

## Practical Notes

### Barter in practice: a case study of *liwac* transaction in Addis Ababa

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#### Introduction

*Liwac*, an Amharic term for barter, refers to a process of transaction in which objects are exchanged without the use of paper money. Although not much is known about its origin, *liwac* has long been practised in various parts of Ethiopia. For instance, salt bars (*amole*) were widely used before the introduction of currency by the Axumite kingdom, and were even considered superior to gold and brass (Giday 1983). Before the arrival of the Italians in Makele in 1928, salt bars and bullets were also serving as currency together with Maria Theresa, Tumni and Besa (Netsannet 1966). An anthropological study on barter exchange in Ethiopia in the Arsi region found that butter was exchanged for barley but not for cash by the rural Oromo women (Baxter 1982).

Today, *liwac* has become an attractive business opportunity for previously unemployed young men, who are popularly called *liwac yalesh* or *liwac yalew*.

Addis Ababa, the political and business capital, hosts a huge amount of *liwac* transaction within the informal sector. Young boys walk around the city in pairs, carrying dozens of plastic goods. *Liwac* is also reported directly or indirectly to involve

women and men of all socio-economic backgrounds, and generally entails the exchange of plastic goods for second-hand clothes and shoes.

Despite its extensive coverage and importance in Ethiopia, *liwac* is little studied by anthropologists, sociologists, or economists. This motivated the author to carry out a case study of *liwac* transaction through observation and interview with *liwac* men and *lawachoc* (people who make the exchange) in four areas of Addis Ababa—Ketchene, Kotebe, Semen, and Teklehaimanot. This does not imply, however, that these sites are fully representative of *liwac* transactions that take place in the city.

I found the entire research process interesting, unique, and educational. I had first to exchange some household utensils to introduce myself with the *liwac yalesh* men. Otherwise, they could have been suspicious and unwilling to provide information. I was also surprised at how little exposure they had had to such research activities, which confirmed my sense that their business had been very little studied. Another challenge was to find the right place for interviewing. I could not let the transactions take place inside the homes of my friends and relatives, since *liwac* dealers are often suspected of having connections with thieves or other organised groups. I could not conduct my discussions on the street since neighbours or passers-by tended to interrupt us by creating a crowd. I opted to hold my discussions outside the homes but within the compounds.

This paper describes the basic modalities of *liwac* transactions that have been taking place in selected areas of Addis Ababa. It

will demonstrate that *liwac* co-exists with monetary and gift economies, and so argue that *liwac* is a business transaction that co-exists with monetised economy and that it is not something that disappears as 'primitive' or 'non-monetised' economies develop. Rather, *liwac* constitutes a mode of exchange with its own social and economic characteristics, occupying its own space in the informal business sector. It is hoped that the findings will stimulate discussion on the importance of *liwac*, and contribute to theoretical debates concerning the barter and exchange economy.

### Theoretical perspectives

Barter should be an important theoretical concept in economic anthropology, but the literature has been dominated by a model of ceremonial exchange such as 'the gift' and market-exchange such as 'the commodity transaction' (Polanyi 1957; Sahlins 1972; Dalton 1961; Gregory 1982). Barter has also been defined as 'a form of non-monetary exchange in which all trades are required to balance in some appropriate sense' (Anderline and Sabourian 1992:77). Other scholars see barter as associated with social margins, as a form of exchange which takes place by 'social margins' across the frontiers between 'non-monetised' economies and between 'strangers' (ibid.:21).

Essentially, there are two contrasting views concerning barter. The first is generally dominated by an exclusive commercial notion of money and its predominant 'modern' function in exchange. Here, barter is a feature of a 'primitive' or 'non-monetised' economy and it vanishes as societies develop their 'money economy'. Marx traced the origin of barter to exchanges between 'primitive' societies on the grounds that people started to trade their goods only in the absence of communal rights to property (Marx 1954:91). Gregory,

elaborating on Marx, described barter as economic transaction between two or more people, social groups, or societies. These relationships are, therefore, described as 'reciprocal independence', as opposed to the 'reciprocal dependence' that exists within the gift-oriented society (Gregory 1980).

The second view is that barter is not just a historical institution or one peculiar to archaic or 'primitive' economies, but is a contemporary phenomenon which covers both large- and small-scale transactions and occurs within and between many different types of society (Humphrey et al. 1992:5). Here, money fulfils not only economic but also social needs. The origin of money is also sought not in the market but in a much earlier stage in communal development, where means of comparison and also gifts were needed. Hence the seeds of monetary systems are to be found not only in the valuation of goods and services but also in the valuation and payment of social 'costs' such as injuries, bride wealth, and slaves. Thus different items such as grains, precious metals, and stock fish serve as money in different societies at different stages to barter and exchange goods (see Parry and Bloch 1989).

