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Chapter One

Investigating Market Exchange in Ancient Societies: A Theoretical Review

Christopher P. Garraty

This volume addresses the ways archaeologists can investigate market exchange and how it developed (or not), declined, and changed in selected times and places in premodern societies. It includes three sections: (1) two introductory chapters that review ideas and methods, beginning with this chapter; (2) six case studies that address diachronic issues of how market systems develop, change, or collapse; and (3) three chapters with a broader, more comparative scope, including the final overview chapter by Kenneth Hirth.

The intent of this volume is to encourage a comparative, cross-cultural dialogue and generate new approaches for studying premodern market exchange. As Leah Minc (2006:82) pointed out, archaeologists on the whole have devoted little attention to early markets compared with other issues pertaining to premodern economies, such as craft specialization, domestic consumption, and elite finance. Sole-authored or edited volumes about ancient economies with market systems have focused on specific regions, such as the Mediterranean (e.g., Greene 1986; Manning and Morris 2005; G. Storey 2004) and parts of Mesoamerica (e.g., Masson and Friedel, eds. 2002; Smith and Berdan, eds. 2003), but few archaeological volumes have focused on premodern markets and marketplace development in general (but see Hodges 1988).

What is the basis of this neglect? One reason is the legacy of previous generations of scholars who undersold the importance of markets and marketplace exchange in premodern economies, no doubt in part because of the lasting influence and eloquence of scholarly heavyweights such as Karl Polanyi (1957, 2001b [1944]) and

Moses Finley (1999 [1973]), both of whom strongly argued against the development of premodern markets. Another reason is that archaeologists have long been impeded by the difficulty of detecting unequivocal material evidence for marketplaces and market systems (Feinman and Nicholas, Chapter 4; Stark and Garraty, Chapter 2), prompting many archaeologists to adopt an "out of sight, out of mind" attitude toward the topic. Fortunately, several archaeologists have begun to make headway in this direction (Dahlin et al. 2007; Hirth 1998; Minc 2006, 2009), including the contributors in this book.

The research in this volume hinges on four principal research questions or themes: (1) how do markets articulate with other sectors of ancient economies; (2) how do we recognize market exchange archaeologically; (3) what are the relationships among markets, governments, and other social institutions or groups; and (4) how and under what conditions do market systems develop and change? The editors posed these questions to each of the contributors and asked that they tailor their discussions to them. Much of this chapter is devoted to exploring these themes.

This chapter and the following one by Barbara Stark and me introduce, respectively, the theoretical and methodological dimensions of studying premodern markets. I focus here on definitions and conceptual issues and defer the methodological discussion to Chapter 2. In the first section of this chapter, I define key terms and concepts for this volume (although some contributors employ somewhat different definitions), including the elusive concepts of market, marketplace, and market exchange. I then present a brief, theoretically oriented historical sketch of research on the development of premodern markets. The third section is devoted to the four themes and to framing key points of debate for each. A final section explains the geographic scope of the volume and explains why we chose to focus on areas in which premodern market development has less frequently been a subject of detailed study.

KEY TERMS AND CONCEPTS

The concepts of market exchange, marketplace, and market system are difficult to define and heavily bound up in colloquial usage and perceptions (Hodges 1988). As sociologist John Lie (1997:342; see also Pryor 1977:31) has explained, even economists have yet to formulate a coherent definition for the market concept. In the end, social scientists must accept that some terms are historically contingent "moving targets" that require some amount of arbitrary acceptance of key defining components. Otherwise, scholars could get caught up in a debate over semantics rather than substance. That said, I propose to make some headway toward coherent definitions suitable for the chapters in this volume.

The challenge is to develop a definition that, on the one hand, is not so broad that it encompasses virtually any exchange situation and, on the other hand, is not so narrow that it equates markets with modern capitalism. Polanyi (2001a [1957]:34), whose ideas are discussed in a subsequent section, provided a narrow definition of the latter sort: "All goods and services, including the use of land, labor and capital, are available for purchase in markets and have, therefore, a price." In a capitalist system, land and labor are exchanged as market commodities, but this was not widespread in premodern societies with market institutions (M. E. Smith 2004:78–79). Polanyi (2001a [1957], 2001b [1944]) argued against the substantial development of market exchange prior to the advent of capitalism; his argument would be correct, if one were to adhere strictly his definition. As Hirth (Chapter 11) points out, however, adherence to Polanyi's definition also would mean that in many world areas, markets developed only within the last century or so. A more appropriate definition should be broader, more flexible, and able to accommodate various levels or degrees of market integration, including situations in which land and labor exchange were not integrated into market channels.

One of the more taxing obstacles in preparing this volume concerned the appropriate use of the terms "market" and "marketplace." Colloquially, these terms are frequently used interchangeably: "market" refers to both a physical marketplace and the broader and more abstract economic institution. It is therefore vital to clarify these concepts. I define the terms "market exchange" and "markets" as structural and behavioral concepts; the terms "marketplace" and "market system" refer to the physical implications of those behaviors. Note, however, that not all of the contributors to this volume agree with my definitions. For example, Charles Stanish (Chapter 9) tends to define market exchange more narrowly than I do, whereas David Abbott (Chapter 3) employs a rather broad definition more akin to mine. We (the editors) view these slight differences as intellectually healthy and do not believe they will confuse and mislead readers or undermine the coherency of the volume.

Market Exchange and Markets

In a frequently cited definition, Frederic Pryor (1977:437, see also 31–33, 104–108) describes market exchange as "exchange transactions where the economic forces of supply and demand are highly visible." By "highly visible" he means that "important changes in the relative prices, the quantities of goods offered or sought, or the quality of the goods can be easily traced to changes in supply and demand forces" (Pryor 1977:104). Pryor further defines price as a form of reckoning the equivalency or value of exchanged items based on supply-demand considerations.

Pryor's definition focuses on the economic dimension, but market transactions also presuppose social relationships among the parties to an exchange. The dissemination of supply-demand information may be quite complex and reactive to a variety of social matters, including prevailing notions of value and fairness, word of mouth among marketplace patrons, interpersonal (or intergroup) bargaining behavior, relationships among parties to an exchange (e.g., Uzzi 1997), and formal price setting by sellers, merchants, guilds, and trade groups or by governing and civic officials (Block and Evans 2005). Word of mouth was probably particularly vital for conveying price information in premodern societies with limited communication technologies. Pryor's definition should be slightly amended to acknowledge the fundamental importance of these and other social mechanisms on market price formation (Swedberg and Granovetter 2001:13).

The proposed definition of market exchange is admittedly broad. Market exchange, by this definition, probably occurred widely in the past and long predated the advent of formal marketplaces or market systems (Hirth, Chapter 11). If so, it is fair to question the relevance of market exchange for archaeologists and historians. As isolated occurrences, dyadic market exchanges hold little interest and, when viewed against a backdrop of reciprocal exchanges, are archaeologically invisible in any case. What concerns the contributors to this volume is not market exchange per se but rather the scalar increase in market participation that prompts development of a system of rules, norms, and a physical and legal infrastructure. Market exchange is worthy of study—and archaeologically visible—once it becomes socially *institutionalized* as a common and prevalent practice. As Polanyi (2001a [1957]:36–37) makes clear, economic institutions are more than simply "aggregates of personal behaviors" but are embedded in competitive sociopolitical structures (Fligstein 1996) or "economic fields" (Bourdieu 2005 [2000]).

Based on this perspective, I define markets as institutions predicated on the principles of market exchange of alienable commodities. The concept refers not only to the system of economic exchange and provisioning but also to the social and political contexts of those exchanges (Bestor 2001; Plattner 1989b). The social context pertains to the networks of relationships involved in market exchanges and establishment of prices. Mark Granovetter (1985) distinguishes between two forms of economic transactions: embedded (personalized, lasting) and atomized (impersonal, fleeting). Classical and neoclassical economic theory builds on the assumption of atomized transactions among rational individuals, but market exchanges in the ancient world frequently hinged on long-term interpersonal ("embedded") relationships, which may dampen or distort the price-making effects of supply and demand. As Hirth (Chapter 11) makes clear, however, acknowledging the social embeddedness of markets does not negate the fundamental importance of self-interested economic behavior in market exchange (see also Plattner 1989a; Stanish, Chapter 9). Social concerns may inform many market decisions, but within this social framework market buyers and sellers nevertheless may seek to maximize gains or, at a minimum, "satisfice" needs and minimize risk.

Beyond social networks, markets are also embedded in larger institutions, such as governments, guilds, or religious institutions (Block 1994; Block and Evans 2005; Bourdieu 2005 [2000]; Fligstein 1996). Markets and marketplace exchange implicate webs of power and rank among actors and groups engaging in transactions and take place in the context of governing and civil authorities. Central to this discussion is how people in premodern institutions and governments chose to handle burgeoning markets, if at all.

