BARTER AND ECONOMIC DISINTEGRATION

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The mainstream economists' view that barter should be seen as a 'natural' phenomenon of human nature and as the origin of money is rejected. Barter occurs in specific socio-economic conditions which may obtain also in economies which know money. When there is a very low supply of currency, money may cease to function as an index of value for all goods and itself become an item bartered. This is likely to occur when small discrete social groups wish to maintain autonomy. Unlike money payment, which requires a further transaction before value is realised, barter satisfies demand immediately and is of its nature discontinuous. As with car trade-ins in our economy barter occurs when people cannot afford to keep money, and it becomes a system when society is atomised to the extent that people do not exploit the variations in exchange ratios between different communities. Using the case of the Lhomi of north-east Nepal, it is shown that although the exchange of common produce, as opposed to rare valuables, is most likely to approximate to a notional 'equilibrium price', the practice of barter with no established measures of weight and volume means that there can be no underlying index of value / numeraire. Each transaction exists virtually on its own. Thus, although barter is an egalitarian mode, it contains no protection against changing exchange ratios which may harm one partner. Barter tends to take place between people who know one another, because it is only by the establishment of customary times and places for exchange that the costs of searching for partners, waiting etc. are avoided. Delayed barter, which often occurs with valuables, requires non-economic means of ensuring repayment, but the ritualised trade-partnerships which the Lhomi employ are self-limiting: restricted relations cut traders off from the wide, unpredictable world of the capitalist end sale. Business often fails and the traders suffer.

Barter is at once a cornerstone of modern economic theory and an ancient subject of debate about political justice, from Plato and Aristotle onwards. In both discourses, which are distinct though related, barter provides the imagined preconditions for the emergence of money. Why should anthropologists be interested in logical deductions from an imagined state? No example of a barter economy, pure and simple, has ever been described, let alone the emergence from it of money; all available ethnography suggests that there never has been such a thing. But there are economies today which are nevertheless *dominated* by barter, and here anthropology can both learn from and add to the ancient debate.

In Plato, non-monetary exchange provides the first means of satisfying complementary needs established by the division of labour, which is a condition of the ideal Republic (Plato 1908: II, 369–72). Aristotle develops the idea of 'proportional exchange', relative to social evaluations of the worth of persons and their products, in his consideration of what is just. Here money, which can measure everything, is introduced by convention as a 'kind of substitute for

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need or demand', its value being derived not from nature but from law (Aristotle 1895: 5, 1–17). Economists of the contemporary orthodoxy, on the other hand, which stems at least from Adam Smith and was revived in the marginalist economics of Menger and Jevons and reaches Clower in the present, propose an evolutionary development of economies which places barter, as a 'natural' human characteristic, at the most primitive stage, to be superseded by monetary exchange as soon as people become aware of the latter's greater efficiency.

Anthropologists have also tended to see barter as a transaction of the primitive economy, although in the classic examples, such as Malinowski (1922), Thurnwald (1934–5) and Sahlins (1972) the ethnographic diversity and complexity of distribution is recognised. Dominated by other activities considered to be 'more socially embedded', such as ceremonial exchange, gift-giving, sharing of food, or dues to chiefs, barter is found in a corner of the economy —and one that is despised by the people and anthropologists alike. Barter, according to Sahlins summarising a wide range of ethnography, is 'negative reciprocity, the unsociable extreme'. Characterised as 'haggling', barter is held to take place with outsiders, along with 'chicanery' and 'theft', each participant trying to outwit the other with an eye to his own benefit (1972: 195).

There is something unsatisfactory about each of these modern arguments. If we take barter to be the more or less simultaneous exchange of one good for another with the possibility of bargaining, the anthropologists have no justification in regarding it as 'negative reciprocity'. By definition, barter is a complementary exchange in which each participant bargains until he or she is satisfied. It does not necessarily imply antagonism. As far as the economists' argument is concerned, we know from the accumulated evidence of ethnography that barter was indeed very rare as a system dominating primitive economies.[1] Money of various kinds has been around for over two millennia, and in the last century, in its purest, non 'commodity-money' form, has penetrated virtually every economy on earth, and yet barter is common *today* in economies which also know money. I shall propose in this article that barter *in the present world* is, in the vast majority of cases, a post-monetary phenomenon (i.e. it coexists with money), and that it characterises economies which are, or have become, de-coupled from monetary markets. In these circumstances barter can become a dominant principle of transaction, to which money itself is subject. As was well known to Marx and even Aristotle (1895: 5, 14), but has somehow escaped the general attention of anthropologists, currency may be bartered like any other commodity.

As an idea 'barter' is part of the history of economics and anthropology, and the assumption that it was the forerunner of monetary exchange is crucial in the way it is normally conceptualised. Polanyi's suggestion, in *The great transformation*, that the evolutionary doctrine of the economists preoccupied with the emergence of markets might virtually be reversed, has been largely ignored (1957: 58).[2] His own view is considerably closer to that of the ancient philosophers, suggesting as he does the prior existence of long-distance trade as a result of regional environmental differences and only later the emergence of local markets and bargaining or barter. In this article I should also like to escape from the notion of 'truck' or 'barter' as a natural human propensity which still appears as a myth of our subject. This implies the disentangling of two concepts of barter, (a) the notion of a simple exchange of goods without money and without specifying the mode of the non-monetary transaction, and (b) the process of barter in time as a practice which involves bargaining. It is the latter that will be my focus.

The word barter as I use it implies an open-ended, potentially innovative, negotiable, transaction, in which need not only answers need but can also create a new demand: 'If you don't want these potatoes, perhaps you would like this pair of scissors?' Furthermore, barter, which in itself refers only to a social relation of transaction and not to economic values, can encompass the idea of an exchange of goods which have one value to one side and another to the other. I use 'barter' in this sense to differentiate it from 'primitive trade' in which, as Malinowski showed, socially determined rates of exchange outweigh bargaining in the great majority of types of transaction.

For barter to become dominant in an area, such that it can incorporate even pure money, we must suppose not only economic but also some particular social and cultural conditions which allow the 'construction' of barter as a system. I shall attempt to describe this on the basis of the economy of the Lhomi[3] and their neighbours of the Nepal-Tibet border in 1979–80. The Lhomi are farmers but also traders, and clearly their historical role as intermediaries between the highland pastoral economy of the Tibet hills and the agriculture of the Nepali hills, is a basis for the culture of trading which they find so attractive. I would argue, however, that it is not because the Lhomi *were* traders that they *now* engage in barter. Similar Himalayan peoples are now almost entirely monetised. Clearly there are many conditions ranging from negative consequences of using money[4] to regulated systems of distribution in centralised economies[5] which might impel people to barter as it were by default. In other cases, themselves differing from one another greatly in ideological context, barter may be positively preferred in itself. We may cite the example of East Coast American farmers of the late eighteenth to mid-nineteenth centuries, where products were exchanged between independent households and even cash was bartered just outside New York. Merrill (1977: 42–71) explains this rejection of capitalist, functionally monetised farming as an expression of radical republicanism, based on essentially individualistic household production. It is certainly not the case that such examples are simply 'survivals' of early forms of economy. From historical and comparative materials in the Himalayan region it can be seen that alternations between increasingly monetised trade in periods of accumulation, and barter, which in my view is here a phenomenon of economic disintegration in the vertical economy, have been highly unstable.

To show theoretically why this is the case we must look at the economic ideas in more detail. The prevalent theory of barter in the economic literature looks at barter, not in itself, but with the primary aim of elucidating the role and origin of money. Clower (1969), following Jevons (1910), states that barter is abandoned because of its high transaction costs. In an imagined island economy without money it is assumed that people have a natural desire to acquire goods they do not produce themselves and therefore engage in exchange. With an elegant series of curves, Clower suggests that the costs involved in simple barter (searching for exchange partners, establishing a double coincidence of wants, postponing a desired transaction, and wasting time in bargaining) would lead people first to barter at fairgrounds, then to establish trading-posts for particular goods, then to make use of the one most common item as a means of exchange at all the posts and, finally, to establish this commodity also as a standard of value, means of payment and store of wealth, in other words, as money. Here the primary function of money is assumed to be as a means of exchange.

Thomas Crump, who has made a survey of both the economic and the anthropological literature, argues convincingly, however, that Clower is wrong (1981: 85). Because the supply of money must be under some control,[6] it is unlikely that any good emerging as the primary means of exchange through frequency of use in barter—which is what Clower suggested—would ever 'turn into' money.