In this view, there can be few economies that operate without barter (Polanyi 1957). Barter exists in various forms in the everyday lives of people both in the 'developed' economies of the USA and Europe as well as in the 'underdeveloped' countries of Africa. Even within the most monetised economies, barter operates at least at the micro-level.

Proponents of the latter view argue that each developing country in the 'modern' world enjoys (or suffers from) a monetary system that operates between the extremes of 'advanced' and 'primitive' money. Although many developing countries have officially adopted 'modern' token and general-purpose money, vestiges of primitive or 'archaic' monies often remain in subsidiary use; and there are still places where no

dominant token or medium of exchange holds sway (Drake 1980).

Despite the presence of these two contrasting views, anthropologists and economists distinguish the following four characteristics as inherent to barter.

- 1 The exchange in barter is determined by the interest which each side has in the object of the other and by the interest and satisfaction that both sides get from the transaction. The objects to be exchanged should, therefore, have direct consumption values for both participants (Humphrey et al. 1992).
- 2 The transactors in barter are on their own. The objects are not measured against some external criterion but are substituted for one another by an internal balance. This implies that in barter transaction there is a lack of integration of exchange ratios set by a third party or factor (ibid.:8).
- 3 Information is critical. Barter occurs mostly in local face-to-face situations where people and the paths of goods are known. In the industrialised countries, computerised barter networks are used to link across states. Most towns and regions have barter cooperatives which also operate by means of newspapers and computer print-outs. But even such 'modern' barter institutions have not avoided the importance of direct personal contact and communication.
- 3 Barter transaction itself creates different forms and scales of social bonds. The most important factors are that:
  - (a) barter exchanges require no further transaction to satisfy the wants of the actors as the relationships created by simultaneous barter are inherently discontinuous and unstable;
  - (b) it is comparatively rare for opportunities of barter to happen spontaneously or by pure chance and then not to recur;
  - (c) the objects which are exchanged are dissimilar and, except in rare condi-

tions of rapid price change, the size and the price of the exchange items do not affect their total marginal utility (Marshall 1920);

- (d) barter often pursues the principle of 'equivalencies' but also permits transactions among items or things which are perishable or easily quantified. Sahlins, for instance, remarked that people exchange cattle for women during marriage but it is difficult to argue that women are economically equal to cattle (Sahlins 1972). Other goods might have moral or ritual value so that it is absurd to measure them in economic terms. For instance, butter has ritual value and it is not exchanged for cash among the Arssi Oromos (Baxter 1982) or in Tiv society (Bohannon 1955).

With these arguments in mind, I shall assess the modalities of *liwac* transactions focusing on five questions which I believe are important to *liwac* and goods exchange mechanisms:

- Does *liwac* transaction create stable and continuous social relationships between the transactors?
- Does *liwac* involve both women and men as well as rich and poor?
- What factors determine how the values of exchange goods are gauged?
- Do wealthy dealers and financial institutions such as banks regulate the rate at which goods are exchanged?
- Does *liwac* co-exist with the growth of cash or the 'monetised' economy?

### Case studies: description, analysis, and interpretation

#### *Age and sex composition of the liwac yalesh/yalew*

The ages of the *liwac yalesh* interviewed ranged from 24 to 33 years, which means

they are classified as part of the active workforce (PAO 1994). All were men. None of the interviewees knew any woman who had ever been engaged in *liwac*. One attributed the absence of women to the risky nature of the business:

*I have been involved in liwac business since 1996 in Addis Ababa. I learned this business from my uncle. I have never heard or seen a single woman doing liwac business. Because liwac is a type of business that requires mobility under physical hardship. We often wake up early in the morning and return home when it is dawn. We have to walk a long way carrying bundles of goods on our back or head. Thus, given the domestic responsibility of women and the physical hardship that liwac involves, women could not be motivated to be engaged equally with men in liwac types of business.* (Temesgen Meka, personal communication)

Another argued that women might not wish to engage in *liwac* because they knew that the men often face robbery or physical assault in the course of their work. One might, then, argue that the association between masculinity and youth remains strong in the *liwac* business since the transaction requires physical strength (to carry goods on foot) and readiness to defend oneself from theft and robbery.

### *Ethnic composition*

Four of the five *Lewacoc* interviewed came from Gurage and Tigray regions and one from the North Wollo zone of Amhara region. While it is difficult to generalise, all agreed that the *liwac* business in Addis Ababa is dominated by Tigray and Gurage migrants. They could not give any scientific justification for this, but believed that it reflects the national context where these migrants already dominate the business sector. However, interviews with some house-

holds revealed that Tigrayan-speaking people were among the majority groups engaged in *liwac* business some seven years ago, during the Mengistu regime. They suspect that this business might have been used as a device for spying and learning about the social psychology of the public on the part of opposition political parties. These people also tend to see *liwac* as suitable for espionage by relating the increasing appearance of Oromo-speaking men in the oat business with their supposed connection to other political groups which are out of favour with the present government.

