1. Introduction:

The nature of economic transactions and economic processes covers production, consumption, distribution and exchange of products. Anthropologists concentrate on these activities mainly in primitive and peasant societies. They focus on the modes of exchanges including ceremonial exchanges. The concepts of reciprocity and redistribution are crucial here. The natures of trade and market systems are also studied. The processes of economic growth and development in societies are ultimately studied. What is important to note here is that the economic activities of man are not studied in isolation but in their socio-cultural setting with the emphasis on those socio-cultural factors that influence and determine economic activity in each society. It was Bronislaw Malinowski who first propagated the idea that ‘economic activity is a social phenomenon’, and is intimately associated with other aspects of the culture. Economic organization is set in a social framework, of relations between persons and between groups expressed in different conceptual ways and emphasizes on values, symbols, rule of conduct and
pattern of behavior. The basic concept of economics is the allocation of scarce resources between realizable human wants with the recognition that alternatives are opposite in each sphere. It thus implies human choice, with the results of decisions. Choices, wants and their implications in action involve personal relations and social relations.

2. **Definition of Economy:**

According to Raymond Scupin, “Economy of a society consists of the social relationships that organize the production, distribution, and exchange of goods and services” (2000,145).

According to Karl Polanyi, “Economy is an institutionalized process of interaction which functions to provide material means in society” (1977, 34).

According to Conrad Phillip Kottak, “Economy is a population’s system of production, distribution and consumption of resources” (2002, 369).

According to Ralph Piddington, “Economy system is designed to satisfy wants of the people, to organise production, to control distribution and to determine the rights and claims of ownership within the community”. (1952,18).

3. **Economic transactions in human societies:**

Anthropologists have classified the nature of economic transactions in human societies on a developmental scale under five major headings:

a. Barter
b. Exchange
c. Reciprocity and redistribution
d. Trade
e. Market.

a) **Barter:**

Barter is the direct ‘give and take’ of goods for goods. In this process, bargaining may or may not be present. Barter seems to be carried on between different tribes more than within a tribe. Barter obtains because a person wants something which another person has but which he does not himself have.

b) **Exchange:**

Exchange involves the mutual ‘give and take’ of economic as well as non-economic commodities. This may not always be direct or immediate. The commodities, changing hands through an initial act of
distribution result in a return flow of goods which may be different but yet equivalent to those originally given back to the distributor himself. In the non-economic sphere, the outstanding type of exchange is that of ‘gift’ or ‘ceremonial exchange’. Such an exchange often gives the appearance of being one-sided because it involves the gifting away of goods. The gift exchange is based on three kinds of obligations: (i) to give, (ii) to receive and (iii) to repay or return.

c) Reciprocity and redistribution:

Reciprocity consists of vice-versa movements between fixed partners of equivalent social status. Reciprocity in tribal economies is the material gift and counter material gift-giving induced by obligation derived typically from kinship and also from neighbours. Reciprocity thus establishes solidarity relation between the two parties engaged in reciprocation in so far as the material flow suggests assistance or mutual benefit. Marshall Sahlin postulates three types of reciprocity, viz. Generalized Reciprocity, Balanced Reciprocity and Negative Reciprocity.

Redistribution consists of centralized movements. What is to be emphasized here is the notion of centricity— the relation within people, involving the collection by a single hand and then re-division within the community.

d) Trade:

Trade refers to the process of buying and selling commodities. In non-market economics, trade gives rise to a special form of interaction between people involved in trade. This constitutes trading partnerships. Such a trading partnership exists when relations between a particular buyer and a particular seller persist beyond a single transaction.

e) Market:

A ‘market’ originates when the economy has developed to the point where food items are in surplus and also where craft and labour specialists can offer what laymen cannot produce. The term market simply refers to the place where the buying and selling of commodities takes place.