There is an alternative theory, again dealing with barter only as a seed-bed for the emergence of money, but one which is, I think, more useful to us in understanding barter itself. The economist Charles Goodhart argues against the Clower school on the grounds that money as *the* means of exchange emerging from primitive barter cannot be the initial key, since this already assumes the existence of a market economy and market mentality. He is concerned to make a distinction between money as a means of exchange and its narrower function as a means of payment. He sees the latter as primary. Barter could distribute goods (and thus render payment unnecessary) but, because of transaction costs, most exchanges will not be simultaneous but will involve the extension of credit. The existence of time means that even in an economy rigidly bound by custom there must be uncertainty, e.g. about weather, future technology, or the honesty of people. Delayed barter could only exist generally in face-to-face communities in which every exchange partner has knowledge about others such that he can trust payment to be made for items given. But this is unlikely ever to be the case, and lack of information about the future credit standing of prospective purchasers would in some cases force people to use a specialised means of payment, money. The proportion of transactions settled by monetary exchanges will rise with the growing complexity and dispersion of the economy because of the greater liklihood of *not* having adequate information about other people. Conversely, the use of money declines with the development of methods, such as credit cards, to increase the amount of personal information available (1975: 7–8).[7]

All this is very formalistic, but it does help us to see something of the essential nature of barter. Barter makes payment unnecessary. Payment is the transfer from one person to another of an interest which is expressed in terms of a standard of value. It is money which makes payment possible, as Crump has forcefully pointed out. The key point about money is that, whatever functions it may have, the payee is in a position to perform them by virtue of the payment, but he can only do so by making a further payment. Thus it is of the nature of money to circulate indefinitely (Crump 1981: 3–4). Barter, on the other hand, entails no further transaction. It is, in principle, a one-off affair, because the objects exchanged are mainly objects for use. Barter agreements are made by individuals or groups separately and discontinuously, and without any implicit standard of value (this is discussed further on p. 60). The implication is that, unlike the use of money, barter exchange will have the effect of dis-integration in the regional economy.

This gives some clues as to which economies are likely to be dominated by barter. Barter will occur when economies are atomised (when money ceases to function as a standard of value). 'Delayed barter', which in practice may range from something close to 'primitive trade' to the activities of professional merchants intent on keeping people in thrall (Leach 1959: 145–6 and Gorer 1938: 113–18) can only occur when there is a large amount of information about partners (or other social pressures for repayment). A further important condition is suggested by an early paper of Helms. She proposed the idea of the 'purchase society' which characterises groups on the fringes of incompletely centralised states (Helms 1969). Such groups exist in a complex relation between political autonomy from and economic dependence on the central society. Her point is that the people are 'hooked' on goods from outside and characteristically quickly become monetised. However, there are societies in a similar political situation which resist monetisation (Harriss 1982), in particular as represented by money markets in land and labour.

Other groups may be forced out of the money economy. Crump has suggested a useful model based on the notion of upper and lower limits to the supply of money (1981: 83–96). As we have noted in the case of cowries (note 6), an object cannot function as 'pure money', in Crump's terminology, if the supply is unlimited (upper limit). Only after supply of the money-stuff has been subject to limitation, either by transport to a different region or because it is manufactured in a situation of control, will it function as money. Flowing through this area, money passes to other regions in progressively smaller amounts, ending up in what Crump calls a 'sink' (the lower limit), 'represented by a population which imports these objects, but not so as to use them for any recognisable monetary purpose' (1981: 86). In the sink, money-stuff cannot be used as money because there is not enough of it around. A peripheral self-contained sub-economy must maintain a positive balance of payments in its external trade with the national economy if it is to import enough money to maintain its own monetary system. In practice, simple poverty makes this very problematic in many regions of the world, even in places adjacent to monetised market towns (1981: 212).

It is what goes on in this 'sink' that we shall be concerned with. I agree with Crump that the supply of money is crucial. Simply to say that an economy operates below the lower limit of money supply tells us little, however, of what actually happens. As we shall see (p. 62) the level of the supply of money does not explain the value which money has in a barter economy. For this we must look at barter itself, and here I turn to the Lhomi ethnography.

The Lhomi

The Lhomi are a small community of farmers and traders living in the valley of the Arun River close to the Tibetan border. They are Buddhists and speak a dialect of Tibetan. Separated by a precipitous, uninhabited jungle from their neighbours to the south, they live in a dozen or so compact villages perched on the steep mountain slopes. This is a 'vertical economy' with many similarities to the Andean case. The lands attached to villages range from yak pasturage above the tree-line (16,000 ft), through cattle and sheep pasture, swidden, and fields for potato, wheat and barley on the upper levels (10–12,000 ft), maize, millet, buckwheat, fruit-trees and vegetables at village level (6,000–10,000 ft), and terraces of rice right down near the river at approximately 3,000 ft. Although each village produces a range of crops, even slight differences in height, sunlight and rainfall magnify the variations in what they can produce as surplus.

The Lhomi farm is owned by and production is organised on the basis of the household. Patrilineal clans have rights to pastures and residual rights to fields, and land is not freely available for sale.[8] The more senior of the clans also provide the inherited positions of village headman (*goba*) and tax-collectors (*gyembu*). Only in the last 10–15 years has the authority of these leaders been superseded by that of elected panchayat officials of the Nepalese state. About 3 per cent. of households have no land, just a few more than the number of families of '*gara*', i.e. those of 'unclean mouth'. Otherwise, the overt ideology today is egalitarian, despite the fact that those clans calling themselves '*jimi*' (original settlers) still tend to have more rice land than later arrivals. These latter, known as 'Kampa' although they come from various parts of Tibet, are, however, sometimes rich in livestock, since they arrived with herds of yaks and yak-crosses which have still not yet been entirely depleted. Though most households have a few cattle, pigs and chickens, only around 20 per cent. have sheep, and very few indeed have yaks. There is virtually no wage-labour. Exchange-labour (*nga-lak*) is by far the predominant form, though poorer men and women may work for the odd day or two for pay in cash, grains, salt or garlic. Basically, Lhomi expect to live off the produce of their farms and to barter or, occasionally, sell the surplus.

There is evidence that the people of the upper Arun valley were richer in the nineteenth century than they are today. Referring to the period around 1810, Hamilton describes Hatiya on the Arun and Alangchang (Wallungchung) on the Tamar River as the two great 'marts' for the important Tibet–India trade, which passed through north-east Nepal. Goods were brought to the northern marts from the town of Chayenpur (Chainpur), where there was a fort and the residence of the administrative officer of the Gorkha government (Hamilton 1819: 156–7). Hatiya today has no market of any kind, and Wallungchung, which was still an important trade entrepot in the 1950's (von Fürer-Haimendorf 1975: 125), was largely swept away by a landslide around 1970.

It is not clear to what extent the early nineteenth century trade was monetised. Hamilton distinguishes between periodic markets (*hat*), where money was used, for which he gives a list for east Nepal, and 'marts', such as Hatiya and Wallungchung, which were not markets but entrepots, where goods were exchanged primarily by barter. Hooker remarks for Wallungchung in the 1840's that it had no market or bazaar and that it was only by threats that he could obtain rice there (Hooker 1854: 218). It is to Sagant that we owe the useful distinction between the bazaar, the market and the fair, all of which use money, and the 'mart' which operates primarily by barter. Sagant suggests that Hatiya was probably not a market (Sagant 1968–9: 111–12), but against this we have the fact of its name which was surely derived from the Nepali word for market (*hat*). In any case, money was of course present in north-east Nepal in the early nineteenth century. The headmen ('*guobah*') of the Upper Arun and Wallungchung collected taxes on trade-goods and transport animals in rupees (Hooker 1854: 160; von Fürer-Haimendorf 1975: 116). They were politically powerful enough to maintain monopolies on trade through these valleys and keep strangers out (Hamilton 1819: 154 and Hooker 1854: 230–1). Also, the wool trade was always monetised. Traders paid money in advance to the Tibetan shepherds, the advantage of this from their point of view being that in this way they could stabilise prices. In the early twentieth century, the volume of the wool trade was so great that it determined the value of Tibetan currency. If there was a large wool crop one year so many Indian rupees flowed into Tibet that the value of the rupee would fall as against the Tibetan *trang-ka*. Conversely, if the crop was poor, the value of the rupee rose (Bell 1928: 117). The wool trade became important in north-east Nepal in the middle of the nineteenth century.

