

## Chapter 1

# MIDDLEMAN MINORITY THEORIES

### HISTORICAL BACKGROUND: THE CLASSICAL THEORIES

The thinking which entered the social sciences often started in the conventional wisdom of early modern Europe.<sup>1</sup> Just as the different images of city and country formed the basis of urban sociology, so the various stereotypes of Protestant, Catholic, and Jew, as well as Scot, Englishman, and Irishman affected the way in which European thinkers formulated theories about the links between economic roles, religion, and ethnic identity. The late medieval specialization of Jews in Europe as pawnbrokers, old-clothesmen, and peddlers, and the startling success of a few Jews in rising to become court bankers and great financiers was a noteworthy phenomenon in the eyes of such observers as Voltaire, Kant, and Karl Marx. As is well known, the connections which these intellectuals made between Jewishness and economic participation of Jews was founded in the anti-Jewish prejudices of the times.<sup>2</sup> Despite this, the suggestions which they made about the relationship of ethnicity to occupational choice formed the basis for the first formulations of theories about the middleman-minority phenomenon.

By the nineteenth century, the features which had entered social scientific thinking about middleman minorities were: (1) the observation that a disproportionate number of Jews were engaged in petty trade, moneylending, and related activities; (2) a negative evaluation of these activities, especially the secondhand trade and pawnbroking; (3) a view that these activities were either to be extirpated as antisocial or were obsolete; and (4) a perception of the similarities between Jews and other trading minorities.

In this chapter, the most important of the theories will be discussed briefly. The prejudices which typified the precursors, such as Voltaire, continued to cast a shadow on some of the later theories, although a variety of attitudes toward trade, capitalism, Jews, and other trading minorities can be found among these thinkers.

In 1875, Wilhelm Roscher, an economic historian, formulated an explanation of the ups and downs of the Jewish status in medieval Europe. He saw the Jews as pioneers of international trade in Western Europe who were subsequently displaced from their preeminent positions by Christians when the national economies of these countries had matured. Roscher suggested the applicability of this hypothesis of the introduction of foreign traders into a previously underdeveloped economy and their subsequent ouster by native competitors to situations of their groups, such as the Chinese in Southeast Asia. His thesis has formed a basis for other middleman-minority theories.<sup>3</sup>

Several of the pioneers of modern sociology addressed themselves to the questions surrounding the presence of commercially specialized minorities in society. This was especially true of the German sociologists—such as Toennies, Sombart, Weber, and Simmel—who were influenced by Marx and Roscher among others. The Jewish question during the late nineteenth and early twentieth centuries when these sociologists flourished was at the forefront of social problems in Germany, and it was entangled with other issues such as the relationship of capital to labor. Generally, these figures did comment on the role of Jews in Europe, although their approach was always comparative.

Weber's use of the term *pariah*, for instance, implied that there was something which Jews shared with certain Indian castes. In addition, his contrast of Jews and Puritans is central to this delineation of the relationship between Protestantism and the rise of modern capitalism. The role of trade in breaking up the folk community and natural economy of the early Middle Ages and bringing about the impersonal relationships characteristic of the contemporary period was a central theme in the view which these

writers took of Jews, Protestants, Florentines, and others.

These theorists have focused on two important strands of explanations of middleman minorities. One stresses the situation of minority-majority contacts, while the second emphasizes the attributes of the minority.

Toennies and Simmel have dealt with the particular form of ethnocentrism which arises when strangers from outside, often bearing goods, enter a closed community. They deal with the interaction between those outside of the intertwined kinship networks of the community and those within them. The stranger enters, but lingers. He or she is close, yet distant; intimate, but objective; comes today and stays, or returns tomorrow, rootless and innovative.

The very fact of trading activity introduced new ways into the community, and traders have a way of being impious and flip-pant.<sup>4</sup> This focus on the middleman as stranger has continued to have a significant influence on social scientific theory in general, as witnessed by the reprinting of Simmel's essay in the United States and on theories dealing with middleman minorities in particular. Some who feel that Weber has mislabeled such groups as *pariahs* see Simmel's conception as appropriate.<sup>5</sup>

In their work, Sombart and Weber stress the culture of the middlemen rather than the context. They can be seen as advocates of a cultural configurational or national-character approach to explaining ethnic specialization. In the case of Weber, the term *religious character* might be preferred since he emphasized the role of the ethical teachings of religious traditions. Sombart saw a wide variety of factors including race, religion, and the role of migration in explaining entrepreneurship. Both Sombart and Weber were concerned more with the economic activities of the groups under consideration and much less with the interaction between the majority and the minorities.