Kula and Potlatch:

The economic systems practiced among the Trobriand Islanders and Indigenous people of the Pacific Northwest Coast of North America as Kula and Potlatch respectively, which are under the nature of reciprocity and redistribution economic transactions are here discussed in detail.

4. Kula:

   Meaning of Kula:
Kula, also known as the Kula exchange or Kula ring, is a ceremonial exchange system conducted in the Milne Bay Province of Papua New Guinea. It involves a complex system of visits and exchanges and was first described in the west by anthropologist Bronislaw Malinowski in 1922. The word Kula is derived from *bita kuli*, a verb, meaning both “to form in the likeness or image of another” and “to be formed as a likeness or image of the other”. This is the "reciprocity" that Malinowski wrote about. It is a motion, an action of giving and taking between people - two people (partners) to begin with. Kula is an experience encountered by two personalities. This expands to include and link whole communities and islands that are otherwise very far away.

5. **Background of the Islands:**

The Kula ring spans 18 island communities of the Massim Archipelago, including the Trobriand Islanders and involves thousands of individuals. Kula ring is a complex trading device, basing on the system of barter, whereby the Melanesian communities specialized in producing different goods and artifacts interchange their products. These islands are separated from each other by sea. Some of these islands are small and rocky and are unable to produce enough food for their survival. However, these small communities are technologically specialized in certain crafts like pottery making, canoe building, stone and shell cutting etc. Some other islands provide yam, taro, and pig in surplus. Hence, all Trobriand communities unitedly have developed a scheme by which all of them can get a similar chance to enjoy the treasures of the islands- food and artifacts. Since none of these communities possesses both the raw materials and skills to produce all the commodities, they had to depend on each other for trade with exchangeable surplus.

6. **Method of trading:**

Members of the communities belong to a ring, called Kula ring and they are united by Kula partnerships. Members of each island are linked to the individuals residing on two islands, which lie in the opposite directions to it. Two types of ritual objects move constantly from one community to other, within a close circuit of the ring. Participants travel at times hundreds of miles by canoe in order to exchange Kula valuables which consist of red shell-disc necklaces (*veigun* or *soulava*) that are traded to the north (circling the ring in clockwise direction) and white shell armbands (*mwali*) that are traded in the southern direction (circling counter-clockwise). *Mwali* was given with the right hand and the *Soulava* with the left hand, first between villages and then from island to island. There is an opening gift and finally a closing gift, all presented within the familiar context of tradition and ceremony, linking them also to the past. If the opening gift was an armband, then the closing gift must be a necklace and vice versa.

Kula valuables never remain for long in the hands of the recipients; rather, they must be passed on to other partners within a certain amount of time, thus constantly circling around the ring. However, even temporary possession brings prestige and status. Important chiefs can have
hundreds of partners while less significant participants may only have fewer than a dozen. Even though the vast majority of items that Kula participants have at any given time are not theirs and will be passed on. For example amongst the Muyuw all Kula objects are someone's *kitoum*, meaning they are owned by that person (or by a group). The person owning a valuable as *kitoum* has full rights of ownership over it: he can keep it, sell it or even destroy it. The Kula valuable or an equivalent item must be returned to the person who owns it as *kitoum*. The fact that at least in theory all such valuables are someone's *kitoum* adds a sense of responsibility to the way they are handled, reminding the recipient that he is only a steward of somebody else's possession. The ownership of a particular valuable is, however, often not known. Kula valuables can be exchanged as *kitoum* in a direct exchange between two partners, thus fully transferring the rights of ownership.

Carefully prescribed customs and traditions surround the ceremonies that accompany the exchanges which establish strong, ideally life-long relationships between the exchange parties (*karayta'u*, "partners"). The act of giving is a display of the greatness of the giver, accompanied by shows of exaggerated modesty in which the value of what is given is actively played down. Such a partnership involves strong mutual obligations such as hospitality, protection and assistance.