The social and institutional embeddedness of markets is where my definition diverges from Polanyi's (2001a [1957]), who took atomized economic models—disembedded from social context—as emblematic of market exchange and juxtaposed them with what he saw as premodern, non-market forms of exchange embedded in regulative social institutions. A major drawback of Polanyi's characterization is that he did not apply his embedded perspective to the study of markets (see also Davis 1992:7; Lie 1991). He implicitly accepted classical/neoclassical economic characterizations of markets as asocial institutions and, in the end, "fail[ed] to challenge the market concept itself" (Lie 1991:223).

Market Institutionalization

By viewing premodern market development as a process of institutionalization, it logically follows that the nascent development of market institutions entailed changes in the social and political "rules" of economic exchange, both legal and normative. Markets presuppose a sufficient number of participating buyers and sellers—a scalar element of participation—to underwrite system development. They also presuppose that some (but not all) goods are available for circulation; that is, use rights to the products of one's labor can be transferred to buyers without undermining existing social norms or practices (Polanyi 2001a [1957]), implying development of property rights and socially acceptable transfers of those rights (i.e., rights of alienation; e.g., Clark 1995; Flad 2007; Y. Li 2007). Allocation systems based on communal property or ritual mobilization of production (Spielmann 2002; Wells and Davis-Salazar 2007) could potentially stifle alienation of crafted or surplus goods, at least for some classes of goods.

According to French philosopher Michel Callon (1998), market development also requires social acceptance of a "calculative agency" in which the parties to a market exchange are able to evaluate and rank alternative market decisions under conditions of uncertainty and incomplete information about market conditions. Calculative agencies can be considered a formalist aspect of market origins, but the framework of rational decisions is culturally bounded (DiMaggio 1994; Stanish, Chapter 9). For instance, calculative agency may be socially restricted and inapplicable for transfers of some inalienable or "controlled" goods.

Another precondition is an adequate flow of supply, demand, and price information. The relationships between supply-demand changes and prices are never simple and respond to a variety of conditions and circumstances. Access to information is frequently asymmetrical, creating imperfect competition, but exchanges nevertheless are based on shared understandings of value and fairness (even if one party is intent on exploiting that understanding); sometimes such understandings are predicated on ritual sanctification of market practices (Bohannan 1955; Davis 1992:66–68). Social networks based, for example, on kinship or social affinity also help facilitate perceptions of trust and price fairness, a point I explore in more detail in a subsequent section (Granovetter 1985). On a more formal level, legal or moral institutions may authorize sanctions that prohibit (or possibly enable) opportunistic exploitation of asymmetrical information (Williamson 1975, 1985).

The spread of information required for market exchange (according to Pryor's definition) is contingent upon the speed and efficiency of information flows, which may have been poorly developed in many premodern societies that had primitive communications technologies and widespread illiteracy. In modern markets information dissemination and processing is an important component of market operation (e.g., Dow Jones and other market sensors), even though uncertainty and unequal access to information are still rampant. This is one reason why Polanyi and his students argued that prices in premodern markets were not established through supply and demand but through price setting by governing officials. Prices responded to supply-demand information in premodern markets but probably not in the same way as in modern capitalism. Richard Swedberg and Mark Granovetter (2001:13) have characterized prices in preindustrial markets as " 'sticky'—that is, they only respond to major shifts in demand or supply." In premodern markets, relatively small modulations in supply and demand probably went largely unnoticed, but abrupt, sizable changes (such as severe crop shortfalls or cessation of interregional trading relationships) would have been salient and therefore more likely to have prompted a pricing response. Prices also tended to stabilize for long periods as a result of long-standing (possibly intergenerational) exchange relationships among affines, kin, friends, ethnic brethren, and trusted associates (Braudel 1985:227; Swedberg and Granovetter 2001:13).

Market Exchange and Barter

Market exchange and barter overlap in the aforementioned definition. I define barter broadly as a form of exchange that does not employ media of exchange (after Humphrey 1985; Humphrey and Hugh-Jones 1992) and that responds to some extent to conditions of supply and demand among parties to the exchange. Perceptions of supply and demand in some barter transactions may be ad hoc and based on idiosyncratic perceptions of value and equivalency. Nevertheless, in Pryor's definition of market exchange, which admittedly casts a wide net, a dyadic barter exchange based on perceptions of variable supply and demand amounts to a form of market exchange. In other words, market exchange need not be predicated on media of exchange or currency.

A question remains, however, about how barter relates to marketplace exchange and market system development. To some extent, this matter can be characterized as a "chicken-and-egg" conundrum: what came first, the practice of barter or the institution of the market? In my view, absent some external and intrusive effects of already developed market systems, the dyadic form of barter exchange likely preceded the market institution. This perspective does not exclude other factors involved in nascent market development, however, such as establishment of prices and formal equivalencies by government agencies or civil groups. According to Michael Hudson (2002, 2004), for example, some early Mesopotamian governments sponsored market ventures, offered credit lines, and established formal pricing as a means of promoting market participation and lessening the risk of market loss.

These conceptualizations of market exchange and barter may not be universally shared among economic scholars, but they better conform to the developmental perspective adopted in this volume. Decoupling market exchange from institutionalized market structures highlights the early precedents of market institutions. In this volume Abbott (Chapter 3) addresses nascent market development among the Hohokam of central Arizona, a middle-range society without a state government (see also Abbott 2001, 2006; Abbott, Smith, and Gallaga 2007; Abbott, Watts, and Lack 2007). Abbott posits a market system linked to the development of regular public ceremonies associated with ritual ballgames. It is unlikely that early Hohokam market exchanges were rooted in a preexisting system of formal pricing, at least not initially. Nor was there a central government apparatus that established prices or equivalencies, as Hudson (2004) argues for Mesopotamia. Early Hohokam market exchanges likely began as a series of largely ad hoc barter transactions based on idiosyncratic perceptions of value and equivalency, although over time more well-established and normative notions of value may have developed.

Barter likely preceded formal pricing mechanisms based on prevailing notions of value in most "preinstitutional" market contexts, but I do not wish to imply that the practice of barter diminished or disappeared after market institutionalization. Nor did the establishment of media of exchange undermine the importance of barter. Rather, it likely continued to be important in most market settings (Humphrey and Hugh-Jones 1992:3–4). Some early states instituted formal media of exchange, such as coinage, as means of tracking government finances and debts (M. E. Smith 2004:90–91). As Stark and Garraty (Chapter 2) explain, however, media of exchange may have been scarce or inconvenient for the bulk of petty transactions in early marketplaces. In some contexts, media of exchange may have been so infrequent and poorly distributed that they too became objects of barter (see Humphrey and Hugh-Jones 1992:4). Barter has long been an important mechanism of exchange in most premodern markets and has maintained a role even in well-developed modern markets (e.g., car trade-ins [Humphrey 1985]).

Marketplaces and Market Systems

Marketplaces are physical locations that accommodate regularized and orderly market exchanges. Market exchanges may have taken place at or adjacent to public assemblies, such as town fairs or places of ceremonial activities (see Abbott, Smith, and Gallaga 2007; Abbott, Watts, and Lack 2007; Abbott, Chapter 3) or in multipurpose facilities, such as plazas. Marketplaces, or any regular and predictable loci of market exchange, offer a formal setting for market exchange. As Hirth (1998:454–455) pointed out, this distinction between marketplace exchange and market exchange is crucial to the study of premodern markets. Market exchanges can occur in any number of centralized or decentralized settings (marketplaces, workshop procurement, itinerant middlemen). Conversely, marketplace exchange refers more narrowly to market exchanges within discrete physical loci that are spatially centralized and temporally regularized (follow a predictable schedule). From this perspective we can reasonably assume that dyadic market exchanges date back many millennia, but the development of formal marketplaces is likely more recent and marks the institutionalization of market exchange as a fundamental mechanism for economic transactions.

The concept of market system refers to a regional network of interconnected marketplaces, including the market hinterlands they provision (Christaller 1966 [1933]). "Mature" marketplaces rarely develop in isolation but are linked to other marketplaces, forming a regional system (C. Smith 1974, 1976b). The articulations among these marketplaces will inevitably vary and, in some cases, evolve a hierarchical arrangement in which one or several marketplaces become larger, offer more products, and provision a larger number of consumers than smaller marketplaces. A market system also presumes connections between marketplaces in different areas such that products and commodities can be readily transferred among areas at a regional, interregional, or even a global scale. These are critical distinctions for the archaeological study of ancient market exchange. Archaeological data are poorly suited to detect dyadic market exchanges but are better suited to detect the existence of marketplaces and regional market systems, although inferring these is fraught with complications (Stark and Garraty, Chapter 2).

Equally important to the question of "what is a market system" is "when is a market system" (to borrow from Hodge 1997). Do market systems require a formal infrastructure (plazas, stalls, roads)? If so, who foots the bill for constructing and managing the infrastructure? Does market system development require central authority and a strong state government able to oversee construction of formal marketplaces and enforce regulations? On a related point, can market systems develop in nonstate, middle-range societies? I do not propose to answer these questions, but I introduce them as vital areas of research. Having defined the key terms and conceptual positions for the volume, I next discuss the theoretical scholarly environment for studies of premodern markets, specifically the importance of Polanyi's influential ideas.

