: Macmillan & Co. Ltd., 1949).

the Kula traffic in the Trobriands.⁶ Although not worked out to precisely the same high degree, reciprocity has been demonstrated to set up a circuit flow of objects among the Maori,⁷ the Tikopia,⁸ and the Ontong Javanese.⁹ Not all systems of reciprocity which establish a circuit of exchange have the beautiful symmetry of that of the Kula, but all can be diagrammed circularly in which one set of items is indicated as passing in one direction while another set of items passes in reverse direction.

Students of reciprocity have, however, emphasized its more lurid details and in doing so have seemingly missed its technological basis. As usually expounded, the principle of reciprocity seems to rest on emotional feelings of social solidarity which are refired and rekindled by the exchange. If this were the sole basis for the phenomenon one could, as did Polanyi, see its disappearance with the rise of market economy. The relationships which prevail within the market between trading partners do seem to have lost some of the personality which did prevail in earlier societies.¹⁰ However, reciprocity is in another sense the manifestation of a technological interdependence which is one essential dimension of the tool process. We are and always have been technologically interrelated. The division of labor perhaps could be said to have begun when Eve was split off from Adam's rib and immediately thereafter picked up a blunt instrument. All tool activity is complementary and hence reciprocal. The city garbage collector complements the work of the physician who reciprocates by maintaining the health of the city garbage collector. And both of these activities complement all of the other tool functions being performed in a complex industrial culture.

These interrelationships could be mapped and their reciprocal or complementary nature clearly demonstrated. It would be possible to begin perhaps with coal and iron mining and show how these tool operations were complemented by the manufacture of iron which was similarly complemented by the production of steel and further finished products. From here it could be shown how this activity was complemented by the manu-

⁶ See for example E. Jensen Krige and J. D. Krige, *The Realm of a Rain Queen* (London: Oxford University Press, 1943), p. 145.

⁷ Raymond Firth, *Primitive Economics of the New Zealand Maori* (New York: E. P. Dutton & Co., 1929).

⁸ Raymond Firth, *Primitive Polynesian Economy* (London: G. Routledge, 1939). See also his *We the Tikopia* (New York, American Book, 1936).

⁹ H. Ian Hogbin, *Law and Order in Polynesia* (New York: Harcourt Brace, 1934).

¹⁰ This impersonality of exchange has perhaps reached its apex in the vending machine. In this situation the buyer is related only remotely to his trading partner whose agent is a wholly impersonal machine. Money in this case becomes hardly more than an actuator of a mechanical process.

facture of automobiles, watches, and mining machinery, all of which enabled the coal and iron miners to get from their homes to the mines on time in order to mine more coal and iron to keep the circuit going.

II

ALL OF THIS perhaps seems so obvious that we miss its significance in understanding reciprocity. It is a similar, but less complex, technological interdependence, for the tool skills are less advanced, which underlies reciprocity among all of those peoples the anthropologist has studied. The Kula traffic proper is such a large and obvious bit of the institutional complex of Trobriand society that its technological base is obscured. But Malinowski does call attention to the fact that much more than the ceremonial exchange of arm shells and necklaces is involved. As he put it,

The ceremonial exchange of the two articles is the main, the fundamental aspect of the Kula. But associated with it, and done under its cover, we find a great number of secondary activities and features. Thus, side by side with the ritual exchange of arm shells and necklaces, the natives carry on ordinary trade, bartering from one island to another a great number of utilities, often unprocurable in the district to which they are imported, and indispensable there.¹¹

The circulation of *gerri* among the Arnhem Land people is also clearly based on a technological specialization. Although these are a people with an essentially paleolithic tool complex, having neither domesticated plants or animals nor pottery, they do have specialized tool skills. As Thomson put it, "In many of these [tool] processes the possession of special skill is recognized by the use of a distinctive name, and in their technology there is evidence of the beginning of craft specialization."¹² Even among such people as the pygmies of the Ituri Forest, who have perhaps an even simpler technology than that of Arnhem Land, evidence exists to indicate complementary interrelationships based on tool skills.¹³

Technological reciprocity is a fact. This, it seems to me, is the meaning of Durkheim's concept of organic solidarity of which he made so much in his *Division of Labor*.¹⁴ There he argued that as the division of labor proceeded the individual members of society became increasingly interdependent. The type of mechanical solidarity which had characterized earlier forms of society was displaced by an organic solidarity enforced by increasing specialization.