What does seem apparent is that the monetisation of particular places could rise and fall quite rapidly in this region of the Himalayas. Das mentions, for example, that in 1901 there was only a cowshed at Gok, northeast of Darjeeling, where formerly there had been twelve shops (Das 1902: 21).

In the Lhomi area further evidence of previous prosperity is the large number of Buddhist temples (*gompa*) attached to each village. Many of them are now virtually unused, and all are poverty-stricken. Their lands have shrunk to small plots, and the buildings are bare shells. The valuable statues and paintings, which some Lhomi maintained had been stolen, were perhaps sold by the lamas, as I was told by others. In the past, land was more freely bought and sold than it is today. The *gompas*, which acquired substantial wealth from donations, engaged in trade and bought land. Temple land was worked by the villagers in return for the religious services of the lamas.

Let us look now at the modern barter economy. Before the virtual closure of the Tibetan border by the early 1970's which followed the Chinese invasion, the Lhomi engaged in three kinds of barter. First, there was inter-village direct exchange of surplus foods, handicrafts and items gathered from the forests, e.g. maize for potatoes, wool for tobacco, wild garlic for rice, etc. This small-scale barter was carried out not only between Lhomi villages but perhaps more importantly between Lhomi and their neighbours to the south, Gurungs, Rais, Limbus, Bahuns and Chhetris, all of whom are relatively prosperous grain farmers.

Secondly, regular and large-scale barter of agricultural produce took place each year in exchange for the produce of the Tibetan livestock economy, butter, dried fats and meats, woven woollen clothes, ropes, sacks, rugs, and blankets of yak hair. The Lhomi still see pastoral products as essential for existence in their culture, providing their own kind of food, dress, utensils and objects of value, radically different from those of the 'Gorkha' (Nepalese) peoples to the south. In their own eyes the Lhomi themselves (*shing-sa-wa*, 'field-earth-people') provide only a half-life from their farming produce, and the inferior half at that. But the Tibetan nomadic pastoralists (*drog-pa*) retreated *en bloc* to the northern side when the border was closed, because that is where the good high-altitude pastures are.

Only these pastures are suitable for herding yaks, yak-crosses and Tibetan types of sheep and goats.

Thirdly, there was long-distance trade of salt, acquired by the nomads in Tibet, for grains (mainly rice) acquired by the Lhomi in the Nepalese middle hills. This salt-grain trade, supplemented by other valuable items on either side, such as medicinal herbs, musk, vegetable dyes, pashmina wool, paper, coral, turquoise, silver and gold, was not primarily for use but for onward trading. The goods exchanged were very similar to those of the early nineteeth century (Hamilton 1819: 156–7). By the mid-twentieth century, however, there were no marts or entrepots. Tibetan salt was acquired in the border region for *x* amount of rice and then transported to the middle hills where it was bartered with Gurung, Rai, etc. farmers for *y* amount of rice. This rice was then taken north and bartered again for salt at a rate which would give the Lhomi an operational surplus for the next cycle. This barter was carried out between 'known families' and often involved delay or debt (*bulon*).

There is evidence from the Dolpo region further west that in the early twentieth century the salt-grain trade was conducted with established exchange rates and an absence of competition, i.e. it had features of 'primitive trade' (Jest 1975: 164). But this was fragile. The disastrous effect on exchange ratios of the flood of Indian salt in the south from the 1920's onwards, and of the shutting down of Tibetan salt supplies by the Chinese in the 1960's–70's, have been described by Rauber (1982) for the Khyampa, a group of Himalayan traders in north-west Nepal.[9] An exactly similar process was recounted by the Lhomi when I visited in 1979. The result is that the profitable 'business' end of their barter has been drastically reduced. It has ceased to be profitable to trade Tibetan salt in the south, and the Lhomis fetch it now only for personal consumption and for their animals. The main items of 'business' trade from Tibet today are medicinal herbs and musk, which fetch high money prices in the bazaars of southern Nepal and northern India. Supplies of other valuables and foods from the North have dwindled too. The Chinese have official trading posts where Lhomi can barter or sell grain and hides for salt, consumer goods, or Chinese currency, but the rates are less good than private barter with Tibetans in the communes at Lungde or further away at Karta. The Tibetans, however, can only openly trade the personal shares of wool, butter, salt, etc. allowed them by the communes; anything else is illegal. Since very few Tibetans now come over the border into Nepalese territory, the Lhomi have to travel north on foot, carrying heavy baggage over high passes, sleeping in the open or in caves, in order to obtain the pastoral products. Formerly they waited at harvest time for the nomads, who used sheep as transport, to come to them. Now, the most valued and prestigious products in their culture are in short supply. The Lhomi, like the Humli Khyampas described by Rauber, have had to fall back on their own farms for subsistence. To them, this means not only back-breaking toil and a wretchedly reduced diet but also a sense of injustice.

In this same period the Lhomi political system has fallen apart. In the 1930's and 40's the villages had been more or less united under one paramount *goba* who managed to subordinate the others. Goba Sinon was born in the village of Pang-Dok, but later moved to the southernmost Lhomi village of Syaksila which stands on a craggy outcrop dominating the trail. He controlled the area from Hedagna to the border. Here, apparently, he was able to keep control of all traffic and take a tax on goods moving through, as did his predecessors of the early nineteenth century. He maintained his position through force of arms and was able to keep officials of the Nepali state at bay. His power was probably already diminished by the time of von Fürer-Haimendorf's visit in the 1950's (von Fürer-Haimendorf 1975: 116), and today his descendants are *gobas* of separate villages and have little but ancestral prestige left.

Regional barter in the Arun Valley has also been affected, since the Lhomi are no longer able to give Tibetan salt in exchange for rice. Many more people than previously now travel down to the middle hills for two to three months in winter, doing menial work on Gurung, Rai, etc. farms for payment in rice, other grains, hides and animal carcasses. In principle, the Lhomis' pay, which is always in kind, can be taken north again in spring for trade with Tibet during the summer, but in practice many of them have such small farms that they need it all for subsistence. The rates of pay are highly variable. If a Lhomi arrives with a large number of dependants he may receive nothing for the winter's work except food and shelter for his family. Richer Lhomi, on the other hand, can either remain in their villages or use the winter months in trading ventures in the southern bazaars.

From this we see that the large-scale effects of a barter economy, like any economy based on 'commodity' transactions, may be unequal, even though each particular exchange is by definition equal in the circumstances. In barter there are no social mechanisms strong enough to ensure a stabilisation of exchange ratios in the face of externally produced changes in supply. This is unlike the kind of 'primitive trade' network alluded to by Polanyi and analysed by Sahlins, where, despite rises in the external 'prices' of items, they were still traded for the same number and type of goods in the interior over a considerable period of time. We also see from the annual cycle of production and exchange that the modern economists' suppositions about 'transaction costs' in a barter economy are mistaken. Who produces what, where and when, is customary and well-known in the region. The search for coincidence of wants is not necessary, since the time and place of barter for common items was established long in the past. Activities are dovetailed and combined, such that transport, storage and waiting costs are minimised.

The inter-village barter of farming and forest produce has probably been least affected by the decline in long-distance trade. It continues as before, dominated by the barter of Lhomi potatoes (introduced *c.* 1840's, Hooker 1854: 240) for grains from the lower villages. In autumn a stream of people from all over the nearby middle hills trudge up to the Lhomi villages bearing baskets of grain for exchange. They trade usually with 'known people', though otherwise wherever they can.[10]

One common argument of economists for the efficiency of money is that it limits the number of price quotations necessary. All items can be quoted in money, whereas in a barter system everything has to be quoted against everything else. In practice, this is not the case. Although there are no clear 'spheres of exchange', many items are never traded for one another. The reasons for this are usually purely practical, e.g. cattle are too valuable to barter for transportable amounts of grain. Barter, in practice, follows limited and well-known 'tracks'.

The Lhomi today have relatively little everyday contact with money. Chinese money is not accepted in Nepal, nor vice versa. But more important than this is the fact that money is not needed for subsistence farming: the Lhomi do not use bought tools, fertilisers, etc., and while they would buy ploughing oxen or cows if they could, the average farm inherits its livestock. Even state land taxes, which are small, are paid to the *gyembus* if necessary in grains. In everyday life money is only absolutely necessary for buying bazaar items such as cooking oil, kerosene and lamps, iron, cotton cloth, and Western or Ayurvedic medicines. Lhomi are not yet in the transistor belt. But once in a while every Lhomi needs large sums of money to pay for a wedding, a funeral or a sacrifice. On these occasions they take out loans, a subject to which I shall return later.