While the issues in the debate between Weber and Sombart about the role of Judaism and the Jews in the emergence of modern capitalism are to some extent *passe*, there are several reasons why consideration of the works of these two sociologists continues to be relevant. While Sombart's reputation as a major figure has declined—partly as a result of his anti-Semitism and sympathies with Nazism—his works have continued to be reprinted. There is no doubt that his book, *The Jews and Modern Capitalism*, was a major stimulus for research into the economic history of the Jews. Weber, of course, is still seen as a giant figure of twentieth-century sociology and a pioneer in comparative studies of economic ethics

and religion. In addition, both wrote book-length works on the Jews and devoted a large part of their discussion to the place of this classic middleman minority in the structure of modern capitalism. This problem also is discussed in their writings on the economy and society.<sup>6</sup>

Finally, they took differing stances on whether the Jews, as a middleman minority, have been capitalists in the full sense of the word or represent a special variation—pariah capitalists. This issue continues to concern researchers into entrepreneurship and middleman minorities, although it has been refined. In large measure, the ambivalence or hostility toward capitalism which Weber, Sombart, and their contemporaries had is shared by contemporary social scientists, even though the contempt for Jews which was rife during their time has passed.

Sombart attributed the rise of capitalism to a Jewish cultural configuration which was borne by the Jewish race—that of a rational, wandering desert people. While the racial overtones of Sombart's anticapitalist and anti-Semitic work have been excised, the association of the middleman with migration and sojourning survives in later theories.

Sombart saw the Jews and Judaism as being among the prime movers of modern capitalism. The word "among" is important, since Sombart, in each of his works on capitalism, wrote as if the subject of each book—whether it was migration, Judaism, or luxury—was a primary cause. To Sombart, capitalist enterprise was a synthesis of the ability to mobilize other human beings for a particular task, enterprise, or undertaking with talent for manipulating money and maximizing economic gain. Sombart sees several factors—including race, religion, and migration—producing such enterprises. To him, the Jews combine all three, although other people—such as the Florentines and the Scots—are seen in a similar light.<sup>7</sup>

Sombart's debate with Weber concerned the relative contributions of Judaism and Puritanism to the rise of capitalism. Sombart was of two minds regarding this. Sometimes, he identified Puritanism with Judaism. On other occasions, he stressed the antagonism of Puritanism to the capitalist ethic.

He did, of course, see the roots of capitalism in the cold, objective, calculating manner which he attributed to the Jews, seeing the desire to remain separate as a stance of otherhood. His evaluation of capitalism was generally hostile; he disliked the unlimited lust for gain and the calculating bourgeois spirit, while still admiring the boldness of entrepreneurs. Unlike Weber, Som-

bart does not distinguish between varieties of capitalism in general and Jewish capitalism in particular.

Weber's assertion of a qualitative distinction between modern rational capitalism—founded on the universalistic economic ethic of the Puritans—and pariah capitalism—rooted in the dualistic ethic of Judaism—has shaped much subsequent thinking about middleman minorities.<sup>8</sup> Weber's term *pariah*, often combined with *pariah capitalism*, has been widely applied to middleman minorities, even by social scientists who do not have any interest in the differences between Jews and Puritans, but who merely use it as a synonym for minority business. This term has also drawn the fire of Jewish economic historians who correctly point out the important differences between Jews in medieval Europe and outcastes in India.

To Weber, modern rational capitalism was characterized by a unique organization of labor and corporate structure, which is differentiated from other forms of capitalism. The latter are based on consumer credit, irrational speculation, the accumulation of booty, and colonialism. The pariah capitalism of the Jews is one of these forms.

Weber claimed that the reason why the Jews, despite their relatively rational religion, failed to develop rational capitalism was because their religion reinforced their status as a pariah people. He defines the term as follows:

In our usage, pariah people denotes a distinctive hereditary social group lacking autonomous political organization and characterized by prohibitions against commensalism and intermarriage, originally founded upon magical, tabooistic, and ritual injunctions. Two additional traits of a pariah people are political and social disprivilege and a far-reaching distinctiveness in economic functioning.

