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The Diversity of Exchange

South Asian grain markets are an extravagant, changing display of commercial diversity. There is a great array of contracts, trader types, market configurations, transport modes, labor practices, processing technologies and forms of finance. Accounts of grain markets in Bangladesh (Farruk, 1972; Islam, et al., 1985) may provide maps of market circuits, glossaries of market vocabulary, and descriptions of the various market practices associated with the plethora of terms for traders, but few attempt to explain, or examine the implications of, this diversity. In fact, as we shall see, there are recurrent tendencies to minimize diversity.

At least four dimensions of diversity in markets can be identified (Braudel, 1986; Lie, 1992; Harriss-White, 1996a):

- regional modes of exchange
- market architecture – structure and practices of markets, including
  - the spatial and temporal pattern, regulation and finance of market places
- types of traders – scales and combinations of trading activities
- forms of transactions – range of types of exchange, their frequency and patterns.

Chapter 2 described some differences in regional modes of exchange. In this chapter, I describe the marketplaces studied and explore patterns of diversity among traders and transactions in order to understand some of the implications of diversity. I also discuss non-market forms of exchange, that is, barter or kind payments. In much of South Asia, and in many societies, non-market forms of exchange are significant. These forms of exchange are described because in the Noakhali chars they overshadow commodity or monetized transactions in key parts of the
grain circuit. In this region kind payments constitute the main connection to the market for most households. This mediation of the market by barter changes market operation. Price pressures, for example, are unlikely to lead to equilibrium in any simple manner.

It would be a mistake to reduce even market processes in rural South Asia to competition as understood in at least one version of the neoclassical tradition. One dictionary of economics, for example, gives these two definitions of competition:

**Competition 1.** a form of market structure in which the number of firms supplying the market is used to indicate the type of market it is, e.g. perfect competition (many small competitors), oligopoly (a few large competitors).

2. . . . the active rivalry of firms for customers using price variations.

(Pass et al., 1993, 80)

The first definition equates market structure with the number of market suppliers, assuming homogeneity of firms and markets. The second definition reduces competition to rivalry over price.

Recognition of the diversity of exchange introduces a set of processes and issues overlooked by this notion of competition, including variation in modes of exchange, market architecture, trading types and transaction forms. This diversity means that the character of competition cannot be deduced simply from the number of firms in the market.

We found, for example, that merchant-financiers in one region exercise considerable influence over the operations of large numbers of subordinate traders. As a result, the merchant-financiers dominate, and are the principal beneficiaries of, markets where large numbers of traders operate. This is an oligopolistic market in which there are large numbers of traders contradicting the expectation of the dictionary definition.

The influence of merchant-financiers, and many other trader types, is exerted through a range of interlocked transactions. These are trades in which the conditions for one exchange (for example, the sale price of grain) are established during a previous trade (for example, the giving of a loan). Again in contradiction to the textbook notion, the prevalence of interlocked transactions means that competition cannot be reduced to ‘rivalry . . . using price variations’. Access to finance, which underlies the power of merchant-financiers, can give the power to control market share.