THEORETICAL APPROACHES TO PREMODERN MARKETS: POLANYI'S LASTING INFLUENCE

Polanyi's Argument

Modern scholarly debate about the origins of market exchange hinges on the work of Polanyi (1960, 2001a [1957], 2001b [1944], and elsewhere), whose eloquent writings framed the debate about premodern market exchange for generations of scholars. It is important to understand Polanyi's influence on this topic, even though his ideas are well over a half century old, because he is the only scholar to have developed a comprehensive body of theory about premodern market exchange (but see Swedberg 1994, 2005). Several contributors in this volume refer to his writings, and thus a brief overview is warranted. Detailed treatments of Polanyi's ideas can be found elsewhere (Halperin 1984, 1991, 1994; Humphreys 1969); here I evaluate the extent to which they advanced or inhibited understanding of premodern market development.

Polanyi's work was largely a reaction to what he saw as the dehumanizing tendencies of classical and neoclassical economics and the positivist approaches on which they are predicated. Starting with Adam Smith (1976 [1776]), classical economists have long asserted that humans are naturally imbued with the capacity for market rationality. Polanyi, in turn, argued that a "market mentality" is solely a product of modern capitalism. These positions essentially mark the two poles of the well-known formalist-substantivist debate in economic archaeology. Briefly, formalists follow classical/neoclassical traditions in seeking a unified theory of rational economic behavior; substantivists join Polanyi in viewing non-Western economies as embedded in deeper social, political, and religious institutions (for a review, see Isaac 1993).

The work of classical/neoclassical economists implies that exchange behavior among self-interested actors inevitably leads to market development and an increasingly complex division of labor (Brumfiel and Earle 1987:1–2; Wilk 1996:43–72). These approaches seek to formulate a unified theory of economic action predicated on "atomistic" principles of utility maximization and cost minimization for allocation of scarce resources. From this perspective, market exchange originated as a consequence of individuals freely pursuing their own economic interests; humans possessed an innate predilection for market exchange long before the establishment of formal marketplaces. According to Adam Smith, for example, the pursuit of the "private interests and passions of men" created a situation "which is most agreeable to the interest of the whole society" (A. Smith 1976 [1776], Book 4:630). Market competition breeds the smooth transfer of goods and commodities, but only to the extent that society sanctions and expresses a willingness to pay for those goods; market competition provides a social check on undue accumulation. In this sense, Smith and other classical/neoclassical scholars saw markets as self-regulating not just in terms of economic provisioning but also in terms of social order and stability. State and governing bodies and other social institutions are characterized as external interlopers that interfere with the innate ambitions of a free and independent population of self-interested producers and traders (Gudeman 2001:82).

Like many scholars in anthropology and sociology, Polanyi (2001a [1957], 2001b [1944]) was deeply opposed to the idea of an innate tendency to engage in exchange in a competitive market setting. He viewed the pursuit of self-interested economic gain as an utterly *unnatural* human ambition.[1] Market rationality, he argued, surfaced in conjunction with capitalism during the Industrial Revolution: "Market society was born in England. . . . Market economy, free trade, and the gold standard were English inventions" (Polanyi 2001b [1944]:30). Polanyi (2001a [1957]:37–40) was skeptical that competitive market exchange had ever constituted an important component of premodern economies and formulated three lines of argument to support his contention: (1) the absence of factor markets for land and labor, (2) the social antagonisms inherent in market exchange and bargained pricing, and (3) the technical inefficiency of primitive communications, which hindered effective flows of information about market conditions. I next explore each of these lines of argument.

First, Polanyi objected to premodern market development on the grounds that market exchange was not a feasible or dependable mechanism for the allocation of key resources in premodern societies, specifically land and labor. He outlined alternative "forms of economic integration" for premodern societies that involved behaviors embedded in formal and informal social institutions or "supporting structures" that served to regulate economic behavior and prevent antagonism. Reciprocity, embedded in kinship relationships, was the dominant form of economic integration among egalitarian and early village societies; redistribution, embedded in central government, was dominant in complex chiefdoms and early states (Stark and Garraty, Chapter 2). Only with the rise of European capitalism did economic allocation become disembedded from these institutions (Humphreys 1969:185–186). Polanyi (2001a [1957]:39) further distinguished market exchange from the other forms based on the means of establishing exchange equivalencies: "exchange at set rates occurs under reciprocative or redistributive forms of integration; exchange at bargained rates . . . is limited to price-making markets."

Important here is Polanyi's emphasis on *dominant* forms of integration. The dominant form, in Polanyi's scheme, is responsible for the allocation of land and labor (factor markets), but other forms may occur as "subordinate" mechanisms of allocation. He thus did not categorically deny the existence of market exchange in premodern societies but opposed the idea that market exchange was the principal mechanism for allocating land and labor. He is likely correct that market exchange was not a major mechanism for the allocation of land and labor in premodern societies (see also Dalton 1962:365–367), although some ancient documents indicate low-level real estate and wage-labor markets. Even though market exchange of "nonfactor" products and services, such as household crafts, may constitute a sizable component of the economy, the number and range of goods integrated into the market sphere are less crucial than the processes by which various goods and services do or do not become alienable and exchangeable through market channels, a point I explore in a following section.

Polanyi's second line of opposition to premodern market development concerned what he saw as inherent antagonisms in market bargaining. Although cognizant of ancient marketplaces in various world areas (Greece, Rome, Mesoamerica, China), he was skeptical that early marketplaces could have operated according to market principles without causing undue social antagonism. In direct opposition to Adam Smith and other classical/neoclassical economists, Polanyi insisted that acts of exchange based on fluctuating prices should "tend not to occur"; if they did, "a violent emotional reaction would set in, as against acts of indecency or acts of treason, since trading behavior is never emotionally indifferent behavior and is not, therefore, tolerated by opinions outside of the approved channels" (2001a [1957]:37). His argument is worth repeating in full:

> Exchange at fluctuating prices aims at a gain that can be attained only by an attitude involving a distinctive antagonistic relationship between the partners. The element of antagonism, however diluted, that accompanies this variant of exchange is ineradicable. No community intent on protecting the fount of solidarity between its members can allow latent hostility to develop around a matter as vital to animal existence and, therefore, capable of arousing as tense anxieties as food. Hence the universal banning of transactions of a gainful nature in regard to food and foodstuffs in primitive and archaic societies. The very widely spread higgling-haggling over victuals automatically removes price-making markets from the realm of early institutions. (2001a [1957]:39)

Polanyi maintained that economies predicated on market principles were actively prohibited through social or government sanctions.

Polanyi viewed administrative price setting as one of the chief sanctioning measures used to prohibit market practices. As Sarah Humphreys (1969:186–191) makes clear, however, his juxtaposition of fixed and bargained pricing is based on a false dichotomy. Many factors converge in setting market prices because sellers generally establish prices based on perceptions of market conditions (mainly supply availability), often in consultation with administrative or market officials responsible for gathering such information. In some premodern and peasant markets, formal organizations—such as trade groups, market or governing officials, or legal assessors—were specifically charged with gathering information regarding supplies and availability for establishment of prices (Hudson 2004; Humphreys 1969:188–189). Furthermore, haggling is sometimes a secondary component of price formation and in some peasant markets occurred only under specific conditions, for example, to sell overstock at the end of the day (Reeves 1989) or to ensure that the seller's overhead and transport costs were covered (S. Cook 1976:160–161).

The third line of argument related to Polanyi's opposition to premodern market development concerns the inefficient means of communicating price information. Primitive communication technologies, coupled with limitations in storage and transport technology, prohibited development of a "common language" for competition among producers and traders of similar commodities. Polanyi (1960) drew on a study of marketplaces (*agorae*) in classical Greece to support his argument. He viewed *agorae* as independent establishments with few links to other *agorae*, thus failing to form a regionally integrated system (Polanyi 1960). The absence of linkages among *agorae* would have led to inefficient commodity trafficking and prevented the communication of price information necessary for a well-functioning regional market system. As Scott Cook (1976:142–144) explains in his ethnographic study of a peasant market system in Oaxaca, however, information about market conditions may be unevenly distributed on a system-wide scale but tends to be accessible on a local scale, creating a competitive marketplace that responds well to local market conditions. Limited information flows did not prevent inter-marketplace trafficking and integration of the larger market system in Oaxaca.

In sum, Polanyi's views of premodern markets appear contradictory on the surface. On one hand, he leaves open the possibility of market exchange as a subordinate means of allocation, and, on the other hand, he stresses the disruptiveness and impracticality of market development. One should be mindful, however, that his larger goal was not to repudiate premodern market exchange but rather to elucidate the structural changes involved in the rise of Western capitalism and the commoditization and alienation of labor. In so doing, however, his scheme left little "wiggle room" to account for large premodern market systems other than to downplay their significance as subsidiary components of the economy or to emphasize the extent to which they operated with fixed pricing, both of which are readily refuted. In premodern market systems, many goods and services were not integrated into the market system, and land and labor were infrequently exchanged through market channels, but that does not negate the importance of markets in the broader economy. In no economies, including modern capitalist economies, are *all* goods and services circulated through market channels, but market systems may develop to accommodate specific economic sectors or commodity classes. More important is the mix of exchange and provisioning mechanisms and the extent to which commodity and service sectors were integrated into market systems (Hirth, Chapter 11; Stark and Garraty, Chapter 2).