Weber goes on to compare Hindu castes—particularly outcastes—with the Jews since they share the traits of segregation based on religious principles, religious obligations, and future salvation as a result of their present low estate.<sup>9</sup> Elsewhere, he elaborates on the economic relationship which such people have with nongroup members. He sees them as living in dispersed communities, segregated from their neighbors but tolerated, possibly even privileged, because of their usefulness to the latter.<sup>10</sup>

To Weber, it was the pariahhood of the Jews which prevented their economic activity from giving rise to modern, rational industrial capitalism. Ritual segregation, a dual ethic in business, and

fulfillment of ritual obligations as the goal of Judaism differentiate it from Puritanism, according to Weber. While Judaism is "this-worldly," it does not see one's economic activity as the arena in which one proves one's goodness. Thus, Judaism leads the businessman to be opportunistic. Usurious loans to Gentiles, driving a hard bargain, and tax farming, as well as booty capitalism, are all permissible activities.

Puritans, especially Quaker businessmen, Weber writes, had a very different view. Economic activity was a religious vocation. Honesty—especially toward nonbelievers—was not only the best policy; it was a duty. This led to treating all people rationally—as exemplified by a fixed-price system—while the view of economic activity as a religious calling made it central to one's life. Judaism lacked this view and thus could not lead to modern capitalism.<sup>11</sup>

Weber's influence is apparent in many considerations of middleman minorities in the social sciences. This includes the usage of such words as *marginal trading minorities*, *outcaste traders*, *pariah capitalism* and *guest peoples*.<sup>12</sup> In fact, Weber himself compared pariah and guest peoples, not middleman minorities. His view of a special variety of ethnocentrism being a quality of pariahs and causing them to undertake certain social roles has become a component of several later theories.

The classical founders of social science refined some of the notions which they had inherited. Like their predecessors, they were still primarily concerned with Jews. After all, the Jewish question was a prime concern of Central European society during the period of their work. They inherited a generally unfavorable image of Jews, which they generally accepted. It is noteworthy that neither Weber nor Sombart were particularly concerned in their model-building with anti-Semitism as a social problem. Only in models like Simmel's of the stranger do we find increased attention given to the mutual interaction of minority member and the majority. His model is one leading to a contextual explanation of antiminority sentiment. The image of the stranger is a product of the environment, not an inherent quality of his or her culture.

The classical social scientists, however, did extend their work beyond the Jews. They related the Jewish question to central social concerns. They formulated concepts and generalizations which could be used comparatively, like the stranger, the pariah people, pariah capitalism, and the Roscher thesis. These conceptualizations force us to consider comparison. Jewish historians have looked askance and have rejected comparison of Jews with others,



but the concept of the pariah people makes them contemplate its possibility. The concept of pariah also links the stereotype of the minority with its economic position, thus maintaining a connection between ideology and culture on the one hand with power and material wealth on the other.

## HISTORICAL BACKGROUND: 1940 TO THE PRESENT

The term *middleman minority* comes from Howard Paul Becker, an American sociologist who was influenced by the German classics. His writing on the subject can be seen as an indirect response to Sombart's association of commercial success with the Jewish race. In his various formulations, Becker endeavored to prove that those traits which may be associated with the Jews appear in other ethnic groups noted for their commercial acumen, such as the Scots, the Chinese, the Parsis, and the Armenians. In all of these groups, one finds enterprise connected to what he called a "Chosen People complex," but later was referred to as "ethnic solidarity" or a "separatist complex."<sup>13</sup>

Becker's comparisons placed equal stress on several middleman groups, thus focusing attention on comparison. From 1940, when his first essay appeared, through the 1950s, most writing on the subject was still entwined with socioeconomic explanations of anti-Semitism.<sup>14</sup> There also were some valuable sociological writings dealing with anti-Semitism and European Jewry along these lines in the 1960s. By the late 1960s, however, increasing emphasis was placed on the trading minorities of Africa and Asia, who were perceived as comparable to the Jews in terms of pariah capitalism. This new interest accompanied concern with economic development and interethnic tensions in those regions. The formulations of Shibutani and Kwan, Blalock, Jiang, McClelland, Hagen, Wertheim, and others reflect this new thrust.<sup>15</sup>

