

RETHINKING THE CONCEPT OF "DUAL ECONOMY":
MEDIEVAL POLAND, MAJAPAHIT AND
MODERN JAVA COMPARED

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1. WHAT THEORY CAN LEARN FROM HISTORY AND HISTORIANS FROM
THEORY

Even for a historian specialising in Java's past, or, rather, precisely for such a person, the title of this paper may sound somewhat bewildering: Perhaps a social scientist's fancy - these people do tend to be under the sway of "uninspired theory", don't they? -, using "history" as a toy for his speculations. The aims of this paper are indeed sociological insofar as it is not intended to present new historical facts about past centuries, but rather to interpret the known ones anew in order to highlight some structural idiosyncracies in Java's long term development which are of relevance for contemporary Javanese society.

In other words, this paper does not deal with a "history of events", but with the "history of the *longue durée*" (BRAUDEL 1972), with changes which are invisible when one looks at short periods only, but fundamental when seen in the (very) long run: From this latter point of view they present themselves as decisive changes in the seemingly "eternal foundations" of a society.

The empirical base of "established historical facts" on which this paper rests may appear rather slight to certain historians. However, this proceeding is nevertheless justified if seen in the light of the argument just put forward, namely, that the interest here is not directed to a mass of individual events, but to long term historical trends. Moreover, a new theory of social development may impart novel relevance to facts and events: it may "devalue" formerly "important" ones and instead confer value upon former "non-facts".

The distinguished British historian M. M. POSTAN accordingly argues that what is important are not "facts" in a naive sense, but "relevances"; and that what becomes newly relevant to the historian's interest can first of all bring to light hitherto unknown or neglected evidence. In his opinion historical

facts comprise a much greater area than the established knowledge of the past, or what is conventionally seen as the stock of "facts". For him this wide field of facts may even contain those "near-facts" which lack the backing of "accepted" sources and may therefore forever remain conjectural (cf. POSTAN 1971, esp. pp. 51-54).

My interest in long term changes may, I hope, reveal new "relevances" which it is hoped will induce others, not least critical historians, to produce new evidence *pro et contra*. This may suffice as an apology for a venture which sometimes admittedly resorts to speculation where established knowledge is insufficient or conventional wisdom appears doubtful.

2. 'DUAL ECONOMY': CONCEPT OR CONCEPTS?

The idea of two different types of economy coexisting within one geographical unit is quite an old one: Its ancestry, like almost every major idea in economics, can be traced back to ADAM SMITH. He already distinguished between a backward, conservative-minded economy of rural producers believed to be a remaining stronghold of feudalism, and a dynamic, innovative economy of commercially oriented urban entrepreneurs (cf. SMITH 1970: book III, ch. 4; KELLENBENZ 1974: 45 ff.). However, this dualist explanation was itself subject to cyclical ups and downs within the scientific community: Its popularity in discussions suffered several bouts of decline only to reemerge under a new label.

Since the last decade the concept of dualism - under the heading of "formal" vs. "informal" - has entered even the profane world of everyday conversation. As a consequence of this rise in popularity dual economy was discovered as the universal remedy for all the pressing problems which "total market integration" (cf. JOCHIMSEN 1965: 73) in the highly developed societies has brought about (cf. e.g. HUBER 1979). This "cyclical upswing" in the use, or rather misuse, of the notion of dualism justifies its re-evaluation. But, considering the current fluctuations in its use and the necessarily concurrent changes in definition, we have to question what the labels and formal definitions conceal.

At first glance there seems to exist in those publications considering "dual economy" one basic concept, with slight variations in detail only: A "traditional", "backward", "stagnant", "precapitalist" economy or sector is contrasted with a "modern", "advanced", "dynamic", "capitalist" one. Derived from this basic contrast - sometimes even placed on an equal footing - are dualities like "urban-rural" or "industrial-agrarian". But behind this apparent concord there exists substantial disagreement (for a brief critical survey of different "dual" theories cf. MARTINELLI 1972).

First of all we have to differentiate between concepts of "dual economy"

which see principal differences between one sector and the other, even conceptualising it as two "worlds", as BOEKE did for instance, and other concepts which see only gradual differences between two "sectors": HIGGINS (1980) is a well-known example. For an analysis of specific developments like the historical long term processes in Java this latter type proves of little use. This is the case because such a gradual pseudo-duality between "backward" and "advanced" sectors and branches, categorised according to the criteria of neo-classical economics, is by no means specific to a certain development within a regional economy, not even for a certain type of economic development like that of the Third World countries. It rather deals with "THE economy of all times and places", as the substantivist critique of the formalist approach in economic anthropology has pointed out. Positions between these two opposed ones are also to be found: Some authors see basic differences between the two sectors by distinguishing between e.g. a capitalist and a precapitalist one. Nevertheless, in their characterisation of these two sectors they apply the same concepts to both or see basically the same laws at work in both sectors (cf. JOCHIMSEN 1965).

We can furthermore distinguish between - what I shall call - socio-cultural and socio-economic concepts of "dual economy" or "dual society". In both cases I have invested the terms with a very broad meaning not necessarily in line with other attempts at classification. I would reckon GEERTZ's "cultural-ecological" approach amongst the socio-economic group. Socio-cultural types comprise sociological as well as psychological approaches.