Polanyi's Legacy

Many of Polanyi's followers echoed his arguments about premodern market development (e.g., Bohannan and Dalton 1962; Dalton 1962; Sahlins 1972). Widely cited is the debate initiated among classical scholars by Finley (1999 [1973]), who posited a model that emphasized small-scale, agrarian production and relegated marketplace exchange to a relatively minor role in the broader Mediterranean regional economy. Although Finley was critical of some aspects of Polanyi's argument, his "primitivist" views unleashed a series of critiques and counterarguments that still resonate in classical studies (I. Morris 1999; Saller 2005). Johannes Renger (1984, 1995) similarly argued against market development in the ancient Near East, citing documentary evidence that economic transactions were closely supervised by governing authorities. In Mesoamerica, Pedro Carrasco (1978, 1980, 1982, 1983) characterized the Aztec market system in highland Central Mexico as state-controlled venues for the allocation of wealth and resources. He suggested that state leaders were able to control market transactions using heavy-handed means, such as price setting, compulsory market attendance, and sumptuary laws (but cf. Berdan 1983; Offner 1981a, 1981b).

In my opinion, the tremendous influence of scholars such as Polanyi and Finley has considerably impeded scholarly investigations of premodern market development (see also Blanton and Fargher, Chapter 10; Feinman and Nicholas, Chapter 4). As a result of their legacies, much effort has been devoted to debating the existence of "true" markets rather than to empirical investigations of market development and change. Norman Yoffee (2001:303), in an insightful review of a volume on ancient Near Eastern economies, provides perhaps the best and most succinct counterargument to this tendency to continually debate the existence of premodern markets: "Nietzsche said you can only define things that have no history. Endless debates about whether there was a market and private property do not seem to advance our understanding of economic phenomena in their historic contexts." Like Yoffee, the contributors to this volume are concerned less with whether markets *should* have existed based on theoretical presuppositions and narrow definitions than with empirical evidence for market development and change.

The contributors here provide no blanket endorsement of classical/neoclassical economics or a unified theory of economic behavior, however. Classical/neoclassical economists tend to view economic and social and political institutions as separate spheres of social interaction, which also presents a serious fallacy (e.g., Davis 1992; Dequech 2003; Gudeman 2001; Lie 1997; various articles in Smelser and Swedberg, eds., 2005). At the level of individual transactions, market exchange is embedded in political relations in the sense that *all* social interaction is rooted in webs of power, rank, and inequality (Bourdieu 2005 [2000]). In a broader sense, markets are embedded because transactions occur in the contexts of social ties and of religious and governing institutions that inevitably assume *some* position toward market activity (including a laissez-faire stance; see Block [1994]; Block and Evans [2005]). Even some economists—the standard-bearers of neoclassical thought—now accept that economic activity is embedded in broader social and political structures (Dequech 2003).

Over thirty years ago Carol Smith (1976b:44) lamented the unfortunate tendency among scholars to adopt either a classical/neoclassical (formalist) or a substantivist position in explaining market origins and development. Such thinking, she proclaimed, propagated widespread neglect of the "interrelations of social and economic forces in market evolution." Both perspectives are valid in that premodern markets and market exchange can and should be characterized from the perspective of both the formal-economic *and* socially embedded contexts of economic transactions (Bestor 2001:9227; Plattner 1989c:177; Wilk 1996). Markets involve diverse groups of actors engaging in complex relationships and operating with established rules and conventions about market operations.

Newer Perspectives

Two recent approaches have been formulated to bridge the gap between classical/neoclassical (formalist) arguments and Polanyi's substantivist position. New Economic Sociology (NES) and New Institutional Economics (NIE) largely focus on the important issue of social order, a central component of Polanyi's argument. Both have also been applied to advance understanding of premodern market development and organization (for example, I. Morris 2004; Morris and Manning 2005a; Silver 1995; Temin 2003). I briefly discuss both approaches and explain how they have been employed in the study of premodern markets, including by contributors to this volume.

NES scholars, most notably Granovetter, follow Polanyi in rejecting mainstream economic perspectives that emphasize rational individual action devoid of social context. Granovetter's (1985) widely cited statement on NES hinges on Polanyi's notion that economies are embedded in social contexts, but NES studies more frequently focus on the embeddedness in social and interpersonal networks than on institutional embeddedness, as espoused in Polanyi's "forms of integration." The NES, or "embeddedness," perspective concentrates on economic interactions among firms or individuals in modern capitalist economies, but it is equally applicable to premodern markets. Granovetter (1985) follows Polanyi in emphasizing the importance of social networks as a means of inhibiting malfeasance in market exchange and promoting social order (Cumberpatch 2001). Some anthropological studies of twentieth-century non-Western marketplaces (e.g., Geertz 1978; Plattner 1989b; Russell 1987; Schwimmer 1979) have adopted a similar perspective that focuses on ethnic affiliations or interpersonal relationships as means of facilitating exchange and combating antagonism.

In this volume Jeffrey Fleisher (Chapter 7) adopts an argument couched in NES principles to characterize market exchanges among African Swahili merchant elites and foreign traders. Exchange relationships for imported foreign goods, according to Fleisher, were rooted in social networks and the establishment of trust among local and foreign merchants. In Fleisher's words, these interpersonal connections "served a practical function for overseas merchants, who needed a place to stay during the weeks or months after their arrival as they waited for the monsoon winds to shift back north." His chapter highlights the bonds of trust forged among foreign and Swahili merchants that sustained market development.

Like NES, the influential NIE school within economics focuses fundamentally on the issue of social order but within the framework of the classical/neoclassical tradition. Rather than focus on social networks, NIE scholars model economic activity in terms of the social and legal rules ("institutions") that regulate and enable economic action (North 1977, 1990, 1991; Williamson 1975, 1985; but see critiques in Granovetter 1985 and Swedberg and Granovetter 2001:14–18). Thus, whereas NES studies rely on what economic anthropologists would consider a substantivist concern with social networks, NIE studies address the issue of social order from what might be viewed as a formalist perspective that emphasizes cost-effectiveness and risk minimization. NIE scholars principally focus on *transaction costs*, that is, the costs of implementing economic transactions (especially recurring transactions), such as those involved in gathering information, monitoring performance and negotiation, and enforcing prohibitions against unchecked malfeasance or opportunism (Williamson 1975, 1985; see Chapman and Buckley 1997 for an anthropological perspective). Examples include contracts or trade agreements, but informal mechanisms such as moral proscriptions might also function to minimize transaction costs.

In this volume Stanish (Chapter 9) adopts an NIE approach to explore differences in the effectiveness of market and administrative systems for urban provisioning. He applies the concept of transaction costs to explain that the Andean system of political provisioning entailed considerably higher "overhead" per economic transaction (for storage, accounting, policing of corvée laborers), which curbed the volume and efficiency of economic provisioning and capped urban growth. In his usage, the concept of transaction costs provides a useful heuristic for comparing different urban-provisioning systems. Robert Hunt (1987:181–184) similarly discusses the transaction costs involved in market provisioning of food to urban centers, including costs associated with transport, bureaucratic management, and policing. Finally, in a detailed study of the development of credit practices in the ancient Middle East, Hudson (2002) explains that large institutions, such as palaces and temples, promoted "entrepreneurial" risk ventures for aspiring traders by establishing lines of interest-bearing credit, including formal and administered contracts. In so doing, these institutions established standardized weights and measures, price-setting practices based on available supplies, and money designations of silver and barley (Hudson 2002:13; see also Hudson 1996). Hudson does not explicitly adopt the NIE terminology, but his argument implicates the NIE scholars' focus on institutional arrangements for minimizing risk and fostering market development.

Hirth (Chapter 11) also applies the concept of transaction costs to model market development and participation at the household level in premodern societies. Market development, according to Hirth, offered householders a means of reducing the transaction costs entailed in provisioning themselves with domestic goods from a variety of sources in different locations, which otherwise would have been inefficiently procured through multiple unconnected non-market channels. He hypothesizes that market exchanges came to be associated with predictable and regularly scheduled communal gatherings (e.g., fairs or ceremonial events) as a means of reducing such transaction costs. In Hirth's view, premodern market development offered a viable solution (albeit not the only one) to the problem of "broad-spectrum" resource provisioning at the household level.

In sum, the NES and NIE approaches, although considerably different in their underlying philosophies and assumptions, provide potentially useful stances for studying the development and evolution of premodern markets. Both address many of the issues and problems of premodern market development outlined by Polanyi, such as the problem of social order, but approach these issues with different base assumptions about human behavior (I return to the issue of social order later).