There is much anticipation and preparation for the Kula season. It begins in the garden, harvesting surplus yams particularly in anticipation of the trading to come. Although taro is the staple food, the higher status yams are the favorite item for the Kula trade. The yams will be displayed competitively and are also used in the feasts to come. They provide one of the ways a village can show hospitality to their visitors, old and new partners.

The Kula trading period ushers in a period of trade of various commodities, games such as Trobriand cricket, feasts, catching up on the news, and various other social events. For the new trading partners, it is not until the second visit that a Kula gift is exchanged. All of these elements serve to link islanders and the Kula partners.

On these annual voyages, when a man presents his partner with a valuable, it must be reciprocated with a gift of equivalence or greater value before too much time passes. Each man tries to hold on to the most valuable and greatest number of pieces for as long as possible. If a man keeps an important valuable for longer than a year or so, or takes it out of the ring, he can expect intense disapproval and perhaps sorcery. It takes two to ten years for a shell to make the circuit. The valuables are kept in constant motion, encircling the scattered islands in rings of social and magical power.

Some partners are close by, but many and the most important are far away. Those in a specific cycle (keda) are not usually personally known to each other, but each knows the others’ names and stories as they are passed along together with the exchange of the powerful and magical valuables. Older named pieces which have been around many times increase in value as they are owned by powerful men. Even temporary possession brings prestige and status.
The Kula Gifts and Kula Objects:

The Mwali armband uses a ring of shell cut from a giant cone snail. They are embroidered with colored trade beads, egg cowries, and sometimes nuts. As they are too small to be worn they are carried on a rope. The shell itself is fished from the sea and then prepared. Soulava necklaces are made from spondylus shells of which there are two types. Depending upon the part of New Guinea, the colour used will be different—around Normandy Island it is red, and further north in the Trobriands it is white with little red.

These Kula objects have nine levels of grading or value, and the grade shows the importance of the person who owns it. The highest grade of Mwali is yoïya and may be considered dangerous, as the owner must have the content of character and status that can sustain the spiritual elements comparable to the value of the object. It can be bad fortune to possess a Kula item that is above one's level of prestige.

Many of these objects carry memories of death, magic, or poisoning. As each object is unique, a person may decide to try to acquire certain ones. Even individual shells may have a unique history. They may be difficult to obtain and are often given to the Kula master (chief).

The Kula objects are of two kinds. The kunedawesi is owned by the Kula ring and cannot be sold, and the kitoum is owned by the person who holds them and can be sold. The vast majority of items are kunedawesi, but in some groups like the Muyuw, all Kula objects are someone's kitoum.

The Canoe:

The highly decorated waga, or ceremonial canoe used for the Kula trade, illustrates some of the investment of meaning in the journey. The waga is made to hold approximately 15 men traveling comfortably over hundreds of miles at open sea, and are quite different from the smaller canoes used normally for fishing. The symbols carved and painted on the lagim (splashboard) on the bow of each canoe show the social ranking of that waga and the party on board. A bwalai (small man figure) at the bow represents the spirit of the man in charge of the canoe and allows his spirit to search the ocean. They utilize designs of minudoga sandpipers, a bird that floats on the ocean, which symbolize the care that must be taken by the leader for his crew and his community. The leader may need to push the others to the extreme but must also be aware of their physical well being. The journey reinforces the ideas that status has obligation, and that each social position has its unique value.
7. Social Network:

Kula creates a two-way return of favors. This is not a form of trade where once he trades items the commitment is absolved. Rather, in Kula, once he is a part of the circle it is a permanent connection. The saying around Papua is "once in Kula, always in Kula".