### *Operational modalities*

Plastic household utensils—buckets, dishes, cups, trays, bowls, and plates, and sometimes sponges, bottle brushes, and filters—are commonly used in exchange. The plastic goods are easily carried, and are also more fashionable than zinc or glass-made items, as well as being durable and economical.

The items for which these goods exchanged are mostly second-hand shoes and clothes. Shoes are generally made of leather since these are believed to be easily renewable and marketable. Exchanging underwear is not acceptable not only because these items of clothing are cheap to buy, but because most people attach moral value to their sweat and believe that exchanging one's underwear means selling one's own destiny and good fortune.

*Liwac* does not involve credit so all the transactions are immediate. The items for exchange are also valued according to their condition at the time and place of exchange. Thus the *liwac* trade is often made among new barter partners or transactors. Here one might ask how fair barter exchange is. Indeed, my findings convinced me that people do cheat and mislead one another during bartering. One transactor told me that 'cheating in immediate barter often happens by supplying goods which look all right at first sight but which turn out to be adulter-

ated'. It also happens when the market values of plastic goods are exaggerated to people who are strangers. Thus, the fairness of the transaction depends mainly on trust and on each side actually knowing what is being offered. With such a wide range of short-term relationships, there can be no external criteria defining the true value of goods. But transactors can have 'equal' partnerships if they assess the price of exchange goods prior to bartering. While the partnership can be said to be equal and considered fair by both sides, every transaction derives profit, for each gives something each party wants less for something s/he desires more. Profit can also be derived by subsequently selling the bartered item for cash.

In the *liwac* circle, women are the most common exchangers of used clothes or shoes. This was viewed by the *Lewacoc* as being due to the fact that women are very close to the management of household utensils and used clothes at home. Indeed, the *liwac* men appraise women's involvement with a popular saying *Liwac Bal na Mist agac*—which literally means 'Barter [is] a cause of quarrel between a husband and wife.'

*Liwac* is practised by both rich and poor people, which is borne out by the fact that the interviewees identified very heterogeneous business sites. However, they would prefer rich clients since their bargaining power over second-hand items is often weak.

A unique experience with the *liwac* transaction is that it transforms itself by using money as a form of currency at two stages. Each *liwac* first buys his plastic utensils from a wholesaler either by cash payment or cash loan. Once bartered, the second-hand clothes and shoes are again sold for cash to a wholesale trader and then to general repairers or waste-savers.

So why does *liwac* emerge as a good exchange mechanism? According to the *Lewacoc*, they can earn a higher profit margin from exchange goods since they can

avoid tax, their markets cannot easily be violated by wealthy traders, and most people perceive second-hand items as valueless and so sell them cheaply. Rich people are considered lenient in exchanging used items, which is why they are among the best clients.

In sum, *liwac* is part of the informal sector. It is unregistered, operating on a very small scale, and with a low level of organisation. Most *Lewacoc* have little access to organised markets, to credit institutions, or to training facilities, and are not supported by the city government. Many of them have no fixed location or residence. The motives for participating in the *liwac* business relate to pure survival. *Liwac* is not performed with the deliberate intention of evading tax or infringing different regulations, though some traders prefer to remain unregistered or unlicensed to avoid compliance with some of these.

## Summary and conclusion

In this paper, and in contemporary Addis Ababa, *liwac* is defined as a transaction in which plastic objects are exchanged directly for second-hand clothes and shoes without the use of money. However, it is something that has been practised in Ethiopia since the Axumite kingdom. My conclusion is that 'barter' is a mode of exchange in its own right that co-exists with both the cash and non-cash economy.

In *liwac* transactions, the value of the plastic goods on offer are measured by the value of the clothes or shoes ready for barter at that particular time and space. The bargaining power is determined only by the transactors. Thus a bulk supply of plastic items or a change in the unit price of wholesale goods does not necessarily affect the total profit margin to be gained from a given bargaining or *liwac* transaction. In fact, the rainy season has a deterrent value since it often hampers both the mobility of *liwac*

men and farmers' purchasing power, which thus affects the profitability of *liwac* business overall.

*Liwac* transaction does not involve credit or loans. It is an unlicensed, unregistered, very mobile, and non-taxed type of business. It is, therefore, an exchange mechanism which creates short-lived relationships among the transactors. Recent *liwac* transactions in Addis Ababa have more of an economic than a ritual or moral value or importance and so benefit a wide cross-section of the community.

Since *liwac* requires traders to move around the city, some people suspect that *liwac* men may use their business as a mask for other activities, such as spying for different political groups.

Finally, the *liwac* business makes good use of waste or second-hand materials and enhances a rational household economy. The plastic goods' suppliers can also maximise their market opportunities by deploying a number of *liwac* men. The cumulative effect of the *liwac* sector is, therefore, an addition to the formal economy of Ethiopia.

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