THE FOUR PRINCIPAL THEMES

At the outset I introduced four volume themes: (1) how do markets articulate with other sectors of ancient economies, (2) how do we recognize market exchange archaeologically, (3) what is the relationship between political and market institutions, and

(4) how do market economies develop and evolve over time. In this section I explore each, with the exception of the second methodological theme, which is addressed in Chapter 2.

Market Integration and Commoditization

Our first theme focuses on the role of markets in the wider economy. Important here is the idea that market exchange in premodern societies typically coexisted with other, non-market forms of exchange. An essential component of premodern market studies is the extent to which different sectors of the economy (land, luxury goods, and so on) were exchanged through market versus non-market channels in different times and places. Even in modern capitalism, much of the interaction among business firms is predicated on principles of cooperation and reciprocity, which may influence prices as much as market competition and supply-demand modulations (e.g., Granovetter 2005a; Uzzi 1997).

A key element of the study of premodern markets concerns the *process* by which various goods and services were integrated into, or detached from, the market system. Ancient economies can be conceived, as Michael Smith (2004:75–76) suggests, along a continuum of economic organization from non-commercialized to low- and intermediate-commercialized to advanced market economies, with the last incorporating many sectors of the economy into a market exchange system. But this continuum is not meant to imply a linear process of market expansion; market change is far more dynamic and involves processes in which commodities and sectors are both added to and subtracted from the market domain (i.e., commoditization and de-commoditization of goods and services). One example is governmental decisions to regulate or control distribution of certain goods, such as weapons or narcotics, by removing them from regular market channels.

Paul Bohannan and George Dalton's (1962) distinction between peripheral and integrated markets offers a useful touchstone for studying this issue. Their intention in developing these terms was to support Polanyi's distinctions between modern market systems and "primitive" peripheral markets predicated on price fixing and poor regional integration. I see little value in their terms as categorical distinctions. If thought of as a continuum, however, their idea provides a useful heuristic for conceptualizing variability in the extent to which households rely on marketplace exchange to procure domestic provisions (Garraty 2009). In peripheral markets, households do not rely on the marketplace for most of their basic provisions. Rather, " 'peripheral' markets are patronized chiefly by 'target marketers,' who trade in the market when they happen to have a surplus to exchange or need some item they do not produce" (Hicks 1987:91). Differential use of marketplaces may occur among elite and non-elite households and among urban and rural populations within a broader market region. In well-integrated markets, conversely, the majority of households rely on marketplace exchange to procure all or most of their everyday provisions.

A logical extension of the question of market integration is the question of why and how market systems developed and flourished in some areas of the ancient world but not others. What differences in political or social structure account for the variable development and importance of marketplaces and market systems in different world areas? The Andean region of South America may be the single best "natural laboratory" for exploring this question. This region—with its large population, diverse regional ecologies, complex transport systems, and sizable segment of non-food producers—would seem to be an ideal setting for market system development. For reasons yet to be fully explored, market systems were absent, suppressed, or only modestly developed in the Inca empire prior to Spanish contact (Earle 1985; Stanish, Chapter 9; Stark and Garraty, Chapter 2).

Also important are the consequences of marketplace development and nondevelopment. Stanish (Chapter 9) addresses the consequences of minimal marketplace development on urban scale in the Andes (see also Stanish 1997). In the Andean case the generally moderate-sized cities offer a marked contrast with the very large cities within well-developed market systems, such as the Mediterranean, China, and Mesoamerica. He makes clear that the development of ancient cities and urban systems cannot be fully understood without also exploring the transaction costs of the economic systems that provisioned those cities with food and other domestic necessities. In economies with market systems, the state did not bear the brunt of urban provisioning costs; rather, the market generated an incentive for surplus production among petty producers, and the mobilization costs of trafficking surplus goods were borne by individual market sellers and merchants. This low-cost, high-incentive situation accommodated urban growth and sustained larger populations.

Market Regulation: Social and Political Institutions

This theme relates to the relationships between markets and other social institutions, a core issue of Polanyi's intellectual project and a vital concern in any study of premodern market development. Much of the focus in this section concerns oversight and regulation of markets and the extent to which market transactions are a potential source of social contention and disorder. The "problem of order," as Granovetter (1985:484–487) explained, has been a matter of scholarly debate since the time of Thomas Hobbes (1996 [1651]) and the social contract theorists of the 1600s and 1700s. Hobbes famously characterized the natural state of human societies as "a war . . . of every man, against every man" (1996 [1651]:85) and saw repressive political structures as a necessary precondition for the orderly operation of society. Hobbes's argument is thus antithetical to Adam Smith's (1976 [1776]) suggestion over a century later of atomistic social competition as the root of social order.

The quintessential disagreement between the neoclassical and the substantivist schools of thought hinges on how economic transactions among individuals are (or should be) regulated or controlled. For classical/neoclassical scholars inspired by

Adam Smith and others, governments (or other external sources of regulation) merely interfere with a free and unencumbered populace of traders and market patrons. Other scholars inspired by Polanyi counter that producers and consumers tend to avoid participating in marketplace exchange unless governmental or other regulatory mechanisms are in place to ensure a smooth and peaceful marketplace operation (e.g., Davis 1992; Sahlins 1972:297–314). Granovetter (1985) offers a third possibility—that order is rooted in networks of social relations that promote trust and limit malfeasance. Most archaeological research on this issue has focused on governmental oversight, as a result of Polanyi's influence, but government is not the only source. I explore political oversight in the next subsection and nongovernmental oversight in the following subsection.

Governmental Institutions and Market Oversight. According to Carol Smith (1974, 1976b), the intersection of politics and markets is *the* principal cause of cross-cultural variation in regional market organization. Economic sociologist Fred Block (1994; Block and Evans 2005) similarly has written about the inevitable role of governing agencies in market systems (Bourdieu 2005 [2000]:81; Fligstein 1996). Like these scholars, I believe we are better off thinking about political and market institutions as co-evolutionary rather than considering politics as simply one of many "external variables" that affect market development and system organization. Even in the contexts of acephalous nonstate societies, tribal leaders or Big Men may organize, oversee, and tax market transactions, as is the case among the Tiv of West Africa (Bohannan and Bohannan 1968).

One important question concerns why governing agencies even take an interest in markets. Governing institutions may benefit from marketplace development in at least three ways: tax revenues, conversion, and control over product distributions. First, taxing market activities—for example, market transactions, use of market stalls, shipments (tariffs), and so on—was an important source of revenue in some premodern states (Blanton and Fargher, Chapter 10). Marketplace exchanges are spatially centralized and temporally predictable and therefore were more readily tapped for taxation than other, decentralized mechanisms of exchange (e.g., reciprocal change), albeit with substantial costs to the tax assessor (for enforcing tax payments, retaining tax collectors, bookkeeping). According to Shmuel Eisenstadt (1993:47), compared with other mechanisms of exchange, market exchange is perhaps "the least embedded and economically the most autonomous" from leaders' realms of control and therefore more readily alienable and "maneuverable" than other sources of elite financing, such as land or corvée labor. Eisenstadt implies that competition among elites and polities over market sales and tax revenues may have been commonplace in ancient societies with market systems.

Second, governing agencies may interfere in marketplace exchange to facilitate product conversion (Hirth 1998, Chapter 11). For example, markets provide a means for state agents to convert wealth goods received as tribute into bulk commodities, such as food or domestic wares (or vice versa). The ability to convert commodities was likely invaluable for elites and governing officials in early states that needed to feed and provision armies and bureaucrats but also to retain a stock of high-value goods for elite gifts or display during feasts. Elite financing in many early state economies relied on access to both high-value wealth goods (fine ornaments, extravagant textiles) and staple goods (mainly foodstuffs; see D'Altroy and Earle 1985). The most successful elites may have been those who were able to access and control both sources of revenue. In this context, use of the market system to convert wealth and staple goods might have been a vital component of many premodern political economies.

Third, governments may wish to co-opt or control distribution of certain key commodities or raw materials, thereby removing these items from market spheres of exchange. To take a modern example, no national governments would concede to free-market sales of weapons-grade plutonium; government regulation is widely viewed as beneficial in this extreme case. In ancient contexts, governing officials may have wished to control access to goods frequently used for state construction projects (such as high-value construction materials) or to equip state armies. In a similar vein, administrative officials also may have wished to control important shipping routes, transport, and production technologies or specific craft workers and laborers (for example, Inca state-sponsored craft specialists), thus diverting labor and technologies from surplus production that might have entered the market.

Are administrative institutions a *necessary* precondition of marketplace development? Marketplaces may entail a substantial investment in infrastructure (e.g., roads and ports) and policing. If governing officials and other regulating agencies perceive the potential benefits of marketplace exchange described previously, then it behooves them to police the marketplace, enforce market rules, and ensure a smooth and peaceful process. Beyond these basic infrastructure and operational investments, however, did governing agencies assume a more prominent role in market development by actively promoting or underwriting marketplace participation?