The nearest bazaar is at Khandbari in the middle hills, some five days walk from the Lhomi villages. People make occasional trips there to sell Chinese manufactured goods, medicinal herbs (Humphrey 1980; Burbage 1981), eggs, garlic, pigs, bristles, or beer made from rice or millet. Most people make no surplus money from this. Some Lhomi, both men and women, take portering jobs in the middle hills to earn money, but this again has limited possibilities: there is little time to spare from the farms, and the Lhomi are in competition for this work with the Rais, Gurungs, etc. who live on the spot. Also, Lhomi dislike and resent having to take paid work of any kind. All of this means that the flow of money into the Lhomi villages is very limited.

From this brief survey we can see some of the conditions for a barter economy. (1) There is a low money supply, and absence of markets in land and labour. Culturally, the people are not 'hooked on' goods imported from the national economy. (2) The region, because of its ecological diversity, has a certain specialisation of production. (3) There is an absence of state control of the economy which would siphon off surplus into a large system of redistribution, as was the case for example in the Inca vertical economy. Lhomi political control has now disintegrated. (4) There is no widely institutionalised system of 'gift exchange', nor is there socially regulated control of trade rates, i.e. bargaining is possible for all goods. (5) Barter is carried out by individuals belonging to households which do not require money for essential subsistence. (6) Regional production and exchange is well-known and predictable, so that there are established patterns of dovetailing the times and places of barter. Partners are known to one another, especially in delayed exchange (cf. Goodhart 1975).

Exchange ratios

I now take up the question of barter exchange ratios in greater detail, as I believe them to be subject to different conditions through the range of products. It was stated above that the possibility of bargaining is a condition for barter, but does this imply that exchange rates are dominated by supply and demand?

The Lhomi material seems to show that the more widely produced an item is, the less likely it is to be subject to 'interference' with the workings of supply and demand. This appears to be only common sense. It is also a point well-known in 'economic anthropology', e.g. Bohannan's lowest 'sphere of exchange' among the Tiv (Bohannan & Bohannan 1968). However, we can only say that barter ratios for such products appear to correspond *more or less* with what a 'market equilibrium' rate might be. In fact, of course, no such rate is visible. It is somewhat complex to demonstrate this, but let us start with maize-salt barter in autumn 1979. Maize becomes cheaper in relation to salt as one travels southwards in the Arun Valley.

Kimathanka (north)	1 maize = 1 salt
Pang Dok	1 maize = 1 – salt
Syaksila (south)	1 maize = ⅓ salt[11]

This in itself tells us little because these ratios might indicate that maize becomes scarcer as one goes north, or that maize is equally common in all of the villages, but that salt, which we know is obtained in Tibet, becomes progressively more expensive the further away it is bartered. Or they might indicate both. Indian salt can be bought in Khandbari bazaar for money. In Pang Dok the two kinds of salt have more or less equal value against other things, despite the fact that Tibetan salt is preferred for its taste. The explanation for this is that Indian salt has to be paid for in money and can only be acquired some six days walk away, while the border with Tibet is only two days away. The supply of maize is equally problematic. No adequate survey of the countless tiny fields of the producers has ever been made. We can best try to explain the ratios by looking at maize in relation to another item, e.g. potato seed.

Kimathanka	1 maize = 2 potato seed
Pang Dok	1 maize = 1½ potato seed
Syaksila	1 maize = 1 potato seed
Angla (near Khandbari)	1 maize = ½ potato seed

We see that maize varies against potato seed as it goes north in much the same proportion as it does against salt (maize become three times more expensive against both salt and potatoes from Syaksila to Kimathanka). This concurrence would suggest that maize does actually become scarcer the further north one goes, and this would seem to be confirmed by Lhomi impressions of the amount of maize planted. The rates change from year to year: in Pang Dok in a year of poor maize harvest 2 units of potatoes obtain only 1 of maize, but 3 in a year when maize is plentiful. All of this suggests that there is a gross correspondence between barter rates and supply and demand.

Within each village, barter rates for these basic products are consistent with one another. I shall give here rates for 1979 in Pang Dok as stated by the villagers. This may be confusing to read but it is an accurate representation of ethnographic reality. The data are re-expressed in terms of 1 unit of rice as numeraire in the table. However, it is important to realise that Lhomi do not think in terms of a numeraire.

3 potato seed = 2 maize / millet
1 salt = 2 maize / millet

If rates were consistent we would expect to find that 1 salt would exchange for 3 potato seed, and this is confirmed from the data:

1 salt = 3–4 potato seed.

Rice was preferred to maize or millet for food, but fetched almost the same rate in barter because it was possible to exchange it in Tibet at equal rates.

1 rice = ½ salt

Consistent with this is:

1 rice = 1+ maize / millet
2 rice = 3 potato seed

Work also entered the barter economy:

1 day's labour = 2 units maize / millet
hire pair ploughing oxen per day = 4 days labour
hire pair ploughing oxen per day = 8 units maize / millet

Barter rates in Pang Dok in 1979 expressed in one unit (kathi) of rice.
* represents absence of transaction.

	Rice	Maize	Millet	Pots.	Work day	Oxen hire	Salt
Rice	*	1+	1+	1½	½	⅛	½
Maize		*	1–	1½	½	⅛	½
Millet			*	1½	½	⅛	½
Potatoes				*	*	*	⅔
Work day					*	¼	1
Oxen hire						*	*
Salt							*

There is consistency in the *internal* village barter exchange ratios for common produce (e.g. all grains, salt, chillies, garlic, vegetables, butter and local meat) which would suggest that 'market forces' are at work here. But, other items, such as clothes, Tibetan woven aprons, boots, yak tails, Tibetan dried meat, rugs, gem stones, etc., which are bartered less frequently, exchange for one another and for the agricultural products on an *ad hoc* basis and without any consistency. This can be explained conventionally by lack of information about comparable transactions, the cost of obtaining information being greater than the estimated saving of a lower price (the 'thin market'; cf. Stigler 1961) but I would account for it rather by the social practice of barter: some degree of comparison, and hence competition, is unavoidable in frequent local exchanges, but not in distant or infrequent barter. But in either case it is not lateral comparison, but the process of bargaining between two people, which determines the 'price'.

But let us look more clearly at what is really going on. There are two important points: (a) the lack of standard units of measurement, and (b) the hidden inequalities behind the 'traditional' places and times of barter.

In the Upper Arun there are three different scales of measurement operative: (1) Nepali measures of weight and volume; (2) Tibetan measures of weight and volume; (3) Lhomi measures of volume, the main one being the *kathi*, a round pot with straight sides. While Nepali and Tibetan weights and measures are more or less standardised, this is far from true in the case of the Lhomi ones. (Jest

(1975: 168) remarks for Dolpo, 'A chaque maison, sa mesure'.) The kathi in particular is often described as 'a large kathi', 'a small kathi', etc. Some goods are commonly measured in one series and others in another. Lhomi use different series at the Tibetan border, in their own villages, and in the south. This makes it difficult for them (or us) to compare exchange rates for different goods. This is an important factor behind the absence of a common standard of value in barter. Barter, though equally 'commodity exchange' is radically different from the monetary mentality. Most Lhomi could only make approximate guesses as to the conversion of one set of measures into another. The same lack of abstract measurement applies to production as well as exchange. Lhomi usually estimate field sizes by the amount of *x* or *y* grain they sow in them. But this is largely guesswork, as they rarely weigh the seed and almost never weigh the harvest.[12] No doubt, if they sold their harvest in a bazaar the Lhomi would weigh it. But they do not, they barter it. This means that it is impossible for them to assess 'profit' against costs of production.

Let us take the example of a poor farmer, Kun-top, from Pang-Dok. His main crop was potatoes, which he grew for his own consumption and for barter. He obtained in exchange rice, maize, millet and chillies, mostly from people from outside the village. He knew that 3 kathis of potatoes were equal to 2 of maize that year (1979) and that millet and maize were the same 'price'. However, he actually bartered his potatoes in a unit called a *tobo*, a kind of large basket. He thought that one tobo was equal to about 30 kathis, but some were up to 40 kathis in size. His own tobo was a small one, around 20 kathis, he thought. What he was certain of was that he aimed to barter two tobos of potatoes that year and then he would have enough grains for his consumption.