¹¹ Malinowski, *Argonauts of the Western Pacific*, *op. cit.*, p. 83.

¹² Thomson, *op. cit.*, p. 9.

¹³ Colis M. Turnbull, *The Forest People* (New York: Anchor Books, 1962).

¹⁴ Emile Durkheim, *On the Division of Labor in Society* (New York: Macmillan Co., 1933).

Thus far we have implied that social reciprocity has in fact two aspects, one which is technologically based and the other which is ceremonial in nature. As we noted above, it is this latter aspect which heretofore has been emphasized by the ethnologist. He has not done so wholly, but neither has he made a clear distinction between the two. The technological aspect proceeds on a matter-of-fact basis in which each tool skill in some way possesses a complementary relationship with every other tool skill. Admittedly some of these relationships are quite remote and not immediately apparent until, by some concatenation of events, our attention is focused upon them.

But the ceremonial aspect of reciprocity is of such a nature as to attract our immediate attention. It is based on the concept of authorship and the honoring of this authorship. Man has never been satisfied to accept the matter-of-fact relationships characteristic of his technology. The outcome of technological activity is at best uncertain. But man desires certainty.¹⁵ To secure this certainty he has repeatedly resorted to the occult. This is what is responsible ultimately for his successes, or at least so it seems. And among men it is those master workmen, the kings, priests, and warriors, individuals in most frequent and repeated touch with the occult, and hence of greatest repute, who are ultimately responsible for all good things. Thus the ceremonial aspect of reciprocity is one in which man honors this attribution of mystic potency. We pay our respects through great feats of gift giving and ceremonial exchange in such notorious events as the potlatch of the northwest Indians¹⁶ and the formal Kula trading of the Trobriand circuit.

The ceremonial reciprocity in other words simulates what is going on technologically. But ultimate authorship is attributed to the mystic potencies which are at the basis of an elaborate system of status. The upshot of it all is, however, to establish a system of circulation in any tribe, ancient or modern, part of which is ceremonial in nature but which simulates a genuine technologically based interdependence.

If this is a correct interpretation of social processes, then Polanyi made a wrong turn when he contended that market economy was to be distinguished from all of those economies which preceded because of the absence of the principle of reciprocity in the market economy. This wrong turn may have been made because reciprocity as an economic process has usually been explained as a ceremonial phenomenon. And certainly the market

¹⁵ John Dewey, *The Quest for Certainty* (New York: Capricorn Books, ed., 1960).

¹⁶ Irving Goldman, "The Kwakiutl of Vancouver Island," in Margaret Mead (ed.), *Cooperation and Competition Among Primitive Peoples* (Boston: Beacon Press ed., 1961).

is a bit more impersonal and less sensational than is the potlatch. Although Veblen, familiar with the market as well as the potlatch, saw clearly the similarities in these two complexes. And anyone who reads Malinowski's account of the precautions taken by a Trobriand Kula trader to achieve great success in his dealings with his Kula partner can find more than just an analogous similarity to the pecuniary machinations of the captains of industry in the heyday of classic capitalism.

But if we focus our attention on technological reciprocity we would be forced to argue, as it seems to me did Durkheim, that reciprocity or rather complementary tool relationships are more extensive in the industrial economy than in the simpler agrarian and hunting economies which preceded. In other words, the technological basis of economic reciprocity is more extensive today than it has ever been heretofore and will undoubtedly become even more so in the future if man survives the immediately precarious situation with which he is faced.

III

ALL OF THIS may be easily conceded. All that it seems to recognize is a fact—the fact that we live in a complex industrial economy. But it also seems to indicate that the market economy is also nothing but a reflection of social reciprocity—both technological and ceremonial. It is startling that this was not apparent to Polanyi. The “great wheel of wealth,” which the economist finds useful in sketching the grosser aspects of our economy, would seem to be nothing but a reflection of social reciprocity. This familiar diagram purports to show that goods pass in one direction while money, in some way socially recognized as exactly equal to the goods, passes in the reverse direction. In fact, it is perhaps a diagram of a “kula ring” on a colossal scale which an ethnologist from the Trobriand culture would readily recognize for what it is. In the great wheel of wealth the goods flow is a recognition of technological reciprocity while the money flow is a reflection of ceremonial reciprocity and the honoring of status.