Various scholars have come to different conclusions about this question. Answering in the affirmative is John Davis (1992:65–73), who suggests that states tend to actively promote market risk and competition among market firms, which ensures more productive and commercially engaged consumers and, hence, more market transactions and taxable wealth. Davis (1992:69) concludes: "Only if government intervenes to prohibit insider manipulation can state's men be sure that sufficient citizens will trust the market to be impartial between them, and so enter the game of wealth creation, and so generate revenues." Among the Tiv, for example, consumers will not participate in marketplace exchange unless the marketplace overseer or sponsor can ensure peace and intervene in settling disputes (Bohannan and Bohannan 1968). It follows from Davis's argument that market systems may never have developed without the input and support of strong governing agencies.

Other scholars of premodern economies have also supported a strong government role in early market development (Sahlins 1972). Hudson (1996) argues for the ancient Near East that price-making mechanisms actually sprang from state institutional practices rather than from "free exchange" and competition, a position that has important implications for the role of states in the development of market institutions. Guillermo Algaze (1993) describes the development of trade and mercantile exchange under elite auspices at Uruk and other early states. In the Aztec empire of Central Mexico, Frederic Hicks (1987:99–101) suggests that imperial officials in Tenochtitlan demanded tribute in nonlocal goods (cotton cloth, cacao) to compel agrarian families to use the marketplace to exchange domestic food surpluses and obtain tribute goods (market conversion), thus ensuring ample supplies of foodstuffs in the marketplaces of the large urban centers (see also Brumfiel 1980, 1987b).

Other scholars resist this "top-down" view and see market development as largely a "bottom-up" process initiated by aspiring market traders and producers. The chapters in this volume by Abbott (Chapter 3) and Geoffrey Braswell (Chapter 6) discuss episodes of market expansion during periods marked by small and decentralized political systems, suggesting that markets flourished in the absence of large states with centralized governments. Similarly, based on a study of long-term changes in formal and decorative pottery styles in Oaxaca, Gary Feinman (1985, 1986; Feinman, Kowalewski, and Blanton 1984) posits elaborations in decorative styles during periods of decentralization and weak governmental control over the market, which facilitated economic competition among pottery producers (and other craft manufacturers); conversely, styles generally were simpler and more uniform during periods of centralized governmental control (but see Brumfiel 1987a).

I am reluctant to draw broad generalizations about market-political relationships from the previous examples. In some cases market systems appear to have grown in concert with the development of powerful states, but this was not always the case. In my own study of pottery production and exchange in the heartland of the Aztec empire in the Basin of Mexico (Garraty 2006, 2007), the evidence points to increased market expansion and commercial growth during the era of imperial expansion. I argue that imperial leaders, especially at Tenochtitlan, deliberately and strategically encouraged large-scale market participation and commercial exports as a means of garnering tax revenues and prestige from operating a prosperous marketplace, resulting in a more integrated regional system (Hassig 1985; Hodge 1992; Hodge and Minc 1990; Hodge et al. 1992, 1993; Nichols et al. 2002). Although processes of market expansion likely predate the empire by several decades (Smith and Berdan 2003), the Aztec regimes in Tenochtitlan and, to a lesser extent, in Texcoco seem to have encouraged and facilitated this expansion. Indeed, Aztec imperial expansion brought about economic growth and new market opportunities for core-area goods and merchants in conquered areas (Berdan 1985, 1996:132–135). Michael Smith (Chapter 8) similarly emphasizes the importance of top-down processes of market development and change in Aztec-period Morelos, just south of the Basin of Mexico. He attributes processes of market system expansion and shifting intraregional interaction within Morelos to political machinations among competing polities.

Richard Blanton and Lane Fargher (Chapter 10) conducted a cross-cultural study of thirty premodern states with market systems and found mixed results concerning administrative involvement in those systems. Some market systems flourished in the absence of governmental involvement or oversight (e.g., Tokugawa Japan, Java, late Feudal England), but in many other premodern societies market development was supported by governing agencies. To be clear, however, their study is not expressed in terms of a "degree" or level of governmental involvement in market development, that is, as a top-down versus a bottom-up process. They focus instead on a different dimension: the extent to which premodern market development correlated with collective versus non-collective forms of government. They define collective governments as those in which "rulers are forced to strike bargains with other civil society groups" and are "strongly dependent on taxpayer-produced revenues." More non-collective forms of government, in contrast, rely less on citizens for government revenues—in the form of taxes or tribute—and more on other forms of revenues (e.g., inter-elite exchanges or state control over key resources). Their cross-cultural study shows that premodern markets tended to develop and flourish in polities with collective forms of government.

These studies ultimately indicate that governing institutions in different times and places adopted a variety of policies and approaches to regulate market systems. Some governing agencies may have attempted to curb market development to prevent undue accumulation of wealth and resources among prosperous merchants or producers. Others may have encouraged commercial development and growth or even directly supported marketplace participation and development. Still others may have adopted a laissez-faire attitude toward market activities or certain sectors of the market. This diversity of government-market relationships should not come as a surprise, as many modern governments—including the federal government of the United States—alternatively act as both facilitators (international trade agreements, for example) and regulators (tariffs, antitrust policies) of market exchange.

Scholars of premodern markets need to consider whether governing agents would have had the resources or the technology required to impose control over market transactions. Governing agents cannot simply coerce consumers to participate in marketplace exchange. Nor do they readily control the wide range of actions and interpersonal negotiations that occur over a large regional system. Market exchange on a system-wide scale represents a form of what sociologist Michael Mann (1986:8) calls "diffused social power," which "spreads in a more spontaneous, unconscious, decentered way throughout a population." Diffused power contrasts with "authoritative power," which is predicated on tangible command structures and self-conscious obedience to a hierarchical institution, such as a military chain of command. Diffuse sources of power and agency do not lend themselves to authoritative, centralized control at the hands of political authorities (Mann 1986:10). Mann's characterization of market exchange as a diffused power makes clear that premodern political regimes were probably unable to dictate and police market exchanges throughout an entire market system, given the thousands of transactions occurring simultaneously in dozens of regional marketplaces—an assumption implicit in many substantivist arguments inspired by Polanyi.

Nongovernmental Regulation. If market systems can grow and expand in the absence of governmental oversight, as several studies suggest, what are the mechanisms (if any) for overseeing peaceful marketplace exchange? One possibility is oversight by nongovernmental agencies, about which much less has been written with regard to premodern societies. I separately discuss social and religious or moral sources of oversight and economic order.

Social Networks. In an often-cited paper, Granovetter (1985) makes the case that social order in economic transactions is primarily rooted in social networks rather than in moral codes or regulatory institutions. Market participants frequently forge personalized relationships to ensure reliable and secure buying outlets for themselves over the long term, which provides a means of avoiding the risks of overpaying or receiving poor-quality merchandise (Plattner 1989b:214). The ethnographic literature is rife with examples of embedded relationships in market contexts. Davis (1992:70–71) observed that market traders in Libya dealt almost exclusively with clients who were kin or relatives. Brian Schwimmer (1979) similarly emphasized market wholesaling in Ghana among members of the same ethnic group. Less formal relationships, such as repeat customers, provide another example of how the social establishment of trust may condition market behavior.

Stuart Plattner (1989b:212) sees long-term personalized relationships as a hallmark of peasant markets, and the same is no doubt true of premodern markets. Plattner argues that socially embedded transactions adhere to a sense of market rationality just as much as atomized transactions do but at a different temporal scale: "The goal of each actor is his or her economic self-interest, yet the maintenance of the relationship is valued over short-run profit. . . . The key element is that exchanges do not have to be balanced in the short run, since past or future shortfalls are adjusted in the continuing stream of exchanges" (Plattner 1989b:212). The establishment of social bonds in the marketplace was vital to combat the effects of uneven information distribution, which created conditions ripe for abuse and duplicity (S. Cook 1976; Forman and Riegelhaupt 1970:205; Plattner 1989b:214–217, 220). Moreover, comprehensive oversight of all marketplace exchanges was not feasible in premodern societies, as explained previously, thereby creating a heightened need for assurances of fair pricing. Embedded transactions thus provide a means of sustaining market development without incurring social disorder and conflict, as posited by Polanyi. Polanyi failed to understand embedded transactions as an alternative to social or government sanctions against market development.

Nongovernmental groups or civic institutions, such as guilds or trade associations, also contributed to marketplace oversight in many premodern markets. Guilds and guild-like organizations formed in India, China, the ancient Mediterranean, the Near East, Europe, Mesoamerica, and possibly other areas. In medieval India, during some periods merchants and guilds appear to have exercised greater power over the marketplace than the central government did (Morrison 1997). In addition, colonial records from Aztec Central Mexico attest to an organization of high-status, long-distance merchants, or *pochteca*, who acted as arbiters in the marketplace at Tenochtitlan-Tlatelolco (Sahagún 1950–1982 [ca. 1577], Book 9). Closely allied with the state, the *pochteca* settled disputes among market patrons, created and enforced market laws, and are said to have possessed their own court system to facilitate their role as intermediaries.