In 1973, Edna Bonacich wrote a provocative article in which she argued that the middleman-minority theory was applicable not only to the study of early modern Jewry in Europe and the trading minorities of the Third World, but also to Asians and other small businessmen in the United States. Through their willingness to work hard for low profits and their ethnic solidarity, they filled niches of the economy which were too expensive for the large corporations to fill. At the same time, they could arouse the hostility

of their native competitors, the native workforce against whom they might discriminate when employing their co-ethnics and their customers. She thus explains widely separated phenomena such as black riots which destroyed small businesses often owned by Jews and Asians in the United States during the 1960s and 1970s, the internment of Japanese in California during the World War II, and anti-Indian riots in South Africa. While seeing communal solidarity as supporting the small businesses, she does not argue in her later articles and books that such groups are necessarily permanent minorities.<sup>16</sup> Her work is linked to that of other contemporary sociologists, especially Ivan Light and Howard Aldrich. It is marked by a highly critical stance toward the capitalist status quo.

Bonacich's approach is based on the assumption of several labor markets which divide the working class of capitalist societies into mutually antagonistic segments.<sup>17</sup> Her thinking was part of a general revival of Marxist thought in the United States and Western Europe during the 1970s. In dealing with middleman minorities, there has also been renewed interest in Abram Leon's pamphlet on the Jewish question, which suggested that the Jews in certain periods and places should be seen as a "people-class," a concept that combines ethnicity with the Marxist view of classes as groups with conflicting interests and differential access to the means of production and strategic resources.<sup>18</sup> Another Marxist current, that which views capitalism as having created a single-world system, is also useful in the interpretation of the roles of commercial ethnic groups.<sup>19</sup>

Another figure whose work integrated consideration of middleman minorities into a broader approach to the study of complex societies is Abner Cohen. For him, there is a continuous dialectical relationship between the symbols which mark different cultures and the way these symbols are used to further the political and economic interests of the bearers of those cultures. Such interest groups are based on primary relationships, whether ethnic or otherwise, and such groups are more important than the larger classes discerned by sociologists. The use of symbols to maintain group boundaries can thus be seen as a cultural strategy. In fact, many groups in traditional and modern societies find that their interests are guarded better through invisible organizations such as cousinhoods, membership in a common set of social clubs, religious ties, and informal networks, than through a highly visible, formally recognized institution. At times, ethnic groups may need to heighten their visibility as strangers to maintain their interests,



while in other instances they may wish to lower their profile and appear to be an integral part of the society.<sup>20</sup>

An example of such invisible organization is the trading diaspora which maintained the long-distance caravan trade in West Africa in the recent past. The Hausa were one ethnic group which had such a diaspora, and they were similar to medieval Jewry in this regard.

Cohen considers the trading diaspora as a special organization in which a stable structure must allow for the mobility of its personnel. It must be a dispersed, but interdependent, set of communities. Often a diaspora is denied resort to the regular exercise of organized physical coercion, and it must find other means to maintain authority. To accomplish this, the diaspora may have stringent requirements for group membership, such as religious adherence or genealogical relations, special means of communication, and power exercised through regulation of credit.<sup>21</sup>

### *Overlapping Concepts*

Cohen's terms *trading diaspora* has recently been used in Philip Curtin's comparative world history of cross-cultural trade. By cross-cultural trade, Curtin means trade between cultural areas in which not only language but the rules of trade and other features of life are radically different. Mediating such trade are mercantile communities of strangers who live in a foreign host community and come to learn its ways.

Curtin's study covers this phenomenon from its beginnings in prehistoric times until its demise with the establishment of an ecumenical trade system (for example, the European-controlled world system) in recent times. He refers to them as *trade diasporas*, but obviously Curtin's use of the term takes on different meaning from the way it was used by Abner Cohen since the latter's studies were limited to long-distance trade under colonial conditions.

In addition, Curtin notes that the social status and political power of such mercantile communities ranged from the powerlessness of pariah traders such as medieval Jews, through relatively autonomous but pacific trading communities to the trading-post empires of Europeans during the period from 1500 to 1850. Such trading posts were armed and often had their own soldiers. While some of these are included here as middleman minorities, the merchant-adventurers are less obviously so, though this will be touched on in our discussion of Scots in chapter 6.<sup>22</sup>

Another concept which overlaps considerably with the middleman minority is that of the ethnic enclave, developed by Alejandro Portes and his associates to analyze the Cuban community in Miami. In the ethnic enclave, most immigrants are either self-employed or employed by fellow immigrants. The conditions of employment are "paternalistic" when compared with jobs in the primary or large-corporate sector, or with the conditions in the secondary labor market. While wages and other costs are lower than in the primary market, employers take a paternalistic attitude toward their employees and help them to achieve better living conditions.