Amongst the socio-cultural concepts one group has gained special prominence: the "modernisation" theory which contrasts a "backward", "conservative-minded", "un-innovative", "traditional society" (the very keystone of underdevelopment) with an "advanced", "dynamic", "innovative" and "modern-minded" society. The problem of development according to this viewpoint hinges on the question of mentality, i.e. the "way people think": If corrections could be effected in the realm of minds, people should be able literally to think themselves out of underdevelopment. Besides the fact that the alleged conservatism of large groups in "Third World" societies - to paraphrase a distinguished agricultural economist - rather reflects the frustration of the modernisation experts to develop such societies according to their ideals (cf. JOY 1971: 178), one has to be aware of an underlying bias in these theories, too.

If one takes the "modernisers" at their word one will find that it is precisely their criteria for modern society, i.e. being innovative, flexible, adaptive to changes etc. that will fit "traditional" sectors rather than modern ones (cf. SCHIEL and STAUTH 1981). Modernity and development are ascribed to a society not so much because their own criteria have really proved to hold true, but because of a congruence with highly developed capitalist social patterns and the supposed mentality which "generated" them.

The group of socio-economic concepts encompasses a wide range of quite different approaches as well. On the one hand we find the rather "pure" economic approaches which consider duality to be due to differences in factor

endowments, (under)utilisation of labour, labour productivity etc. (cf. for example JORGENSEN 1971). The social "component" in these approaches is commonly considered to constitute a hindrance to any adjustment between both sectors and which, therefore, has to be eliminated by "shock treatment" (cf. HIGGINS 1980: 55). These concepts suggest an underlying notion of duality to be found again, with quite different accentuation though, in another famous concept which will be mentioned below: the idea of a dualism between "the economic system" which is held to manifest only gradual differences of a nature as mentioned, and "the social system" in which "traditional" pre-occupations are believed to impede economic progress.

A certain "division of labour" in some well-known concepts of underdevelopment becomes visible. The concept of "gradual dualism" mentioned above is applied to the economic aspect; to rectify imbalances in this "system" the usual type of measures are assumed to be efficient and sufficient: more aid, more investment, possibly better internal as well as external terms of trade etc. The concept of the "modernisation" theory is reserved for the social aspect: Here the "essential fault" is localised and, what is most important, decisive changes have to be induced by introducing a modernising mentality etc. It is also notable for approaches so partitioned in character that dualism very often has a "geographical" component, either in the form of regional disparities, industrial vs. agrarian regions for example, or in the form of urban-rural disparities, namely the "city as a centre of change" vs. the well-known figure of the conservative peasant already envisaged by ADAM SMITH.

But amongst the group of socio-economic concepts also belong approaches which consider the social conditions of economic development from quite a different angle. The most prominent approach was at the same time the seminal one, because practically all other concepts of dualism derived from critical debates about this one. Moreover, it was specifically concerned with the situation in Java: This is, of course, the concept, or rather bundle of concepts, introduced by BOEKE. Even now, after decades of critical treatment, it still possesses one advantage over the concepts of most of its critics, namely that it unites the two interdependent approaches which become separated in the "division of labour" between economic and social sciences. Although BOEKE's concept of the relation between economy and society is equally questionable, as will be demonstrated below, his unifying approach helped him avoid many of the biased and naive valuations expressed as "modern" and "traditional", "backward" and "advanced" sectors, to be found in the above mentioned approaches.

For BOEKE the problem was less the existence of a traditional-minded society impeding economic progress than the contrary: The considerable threat presented to a precapitalist society by imposing a capitalist economy without offering compensating advantages. The reason for this lies in the unreceptiveness of the "Eastern mentality" - so different from the European one - to ideas forming the basis of the "spirit of capitalism". Since "East" and "West", capitalist economy and precapitalist society, are two "worlds"

which cannot be reconciled, the impact of capitalism will disintegrate the pre-capitalist society without a possibility of re-integration along capitalist lines.

Without resorting to different mentalities or "minds" another scientist with Indonesia as his special field, GEERTZ, developed a concept which in many respects is quite similar to BOEKE's, but, dealing critically with the latter, more precise. For in his concept BOEKE did not merely combine economic, social, and cultural criteria in a most problematic fashion (cf. YAMADA 1980). A more detailed list of his criteria further shows (BOEKE 1980) their heterogeneity, which explains the diversity of the later concepts of dualism as well as the critique they contain of BOEKE's melange of concepts. There we find related, yet in BOEKE's argumentation separate, criteria like "money economy versus goods economy" and "producer's economy versus consumer's economy" (antithesis 3 and 6 in BOEKE's text) besides the classical economic criterion of "greater or lesser mobility of the factors of production" (antithesis 1), or the quite imprecise and for students of DURKHEIM simply misleading social criterion of "mechanical versus organic society" (antithesis 5), the political criterion of "centralisation versus localisation" of administrative control (antithesis 4) and also at least one classical topoi: the "urban and the rural" antithesis (# 1).

3. THE CAUSES AND CHARACTERISTICS OF JAVANESE DUAL ECONOMY

GEERTZ concentrates on the political-economic aspect as the core of his argumentation: He sees dualism as a result of colonial penetration which imposed an export-oriented economy upon the domestic economy of sawah cultivation in such a way that the tendencies to involution inherent in this form of wet rice production fully manifested themselves. This specific colonial "articulation" serves as a medium for the relation between the two sectors or economies to develop characteristics reminiscent of a zero-sum game: The modern economy wins what the "traditional" one loses. Employing GEERTZ's terms, as the export sector expanded the domestic one contracted and vice versa, but the peasants in any case were the losers because the lost opportunities in both forms of development were not fully compensated for by new possibilities in the respective expanding sector (cf. GEERTZ 1963: 49).