In barter, the participants only have to examine what is offered. In the monetised economy, on the other hand, it is not the amount of goods but the money price which fluctuates. Thus the Lhomi reach an impasse in the bazaar of Khandbari. No-one in the bazaar trusts the *kathi*, and the Lhomi therefore, if they are to sell anything, are required to hire a Nepali measure of volume, the *kurwa*. Prices in the bazaar are well-known and there is a certain social pressure not to raise them.[13] Lhomi grumble at this and say that this relative inflexibility is one of the main reasons why they prefer barter.

The effect of the absence of exact measurement is to make village barter rates as quoted by the Lhomi more or less notional, almost ideological. They represent merely the beginning of the bargaining process. As I have suggested in the case of maize, the state of supply of products can only really be guessed at. In barter, what people *know* is demand, and the mutual adjustment of demands is a social relation. For this reason, the most important fact about barter is that it takes place between individuals who are socially 'understood', whether they belong to the same or different 'ethnic groups'. Part of the calculation is the extent to which people can trust one another.

Let us look now at relations of domination in barter.[14] In the case of common produce perhaps any disadvantage (in transport costs, timing of the transaction, etc.) takes an 'economic' form which can be adjusted via exchange ratios. But in the case of goods for which something like a monopoly can be maintained, for example the vestiges of the wool trade in the Upper Arun, the customary 'track' of barter might seem to establish a persistently unequal relation between ethnic groups, such that one side can dictate terms of trade. It is significant that it is here that relationships of debt also flourish.

The wool trade: emergence of a monopoly

By the late nineteenth century the trade in wool from Tibet was one of the most important economic activities in the region. Certainly by the beginning of the twentieth century and probably earlier this trade was monetised (Bell 1928: 117–18). Since the Lhomi always obtained most of the wool for their own use from the exchange with the Tibetan nomads they have never owned many sheep themselves, nor did they place much value on their own inferior pastures on this side of the Himalaya. At the beginning of this century their leaders sold the rights of use in the pastures to the Gurungs. The position today is that Gurung sheep swamp the only available pastures, which are Lhomi pastures.

Sheep in the Upper Arun today are of the Nepali Baruwal variety, different from the Tibetan sheep, and Lhomi have no expertise in the washing, dyeing, spinning, and weaving operations for wool of the Baruwal type. The Gurungs, on the other hand, are the regional specialists in the manufacture of Baruwal woolen rugs (*radi*), jackets, capes, etc. Virtually all Gurung households spin and weave, even if they do not own sheep. The few Lhomi who own sheep hand over all of their wool to the Gurungs, either to women who come up to fetch it, or to shepherds passing through Lhomi villages on their way to and from the pastures. Lhomi take money, or goods measured in money, for their wool. They can expect to gain fairly large sums (some 350 Rs for the wool from ten sheep in a year). Wool prices in rupees reflect transport costs to Gurung villages, and are identical for everyone. Although they have risen in the last five years (1975–80) by about ⅓, this is only keeping step with the rise in wool prices in Kathmandu (see note 20).

But in fact it is relatively rare for Lhomi actually to sell wool in a simultaneous transaction, since they have usually taken out a loan in advance against each season's wool crop. The Gurung farmers know exactly how many sheep each owner has, and they are prepared to pay in advance at slightly lower rates than normal, a time-honoured practice in the Himalayan wool trade. Other families can obtain a loan of 300 Rs in advance payment for herding a Gurung flock for a season. But most Lhomi are forced at one time or another to take out money loans *tout simple*. Interest rates are very high: 5 RS a month or 60 RS a year for a loan of 100 RS, with a surcharge (*tekki*) of 12 RS.[15] Avoidance of repayment is frequent. Such loans are very rarely taken out by one Lhomi from another and then only with a good deal of persuasion. In such cases loans are often in grain rather than money and the rates are lower (25 RS a year on 100 RS loan, with a tekki of 5 RS or one day's labour). The giving of loans is accompanied by a blessing from the donor. Loans are usually taken out at life crises, when it is necessary to buy in pigs, chickens, liquor, etc. for feasts. But they can also be used, like other valuables, such as jewellery or livestock, to start off a trading venture. Such loans and valuables are the spring which enable a few individual Lhomi to jump clear from the maze of petty barter operations.

It is the Gurung farmers with an interest in the north who give out loans and it is apparent that the operation is not unconnected with the pasture situation. The Lhomi have begun to make claims that they are legally entitled to have their pastures back. In any case, Gurung shepherds are dependent on Lhomi for allowing them passage, for storing provisions, and giving shelter in the north. The ultimate ownership of the pastures is the lever which Lhomi can use to counterbalance the Gurung wool trade monopoly and to ensure the continued availability of loans. Lhomi avoid taking loans from people they work for in winter and they spread the number of creditors as widely as possible, i.e. they are careful not to become too dependent. Lhomi maintain a defiantly separate culture from the Gurungs. Nevertheless, it is perhaps the increasing Gurung control of the money supply to the Lhomi which is reflected in the recent election of a Gurung as a panchayat official for a Lhomi ward.[16]

I have been discussing the wool trade in the context of 'barter' and this may seem odd in view of the fact that even Lhomis sell wool for money. In fact, money itself enters the barter 'system'.

Money has a different value in different villages, in terms for example of rice or labour.[17] It also has a different value in the same village in relation to one type of product rather than another, just as other valuables do.[18] The variation in the value of money in different villages could be explained simply by the money supply. We could remember here the situation described by Bell for Tibet in the 1920s (see p. 54): in years when there was plentiful wool for export, rupees flooded in, and the value of Tibetan goods against rupees went up (i.e. they cost more rupees). On this analogy we could explain the high money price of rice in certain Lhomi villages by the greater volume of sales from these villages resulting in a larger money supply in them. But in this case, the money prices of *all* goods would be high in these villages. But this is not so.

The explanation of the facts lies in the strategic position occupied by various goods and money in the different villages in the barter system. In Pang Dok, although a relatively fertile village, people simply do not normally accept money for rice. Rice can be used both as high prestige food and as a barter good in the trade with Tibet two days walk away. Money, on the other hand, is only useful in the bazaar, five days arduous walk away. Potatoes and garlic are occasionally sold for money in Pang Dok because they are produced here specifically for trade, and are no use in the Tibetan barter. The same is true of wool. But people here want wages in grains, not money. Contrary to orthodox economic views on money, even in terms of exchange-value, it is much better in the 'sink' to be paid in grains than money. The fact that wage labour is normally paid in grains thus reflects the relatively strong bargaining position of employees. This is what one would expect in a village with so few landless households.

Unfortunately we do not have the data to discuss prices and exchange ratios in relation to productive capacities and regional demand. However, it is possible to make some general conclusions. The amount of grain or money paid in wages does not correlate with the fertility of the location (Syaksila is a poor village and yet has high grain wages and low money wages[17]), nor with an equal subsistence level for workers in all villages (the difference between Pang Dok or Chemtang and Syaksila is considerable). Essentially, money, grain, and work are bartered for one another in each location. Lhomi do not exploit the differences between villages. The extent of lack of consistency in rates is an indication of the lack of integration of society and hence of the economy.

Barter in society and culture

Money is not used to measure the common products which are bartered. A corollary of this is that small amounts of money are not added up or saved to acquire things. The 'windfall mentality' of Lhomi with regard to money is often commented upon by their neighbours. If they have money, they spend it, often on drink. If they need a large amount of money, they borrow it or sell something so as to obtain the amount they require. I cannot possibly agree, for such a case, with the economists who argue that barter gives rise to monetisation. On the contrary, money has a tendency to sink into barter.