The model is Miami in the 1970s. One pictures a large city with a very high proportion of immigrants, often fiercely competing with each other. There is, within this population which may share many cultural and linguistic features, a wide range of skills and socioeconomic heterogeneity. The picture might also fit the Jewish Lower East Side and Garment District of New York City around 1900 or Chinese Singapore. The conclusions drawn by Portes about paternalistic labor relations in Miami may not apply to these other enclaves. Still, there are communities and occupational sectors where we would find that the ethnic-enclave model would overlap or replace that of the middleman minority.<sup>23</sup>

### *Inherent Biases*

The movement toward social scientific models is incomplete. By now, even those who seek an ideal of a value-free social science must be aware of the impossible nature of this goal. The language which we use, the residues of historical experience which are imbedded in our perceptions, and our own political aspirations cannot be neatly separated from our scholarly activity. This is certainly the case with regard to middleman minorities.

One bias which is found in the discussion of middleman minorities is a disdain for commerce, trade, and middlemen. Even bourgeois intellectuals who are themselves the children of commercial people share this viewpoint. The prejudice is common to aristocrats and radicals, from Kant and Voltaire to American radicals of the 1960s. Many of us have a tendency to view middlemen as unnecessary parasites and hold a negative view of money that is made from money.

The metaphor of the middleman as parasite is a particularly insidious one. The idea of the guest who preys on his host has even been accepted into medical jargon. The medical analogy sug-

gests that parasites must be eliminated by total solutions. In nineteenth-century German writings, the Jew was frequently described as a parasite engaged in nonproductive occupations. This criticism was adopted by Jewish philanthropists and Zionists who sought to transform the Jews into a productive people, engaged in a wide range of occupations. It was also adopted in such social scientific terms as *guest people*, *host society* and *host hostility*, which give preeminent rights to the majority. Such figures of speech were reified in the Nazi extermination of Jews.<sup>24</sup>

Another bias is the nationalist perspective. The nation or state is taken for granted as the unit for most social scientific studies. Even many anthropologists consider the basic culture-bearing unit as one in which language and political control over a territory coincide. Development theorists write in terms of nation-building and developing nations. From such a perspective, cosmopolitans—such as homeless diasporas, *compradore* merchants, international bankers, and multinational corporations—are suspect. There is something abnormal about middleman minorities. Affirmation of diasporas requires a positive approach to free trade and *laissez faire* capitalism and an appreciation of entrepreneurship.<sup>25</sup>

The importance of the relationship of a stance with regard to capitalist activity and one's view of the minority middleman has been stated quite clearly by Edna Bonacich. She views the petty bourgeois, including minority small businessmen, as both victims and oppressors in the capitalist system. She sees capitalism as exploitative and dehumanizing with few, if any, redeeming features.<sup>26</sup>

Another type of bias comes from the attributes of the groups studied by social scientists at the start of their research. We tend to make our definitions and models fit the prototypical group. For decades, the Jews were the archetype, but, since the late 1950s, attention has shifted to Asians and to African trading groups. Bonacich's stress on small business and self-employment in her definition of middleman minority can be related to her interest in the Japanese-Americans who, for a long time, included small-business truck farmers and gardeners. While she makes an excellent case for her definition, it certainly gives her work a different cast from that of others who are concerned with a different set of occupations.<sup>27</sup>

### *A Summary of Middleman Minority Theories*

In previous sections of this chapter, the development of the study of middleman minorities was reviewed historically. In this section, the

features of the different theories will be summarized. Consistent among all these theories is the question of whether the most significant independent variables are those derived from the setting in which the minority finds itself or from the character of the minority itself, as well as how these factors affect each other. In extreme formulations a racist would see only factors stemming from the personalities of the minority members, while an extreme economic determinist might ignore any factors other than those arising from the total economic context. A third focus is on the immediate situation confronting the minority and majority group members when they interact, which may synthesize the two views.<sup>28</sup>