BOEKE and GEERTZ differ on one important point: BOEKE holds capitalism responsible for creating the dual features by imposing itself on an incompatible culture, but denies that colonial domination was the main reason for this. GEERTZ on the other hand denounces colonialism as guilty of creating involution and, with that, dualism. Yet both agree on the two sectors being separate. Capitalism - whether colonial or not - does not in their opinion really penetrate the precapitalist society of domestic economy. The former, rather, invades

the latter's territory and pushes it back. Even this territorial or spatial separation is clearly viewed in both concepts as the well-known urban-rural dichotomy. But it is precisely these clear-cut dichotomies which are no longer tenable: Modern market production and exchange penetrate the countryside and lead to the dissolution of "shared poverty" - or, rather, of sharing, but not of poverty - and generally produce a dangerous "evolution" (cf. HARTMANN 1981).

On the other hand it is exactly this type of "evolution" which strongly reinforces internal migrations including the migration of peasants into the cities. The resulting influx of people who just cannot be absorbed into the modern enterprises led to patterns which were correctly termed "urban involution" (cf. EVERS 1982). Or, in short, the "urbanisation" of the countryside led to a corresponding "ruralisation" of the cities: The penetration of agriculture by the modern economy forced increasing numbers of peasants to issue forth into the cities and to establish there a "traditional" subsistence economy, the modern economy proving incapable of offering alternative opportunities.

Apart from this "stumbling block" to rethinking the concepts of dual economy without again adopting a "gradual" concept or succumbing to a "sociologisation/psychologisation" of dualism, attention has to be drawn to some other problems. The question whether capitalism "in itself" constituted the causative factor or only when introduced by colonial force presents a deceptively unproblematic appearance. A more detailed investigation of Javanese agrarian development during the crucial period, looking for regional variations in involutive tendencies (cf. e.g. HÜSKEN 1982), produced results which make both "causative factors" look doubtful. For this investigation shows that the features of involution which were thought typical by GEERTZ were most clearly developed in regions where the "cultivation system", according to GEERTZ the "prime mover" to involute development, had in fact not been introduced! Moreover, in these regions the relations between the modern economy, namely the sugar industry, and the "traditional" domestic economy were mediated by "feudal" rulers (cf. HÜSKEN 1982: 177, 185).

Therefore it cannot simply have been colonialism with its direct clash between "modern" forces and "traditional conservatism" which led to involution and the concomitant "runaway dualism" (GEERTZ). Equally, it cannot simply have been capitalism, because the respective features were not that strongly developed in regions where modern enterprises were dealing directly with the "traditional" peasant society as in a region still under non-capitalist domination, where the modern economy was an "external" factor.

Although one cannot deny that colonial penetration and the growth of a modern sector have greatly contributed to the development of recent features of the specific Javanese dual economy, the latter is not simply the result of these modern influences. Although the zero-sum features mentioned, caused by the unequal competition of the modern market economy with the "traditional" subsistence economy, are of fairly recent date, the essential structures obviously must have already existed: Present features of the dual economy could emerge only because previous to colonial penetration certain

relations of production and distribution existed which - as shall be outlined below - by virtue of their "dual" character formed the preconditions.

BOEKE therefore was right in rejecting colonialism as the prime mover in the development of a dual economy, but he was wrong in declaring capitalism the decisive cause, as will be illustrated below with two historical examples. Although we will see that money, market production (but for a very particular type of market) etc. played a considerable role in the economies which are to serve us as examples, only a very vague and unscientific concept of capitalism would allow these economies to be seen in connection with a capitalist development.

We can indeed quite often detect such vague concepts in publications dealing with these economies. They deem criteria like importance of money circulation, markets, profits made in commercial transactions etc. sufficient for classifying an economy as "capitalistic". However, these classifications still belong to "folk taxonomy", similar to classifications like "shellfish" as "fish" according to criteria like "lives in water", "dies in a dry environment", "smells like fish", "tastes like fish" etc., whereas a scientific, in our example biological, taxonomic system classifies quite differently, and is definitely not based on superficial phenomena as in the two kinds of classification above!

Moreover, even if such a "folk taxonomy" classification of capitalism were applied to the examples to be given below, BOEKE's "theoretical dualism" between capitalism as an economic system and the precapitalistic community as a social system, justly criticised by YAMADA (1980: 60-1), would undermine classifying even a part of them as capitalistic. For in both sectors the social criteria relevant to the precapitalist situation, e.g. "social needs", "consumer's economy", where extra-economic considerations are presumed to determine the economic activities, "organic society", "localisation", "rural society" (the meaning of each as assigned by BOEKE), clearly prevail over the economic ones (in BOEKE's sense of the term).

GEERTZ on the other hand, although in his turn committing the error of blaming colonialism for the creation of a dual economy, managed to grasp what were the true causative forces behind the emergence of a "dual economy": It was not simply the confrontation of any subsistence economy with any other economy in which a decisive part was played by money, market relations, trading interests, credit etc. (by definition these criteria do not apply to the "traditional" economy which, therefore, is defined rather negatively with respect to its economic features by the absence of certain elements).

The money economy in fact constituted the sole cause on account of its very distinct character, namely the more or less exclusively external orientation towards foreign trade, i. e. export of agricultural products/import of luxuries. Even prior to the colonial period the resulting peculiarities of such an economy created relations of production and distribution which responded to such trade relations being intensified - irrespective of their character as peaceful and equal or as enforced by colonial domination. Thus certain pro-

cesses were set in motion, that have persisted until recent times. The character of such dual economies preceding capitalism or colonialism will now be outlined in the following paragraphs.