Of course, money is not always, or necessarily, used in this 'barter' fashion. Lhomi can operate in the bazaar as cannily as anyone else, not that the bazaar is a perfect market by any means (Sagant 1968–9; Jones 1980). But inside the Lhomi economy money 'disappears' because it is not accumulated as a goal of wealth. A Lhomi counts himself rich by virtue of ownership of land, livestock, and valuables such as jewellery. A rich man or woman is honoured for sponsoring special rituals, requiring beer, grains, butter, meat, etc., at the numerous *gompa* temples. But virtually no-one can afford to do this now. The richer Lhomi, of the *jimi* (original) clans, are members of associations attached to temples for the payment of the costs of regular monthly rituals. These associations are egalitarian in the sense that a group of wealthy families takes it in turn to provide the expenses, and all members of the village participate in the feast whether they have made provision or not.[19] Money thus tends to be rapidly converted into goods. Recent severe inflation in lowland Nepal may well play a part in this.[20] The expectation that in the future one will be poorer, not richer, and that other people also will be poorer, which is the Lhomi experience of the past decades, inclines people to prefer the immediacy of barter. Poor people, indeed, who experience hunger in bad years, have little choice.

In the past there was not such a marked tendency to convert out of money. This is because two kinds of money, as metallic value and as state currency, were still linked. Until quite recently the Indian silver rupee had an intrinsic melt down value, as did various Tibetan and Chinese coins (up to 1939 the rupee was 92 per cent. silver, thereafter 50 per cent. until the end of British rule). But this was less important than their cultural role as signifiers of 'treasure'. Among ordinary Lhomi, silver coins were melted down to make bracelets or belts, but often they were used in jewellery *as coins*. All Lhomi still use old Indian rupees as indications of wealth, sewn onto women's hats. In Khandbari there is a flourishing trade in old coins, and Lhomi craftsmen know how to weld rings to them and polish them up for display purposes. Goodhart's logical deduction that the absence of monetary payment as the normal form of economic transaction would require the demonstration of credit-worthiness seems to be borne out by the Lhomi practice—paradoxically by the use of 'money-turned-into-treasure' as a signifier.

To some extent modern Nepalese currency still retains an internal role as a 'valuable'. This is at odds with the mentality of the bazaar, but less so either with barter or with ceremonial-status payments. A ritual gift of 61 RS is still an essential transfer from the bridegroom's side to the bride's at marriage (a transaction between groups of different status). But in barter the money exchanged for a valuable comes itself to have something of the valuable about it. This is because the mentality of barter is one of *equal* exchange. In a fully monetised economy it is better to hold money than goods. But in a barter economy, having money rather than goods may or may not place someone at a direct advantage, and the Lhomi always behave to one another as if money is just another, rather honourable, 'good'. This must be determined by a psychology tending towards 'immediate returns' (cf. Woodburn 1980), since Lhomi disregard what we know from Aristotle: that 'even if we happen to want nothing at the moment, money is a sort of guarantee that we shall be able to make an exchange at any future time when we happen to be in need' (1895: 5, 14).

It is perhaps because of the impossibility in barter of calling upon an abstractly expressed 'just price' (this illusion being created by the idea of money as a measure of value) that bargaining itself is decorous, marked by silences or absences, as people retreat to 'consider'. We may compare this with the confrontational mode of higgling described by Geertz for the monetised Moroccan *suq*, where the intensive determining of the realities of the particular deal coexists with some sort of extensive search for the going price which also seems to be the 'fair price' (1979: 206–7). In the *suq* the 'generally acknowledged' and the 'equitable' are the same, though admittedly it is a vexed and problematic matter to establish what this might be. But the Lhomi do not even try. They ensure that the reference to 'fair price' becomes an impossibility by their attitude to money and to measurement. Barter thus abolishes abstract justice (and the need to appear 'honest' in relation to general or external criteria), and replaces it with whatever is considered by the parties to be just in their circumstances. This is arrived at by bargaining. This same feature is true in a somewhat hidden sense of the *suq*, but in barter it becomes overt and dominant. We could see this again as a feature of atomised society.

Among the Lhomi there is a continuum from petty money transactions or direct barter, though regular and then delayed trade by barter, to the occasional 'big business'. All this can be contrasted with those transfers of value which are concerned with reproducing differences in status between clans and maintaining hierarchical institutions (see Clarke 1951). But these kinds of payment have declined to a minimum among the Lhomi today, and the question does arise whether this is a simple result of increased poverty or something in the nature of a 'social choice' engendered by ideological change. I do not at present have enough information to disentangle these two factors. Certainly, egalitarianism is what the Lhomi today admire. People even grumble about others who keep a servant. It is notable that Lhomi egalitarianism includes relations between the sexes. Women have never previously been eligible for inherited political position, but today several of the elected representatives in the panchayat system are women with their own households. Two of these were ebullient personalities, not especially rich, but 'merry widows' with several lovers. A wealthy and influential man, on the other hand, told me that he would not stand for the panchayat because office was held only for a short period. In sum, the Lhomi are in the process of reformulation of political values, to some extent induced by their gradual incorporation in the state of Nepal, but also fuelled by an anarchic individualism of their own. It seemed to me in 1979 almost as though, alien to Western practice, economic transactions were undertaken with seriousness bordering on solemnity, while politics, at any rate of the panchayat, was a realm of disrespect and hilarity. Going down the trail to attend meetings, the closer the Lhomi deputies approached the 'Gorkha' centre of Khandbari the more outrageous their behaviour became.

For the Lhomi, the pinnacle of barter is the occasional big business deal. This is normally conducted between 'known people', often distant kin, or 'ritual friends',[21] or kinsmen of ritual friends. A deal is often preceded by the giving of minor solicitory gifts and a ritual scarf. The arrangements require discussion and time. Much of this trade is illegal and so the partners have to trust one another. The watch-musk barter trade, between India and Tibet, is the most valuable of all. The same channels are used for lesser valuables, such as Tibetan carpets or religious objects. They go, perhaps via southern towns such as Dhankuta or Dharan, to Lhomi contacts in Darjeeling or Kathmandu. A trade chain of this kind does not consist of people trying to outwit one another, but of friends and accomplices. It is a gesture of friendship to be asked to participate (unlike Western society, where 'friendship' has a different meaning and is considered inimical to business).

In all this there are, and can be, no set prices. The only guide is the distant chimera of a notion of what the market in the end will bear. The ultimate buyer is part of the capitalist system, Indian traders, French perfume houses, West German carpet importers, or Western tourists. This is the part of the Lhomi barter system which is least subject to the 'traditional' channels of the regional productive economy: prices can vary wildly and yet it is the most involved with relations of friendship and trust. Sahlins made the perceptive remark, for 'primitive trade', that where rates are more or less fixed, the only way to adapt to changes in supply and demand in the long run is to revise the partnerships rather than the rates (1974: 312–13). Again it appears that the 'barter economy' differs radically from 'primitive trade' systems. Exchange rates in barter trade are decided upon separately for each transaction, i.e. there is no expectation of a 'standard rate' over time. This does not, however, have the effect of destroying trade partnerships, which often include prolonged periods of negotiation. The time allowed for repayment, in the case of a delayed transaction, can be very elastic and much depends on the energy and social weight of the individual. Some people makes disastrous losses and their partnerships lapse, not because the social relationships have ended, but because they have, for the time being, no trade to conduct. I knew of one man, Lhagpa, who arrived from Tibet with three yaks, worth several thousand rupees, which he entrusted to a distant Lhomi Khampa relative for a trade deal. The business failed. Five years later, Lhagpa, a mild man, was still waiting for the Khampa to make a successful deal and repay him. Lhagpa moved to Kathmandu and took paid work. Living like a churchmouse with the friends of kin, he spent his first month's wages on a second-hand sleeping-bag which he sent off, via a trusted friend, to the same Khampa for a deal which was to involve medicinal herbs. Some months later when I left Kathmandu the outcome of this trade was still not known.

There is no radical break between this trade kind of barter and the rest. Essentially it is still conducted within the community, and the commercial biting edge, the final sale, is done by middlemen of other ethnic groups. Economically, everything depends here on the internal gains of each transactor bearing some relation to the outside price. Lhomi have fairly good channels of information, but in fact they are not very good 'big businessmen' precisely because they themselves seldom have the opportunity or boldness to make the final sale (in this they are much more retiring than other 'Bhote' groups of Nepal). Losses are absorbed into the complex web of unfinished transactions which link exchange partners. It is highly probable that there is not enough wealth around for these ever to be resolved in the foreseeable future. The consciousness of this is one factor among many that makes Lhomi refuse to give one another loans and to prefer, whenever possible, the simultaneous transaction.

Conclusion

The conditions in which barter emerges as a dominant form of transaction are discussed on p. 52. Here I mention characteristics of barter which appear to be important.