The right of participation in Kula exchange is not automatic. One has to "buy" one's way into it through participating in various lower spheres of exchange. The giver-receiver relationship is always asymmetrical: the former are higher in status. Also, as Kula valuables are ranked according to value and age, so are the relationships that are created through their exchange. Participants will often strive to obtain particularly valuable and renowned Kula objects whose owner's fame will spread quickly through the archipelago. Such a competition unfolds through different persons offering pokala (offerings) and kaributu (solicitory gifts) to the owner, thus seeking to induce him to engage in a gift exchange relationship involving the desired object. Kula exchange therefore involves a complex system of gifts and counter-gifts whose rules are laid down by custom. The system is based on trust, as obligations are not legally enforceable. However, strong social obligations and the cultural value system, in which liberality is exalted as highest virtue, while meanness is condemned as shameful, create powerful pressures to "play by the rules." Those who are perceived as holding on to valuables and as being slow to give them away are quickly marked by a bad reputation.

The Myth:

There is a myth that connects to the origin of the Kula exchange. A long time ago, a hero named Tava, who sometimes appeared as a snake, would pass between certain villages and when he was present, good fortune and prosperity were there as well. Only one woman in each village knew where he was, and she would feed and take care of him. It was important that he be treated well because if he felt mistreated or betrayed in any way, he would move on to the next island. When he left, the good fortune left with him. Still, thankful for the goodness he received while he was there, he left something behind as a trade. It could be a surplus of pigs and yams in the Trobriand Islands or perhaps fine pottery made in the Amphletts. In other areas he left gifts of obsidian and betel nuts. This story could be the origin of the Kula ring and the way it operates among the islands. Throughout the mystery of Kula, trading the Mwali and Soulava became ‘living personalities’ with definite cultural identities. The Kula tradition is carried by word of mouth and is symbolized by the objects Soulava and Mwali, or Bagi as they are known in different parts of Papua New Guinea.

8. Significance of Kula:

The study of this practice has helped to show that many indigenous people have traditions that serve many purposes beyond basic survival functions, enabling sometimes distant social groups to have harmonious relationships that benefit all. These are traded purely for purposes of enhancing mutual trust relationships, securing trade, and enhancing one's social status and prestige. Kula is purely for purposes of enhancing one's social status and prestige. The objects exchanged in Kula are not particularly valuable in themselves, but rather serve to help forge social connections which are depended upon at various times throughout an individual's life. On
these islands, trade is often necessary for prosperity. The Kula ring provides a connection between the environment, the spiritual world, and the other tribes. This allows the distinction of "the other" to be relaxed within a Kula relationship. The social stratification that the exchange reinforces also helps provide a stable social system that can protect the individual.

Kula ideally allows communities to obtain *Mwasila*. *Mwasila* is the creation of good feeling between people-to be happy, free, and to have no worries. Individually, it involves creating a clear path between oneself and one's environment. This technique enables one to link with the environment and to eliminate all other thoughts that clutter the mind and make problems. Mindful thinking can thus be restored. The Kula exchange becomes an opportunity for cleansing on a community level, smoothing relationships, and rectifying any bad behaviors in the past.

Kula is a source of stability in the personal and social well-being of the islanders. The men are away and must be strong and fit and the women must find harmony and ways to cooperate while they are gone. The Kula circle has always been associated with making contact with far off neighbours.

9. **Potlatch:**

The potlatch is a festival or ceremony practiced among Indigenous people of the Pacific Northwest Coast of North America as in celebration of a marriage or a new accession, at which the host distributes gifts according to each guest's rank or status to display his superior wealth. Ceremonial formalities are observed in inviting guests, in speech making, and in distributing goods according to the social rank of the recipients. Great feasts and generous hospitality accompany the Potlatch. The word "Potlatch" comes from the Nootka word *patshatl*, which means "to give away" or "a gift" (Nookta- a Wakashan language spoken nowadays by about six hundred people in Western British Columbia and Vancouver Island). It is a vital part of indigenous cultures of the Pacific Northwest.