4. POLAND: A "DUAL ECONOMY" WITH BILATERAL TRADE RELATIONS

Based on the previous discussion of "dual economy" one can reformulate this concept: A dual economy of the type found in Southeast Asia indeed constitutes a unified system in which an exchange economy geared to foreign trade is interlinked with a subsistence economy in such a way that the subsistence economy creates the conditions for a successful participation in foreign trade.

"Exchange" vs. "subsistence" as contrasting terms should not be taken to suggest that "subsistence economy" is identical with "natural economy", nor that "exchange economy" represents the "perfect market" of economic textbooks. Subsistence economy, or, more specifically, subsistence production, is characterised by domestic production, in which "household" and "enterprise" (in the meaning usually encountered in economics textbooks) still form an entity. Or, in other words: the unit of consumption and the unit of production are basically the same. This does not entail that all goods produced by this "enterprise" are also consumed within the very same "household", but that the production of the "enterprise" is first of all directly oriented towards the needs of the unit of "consumption", or that the satisfaction of these needs provides a concrete target.

This normally leads to the production of "pure" use values becoming dominant, because production aims at the immediate satisfaction of consumption needs. However, this by no means excludes selling, e.g. of occasional excess produce. Moreover, it may certainly comprise the purposeful production of an excess of consumption requirements for sale, like when the needs of the "household" make possible a contribution of goods which are not produced in the "enterprise". It is not at all strange that in a subsistence economy in the more general sense of an economy dominated by subsistence production, market-places can exist: They serve the exchange of use values with the help of "limited purpose" currency as a means of exchange, since domestic production can seldom satisfy all the consumption needs of the members of the domestic unit. But what these subsistence market-places precisely do not aim at is realising value in its general form as money, as in the capitalist market! On the other hand such an exchange economy geared to external trade is not at all to be confused with "market economy". Such an economy focused on foreign trade, instead of stimulating a general market economy, has a tendency to reduce the potential for internal exchange by draining away into external exchange all produce available suitable for exchange.

Also, the goods exchanged against foreign imports need to necessarily al-

ways be produced as commodities or be obtained by means of reciprocal exchange on the part of the participants in external trade: The latter may also use "negative reciprocity" (SAHLINS), thus not providing any motive for them to develop internal exchange relations, least of all exchange relations using labour power in the form of proletarian wage labour. This type of exchange economy is therefore not at all tied to the existence of a labour market; rather, the development of external trade at the cost of potential internal market development is prohibitive to such a recruitment of the necessary labour force which, due to the character of wage labour, would depend on market input for reproduction and form a pool of "effective demand" for goods which could otherwise enter the external trade.

From the 16th century onwards the so-called mother trade of the Netherlands with Eastern Europe created suitable conditions for such a dual economy. To these conditions Poland (the choice is due to KULA's excellent study of 1976) "responded" in a typical manner. The steady supply of luxuries produced in the Netherlands on a comparatively large scale and to standard quality induced the Polish nobility to reorganise their manorial economy: The external trade of agricultural products and raw materials became the goal of its production. Mainly grain and naval stores required for stabilising food supplies and increased shipbuilding in the Netherlands were exchanged for these luxuries. Within the Polish "national economy", hampered by the lack of a true state organisation, this reorganisation of production for trading purposes then, typically, reduced market exchange instead of monetising the economy.

The result was a "naturalisation" of the subsistence economy which formerly had practised exchange on subsistence markets as a matter of course. One aspect of this "naturalisation" became incorrectly known as "second serfdom" (being in actual fact the first; cf. KLIMA 1975 for a critical view). Prior to this development Poland had had quite a dynamic society without rigid and clearly demarcated status position of serfdom, freedom and nobility. Therefore it had been characterised by considerable vertical mobility. Even a peasant who did not have the status of a freeman, the difference between dependent and free peasants being altogether small, could with moderate economic success make his way into the group of the *szlachta*, i. e. the lower nobility, the rather better-off peasantry. This is borne out by the fact that more than 10 % of the total Polish population (cf. BATTAGLIA 1963: 67 f.) eventually belonged to this group.

The demand of the manorial economy for labour power to produce grain and those other products earmarked for external trade provided the incentive for the high nobility, the magnateria, to work towards suppressing all the peasants into a state of near-slavery in order to have a pool of dependent labour at its disposal. This labour was, moreover, "free of charge" for the manorial economy because the reproduction of labour power was kept almost completely separate from any market exchange: The peasant's domestic economy had to provide nearly all items of consumption for the "household" directly through his own "enterprise". Even any small surplus the peasants could once

in a while manage to save from the voracious demands of their lords was to a great extent siphoned back to them via their monopolies, like the propinacja, the "banal" pub of the demesne, holding the monopoly to sell beer and vodka to the subject peasants, thus "killing" further potential for internal market exchange.

The lords reduced the peasants' plots to the minimum size required to produce the bare necessities, or even less, in order to secure maximum availability of peasant surplus labour and at the same time to enlarge the objective productive capacity of the demesne. The male peasant's labour input into this domestic economy was as far as possible substituted by female and child/juvenile labour for the same reason, i.e. to make surplus labour available for the domanial economy: This clearly reminds one of the relations in Javanese sugar production during colonial times, although labour was "free" there. In Poland the relation between subsistence and exchange economy indeed showed the simple features of a zero-sum game: one part directly gains what the other loses, quite similar to the picture drawn by GEERTZ for colonial Java.