Moral Economies. Many economic anthropologists have focused attention on "moral economies," which concern the interconnections between economic behavior and cultural beliefs (Scott 1976; Thompson 1971). In premodern market systems, moral codes and unwritten rules of behavior may have been vital for marketplace development, especially where political oversight was weak or absent (Abbott, Chapter 3). In the absence of overarching governmental or legal controls, common beliefs or religious proscriptions against cheating or dishonesty may have provided moral grounds for peaceful market operations (e.g., Bohannan and Bohannan 1968).

Abbott and colleagues (Abbott, Smith, and Gallaga 2007; Abbott, Watts, and Lack 2007; and Abbott, Chapter 3) suggest that marketplaces developed in the Hohokam region in connection with the spread of ceremonial ballcourt villages. They argue that subregional product specialization and exchange would have necessitated cooperation and affable relationships among sellers and consumers from diverse settlements over a large and politically decentralized area. This cooperation and large-scale integration likely rested not on any sort of political authority but rather on a "moral economy of kinship with a shared consciousness of religious identity" (Abbott, Smith, and Gallaga 2007:478). This argument resembles Paul and Laura Bohannan's (1968) observation among the Tiv that market sponsors first had to have their marketplaces ritually consecrated to ensure peace and gain the trust of consumers. In both cases ritual sanctions and consecration likely helped enforce a moral code of behavior to reduce disputes in the absence of strong political oversight.

Similarly, in early historic and medieval India (AD 500–1600), the ascent of Buddhism may have paved the way for market development by removing many of the previous Hindu sanctions and restrictions on mercantile behavior and social advancement (Ray 1986), although some scholars have contested this characterization (Dale 1994). Buddhist moral precepts might have facilitated peaceful marketplace operations. Merchants and craft guilds—operating relatively independent of the state—also were major supporters of early Buddhist monasteries and were partly responsible for the expansion and spread of Buddhism throughout southern and southeastern Asia (Morrison 1997:95–96).

Market Development and Change

The fourth theme of this volume concerns the origins, development, and long-term evolution of premodern markets and market systems. I concentrate here on two aspects of premodern market development: market origins and market change.

Market Origins. Different perspectives on the origins of market exchange and marketplaces are implicit in the neoclassical and substantivist arguments (C. Smith 1976b:44–51). For the former, the origin of market exchange is unproblematic and developed out of a natural propensity to truck and barter goods. Marketplaces and market systems develop under specific conditions to increase efficiency by centralizing commodity access and facilitating information transfer concerning commodity availability and pricing. William Sanders (1956, 1962, 1968; Sanders and Price 1968) has posited what I view as essentially a neoclassical model of market development among towns in the Basin of Mexico, although he does not couch his argument in those terms. An important component of his model is that market exchange developed under conditions of population growth and ecological diversity, largely predicated on the assumption that humans "naturally" seek to maximize efficiency under conditions of scarcity—the underlying premise of neoclassical economics (Patterson 2003:79–82). In Sanders's model, the ecological diversity of the basin led to an efficient system of exchange in which market centers were established in different ecological zones, resulting in increased resource availability and regional buffers against localized shortfalls (Sanders 1962:40–41).

In Polanyi's view, market origins have little to do with efficiency and scarcity but are rooted in sociopolitical concerns. As Carol Smith (1976b:45) eloquently explained, for substantivists market exchange "originates in long-distance trade between 'stranger' groups where economic maximization by the parties will not rend the social fabric. And it is expected to remain compartmentalized in preindustrial societies—to be a carefully controlled, circumscribed activity that takes place among strangers under the watchful eye of political watchdogs." Marketplaces thus originated as administrative devices for regulating distribution and access to important resources.

In considering a number of ethnographic case studies, Carol Smith (1976b:45–46) found credible evidence for both the neoclassical and substantivist perspectives but also a common link that neither camp had considered. For Smith the development of a centralized social stratum of nonagricultural elites and specialists concentrated demand in the centers and generated market production of craft goods and, in rural areas, agricultural production of a marketable surplus (see also Plattner 1989c:180). Normal marketplace exchange is thus an outgrowth of the development of class, social hierarchies, and urbanization in some societies. Her model contains elements of both the substantivist and neoclassical perspectives: hierarchical social institutions provide a top-down impetus for market development (more akin to Polanyi's view). Yet individuals pursuing their own economic interests and trading with local consumers sustained market development and growth—a bottom-up process more in line with classical/neoclassical scholars' celebrated "invisible hand" argument.

The arguments and views expressed in this volume encompass a broad conceptual middle ground among the classical/neoclassical, substantivist, and Carol Smith perspectives. Abbott (Chapter 3) characterizes marketplace origins in the Hohokam region as a region-wide development in the absence of well-defined sociopolitical hierarchies, thus disputing both Polanyi's and Smith's arguments. His is a bottom-up argument more akin to neoclassical perspectives. Stark and Alanna Ossa (Chapter 5) suggest that the earliest evidence of marketplace exchange in the Mexican Gulf lowlands was not associated with the paramount center but instead with the smaller, secondary centers. They suggest that marketplace exchange may have developed in part in response to top-down pressures from secondary elites residing in the smaller centers but also from the bottom-up actions of small-scale specialists seeking economic advantage.

Blanton and Fargher (Chapter 10), based on their comparative study, find that market systems tend to develop in the context of premodern societies with collective political organization (as explained previously), large population sizes (in the polity and the main urban center), intensive agricultural systems, and urban development. Among these variables, they find that urbanization and agricultural intensification are particularly important preconditions of market system development. In this sense their argument resembles Carol Smith's (1976b:45–46) position that market systems tend to develop in contexts in which rural agricultural specialists produce surplus food to provision a growing nonagrarian population of urban specialists.

Elite oversight was associated with the earliest tangible evidence of marketplace exchange along the Swahili coast in the late first millennium AD (Fleisher, Chapter 7). (Coastal traders may have established informal marketplaces earlier in time, but these "seasonal fairs" left no detectable archaeological remains.) Access to early marketplace exchange appears to have been tightly regulated by powerful clan members in the larger towns, who may have "privately" sponsored overseas traders to vend their wares to a restricted group of consumers, possibly high-ranking clan members. On the surface, Fleisher's account may seem akin to Polanyi's argument that marketplace exchange developed "as a carefully controlled, circumscribed activity" (C. Smith 1976b:45) to accommodate long-distance exchange among socially distant trade partners. As Fleisher explains, however, these exchanges were bound by "a system of oaths and blood brotherhoods," which is hardly indicative of exchange among distant strangers.

The explanation of market origins discussed so far focuses largely on the "macro-level" contexts in which marketplace exchange first developed. Equally vital for understanding market origins is the "micro-level" of how and under what conditions individual consumers and producers accept and engage market institutions. Plattner (1989c:180–182) explored the conditions under which "premarket" producers would accept situations in which they give up relatively high levels of economic selfsufficiency to pursue specialized market production. He lists eight essential preconditions. The first three can be considered "base" preconditions: (1) the market must be regularly scheduled and offer a predictable source for domestic necessities, (2) the quantity and assortment of goods must be adequate to meet domestic needs, and (3) market exchange must be protected against thievery or deceptive behavior. Five others can be thought of as supporting preconditions that promote market integration over a large area: (4) the transportation system must be sufficient to handle large-scale product trafficking, (5) storage facilities must be available for one's stock of surplus marketable products, (6) communications must be sufficient to convey information regarding supplies and pricing, (7) relations among market centers must be peaceful to ensure low-risk product transfers, and (8) a willing and capable contingent of middlemen is needed to facilitate even distributions of market goods over a large area. The appeal of Plattner's argument is that he, like Hirth (Chapter 11), focuses on the needs and circumstances of micro-level craft and food producers rather than on the macro-level of social benefits (Sanders) and institutional arrangements (Polanyi, Carol Smith).

As has been emphasized, the development of trust and amicable social relationships among parties to a market exchange was also likely a vital component of market origins. The origin of marketplace exchange is thus partially rooted in the widespread acceptance of new social arrangements and the establishment of new interpersonal ties with a degree of trust (Granovetter 1985). More archaeologically elusive are the processes concerning rights of alienation over commodities (Clark 1995:286–287; Flad 2007; Y. Li 2007) and the socially acceptable application of "calculative agency" to economic transfers of goods (Callon 1998). Because these processes relate to changes in social attitudes and standards of acceptable behavior, archaeologists will find it difficult to detect empirical implications. However, ethnographic analogies or, perhaps, historical documents may convey useful information for modeling these behaviors. This matter should be an important focus of future research on premodern market development.