Celebration of births, rites of passages, weddings, funerals, a daughter's first mense, naming and honoring of the deceased are some of the many forms the potlatch occurs under. The potlatch will usually involve a feast, with music, dance, theatricality and spiritual ceremonies. The most sacred ceremonies are usually observed in the winter. It is important to note the differences and uniqueness among the different cultural groups and nations along the coast. Each nation, tribe, and sometimes clans, have their own way of practicing the potlatch so it presents a very diverse presentation and meaning. The potlatch, as an over arching term, is quite general, where some cultures have many words in their language for all different specific types of
gatherings. Nonetheless, the main purpose has and still is the redistribution of wealth procured by families.

At this gathering, a family or hereditary leader hosts guests in their family's house and hold a feast for their guests. The sponsor of a potlatch gives away many useful items such as food, blankets, sugar, flower, worked ornamental mediums of exchange called "coppers", and many other various items to invited guests, who were expected to accept any gifts offered with the understanding that at a future time they were to reciprocate in kind. Traditional gifts included weapons, slaves, furs, and blankets. In return, the host was accorded prestige and status in direct proportion to his expenditures. To give a potlatch enhanced one's reputation and validated social rank, the rank and requisite potlatch being proportional, both for the host and for the recipients by the gifts exchanged. Prestige increased with the lavishness of the potlatch, the value of the goods given away in it. The status of any given family is raised not by who has the most resources, but by who distributes the most resources. The host demonstrates their wealth and prominence through giving away goods.

Food at a potlatch must be abundant. Ideally the guests should not be able to finish what is served but should take the surplus home. "Traditional" foods are served, though what is traditional has been modified over time as introduced foods have become standard in the community. Salmon, dried for winter use, has been the prized and usually abundant principal food. Other dishes include berries, seaweed, and meat of mountain goats, elk, moose, bears, seals, small mammals, and halibut, all smoked or dried. Traditionally eulachon, a smelt abundant in early spring, were caught in large quantities and processed into rich oil and used as a sauce at every meal. Potlatches were noteworthy for the lavish outpouring of eulachon “grease”, to the point of ladling gallons into hearth fires until the flames roared to the roof.

For many potlatch's, spiritual ceremonies take place for different occasions. The main purpose of the potlatch is the re-distribution of wealth. This is either through material wealth like foods and goods or immortal things like songs, dances and such. For some cultures elaborate theatrical dances are performed reflecting the hosts genealogy and cultural wealth they posses. Many of these dances are also sacred ceremonies of secret societies, or display of family origin from supernatural creatures. Typically the potlatching is practiced more in the winter seasons as historically the warmer months were for procuring wealth for the family, clan, or village, then coming home and sharing that with neighbors and friends.

The ceremonial destruction or giving away of possessions by chiefs and leading warriors establishes superiority in social or political status, or permits the assumption of inherited rights.
One chief might shame another by destroying valuable pots, killing slaves, and burning down houses. If the other chief failed either to give away or to destroy more things, then he would lose public esteem.

While the emphasis varies from group to group and through time, the potlatch clearly was the fundamental means of circulating foodstuffs and other goods amongst groups, validating status positions, and establishing and maintaining warfare and defense alliances.

Potlatches are to be distinguished from feasts in that guests are invited to a potlatch to share food and receive gifts or payment. Potlatches held by commoners were mainly local, while elites often invited guests from many tribes. Potlatches were also the venue in which ownership to economic and ceremonial privileges was asserted, displayed, and formally transferred to heirs.

10. Conclusion:

Economic organisation is set in a social framework – of relations between persons and between groups expressed in different conceptual ways and with different emphasizes as values, symbols rule of conduct and pattern of behaviour. It, thus, implies human choice, with the results of decisions. Choices, wants and implication in action involve personal relations and social relations that work in economic transactions in human societies. “Reciprocity” and “Gift Exchange” as economic transactions establish a solidarity relationships among the communities that benefit all as in case of Kula and so also the redistribution of wealth procured by families for validating status positions and establishing and maintaining warfare and defense alliances in between the families and groups in case of Potlatch.