Just as the Kula ring is a manifestation of social reciprocity, so is the great wheel of wealth. Every transaction in the industrial economy presumably represents the passage of a good or service from one individual to another who reciprocates by the passage of money which is defined socially to be exactly equivalent. Nothing so impresses the buyer as to the honesty and fair dealing of the seller as does a claim that the commodity is being sold for no more than it cost. This seems to assure that no gouging is taking place, that the transaction is one governed by the rule of equivalence.

Some students seem to feel that reciprocity as a social process disappeared as money replaced direct transactions of goods for goods, services for services. But this seems to ignore the nature of all pecuniary transactions. Money is a formal object which satisfies the demands of reciprocity. Justice in the pecuniary economy requires that the money passing in one direction is socially exactly equivalent to the goods passing in the reverse direction.

Much of economic theory has been concerned with demonstrating just how this equivalence has been achieved. It purports to demonstrate that in the market economy the utility or satisfaction achieved by the consumer from the consumption of a good is exactly equal to the "blood, sweat, and tears" that went into its production and that this equivalence is measured by price. In other words, the money being passed by the consumer to his trading partner is precisely equal to the necklace or arm shell received.

The dispute between Marx and the mainstream of classical political economy seems to be over this point. The standard theory argues that all of the rules of reciprocity are satisfied in market economy or capitalism. Marx argues that this is not the case. The rules of reciprocity are not being met as long as there is surplus value. But all of this hardly seems to indicate the demise of reciprocity, although the market may have introduced a degree of impersonality which is not present in non-monetary transactions.

The reciprocal obligations by virtue of which a family unit is bound together still seem to contain an emotional element absent in the same degree from market transactions. But even in this case we often allude to the decay of the extended family in which such obligations were much more extensively recognized. They now do not seem to extend far beyond the bounds of the nuclear family. But what has happened to reciprocity in the family seems to be characteristic of what has happened to reciprocity in the market economy. The expansion of technology has bound together larger and larger groups of individuals while simultaneously reducing the extent of personal relationships. It is this depersonalization of reciprocal obligations for which the industrial revolution is responsible—not the substitution of market economy for reciprocity. By extending and enlarging our technological interdependence the industrialization of Western economy has enlarged the area over which reciprocity prevails.

The great wheel of wealth is merely testimony to the fact that reciprocity is still an aspect of market economy. And we cannot rid ourselves of it—at least of that aspect which recognizes a technological reality. Our

problem has been one of eliminating that aspect of reciprocity which is ceremonial and which impedes the full utilization of our technology. The abrasive aspects of market economy which Polanyi deplors are generated by the ceremonial aspect of reciprocity. Much of our trouble in managing our economic affairs is a product of this. Technologically reciprocity means increasing abundance. Ceremonially reciprocity means conspicuous consumption and poverty.

The whole phenomenon of reciprocity in our economy was encompassed in Veblen's dichotomy between workmanship and exploit, industry and business. This is precisely what is reflected in the great wheel of wealth in which all of the fruits of workmanship (goods) are supposedly equal to all of the fruits of business (money).

The upshot of all this would seem to indicate that the economist has much to gain by borrowing from the cultural anthropologist. Thus far the borrowing has been almost totally in the other direction. The ethnologist has attempted to use the concepts familiar to modern economics in his study of simpler economies. The results have not been fruitful.¹⁷

This is not surprising. It denies the continuity which is so evident in what Max Otto referred to as the "human enterprise." It makes a false disjunction between so-called primitive economies and more modern-day ones. The consequence of this is to send the economist off hunting for the unique historic events which represent a great watershed between the present economy and all simpler ones. It constructs a distinction between modern and primitive economies on a false base. A genuine distinction can be made, of course, on technology, but this does not deny historic continuity as do such theses as that of Max Weber concerning the development of a spirit of capitalism out of the Protestant Reformation.¹⁸ The economist would seem to be able to benefit from the study of primitive economics in the same way that the sociologist has benefited by the encroachment of the anthropologist on once hallowed sociological ground.¹⁹

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¹⁷ Daniel B. Fusfield, "Economic Theory Misplaced: Livelihood in Primitive Society," in Karl Polanyi, Conrad M. Arensberg, and Harry W. Pearson, *op. cit.*, pp. 342-56.

¹⁸ Max Weber, *The Protestant Ethic and The Spirit of Capitalism* (New York: Charles Scribner's Sons, 1958 ed.).

¹⁹ See for example the work of James West, *Plainville, U.S.A.* (New York: Columbia University Press, 1945); and W. Lloyd Warner, *Social Class In America* (New York: Harper Torchbooks, ed., 1960).