Market Development and Change. Few scholars have proffered long-term developmental or "evolutionary" models of premodern market exchange. Hence, this topic represents a fertile growth area for future studies of premodern markets. The best-known example among New World archaeologists is Blanton and colleagues' developmental market model in Mesoamerica (Blanton et al. 1993:211–217; see also Blanton 1983; Feinman, Blanton, and Kowalewski 1984). They posit that market development was corollary to the development of large centralized Mesoamerican states, such as Teotihuacan and Monte Albán, and likely helped fuel their growth by providing tax revenues and an outlet for commodity conversion, as explained previously. In the case of Monte Albán they hypothesize that agricultural intensification, which was required to support the bourgeoning state and its growing urban population of nonfood producers, led to increased market participation. Specialized food producers increasingly found it advantageous to obtain some nonfood goods from the marketplace rather than divert valuable household labor to produce them (Blanton et al. 1999:97–98; cf. Blanton 1983). In later times, after the large states had collapsed, market institutions persisted and evolved independent of direct state control, becoming an important component of Mesoamerican culture and society. By this time regional market systems likely possessed the organizational capacity to function, even in the absence of state support or government efforts to promote market participation (cf. Sahlins 1972).

In Chapter 5 Stark and Ossa evaluate Blanton and colleagues' (1993) model based on analyses of obsidian data collected from a regional survey in the Gulf lowlands of Mexico covering a roughly 1,200-year span (ca. AD 300–1520). They posit a modified version of their model that incorporates market development in a region with modest-sized centers. They specifically reconsider their argument for a "decoupling" of marketplace exchange from political control after the collapse of the large states (see also B. Stark 2007a; Stark and Garraty 2004:139–141). Rather than a linear trajectory of decoupling, they posit "neither solely bottom-up nor top-down instituted changes but rather a complex interaction of political and economic actions," suggesting a more dynamic and nonlinear trajectory than that proposed by Blanton and colleagues.

In a related perspective, Braswell (Chapter 6) models long-term developments in both political and market system organization in the Maya region during the Preclassic, Classic, and Postclassic periods (circa 1000–800 BC to AD 1500). Based on an interregional study of obsidian distribution, he infers diachronic patterns of market system expansion and contraction in the Maya region. Braswell juxtaposes market changes with Joyce Marcus's (1993) dynamic model of Maya state expansion and contraction and concludes that periods of political centralization and growth correspond to less-developed interregional commerce. Conversely, periods of political decentralization correspond to market expansion and increased interregional competition. Braswell's diachronic model recalls Blanton's (1976:259–261) argument concerning the linkage between market and state development. According to Blanton, central-place arrangements and functions in powerful states respond primarily to administrative concerns (e.g., to facilitate tribute collection or control key resources) and thus distort the optimal trafficking and information-processing requirements required for an efficient market hierarchy of central places. For this reason, he argues, market systems tend to thrive during periods of weak administrative control and falter during periods of strong administrative control.

Several case studies in this volume highlight changes in the relationships of market centers and surrounding territories (Smith, Chapter 8; Stark and Ossa, Chapter 5), fluctuations in the sizes and extents of market systems (Braswell, Chapter 6), and the origins and collapse of a market system (Abbott, Chapter 3). The lesson from these studies is that no singular sequence of change is pertinent to all cases, in part because of the embeddedness of market exchange and the dynamics of political, social, moral, or other institutions and practices that promote or curb market activities. Rather than a single trajectory of market development and evolution, these studies underscore the variability in market system organization and change resulting from different and culturally specific articulations between markets and social, religious, and political institutions, as well as moral codes of behavior and interpersonal conduct.

GEOGRAPHIC AND CROSS-CULTURAL SCOPE OF THE VOLUME

The contributors to this volume include archaeologists working in a variety of world regions and socioeconomic contexts. Research on early markets in Eurasia has long drawn interest from scholars in various disciplines dating back to Karl Marx (1964 [1857–1858]) and Max Weber (1976 [1909]), both of whom speculated about ancient Mediterranean and medieval European economies as precursors to capitalism. Interdisciplinary contributions to ancient Eurasian economies have been vigorous in recent years, with economists (Hudson and Levine 1996; Hudson and van de Mieroop 2002; Temin 2001, 2002, 2004), sociologists (Granovetter 2005b; Mann 1986), and even a policy analyst formerly at the conservative National Center for Policy Analysis (Bartlett 1994) all having a say. Recently, two classical archaeologists, Ian Morris and Joseph Manning (2005a), were invited to contribute to an updated edition of *The Handbook for Economic Sociology* (Smelser and Swedberg, eds. 2005). Those same authors (Manning and Morris, eds. 2005) incorporated commentaries from economic historians and sociologists in their edited volume on classical economies. In addition, part of a recent issue of the *Journal of Institutional and Theoretical Economics* (160, 4 [2004]) was dedicated to studies of classical economies.

Undoubtedly, markets in Eurasia have received the lion's share of scholarly and interdisciplinary attention compared with early markets and complex economies in the Americas, most of Africa, and East Asia—even though these areas also developed long-standing markets and market systems. The authors in this volume focus on a selection of less frequently studied areas in which understanding premodern market development relies principally on archaeological evidence and from which we may gain knowledge that broadens debates about markets. What underlies the areal imbalances in scholarly, especially interdisciplinary, attention? To some extent, a richer documentary record in Eurasia has allowed scholars to investigate premodern market exchange at an advanced level, addressing issues such as the development of banking and lending institutions, land privatization, maritime exchange, and aspects of the economy that are rarely, if ever, feasible in other areas of the ancient world. Archaeologists working in the Mediterranean region also enjoy several methodological advantages. For example, patterns of market exchange can be reconstructed from specific artifacts and features associated with commodity trafficking, such as coinage, weights and measures, shipwrecks, and amphorae for transporting olive oil or wine. Few such items are found in the archaeological record of the New World or in non-Mediterranean areas of Asia or Africa, although the archaeology of ancient China has considerable potential in some of these categories of evidence.

At a deeper level, however, I suspect that scholars in other disciplines look to Eurasian archaeology to shed light on the "ancestral" roots of Western capitalism (Hudson 2002:9–10, 2004:101). Market developments in sub-Saharan Africa, East Asia, and the Americas are not considered part of the economic lineage of today's markets. In contrast with this view, I posit that careful cross-cultural study of "non-ancestral" premodern markets in these world areas is equally instructive about early market development. A cross-cultural perspective provides a more appropriate and rigorous empirical basis for understanding long-term *processes* of premodern market development than does the study of any single world area. Avoiding the temptation of assuming a singular structure or developmental trajectory in premodern markets, this cross-cultural perspective rests on the idea that the behaviors relating to commerce and exchange were widely shared, and premodern markets in many parts of the world appear to have operated similarly and followed analogous developmental processes to some extent (see also Plattner 1989a:14–15 and C. Smith 1976b:59).

This point is best exemplified in the writings and chronicles of early European explorers. When Hernán Cortés and his small army landed in Mexico in 1519, they were no doubt mystified by many of the practices and behaviors they witnessed among the indigenous peoples, yet they appear to have had little trouble recognizing what was occurring in the large, bustling daily marketplace at Tenochtitlan-Tlatelolco, the largest and most powerful of the Aztec imperial capitals. Several Spanish witnesses provide detailed descriptions of the vendors, hawkers, and the varieties of (to them) exotic goods sold in the marketplace (Anonymous Conqueror 1969 [ca. 1500s]; Cortés 1986 [1521–1525]; Díaz del Castillo 1956 [1500s]; Durán 1971 [1581]; Sahagún 1950–1982 [1577], Book 8, ch. 19). Although modern scholars cannot rule out the possibility that Spanish chroniclers misinterpreted or misunderstood Aztec market behavior and applied their own cultural preconceptions to make sense of it (Lockhart 1985, 1992:445), the evidence does not suggest this was the case.

Just because marketplaces in different times and places can be recognized does not mean they all operated or developed in the same way. Over 200 years ago Adam Smith (1976 [1776]) explained the development of market exchange as an outcome of natural human ambitions and abilities to barter. He may be correct, but humans have many "natural" propensities and abilities, and the issue in all cases for understanding their outcomes is the more complex historical and interactive effects of different economic conditions and cultural practices. Only with in-depth, cross-cultural, empirical study of the development of market exchange in different times and places can we evaluate Smith's hypothesis and explore the causes of market development within a broader social and political context.

Acknowledgments. This draft has been greatly improved by comments from Richard Blanton, John Clark, Gary Feinman, Robert Hunt, Michael Smith, Barbara Stark, and an anonymous reviewer. However, I bear all responsibility for the content.

NOTES

1. Polanyi was not the first to oppose the application of classical economic ideas to the study of non-Western economies. A quarter century before Polanyi, Weber (1968 [1922]:164–166) characterized market exchange as an inherently conflictive and socially disruptive form of exchange that developed only with the rise of "rational capitalism." Other scholars also beat Polanyi to the punch. Several years before publication of *The Great Transformation* (Polanyi 2001b), D. M. Goodfellow (1939:5) remarked about the tendency among many anthropologists to question the application of "Western exchange economics" to the study of "primitive peoples." Raymond Firth (1939) was an early advocate of this view and later remarked that Polanyi's argument "came as no great surprise to many anthropologists" (Firth 1972:468). Polanyi succeeded in bringing the idea to a larger, cross-disciplinary audience, however.