1) The relation between actual exchange ratios in barter and presumed 'equilibrium rates' (i.e. the prices representing equilibrium between supply and demand, cf. Marshall 1890: Appendix F on barter) depends on the volume and frequency of exchange of the items in question. Goods widely produced and bartered are likely to be exchanged at ratios most nearly approximating to notional 'equilibrium rates', while those infrequently transacted may be bartered at quite arbitrary rates. Among the Lhomi, money falls into this latter category *in the local economy* (the essentially non-monetised 'sink' in Crump's terminology). In effect, the practice of barter including money renders speculation about 'equilibrium rates' pointless. The notion of a general 'just price' in Aristotelian terms is therefore absent.

2) One reason for arbitrary rates lies in the fact that barter is immediate, and being immediate is by its very nature discontinuous. For relatively infrequent exchanges people do not concern themselves with what prices might be elsewhere. Even when barter is delayed and part of a complex of debts, the participants do not compare transactions with one another or against a standard of value (see also Leach 1954: 145–6).

4) The requirement of immediate satisfaction of demand is paramount in barter systems. This is one of the explanations of the rejection of monetisation. Very poor people literally cannot afford to keep wealth in money. In this situation, the absence of exact measurement is not a feature of low cultural development but a deliberate strategy to ensure the persistence of one-to-one transactions. The

subjection of money to the same rationality indicates the strength of the barter system. Here even money has no temporality. The 'windfall mentality' thus does not indicate irresponsibility, as the stereotypes of other ethnic groups about the Lhomi maintain, but a desire for freedom.

5) Immediate barter is an expression of autonomy and therefore is likely to be insisted upon in relations with outsiders. Direct barter also dispenses with the need for payment, i.e. it will be used when there is little information about the credit-standing of purchasers, or when there is a lack of trust. These advantages of direct barter are so great that they outweigh the transaction costs involved. Thus we find that Gurung farmers, who need seed potatoes and do not trust the Lhomi to bring them down in time for the planting season, will trudge for days up and down the craggy Arun slopes to get to the Lhomi villages for *direct* barter of their grains for potatoes.

6) Delayed barter occurs where credit is required, and there is a correlation with the more valuable goods because these also tend to be less frequently transacted (see Douglas and Isherwood, 1978). However, delayed barter, as Goodhart pointed out, can only work in a relationship of knowledge and trust. In the case of the Lhomi, despite the existence of trading friendships with other ethnic groups, this feature limits trade networks and results in a curtailing of trade in valuable goods. The general implication of Marx's work is that wealth accrues through control of production. Here, however, we see that there are ways of profiting through strategic domination of barter-trade, the control of the means of exchange. However, if barter rather than monetary sale is the means of exchange we can see that it is self-limiting: the trust required for barter to include credit effectively circumscribes economic operations.

7) The preference for barter is therefore related to underlying political conditions which make autonomy a paramount consideration. The Lhomi have entered a cycle of internal political disintegration such that the economic transfers reproducing hierarchy, whether in the context of affinal relations, chiefship, or the Lamaist church, have all but ceased. Many different social groups (villages, clans, old settlers/new settlers, lamas, households, etc.) coexist and do not wish to be subjected to one another. This situation has complex antecedents, both in the earlier economic collapse of the salt-grain trade, which drastically reduced the amount of surplus the Lhomi could produce, and in the advent of Nepali political institutions, which are displacing the Lhomi ones. In relation to outside political power, the Lhomi still wish to maintain an autonomy allowing them some degree of control over the Arun route and their monopoly of the Tibetan trade.

8) While it is true that barter is conducted in an egalitarian mode, and most customary or relatively long-standing barter arrangements adjust exchange-ratios to transaction costs, nevertheless in the long run barter, unlike certain systems of 'primitive trade' described in the literature, cannot save people from the effects of external changes in supply and demand. In an atmosphere of perfect friendliness, as between the Lhomis and their respected Tibetan nomad friends, exchange rates may still inexorably drop. Indeed, barter, by hindering the emergence of integrative economic institutions, may make the situation worse. Barter is a response to increasing poverty on the part of people who wish

nevertheless to maintain their autonomy. Thus, while preserving the same 'benign' culture of economic independence, barter may actually preside over real economic desperation and instability.

NOTES

The fieldwork on which this article is based was carried out in collaboration with the Kosi Hill Area Rural Development Programme in Nepal in 1979. I am grateful to the Nepali coordinator, Mr Kayastha, and to Dick Jenkin, Jit Man Gurung, Prem Subba, Samdup Lama, Jit Bahadur Gurung, Ambar Bahadur Rai, Prem Dutt and Dorje Bhote for the very great help they gave me. Sean Conlin, Edgar Keller, Jonathan Zeitlin, Stephen Hugh-Jones, Samdup Lama, Simon Strickland, Lionel Carter and Mrs Tsering Sangmo brought materials to my attention during the writing of this article. I am indebted especially to Quentin Outram and Istvan Hont, and also to Edmund Leach, Keith Hart, Stephen Gudeman, Wynne Godley, Parker Shipton, Charlotte Hardiman, Paul Sant Cassia and Graham Clarke for discussions relating to barter. I wish to thank my mother, Margaret Waddington, without whose support I would never have written this article.

[1] Crump in his survey of the literature could find only three 'primitive' economies dominated by barter (1981: 54).

[2] 'The logic of the case is, indeed, almost the opposite of that underlying the classical doctrine. The orthodox teaching started from the individual's propensity to barter; deduced from it the necessity of local markets, including division of labour; and inferred, finally, the necessity of trade, eventually of foreign trade, including even long-distance trade. In the light of our present knowledge we should almost reverse the sequence of the argument: the true starting point is long-distance trade, a result of the geographical location of goods, and of the "division of labour" given by location. Long-distance trade often engenders markets, an institution which involves acts of barter, and, if money is used, of buying and selling, thus eventually, but by no means necessarily, offering to some individuals an occasion to indulge in their alleged propensity for bargaining and haggling'. (Polanyi 1957: 58).

[3] I use the term 'Lhomi' for this community in the Upper Arun because it is established in the literature (von Furer-Haimendorf 1975; Bista 1967). In fact ethnicity in the region is complex and shifting. The Lhomi use both Bhote (local Tibetan) and Nepali names for people and places, and this is reflected in the paper.

[4] For example, in cases of hyper-inflation, or the quite different situation where money is avoided in order to evade the attention of tax institutions of the state, as in present-day California.

[5] As in socialist economies where scarce goods are allocated, often without the use of money, to social categories, and frequently pass from these groups to the population at large via barter transactions.

[6] Crump notes that, quite apart from the functions of money mentioned by Clower, 'true money' can only exist under certain real conditions: it must be physically capable of circulating indefinitely (i.e. it links the present to the future); it must have a distinctive idenity as money and no real importance for non-monetary purposes (e.g. it should not be consumable); and it should be in limited supply. If these conditions do not obtain the money-stuff can appear and disappear in an uncontrolled way which plays havoc with its role of storing value, etc. For example, cowries, the most widely used 'true money' of the specie (non-manufactured) type, never circulated as money on the shores of the Indian ocean where they could be simply picked up on the beach, but only in distant places where the supply was controllable (1981: 85).

[7] It might appear that Goodhart, in suggesting that barter takes place *inside* the face-to-face community, is reversing Marx's well known proposition that the origin of commodity exchange is the barter of products *between* communities (Karl Marx 1887 vol. 1: 91–2). Only in dealing with the outside world, Marx wrote, are individuals freed from the social obligations ('property rights') which render their goods inalienable inside their own communities. Commodity exchange, i.e. transaction of alienable products, therefore has to take place with outsiders. This idea has taken root in anthropology and been elaborated in many influential theories (Sahlins 1972; Servet 1981–2; Gregory 1980). Goodhart, however, really agrees. He is saying that barter as simultaneous exchange is so difficult as to be virtually an impossibility and that what would occur is delayed exchange, i.e. credit and debt. Comparatively little of the movement of goods within a community would use the price mechanism (i.e. barter), as opposed to internal distribution by direction, and these few debts

would be settled in the context of general mutual knowledge. Transactions outside the community would be forced to use money. Although we need not agree with him about the virtual impossibility of barter, it is clear that in both cases we are talking about 'commodity exchange' in Marxist terms.