The aspects of the middleman situation which draws the attention are:

1. External conditions of the larger society and the economic niches of the minority
2. The situation of the stranger/sojourner/pariah
3. The attributes of the minority: (a) culture; (b) internal cohesion; and (c) objective visibility
4. Socioeconomic explanations of anti-Semitism

Cohen more than others has focused attention on the internal organization of the minority. This kind of discussion is helpful in understanding acculturation, separatism, and assimilation as it affects middleman groups. It focuses our attention on how groups may be labeled strangers or pariahs rather than merely assuming that any ethnic group specializing in trade or consisting of those who are self-employed is considered to be alien by its neighbors.

At the present time, the interest in the relationships between ethnicity and economics is active. There have been several symposia at scholarly meetings on middleman minorities and related topics. New works in the field are appearing, and research is spreading beyond a small core of social scientists.

### *Refutation*

Opposition and refutation of middleman-minority theories exist. Those who deny the comparability of the different groups obviously fit into this category. To a certain extent, so do those such as Sombart and Milton Friedman who see middleman minorities as simply capitalists without special characteristics.

A recent refutation of economic competition as a root-cause

of ethnic conflict was put forth by Donald Horowitz. In this argument, he presents arguments against Bonacich among others.

Horowitz marks out the field of his comparison as one in which ethnic groups are not ranked into rigid castes, although some ranking is always present. In most empirical cases, as in Africa and Asia, he claims that economic competition is limited by an ethnic division of labor. Recruitment to work in particular industries or sectors is through kin and former locals. Particular ethnic groups express preferences for jobs which usually avoid friction with other groups.

Sometimes, members of the majority group do compete directly with minority businessmen. In those cases, however, they frequently get little support from majority clients of the minority middlemen. In cases where governments give preferences to majority businesses in order to break the minority's monopoly, they, in fact, may create commercial rivalries.

Horowitz also cites many instances in which clients could have vented their anger on minority middlemen during periods of instability and chose not to. He tends to attribute hostility against commercial minorities to elites, such as university students. The latter are overrepresented in attitudinal studies. Horowitz, in general, diminishes the role of realistic economic interests as the foundation of ethnic political conflict.

In the conflict of unranked groups, he gives group entitlement a prime role. This term refers to the group's sense of its worth and legitimacy (for example, its honor). He believes that, when this psychology of group comparison is combined with the analysis of intragroup variability, the political party system, and other institutional constraints, one can explain the passionate and symbolic aspects of group conflict. Horowitz, as a political scientist, is uninterested in the reasons for ethnic occupational specializations which has engaged sociologists like Light and Bonacich. He also may overly diminish the importance of economic causes for ethnic antagonism. Still, there is considerable convergence between his views and those expressed in this book.<sup>29</sup>

### *External Conditions and Economic Niches*

In explaining the particular economic conditions which give rise to the specialization of certain ethnic groups as middlemen, several social scientists have pointed to the existence of a status gap. The status gap has been defined as "the yawning social void which

occurs when superordinates and subordinate portions of a society are not bridged by continuous, intermediate degrees of status."<sup>30</sup> A status gap in the literal sense, however, need not be present to provide for open niches in an economic system which beg for filling.<sup>31</sup> Several social settings have such openings which, whether or not they are full status gaps, will be discussed here.

An agrarian society based primarily on a subsistence economy may develop a status gap with the introduction of luxury goods through monetary trade. In such a setting, the feudal lords of the ruling elite disdain commercial activity and the peasantry does not possess the necessary skills. The classic case is that of Jews in the medieval-European economy prior to the Crusades.<sup>32</sup>

Very similar is the situation of a newly conquered colonial area, ruled by an imperial elite and in which the indigenes lack the knowledge and skills to participate fully in the export and import economies. In both of these situations, there is a situation of complementarity as the traders occupy a new niche and have not displaced others.<sup>33</sup>

In some settings, a particular region already has a trading group which is oriented to the old internal market. The incorporation into a wider world market, however, entails different knowledge and skills; the old trading group may be displaced by a different ethnic group oriented to a new export-import market. The Jews in sixteenth-century Poland are typical of this situation. In that period, they played an increasing role in the export of grain, while Christian merchants were not as involved in this trade. Jews were, however, excluded from trade with Muscovy.<sup>34</sup>