Looking at the other side of the Polish economic system can also give us greater insight into the features of a dual economy: For the exchange economy of the demesne did not have a really market-integrated, monetised character at all - quite on the contrary! The domanial economy for external trade itself became "naturalised" too: Contemporary manuals for the starosta, a domanial manager, give instructions that as far as possible all items needed within the manorial unit should be produced by the manorial economy itself. This subsistence production within the demesne was seen as a means to effect savings, because none of the goods had to be bought, or, because it substituted products from its own resources for any cash expenses, not the least of these being the special resource of labour which did not have to be paid for.

We can now appreciate that the domanial economy is a highly diversified subsistence economy producing, by virtue of this diversification, most of what was needed for internal productive as well as for everyday personal consumption; the aim was to sustain a highly specialised production for external exchange utilising these "savings". This particular feature strongly reinforced the "pure" subsistence character of Poland's internal economy which had already undergone "naturalisation" due to the much contracted potential of the enserfed peasantry to produce more than what was needed for their immediate consumption at minimum level.

The Polish economy of this era, therefore, was characterised by a twofold dualism: one between "natural" and "monetary" economy, and the other between small-scale production aimed at "bare subsistence" and large-scale production aimed at successful participation in external trade. But - as has just been outlined - these are not at all "poles apart", on the contrary, the two condition each other. The illusion of two separate economies, a "modern dynamic" and a "traditional backward" one can now easily be shown to be based on an erroneous assumption.

This is the mistaken assumption that both dualisms are identical, i.e. that small-scale subsistence economy is identical with the "natural" economy, and large-scale economy for external trade with the "monetary" economy. As outlined above the dual character of "monetary" and "natural" elements is found both in small-scale and large-scale production, but in the former it is steadily reduced by direct intervention to the advantage of the latter.

Both strive to have market relations, though with radically different types of market, based on production geared to "self-sufficiency" for staple foods and equipment, the aim being to supplement their respective economies with goods not produced by themselves. But the different market relations are incompatible with each other and, consequently, one has to suffer if the other is successful.

Most importantly, both types of economy are connected in a systemic mode which makes them mutually dependent on each other: The one sector supplies the other with virtually "unvalued" labour which is, accordingly, not paid for. The other sector tends to reduce the first one to below the level of self-sufficiency, confining it to "stagnancy": This impedes an independent development leading to qualitative change, at least when one looks at the short term dynamics. This system does not "need" an internal market, and production for market exchange therefore becomes very specialised and precarious, distinguished by peculiar, to a large extent external - both geographical and "extra-market" - conditions.

The relevance of this outline for a comparative investigation into Javanese developments up to the recent past should, at least in my opinion, be obvious. To demonstrate this I will concentrate on one epoch: that of Majapahit. Furthermore I will concentrate on socio-economic processes and features, although, as I have tried to show elsewhere (cf. SCHIEL 1985), since the beginnings of the Hindu-Javanese time there existed a marked "cultural dualism". Such a cultural dualism is a well-known phenomenon, at least to cultural anthropologists: Every known peasant society (in ERIC WOLF's sense) - whether "contaminated" by capitalism or not - is to some degree characterised by a dualism labelled "great" vs. "little tradition" by REDFIELD. But, remarkably and significantly, the precolonial "great traditions" - and, naturally, the colonial one, too - were literally "imported" ones. They were circulated by means of trade, they came together and spread with trade, in contrast to the "homemade" "little tradition" of the countryside. This also shows that the development and quality of trade is of relevance to a great range of socio-cultural developments and is therefore of primary interest.

5. MAJ APAHIT: A "DUAL ECONOMY" WITH MULTILATERAL TRADE RELATIONS

From prehistoric times onwards a pattern of subsistence production and sur-

plus appropriation with quite specific idiosyncracies had emerged in Java. The economy of the inland states, centred on wet rice, had a high potential for surplus production far exceeding subsistence needs. The possibility of surplus appropriation was there due to the existence of a class, and not a "bureaucracy", of "organisers" and "managers" coordinating on a regional level the irrigation systems on which the local communities depended for their subsistence (cf. the explanations in NAERSEN 1977, also the concise outline in NAERSEN 1963, and SETTEN v.d. MEER 1979). But the product best available for surplus appropriation was invested with a deficiency of a "subjective" nature.

It consisted of a "homogeneous item", rice, which in itself did not possess unlimited desirability for the appropriating class: For potential surplus production to become reality a further subjective motivation for appropriation had to exist, i.e. the possibility to transform this homogeneous item into other items more desirable or necessary for the ruling class. I will refrain from discussing the use of this surplus for legitimacy purposes, for this aspect is treated more competently by KULKE 1982. Instead I will concentrate on the point which is of primary relevance for our discussion now: the possibility of transforming the agrarian surplus by trade.

Most important for our theme is that this conversion of an everyday staple into goods for luxury consumption exhibited from the start an overwhelming bias towards external trade: From prehistoric times onwards (remember for instance the importance of bronze wares) either the raw materials for luxury goods, or, very often, these goods themselves had to be obtained from external sources. Java now had the prerequisites for participating in a multi-focused, multilateral trade system which developed quite early on (cf. WOLTERS 1967).

Rice from Java was exchanged for trading goods, e.g. spices from Eastern Indonesia, which in turn were exchanged for the luxury goods circulating in the Po-ssu trade of China with the Middle East. To obtain these luxury goods the ports of the Malacca and Sunda straits were conveniently close at hand. The Javanese North coast also had harbours - both mutual dependence and "competition" characterised the relationship with the inland states - suitable as outlets for rice and for the import of luxuries and as ports for the transshipment of spices.