[8] Lhomi own land in '*kipat*' (communal) tenure as defined in Nepali law (see Caplan 1970: McDougal 1979). Kipat tenure is in the process of being transformed into individual rights, but the legal situation was uncertain when I visited the Lhomi in 1979 and almost no land was bought or sold. The main reason the Lhomis gave for this was the unhelpful attitude of Nepali officials at the land registration office where Lhomi feel at a disadvantage, as very few of them are literate in Nepali. Land is in fact transferred mainly by *bandhaki* (Nep.): grain or money is given to the owner in return for use, and if the payment is not returned by a specified time the land is acquired by the user.

[9] Rauber says that, around 1900, one unit of rice obtained 10 of salt at the Tibetan mart of Purang, while it got ⅓ of salt in the district of Bajura some 50 miles to the south, and only ⅕ or ⅙th in Accham, another 20–30 miles south. With the infiltration of Indian salt into the hills from the 1920's onwards, exchange ratios of Tibetan salt with rice declined steadily in the southern district of Accham:

1900	1 rice = ⅕th or ⅙th salt
1925	1 rice = ¼ salt
1935	1 rice = ⅓ or ½ salt
1965	1 rice = 1 salt

By the 1960's, the effect of the Chinese invasion of Tibet began to be felt at the other end of the trade route, and the amount of salt given for rice at Purang went rapidly down:

1964	1 rice = 8 salt
1974	1 rice = 7 salt
1976	1 rice = 4–5 salt
1977	1 rice = 3–4 salt

In 1977, one unit of rice could still be bartered for only one of salt in the southern districts of Baljura and Accham (Rauber 1982: 151).

[10] Baumgartner (1980: 135) notes that Sherpa elders of each village meet annually to discuss the exchange potential of their potato crop and then set a minimum exchange ratio as against grains for that year. There is a constant danger that richer households would agree to lower rates.

[11] These are the accepted annual rates in kathis. There was no mention of changes during the season, which suggests that something like the Sherpa practice may have been in force (see above).

[12] Henry Osmaston (personal communication) notes a similar lack of precision in measurement among Ladakhis, despite knowledge of standard Tibetan rates. Harris suggests, in a paper with many themes in common with this one, that 'measurement by volume rather than by weight is an index of the degree to which monetary equivalence in exchange is avoided' (Harris 1982: 77).

[13] Bazaar prices are fixed nationwide by the Nepali government for paddy and wheat, and in Dhankuta there is also price fixing over a wide range of basic products by a group of large traders. Sellers are prevented from trading at lower but not higher prices. The reason for this is the desire of traders in general to keep purchasers from travelling down to the Terai where prices would otherwise be lower (Jones *et al.* 1982: 33–5). Although such institutionalised price fixing does not occur in Khandbari the same factors apply there.

[14] The question of 'unequal exchange' in partially monetised peripheral economies has been discussed by Platt (1982) and Harris (1982). Platt maintains that the very features which look least affected by the capitalist economy, such as payment of wages in maize, ensure the reproduction of households lacking maize production. Low agricultural prices in markets result in an unequal exchange between the peasants and the rest of the economy. The effect is to transfer value, but the peasants are not thereby pressured to leave the land. The result is the maintaining of a reserve of labour available at times of seasonal demand. This argument clearly has relevance for the Lhomi. However, in this article I am discussing the question of 'unequal exchange' between Lhomi and their immediate tribal neighbours, rather than between the Lhomi and the capitalist economy as a whole, mainly because there are so many steps between the Lhomi and anything resembling capitalism in Nepal. 'Unequal exchange' is not a phenomenon of capitalism alone. It remains true, however, that were capitalism (labour markets) to penetrate into the middle hills the Lhomi would find themselves in the position described by Platt.

[15] The *tekki* or *thegi* (surcharge, deducted from the initial loan or paid in labour, grain, etc.) is

known throughout Nepal and is standardised in given regions. Simon Strickland noted an interesting case among Gurungs of Siklis in Central Western Nepal of a 'strike' by debtors caused by the sudden raising of the tekki rate by creditors. The debtors belonged to one set of clans and the creditors to another higher group. The 'strike' consisted in refusing ritual services to the upper groups of clans (Strickland, personal communication).

[16] Elections to the panchayat are expensive. One of the main lamas of Hatiya managed to get his son elected, but only by selling almost all of his cattle in order to give the electors presents, etc.

[17]

Chemtang	1 day's work is paid 1.6 kathis grains or 10 RS
Pang Dok	1 day's work is paid 2 kathis grains or 8–10 RS
Hatiya	1 day's work is paid 2.4 kathis grains or 15 RS
Syaksila	1 day's work is paid 2.6 kathis grains or 4–5 RS

Of course, work is not usually paid at all—exchange labour prevails. Employers differ in what they offer (the figures above are averages). There is no free labour moving from village to village. We see that as one proceeds northwards from Syaksila, a day's work is paid progressively less in grains, and this is what we might expect given the increasing value of grains vis-à-vis other products from south to north. But the money pay is much less clear. For one thing, grains often cost more to buy separately for money than their money value as wages. These prices do *not* reflect transport costs—the money price of rice in Pang Dok, for example, is far higher than the cost of buying rice in the bazaar and paying porters to carry it north. When we compare the money price of grains in different villages and the payment for work in the same places there is a marked inconsistency. One day's work is paid:

Pang Dok	2 kathis grains or 8–10 RS pay, but money price of grains in 16 RS
Hatiya	2.4 kathis grains or 15 RS pay, but money price of grains is 15 RS
Syaksila	2.6 kathis grains or 4–5 RS, but money value of grains in 13 RS

The point is that it is virtually impossible to buy grains for money in the northern villages.

[18] Because money is virtually never exchanged for common produce it can maintain values which are inconsistent. For example, in Pang Dok 1 kathi of potatoes had a price of 2 RS, and as we saw, 1 kathi of rice barters for 1.5 of potatoes. We would expect the money price of rice to be 3 RS, but in fact it is 8 RS. There is the same effect with maize. With a money price for potatoes of 2 RS per kathi and a barter rate of 1 maize to 1.5 potatoes, we should expect the money price to be 3 RS per kathi. However, in fact it is 7 RS per kathi, which is consistent with the cultural preference for rice (8RS per kathi) and with the fact that, because of difficult conditions in the Tibetan communes, it is possible to barter all grains in Tibet at equal rates, e.g. against salt.

[19] These groups are known as *go* ('door') and seem to be similar to the Tibetan '*kidu*' discussed by Miller (Miller 1956) (my Tibetan assistant assumed that they were identical).

[20] I am indebted to Edgar Keller for the following information from West German government sources. Prices in Kathmandu (1972–3 = 100):

	1977	1978	1979	1980	1981
Meat and fish	166	180	187	235	290
Ghee and cooking oil	141	201	185	202	275
Herbs	194	266	262	231	227
Vegetables	161	190	205	243	262
Cloth	144	152	158	170	177
Wool	153	161	178	203	239

Between 1972/3 and 1978/9 the price of raw coarse rice in Dhankuta rose from 1.90 to 2.71 Rs/Kg, ghee from 15.54 to 20.75 Rs/Kg, mutton from 7.50 to 12.54 Rs/Kg and sugar from 3.48 to 8.28 Rs/Kg. The price of the main item produced by the Lhomi, potatoes, rose by far less: from 1.32 ro 1.85 Rs/Kg (Jones *et al.* 1982: 37). Lhomi were aware of inflation and constantly mentioned the rise in wool prices, money (as opposed to grain) wages, and livestock prices.

[21] The Lhomis have trading friends (*trogpo* male, and *trogmo* female) among the Tibetan nomads. These relationships are inherited patrilineally, but they are not exclusive. An active trader might have 5–6 such friends. A few Lhomi also have more ritualised friendships (*mit*) with people of 'Gorkha' ethnic groups. The *mit* ritual friendship is commonly established between people belonging to hierarchically distinct groups, or between endogamous groups, allowing an extension of close ties in a society which is divided and ranked. The relation involves an initiating ritual in the presence of a priest, promises of help in times of trouble, the use of respectful terms of address,

avoidance of the mit's spouse, no marriage between descendants, and funerary obligations. There is some debate in the literature as to whether *miteri* are commonly involved in trade with one another, and the evidence seems to suggest that regions of Nepal differ in this respect (Gorer 1938; Miller 1956; Okada 1957; Caplan 1970; McDougal 1979). In the case of Lhomi *mit* do trade with one another, and the kinsmen of *mit* are also involved. In my experience, Lhomi set up *mit* relationships in order to trade.

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