In advanced capitalist societies, large corporations such as supermarket chains may close retail outlets in remote rural areas or in impoverished urban slums. In state socialist economies, similar openings appear because of deficiencies in the state monopoly. There, black and gray markets appear. While ethnic specialization in the Soviet countereconomy has not been studied, the Soviet Georgians and the Jews have played prominent roles.<sup>35</sup> A debate continues as to whether the status gaps of preindustrial and colonial societies are comparable to the vacant niches in modern capitalist and socialist economies.<sup>36</sup>

Status gaps may be filled either through the immigration of traders, which is comparable to importing contract labor, or through the rise of an indigenous commercial class. Different societies have followed a variety of strategies in filling these gaps. It is presumed by some authors that indigenous entrepreneurs are more



nationalistic, while those who immigrate are more oriented to an international market.<sup>37</sup>

From the perspectives of native and alien traders, the situation may be one of competition rather than complementarity, especially when one variety of skillholder has displaced another. After the Jews filled the initial status gap in medieval Europe, they were, in turn, displaced by a Christian bourgeoisie. In other situations, minority and alien traders may continue to have advantages over the natives. It is often unclear as to who is objectively a minority member or an alien, but it is in such situations of transition in which members of each group are concerned with their own group's merit.<sup>38</sup>

### *Situation of the Stranger/Sojourner/Pariah*

Those who become traders and other middlemen are often distinguished from both the ruling elite and the masses by some ethnic markers, including religion, race, language, or some previous status. They are thus strangers to the majority.<sup>39</sup> A problem in trying to make generalizations in terms of strangers and related concepts is that they depend heavily on the perceptions and folk categories of both minority and majority groups. In some areas, people from the next village are as foreign as are people from another country. When making generalizations, positivistic social scientists are often loath to deal with these native perceptions on their own terms. We prefer a single category such as *ethnic*, *race*, or even *stranger* to trying to equate the relationships between *infidel* and *believer* under medieval Christendom, Islam with castes in South Asia, and *brown-yellow* relations in Indonesia. In speaking about sojourning and settling, one must disentangle the complicated motives of migrants from the complex perceptions of permanent residents. It is important to realize that terms such as *stranger* are a type of shorthand.

Social thinkers have introduced the concept of the stranger in terms of a model of an isolated folk society beginning to be connected to a larger world through trade.<sup>40</sup> The outsider has advantages in monetary dealings precisely because he does not face the same kinds of demands for reciprocity which confront members of the group. This reduces the stress of commerce which threatens the "folk" moral order, and the trader, in turn, is threatened by the moral demands of this society. His opportunism and mobility aid him in remaining objective. Often, he belongs to a different ethnic

group than do his clients. On this aspect, Brian Foster wrote, "The ethnic difference has the effect of reducing the conflict inherent in face-to-face commercial transactions."<sup>41</sup>

The fact that the trader is a stranger gives him a paradoxical advantage. He is attractive as a confidant because he is socially distant. He is more likely to keep a secret and aid the natives in doing certain things without the knowledge of the latter's sometimes antagonistic kin. A variety of roles from moneylender to court physician are thus open to the stranger. Especially important for the trader in this aspect are credit relationships. At the same time, he is stigmatized and barred from competing for authority and prestige.<sup>42</sup>

If the trader treats his clients as objects, he and his fellows may be treated similarly. While medieval cities took varying degrees of wealth into account in assessing taxes of citizens, all Jews were obliged to pay the same tax, regardless of economic position.<sup>43</sup>

Still, the tension and conflict arising from commerce are not eliminated by traders belonging to a different ethnic group than the people surrounding them. The tension is simply shifted from the interpersonal level to another in dealing with it. Shifting the conflict to the level of interethnic relations is made possible by the police power of the state.<sup>44</sup>