We can already discern preconditions for the development of a dual economy within "Eastern society" which was, contrary to BOEKE's view, neither homogeneous nor characterised by un-innovative cultural "values": We can in fact see within the sphere of "great tradition" a tendency towards cultural change in those cases where the rule could be legitimated in a favourable way (cf. KULKE). The indigenous expropriating class society - in appearance not dissimilar to FURNIVALL's concept of a dual society during the Majapahit era (cf. EVERS 1980:3) - already displayed some traits similar to BOEKE's "dual" concept. These were far more than mere class antagonism: We see apparently "stagnant" rural "communities", or, rather, a "steady state" socio-economic system on the one hand, and a very dynamic (due to

segmentary tendencies manifesting themselves in a cyclical way) kraton society on the other hand, a situation "reserved" by BOEKE and GEERTZ for "modern" dualism.

Keeping in mind the outline of the Polish development one can presume that, under the conditions emerging in Java at the latest during the so-called Hindu-Javanese era, a lasting improvement of the possibilities for external trade would provide inducement for reassessing the resources and a redistribution of the "national income" by, and to the advantage of, those who were able to take part in this trade. In particular, one can expect that such an improvement will have an impact on exploitation so as to provide the necessary means for participating in this trade.

From the 11th century on we find a wealth of evidence that the volume of European trade with Oriental goods was increasing very considerably, producing the well-known effects as regards the monetisation of the feudal economy. This improvement of the possibilities for external trade, therefore, obviously made rapid headway. We can trace a concomitant development in Java, whose importance for Southeast Asian trade increased steadily after the 11th century: During the Majapahit era it eventually became the dominant trading power in the archipelago (cf. WISSEMAN 1977:197).

Since the focus of power had shifted from central to East Java the rulers of the different realms there had developed an active interest in external trade. This by no means resulted in stifling bureaucratic interference. On the contrary, it actually helped to simplify the administrative and logistical "overheads": On the Northeastern coast, and especially near ports, tax farming emerged as a means of allotting revenue to interested people as well as securing for the local and central rulers a reliable income which could be spent on foreign luxury goods.

This type of taxation constituted the method of collecting agrarian surplus products for external trade at a minimum of effort and cost: Often the tax farmers were at the same time also traders, even foreign ones; or the tax farmers acted as intermediaries, even agents, for the harbour-bound foreign merchants (cf. WISSEMAN 1977:207-9 and 212 Fn.19). This pattern already shows quite a similarity to methods used by Chinese tax farmers in the later Mataram period (cf. MOERTONO 1968:134-7) when conducting business with the Dutch East India Company. In this context certain information given by the Nagarakertagama as well as other documents and sources from the Majapahit era (see PIGEAUD's translation and commentaries of 1960 and 1962) assumes new relevance and should be re-evaluated.

These assumptions receive further justification in the light of the concurrent intra-regional development: The Majapahit era saw "unification" of the Indonesian archipelago and adjacent regions or, more precisely, coastlines to a degree that one can speak of a Southeast Asian "Imperial System" (with this term I, of course, refer to WALLERSTEIN) filling the "vacuum" China had left behind due to her concentration on domestic affairs. This development also decisively improved conditions for participating in external trade on the

part of the East Javanese apex of this politico-economic pyramid, since this core of the realm then held control of the agrarian surplus regions, the spice islands and the main harbours for regional as well as foreign trade.

The attempts at reassessment of revenue sources carried out by the ruler of Majapahit, King HAYAM WURUK, "recorded" in the Nagarakertagama and found in other sources too, especially since the "boom" in re-issues of old charters, can therefore be considered not to have fortuitously coincided with these improvements in foreign trade. Several details remind one of the Polish case: Similar to the Polish nobility's successful attempts at enlarging their demesnes at the cost of the peasants, we are informed of the attempts (though proof of success is not available) of the ruler of Majapahit to claim all land which had not been rendered free by charter or where freehold could not be proved by other testimony. Instead of providing proof of "oriental despotism" this rather constitutes evidence of the endeavours of someone in a particularly favourable position in the sphere of foreign trade relations to extend or regain control over productive means.

Moreover, there was in progress a much more general re-assessment of royal property and income sources of which the reclaiming of land was only one part. This was connected with a tax reform aimed at establishing a regular tax in kind instead of, or besides, the old irregular, tribute-like variety, the goal being a "fiscalisation of rent". The ruler also encouraged other economic activities like the development of wastelands, fisheries, etc. by use of bonded labour. This latter aspect raises an interesting question which can be "answered" by reference to the Polish development.

For, like in Poland, during the Majapahit era a varied process of "enserfment" was taking place in what had previously been a fairly "free" society. Augmenting royal revenues included, for example, an attempt to centralise "justice", or, more to the point: punishment, which consisted mostly of considerable fines. Apart from providing direct cash income - quite welcome at a time not long after Java had been ransacked by Mongol invader troops - this also had other important consequences for royal revenue accretion.

It was the scarcity of cash circulating in this subsistence economy which often made it impossible for a fined person to raise the amount of cash required, and as a consequence of his failure to pay this person became a bondsman to the king. But another consequence of land reassessment is even more to the point: It offered not only an instrument to increase the king's objective means of production, but it also provided him with the subjective means, i.e. labour. For all people living on land without a charter or other protection were "enserfed" into the status of *bhertya* or *kawula*, royal bondsmen or servants. This labour pool, free of charge, was now used, like in Poland, to improve old and to develop new resources.

It is therefore not surprising that the historical sources for this period give quite a number of indications of increased rural development, trade and trading facilities. The king actively supported trade and trading activities by bestowing royal favours, confirmed in charters, which granted privileges for

exchange production. Additionally, privileges were granted for creating "public utilities" useful to trade, often combined with the use of bonded labour. These measures also served to create "external economies" for the landed nobility (and perhaps also for a nascent middle class which PIGEAUD occasionally hints at?).

The result was a radical shift in the importance of two different forms of trade: Up to the 9th century the historical sources provide much more evidence of the importance of internal exchange than external trade, though in absolute figures historical evidence still is altogether very meagre. But the settlement patterns are quite congruous with small scale regional exchange systems like those that can be traced in the historical documents: The pattern of a number of "confederated villages" according to the ideal of *mancapat* and *mancalima*, a group of five settlements or such a group enlarged by four additional settlements (cf. MOERTONO 1968 : 27, KOENTJARANINGRAT 1967 : 271), was quite in accordance with the system of rural markets rotating according to the Javanese five-day week.

Such a small scale rural market system helped to integrate clusters of neighbouring settlements into a working *supravillage* system of reproduction of rural society itself: Small regional systems of production by means of a coordinated common irrigation system, and of reproduction ensured and stabilised by this market network were always more important than "the village"; up to now, therefore, the Javanese *desa*, normally translated as "village", exists only as an administrative unit, a cluster of hamlets sharing certain public services and administrative facilities, not the least those of a market-place; but it is no "community" as such. Considering this function of an internal exchange network within such a pattern of settlement one does not wonder at all that the market-related terminology found in the historical documents of this period is indigenous, i. e. in Old Javanese (cf. WISSEMAN 1977 : 203).

With the above mentioned rising interest of the rulers in external trade, which appears to have existed as a separate trade not connected to the internal reproductive exchange systems, this luxury trade assumes ever more importance as seen from the sources. As for the development of tax farming referred to above, with foreign merchants involved or generally in the interest of foreign trade, it comes as no surprise that the terminology related to this trade is mainly imported, i. e. to a great extent borrowed from other languages. This pattern of two different and unconnected forms of trade even separated by linguistic criteria already foreshadows dualism of the type mentioned, yet without reference to conflicts between both types of trade.

But such conflicts can be inferred from the consequences these developments must have caused: Fining resulted in monetary resources being drained from a basically non-monetised rural exchange system, and this must have had reductive effects on internal market potential. The increasing taxation was shown to be a disguised depletion of these potentials in favour of external trade. The "enservment" of at least a considerable number of ordinary people

reduced the number of possible participants in internal exchange activities. By virtue of its insular character (i.e. consisting of a number of small regional market systems, running parallel but not connected by more comprehensive internal trade networks circulating, amongst others, also imported goods) internal exchange did not form an integrated economy but resembled the segmentary character of the polity: From the start this rendered it more precarious than internal trade even in Poland had been, because the latter had at least been marginally interlinked with the network of an "internal European Common Market".

The reshaping of Javanese economy towards external trade accordingly could be accomplished without resort to the power of an "oriental despot": There was no need to suppress an indigenous merchant patriciate or a potential "national bourgeoisie" with interests in developing an internal market. Rather, an altogether un-integrated patchwork of insulated small scale market systems withered away due to the success of external trade. The subsistence economy became devoluted and found itself confined to subsistence production: Participation in internal trade only meant being subject to tolls and taxes providing more goods solely for external trade.

Later on the immediate presence of European trade interests therefore only reinforced the previously formed pattern, and significantly enough we find in Moslem Mataram a further attempt by the rulers to enslave the labour power and to monopolise the favourable trade relations. The pattern of duality between a subsistence economy approaching the "natural" stage and a highly specialised and monopolised exchange economy had developed to such an extent that the ground had been prepared for the later colonial developments.

6. SOME CONSEQUENCES FOR THE INTERPRETATION OF MODERN FEATURES

BOEKE's concepts are for several reasons highly questionable, not only from a theoretical, but from a historical point of view. His statements, for example, about the "original" characteristics of the "Eastern economy" are not tenable, irrespective of the appearances of conservative rural communities, unchanged since time immemorial, their existence restricted exclusively to the colonial administrators' wishful thinking. Another question is whether we should find consolation or encouragement (like HIGGINS) in this re-evaluation of dynamic precapitalist relations: For the environmental conservationist view gaining terrain in our days would draw more consolation from a mentality ascribed by BOEKE to the "Eastern world" than from our economic ideology addicted to growth figures at any price. But, alas, the Eastern world seen from the viewpoint proposed here does not readily yield such romantic, bucolic idylls as are in demand by the neo-Rousseauists in the environmentalist movement.

For there existed no homogeneous "harmonious" Asiatic society characterised by a high degree of continuity, with change occurring only through alien, capitalist and/or colonial, invasions. Instead we have discovered a great deal of precolonial Asiatic change, merely requiring colonialism to provide a further impetus for change to turn into disintegration. The latter now created the preconditions for postcolonial "reconstruction" in a peculiar mode of production.

Dualism is not a clash of "two worlds" or two modes of production: First of all, it is not a facile question of capitalism/colonialism versus a pre-capitalist economy; this represents only one very specific form of a dual economy, albeit the most remarkable and consequential one. But a dual economy could - as shown - also emerge within one economic body without any external force, i.e. before capitalism and colonialism entered the stage of history. Moreover, in the case of capitalist and/or colonial penetration this does not imply two "separate worlds": a new system is being formed, a new entity is taking shape, admittedly not an autonomous one, but clearly one characterised by dualistic heteronomy.

Consequently the concept of "articulation of modes of production" has to be questioned too, and not only for theoretical reasons; this concept reduces historical development to a rearrangement of structures comprised of different but finite combinations of a finite set of modes of production. This concept, then, is still quite similar to BOEKE's dualism of precapitalist and capitalist systems: It does not allow for the analysis of a dual economy as the formation process of an entirely new mode of production. The latter process cannot be understood by applying the analytical tools suitable for the capitalist economy plus anthropological and historical methods of investigation into a precapitalist economy: A new mode of production has to be analysed "in its own right", this contribution hopefully having furnished some ideas in this direction.

Most importantly, this implies that class analysis in such a society can no longer take for granted that the main contradiction is the antagonistic relation between capital and labour or property owners vs. labour owners. This contradiction doubtless has to be considered as well, but our main attention should be focused on the relations between the two "sectors" of this dual economy, i.e. the peasants with their difficulties in meeting their subsistence needs on the one hand, and the export-oriented "industrial" groups, which can even comprise a "privileged", so-called stabilised proletariat, on the other; but even this observation is far too "static".

For, as far as these societies are concerned any static view of classes as "solid" quasi-military units with clear-drawn battle lines between them, finally reaching a dramatic finale in the last heroic battle between proletariat and bourgeoisie, becomes obsolete. Besides my "flat" statement that such a static, yet frequently held view has always been erroneous I want to refer to the dynamic aspect: Instead of being fixated on class structure one should give more attention to class formation, i.e. the process of emergence, further development and eventual decay and re-emergence of certain classes, to be

seen not simply as "being" entities, but rather as becoming macrosocial units. This, indeed, also permits a more dynamic view of the complex of modes of production: According to this view modes of production are, likewise, not simply structures, not segments of a socio-economic formation. They are instead analysed in the context of dynamic systems as processes of a society's formation by economic means on the basis of one particular mode of production regulating the systemic reproduction of the social relations of production (cf. SCHIEL 1985: 12 ff.).

These processes of becoming, of development and eventual decline cannot be squeezed into structuralist mechanisms. They should, alternatively, be seen as the results of activities of strategic groups who may, through their activities, dissolve old social relations and eventually form new classes despite the persistence of "old, traditional" appearances. This concept for the analysis of long-term social processes, introduced into Southeast Asian Sociology by EVERS (1973), provides us with the following rough outline of social development in Southeast Asia in the "longue durée": Parallel to the economic system, which, despite its basic mutual dependence between internal subsistence production and external trade, appears as split into two economies, the ruling class, right from its emergence, appears as split up into two separate or even irreconcilable parts.

The duality of agrarian exploitation and trading interests, offering two groups the basis for different strategies, obscures the necessary symbiosis of both strategic groups as forming the two faces of one class (cf. SCHIEL 1983): Raja, the prince, and orang kaya, the rich man, as the ideal types of these strategic groups, can only exist as one ruling class provided that they complement each other. As a rule, the raja, the prince within an agrarian realm, also possesses at least several aspects of a trade-based orang kaya, and vice versa the orang kaya at least also some of a raja's functions, as is demonstrated by the right to collect royal taxes.

However, just as the strategies of extracting an agrarian surplus and of making profits from trade are different, so conflicts can emerge between these two groups within the ruling class. Dual phenomena, therefore, also emerge on the surface level of social groupings: This may take the form of a spatial dualism, e.g. the coastal regions achieving a degree of autonomy from the agrarian inland regions, or even, though rarely, of turning the tables upon the inland regions. Nevertheless, the interdependence and mutually complementary relationship is never dissolved.

From colonial times onwards, under the direct influence of Eurocentric ideas and policies, this dual feature of one class containing two strategic groups typified by raja and orang kaya eventually took on a somewhat modernised appearance: As the result of processes induced by the Dutch in the 19th century the status of the raja group, by then known as the priyayi, acquired a "public"-political connotation, whereas that of the orang kaya group was considered "private"-economic. Yet "bureaucrats" and "capitalists" cannot conceal their mutuality despite potential conflict, as exemplified by the

polemics against the "Kabir", the capitalist bureaucrat, on the part of the Communist Party of Indonesia, as well as by the concept of "bureaucratic capitalism" developed by several social scientists (cf. EVERS 1985: 114 ff.).

Rather, the interests and strategies of both groups in the fields of the respective other group display, besides the tendency towards conflict, a potential "hybridisation" into a new class unity (cf. EVERS/SCHIEL 1984) as well. On the other hand, as the mention of the priyayi may already have suggested to the Indonesian specialist, this modernisation of the raja meant a further differentiation: "The bureaucracy" in modern colonial and, even more so, post-colonial times is not one group, but covers a number of quite different groups with different bases and potentials for their strategies, ranging from the quasi-traditional neopriyayi to the "hybrid-bourgeois" administrators of state property.

Due to the heteronomous character of these societies one therefore has to consider the "hybrid" character of those new classes-in-formation which - at least till now - cannot "breed out of themselves" (to hazard a biological allusion). They have hitherto had no possibility to become true classes "for themselves" because the situation is still too amorphous and uncertain for them to develop a common consciousness based on the experience of the "sameness of situation". Class differences and class contradictions therefore can be hidden behind many masks, and the appearance of loyalty or even solidarity need not always reflect "harmony" within the groups.

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