Societies with governments can back up the definitions which develop. They may encourage the separatism of the minority. The definition of a caste hierarchy in India is one example. Another is the way in which traditional Christian and Muslim states have tolerated infidels but suppressed heretics. Modern colonial and national governments allow the importation of labor and control stranger groups through designated leaders. They make laws and rules preventing them from owning land or entering civil service. They limit eligibility for citizenship and thus may actually facilitate the creation of a class of sojourners.<sup>45</sup> Through inhibiting contact or facilitating assimilation they may create or disperse a class of strangers. The alien minority can serve the elite as taxpayers, tax collectors, concessionaires, or providers of credit and luxury goods. Because the strangers are relatively weak and lack authority (although not always power), they provide the rulers with deniability for wrongdoing and a ready scapegoat. They are given protection, except when their services as scapegoats are needed. Their relationship with the elite makes them ready servants of power, yet, as strangers, they are suspected of treason. The strangers' proximity to power may also offend the honor of the legitimate elite and mass majority members.<sup>46</sup>

The insecurity of the strangers' position—especially when their original intention was only to sojourn in a particular place—makes it unlikely that they will invest extensively in land or in heavy industry. In a period of economic nationalism, this subjects strangers to the charge of sending money out of the country and exploiting the natives. A problem in dealing with the liquid investments of minorities is the difficulty in defining liquidity because investments in diamonds, stocks, or even truck farms can all be considered as relatively liquid.<sup>47</sup>

For those leaders who are interested in mobilizing their peoples to produce more, to invest in the local economy, and to achieve both economically and intellectually, there is a disadvantage in importing strangers who may be considered as pariahs or infidels. Persons with such stigmas are not considered to be models for majority elite behavior. For example, no Pole before World War II would model himself after a Jew. On the other hand, if the economic innovators—even members of religious and ethnic minorities—can sell themselves as being integrally native, then their behavior is likely to provide a model. The difference between stranger and native is not absolute and is a question of cognition as well as objective features.<sup>48</sup>

## ATTRIBUTES OF ALIEN MIDDLEMEN

### *Cultural Attributes*

In the preceding section on the situation of the stranger, the position of middlemen was considered generally and primarily in terms of how others view them. Ethnic groups, however, may be, in part, responsible for their persistence as middleman minorities and may bear cultures which assist in their adaptation to these niches.<sup>49</sup> The cultural patterns which have been attributed to middleman groups by different authorities are not always consistent, one with the other. As we have seen, Weber and Sombart differed as to the attributes of Judaism and Puritanism. The patterns discerned are discussed below even though they may be contradictory.

Middleman minorities tend to assimilate slowly because of their separatist complex. The most important constituents of this are (1) ritualistic segregation of the group, including a ban on marriages with other groups, rejection of mixed offspring, and restrictions on eating with outsiders; (2) loyalty to their original language

which continues to be used, especially through special schools; and (3) a double standard of morality. The latter is expressed in dealings with outsiders, such as lending to them with interest, unscrupulous selling practices, and providing outsiders with illicit means for gratifying their appetites, while at the same time, denying the same means to ingroup members.<sup>50</sup>

Particular group practices are related to the separatism and ethnocentrism of the group. For instance, members of the Ibadi sect of Islam from the Mزاب in southern Algeria and the island of Jerba off Tunisia have become merchants in the northern regions of their respective countries. They do not, however, allow their wives to accompany them. The men from these areas spend most of their working years away from home, returning for brief visits, and finally retiring to their hometowns. They are classic sojourners with the pattern enforced by religious and cultural norms.<sup>51</sup>

Ideologically, such patterns of self-segregation are supported by various beliefs, such as the castes of India and a "chosen people" complex. A strong attachment to the old home and desire to return to it may be included, even though groups may have strong migratory tendencies. This provides the groups with high morale, self-esteem, and sublimation of any feelings of vengeance which may result from rejection. For many individuals, religious and ideological reasons may be the motivation for following the group's modal occupation. For most others, of course, the economic adaptation they have made dictates commitment to the group. If circumstances alter, however—such as a Jewish banker being offered the opportunity to become a Christian nobleman and landowner—they may switch groups.<sup>52</sup>

The preferred family form is the patrilineal, virilocal extended family. This permits the formation of family firms and the use of the unpaid labor of relatives. Such a family form is usually supported by a strong familistic value system. This is an important constituent of group solidarity. If such a family is indeed associated with middleman minorities generally, the role of women must be taken into account. The relationship of gender has not been considered much in research on trading minorities, though in West Africa and other parts of the world, women have played a significant role in trade.<sup>53</sup>

Economic behavior has been a key element in the discussion of middleman minority culture. In addition to the dual standard of morality and the family firm, other traits have been suggested as affecting economic behavior, including: