

Society as Exchange 'Games'

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Summary:

Sociology explains the social through the prism of two processes evolving in parallel where the answers to two interrelated questions lie – how is the social made possible and how is it possible for the individual to exist within the social framework. Both society and the individual occur simultaneously and this is the process of interaction between people. This article provides an explanation of the social in compliance with Simmel's sociological tradition, where it is claimed that the exchange – as an indisputable sociological fact – builds and reproduces the social environment and the individual. Organising exchange through rules which aim to build interrelation between the individuals is used to structure the paths along which the individual can satisfy their needs. The specific nature of the exchanged goods presupposes the organisation of individual, but not isolated, interrelated exchange 'games'. Through their rules the exchange 'games' structure the paths for satisfying needs, transforming the latter into specific interests of the participants. In this way, the social (society) is built and reproduced on the basis of its components – self-insufficient individuals organised in some form of compatibility, based on the social division of labour – exchange 'games' in which the satisfaction of needs is carried out as the realisation of specific interests – subsequent reproduction of needs and their satisfaction.

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1. The exchange as social coherence

"Why did the social emerge, why did the individual become aware of the need to create (form) unity (totality) with the others?" This is the question, whose answer lays the foundations of the sociological explanation of society. The answer takes us to one of the first insights of the individual Homo sapiens, namely realising their own self-insufficiency related to their ability to generate all the things that could satisfy the entire set of diverse needs. The awareness of this self-insufficiency on the part of a multitude of individuals poses a problem, the solution of which predetermines the construction and the image of the social world. The question: how to build the social (society) has a lot of answers – through fear of Leviathan (Hobbes), through social contract (Rousseau), through differentiation and integration (Spencer), through mechanical and organic solidarity (Durkheim), through actions in the conditions of adopted notion about valid order (Weber), through normative integration (Parsons). The methodological "paths" along which each of these and similar answers are reached will take us to various, not mutually exclusive, but complementary explanations of society, since it is a fairly complex social phenomenon for whose knowledge and explanation various social sciences exist.

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According to one of the most distinguished representatives of sociology – Simmel (1995), the answer to the question of how society emerges lies in the attempt to compress all possible interrelations between people in the form of exchange as peaceful (non-violent) solution to the problem related to the self-insufficiency of the individual. Reaching this decision is the logical result of the answers to two other interrelated questions: - "Who is the other one like me?" and "How can the other one be part of the solution to my self-insufficiency?" The answers to these questions arrange under particular themes the conditions necessary to constitute the social as an interrelation (interconnectivity) between a multitude of individuals. Seeing himself as something different from the surrounding natural world, the individual finds out that there are other similar individuals who are different from the natural world. According to Simmel (1995), finding the Other is the basis for searching for opportunities to build a world different from the natural one. The individual perceives the Other not simply as a similar species (a human being) but also as something different from him (the man is different from the woman, individuals have different abilities and skills etc.). Probably the mutual perception of this difference has given rise to searches for mechanisms to build interconnectivity between individuals, which Simmel (1995, p.19) defines as "mutual influence, which is either direct or implemented through a third party".

The essence of the influence of one individual upon another one, which engenders counter influence, can be based on his wishes, goals or state of mind. The human being is a wanting being, who sets goals and is capable of experiencing mental states of different nature. He has certain needs and desires to satisfy them. The desire is at the basis of the search for and finding benefits in goods and/or experiences

that others can generate. This urges the individual to pose the question about the ways to get hold of these goods and/or experiences. As individuals go through a process of good being taken away from them violently, they find out the exchange, initially it was exchanging goods for goods, and later exchanging goods for a specific good – money, which is an embodiment the ultimate form of exchange. This is Simmel's logic related to the emergence of mutual influence and interdependence between individuals embodied in their wishes, aims, intentions or psychological states. According to Simmel (1995, p.18), this is "the matter of nationalization and making the individual a part of certain compatibility (coherence)"

Initially the compatibility through exchange was built on the basis of individual bilateral exchanges, which took into account the subjective opinion of individuals with regard to mutually acceptable goods equivalence. When the problem related to self-insufficiency could no longer be resolved through such bilateral exchanges, (due to the increase in goods and the difficulty to carry out the desired exchanges in the form of separate bilateral agreements), the need for organised exchange arose. The organisation calls for setting out rules which can determine the goods acceptable for exchange and the equivalence between them. This is the only way which can turn the exchange into a peaceful form of coherence between individuals, coherence between their wishes to satisfy specific needs, on the one hand and the ways to achieve this satisfaction, on the other. The concept "rule" is normative. It indicates the individuals' acceptable activities, makes them predictable and structures their mutual expectations. The rules allow the codification of the process in which the individual becomes part of the social. The social world becomes a system of rules, including exchange rules.

According to Buchanan (1984, p.1), in this way individuals find a peaceful way "to achieve their goals, not because they strive after attaining transcendent goals of one common wellbeing with the help of the society". Curbing initial violence exercised by one individual over others through the implementation of rules poses one of the most important issues of the social world – who should set the rules and determine their content. This turns out to be an extremely contentious area where the desires of different groups of individuals clash, as far as it concerns the way in which every member of the society would get the opportunity to accomplish their goals. According to Buchanan (1984, p.167), "there is no good foundation for a social contract if such a conflict does not exist". However, the social contract is impossible if it is not accepted that all people have certain common rights.

The rules inform individuals about their rights and obligations, about their freedom within which they can accomplish their life strategies. Equality before the rules is a prerequisite for the existence of freedom. Each violation of the rules increases the freedom of some individuals at the expense of narrowing the freedom of others. The exchange rules turn the link (relationship) between individuals into expecting the expectations – i.e. expecting the thing they can provide each other. If individuals do not know what to expect from each other, or more specifically – if they expect everything that they are aware that a man can do (including theft, violence, murder) there exists a risk for the preservation of coexistence, since living together becomes a self-organised jungle, i.e. indiscriminate violence. Where there are no rules, there is no freedom, stalking, hiding and fear exist. According to Sen (2000, p.31), "individual freedom is quintessentially a social product". In society it is the product of the way in which exchange of the most essential to the reproduction of the individual

goods is organised. The individual uses these exchange rules to force himself to learn how to give others goods, how to become a producer, a creator of utilities, desired by others, since this is how he will guarantee himself the necessary goods. The problem of the individual self-insufficiency is resolved through its connectivity with the others. As the individual enters exchange relations with the others, he leaves the field of his autonomous existence and becomes an actor (a performer of various social roles), a participant in different exchange 'games'.

2. Exchange 'games' – a transition from needs to interests

The specific nature of the various goods presupposes the organisation of their exchange into different rules, consequently, into different exchange 'games'. To organize an exchange 'game' implies that its value content should be restructured and an adequate normative logic reached, as Homann, Blome-Dress (1992, p.26) put it: "interconnected rules, which allow their actors to fulfil the substance of the game as social performance". Each exchange 'game' is based on its meaning, which cannot be any other but satisfying certain needs for which the actors are not self-insufficient. The form can be expressed in the organisation of the 'game' as a set of rules, which govern: **first**, the individual's access to it (whether certain conditions are required to make it possible for the actors to become participants (actors) in a specific 'game'); **second**, the good which can be exchanged; **third**, the type of equivalence; **fourth**, the reciprocity time, (whether there is a match at the moment when something is given and received, or this match can be deferred in time), **fifth**, the mechanism used to control the actors' actions and **sixth**, the type and size of sanctions imposed if the rules are broken. This type of organisation of any exchange 'game' suggests that the game should be institutionalised.

By structuring the ways to satisfy the needs of the participants in the 'game' the rules turn the needs into interests, positioning them in the field of the social interest (public interest). It is not accidental that the most important rules of any public exchange 'game' have the characteristic features of a law and any law aims "to settle public relations' in a certain area (for example, Family code, Labour code etc.). Such an interpretation of the notion 'interest' overcomes the related negative connotation, which finds expression in condemnable selfishness (He/she cares only about their own interests).

Interest is the product of the rules of the exchange 'games'. It represents the structured path along which the actor can satisfy a specific need of his within one exchange 'game'. This path is based on the rules of the 'game', which direct the actor how to reach it (how to become a participant); how to establish relations with the other actors, how to exchange with the other actors whose goods he needs; how to urge the other actors to want the goods he has to offer for exchange (this is especially valid in those exchange 'games' where one of the main rules is the competition between the actors – for example, market exchange 'game'); how to carry out the exchanges he wants in the best possible way; what to do in order to continue his participation in the 'game' etc. (For example, in the market exchange 'game' the needs the actor has for goods (including money) changes into his interest into becoming competitive, i.e. to be preferred for an exchange, to be chosen again and again since his participation in the 'game' is not a single act – for instance, even when employed he aims to keep the job. In other words, he is interested in satisfying his needs in the best possible way by satisfying the needs of the others). Every change that occurs in the rules of a definite exchange 'game'

results in new interests for the participants, irrespective of the fact that their needs remain the same.

Sen (2004, p.7) believes that "Being self-interested need not to be foolish, but not to have the freedom to consider whether to be self-interested (and to what extent is a serious limitation of rationality)". The rationality exhibited by the actor in any one exchange 'game' consists in his ability to recognize his own interest in it. This becomes possible only if he can 'read' and give meaning to the rules of 'the game'. As Sen (2004, p.42) puts it: "The first and most direct use of rationality...must be normative: we want to think and act wisely and judiciously, rather than stupidly and impulsively." For the actor this means, in the first place, recognizing in the rules an opportunity for himself, for resolving his own problem of self-insufficiency and secondly, to interpret as a goal the meaning of any of the exchange 'games', he takes part into – according to Weber (1982, p.183) "as an idea of success for the achievement of which he conducts certain actions and these actions are going to take him to success". In this way his interest lies in the interpretation of the rules in a meaningful, logical and consistent system of the actions which follow the rules, which he can implement in order to achieve his goals. As Habermas (1983, p.78) puts it, "Everyone is the ultimate authority to decide what is in their best interest". Since the interests of the actors in an exchange 'game' are the result of its rules which are the same for all participants, the personal interest of any of them cannot be rendered as selfish. It can become such when the actor decides (chooses) to satisfy his needs without obeying the rules (taking without giving, receiving beyond the equivalent, typical of the reciprocity of the respective exchange

'game' etc). Selfishness implies violation of the rules of the respective 'game', i.e. the rights of the other actors to achieve their own interests in compliance with the rules. This might be the reason why selfishness is most often identified in the interpersonal relations such as friendship and love, which are not socially organized exchange 'games' since they are not institutionalized. The actor in these 'game' subjectively feels and decides whether the other actor cares solely for himself, wants only to take without giving, or in the best case not give what is expected of him within the specific exchange. In the social exchange 'games' to serve one's own interest without obeying the rules is never described as selfishness. This is described rather as an evaluation of the rules as unfair, unjust, benefiting only individual actors etc. The fact that the violation of the rules of any socially organized exchange 'game' might remain unpunished questions the possibility to realize the social interest, which is the result of carrying out a multitude of individual activities following the rules. This is the reason why it is extremely important that the actors should trust the rules of the socially organized exchange 'games'. If that were not the case, they would not be able to feel as equal members of a society where they could satisfy their needs and to solve the problems related to their own self-insufficiency.

3. Symbolically generalized media

Every socially organized exchange 'game' is specified by a symbolic generalized medium which facilitates the coordination between the individual actions of a multitude of actors. The symbolically generalized media according to Luhmann (1988, p.240) "are specific codes which can acquire universal validity and always occur in places where one can find symbols

which can direct and motivate actors in their choices". Such media are money, truth, love, trust, faith in God.

Society in the Middle Ages was not activity differentiated and power, faith, trust were joined together with the church as their embodiment. Modern society is activity differentiated. It is built around a multitude of activities (economic, political, scientific, religious etc.) which are relatively independent and address specific problems. This relative independence breaks up the link among truth, power, faith, trust, money, love, which in time have become symbolically generalized media, which become the focus of relatively differentiated activities and the related attitudes of production and exchange of goods (for example, the economy focuses on money, politics – on power, religion – on faith, art – on beauty, science – on truth).

Parsons (1980, p.232) believes that "each medium is related to a definite functionally determined institutional complex", i.e. to a specific activity field where activities and relations are regulated by specific rules. Within the framework of this activity field the symbolically generalized media do not have consumer value. In their essence they are not goods that can satisfy a specific need of the actor if not related to other goods (including the relation of the actor with other actors). For example, money as such cannot satisfy a specific need beyond the possibility to be exchanged for specific goods. Truth, faith, love and trust taken alone do not satisfy specific needs beyond their connection (relation) to a specific object and/or actor. They rather represent a meaningful code, which on the one hand, structures the specific communication among actors and

the related behaviour, and on the other, "generates" certain feelings, emotions and/or experiences which actors determine as "love", "truth", "trust" and "faith" and can be distinguished from the other feelings, emotions and/or experiences.

According to Parsons (1980, p.233), the symbolically generalized media orientate and have a regulatory and integrating function for the actors. Their orientation function essentially refers to the fact that they identify the activity field of the exchange 'game' and in this way show the actors the specific activities they can do or as Baecker (2005, p.92) puts it: they "define the field within which the actors can act through limiting the possible ones". In this way the symbolically generalized media help the actor figure out the meaning of the specific exchange 'game' and in particular the meaning of the exchanged goods – for instance, whether it is about exchanging love, truth, trust or money.

The symbolically generalized media through their regulatory function motivate the actors by making the goals identifiable (what actors can achieve in the respective 'game') and the means to achieve that (what they should give to receive what they want). This function of the 'games' is made possible due to the fact that they are binary codified and presuppose (since they have) a kind of language which established a connection between the actors' motivation and selection, i.e. they obey the linguistic scheme which contains a code and a message. For example, money "tells" the actor what kind of goods he can acquire through exchange, while the motivation is about his wants, what he would like to get

in response to his rights of ownership of money. Thus, in terms of the symbolically generalized medium 'money' Parsons (1968, p.470) wrote: "Money (...) can be considered as a special case of a very general phenomenon: language. It is in fact a very specialized language. It operates as the symbolic level and its primary function is communication, though of as a special normative sort. The "monetary" system is a code in the grammatical-syntactical sense. The circulation of money is the "sending of message".

The integrating function of the symbolically generalized media, on the one hand, facilitates the communication among the actors, and on the other, assists their socialization in society. There is a connection among the individual exchange 'games' which can be observed in the following: first, there exists or at least it is assumed that value compatibility among the rules of the exchange 'games' within one society (state) exists, second, the actors in the individual exchange 'games' are in their essence identical, but perform different roles (typical of the respective exchange 'games', for example "sellers", "buyers" in the market exchange game; "husband", "wife" – in the marriage (family) game etc.) and third, the social role of the actor in one exchange 'game' gives him access to other social roles, consequently to other exchange 'games' – for example, the social role of the student is orientated towards access to certain labour (professional roles), which are typical of the market exchange 'game'.

Focused around the symbolically generalized media money, trust and love, the actors build the most important social

connections among themselves. These media specify those exchange 'games' through the participation in which the actor can build a significant part of his sufficiency, namely: through the market exchange 'game' the actor acquires legitimate rights of ownership of goods – mostly money; through the marriage 'games', cohabiting, paternity, the parent function he creates some form of family; through the 'games' between himself and the state (represented by the court, prosecution, police and other state institutions) he receives a guarantee for his life and property. These exchange 'games' give actors the opportunity to play their most important roles in their role set – professional, family and citizenship (tax payer). To a certain degree the social role "citizen of a specific state" concentrates the opportunities for fulfilling the remaining social roles.

4. Exchange "games" and scarcity

Through their participation in the exchange "games" the actors acquire rights of ownership of goods and build the wanted connection among themselves, which provide solutions for certain aspects (moments) of their self-insufficiency. The received goods and the built connections satisfy the needs of the actor and becomes part of their sufficiency (for example, my husband, my wife, my child, my house, my computer etc.)

Dividing goods into "mine" and "yours" causes the problem of scarcity of goods which create actors' sufficiency. The scarcity under consideration is totally different from the resource scarcity (for example, fossil fuels, oil etc.). To some extent the creation of sufficiency through

exchange 'games' in contrast to the self-insufficiency of man "generates" scarcity as that cultural product which embodies the most significant potential for the creation of conflicts between actors. The latter become obvious when reciprocity, equivalence and the ownership rights turn from general exchange principles into specific exchange 'games' rules. According to Baecker (2006, p.12) "scarcity is artificially created social problem which results from the access to goods". Access, respectively scarcity, according to Luhmann (1988, p.179), is "a paradoxical problem" because it generates something which it aims to eliminate – unsatisfied needs for whose satisfaction the actor must constantly participate in certain socially organized exchange 'games'. For example, the scarcity of labour roles is of particular interest in the market exchange 'games' and in particular in the exchange between labour for payment. Someone has already taken certain work (professional) position, which a specific actor strives for. The lack of access to work for him also implies impossibility for access to a desired amount of ownership rights of money, if it is the case where an actor cannot independently offer goods for exchange for rights of ownership of money, except his own ability to work (workforce). For the other participants, who are involved in the work process, the problem related to scarcity of goods transforms into scarcity of money which Luhmann (1988, p.253) calls 'triumph of scarcity over power'.

Each actor considers scarcity as the impossibility in a specific moment in time to carry out all "givings" in return for which he will receive all desired goods

(takings). What generates scarcity is not a characteristic feature of goods. Scarcity is, on the one hand, the result of the access, i.e. of the ability of the actor to include in his role set those social roles, which can provide him the necessary goods and the desired connectivity with other actors and, on the other, of his ability to remain in these social roles, i.e. to perform all that giving in return for which he can get receivables. This is why the situation in which there is scarcity is overcome by actors in different ways depending on their inability to perform the desired social role in a specific moment in time. For example, an actor wants to perform a specific professional role but has not successfully passed an exam at the respective educational institution where he can gain the necessary knowledge and be entitled the right qualifications; another actor wants to start a family, to marry, but has not found the right partner; a third actor has found the right life partner and would like to have children but a number of reasons make him postpone the satisfaction of this need – he does not have his own home, has not found a satisfactory job (professional role); a fourth actor has several need simultaneously – to buy a refrigerator, a TV set and a washing machine, but the money he has is enough to satisfy one of these three needs etc.). The existence of scarcity is a general social fact, which allows Homann (1985, p.151) to state that "All human action is carried out under conditions of scarcity. Therefore, all human action has a cost aspect". Only the things that the actor can receive in order to satisfy a particular need of his

without having to give anything in return, for instance air, are not scarce.

Scarcity places barriers and limits the wants of the actors and makes the latter reasonably perceived needs which he prioritizes depending on the giving he has to carry out in order to satisfy them. In the context of scarcity exchange is experienced by the actor as a double refusal – on the one hand, the actor has to give (i.e. to sacrifice one good he has or to "generate" a good – an emotion, care, support etc not for himself, but for somebody else), in order to receive a good in return, which will satisfy a particular need of his; on the other hand, he has to select the set of needs he has, those of them which he is capable of satisfying in a specific moment in time (refusal to satisfy particular needs). Within the process of selecting his conscious needs the actor tries to achieve balance between satisfied and unsatisfied needs which also suggests balance between his participation in different exchange 'games'. The latter is particularly important to the creation of his sufficiency.

Conclusion

Simmel's sociological tradition claims that knowledge about society includes two interrelated notional contexts: on the one hand, this is man as a product of society – the social animal (the socialized actor), and on the other hand, this is the entire system of connections among the actors in different exchange 'games' which makes society itself full of meaning. These two contexts are in a dynamic relation – the organized exchange 'games' make people either capable or incapable of resolving the

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problem of their own insufficiency. Depending on that, they – people – in return generate exchange ‘games’ – reproduce them or alter them.

Organising exchange in the system of rules for reciprocity and equivalence is in fact the organisation of society as one big exchange ‘game’. It expresses the meaning of ‘the social’ as interconnection among actors such as the realized need of each other, which is something significantly different from the simple sum of individuals. The goal of this connectivity is to give the participants the opportunity to satisfy the great variety of needs in a way which will preserve the connectivity itself.

The globalised world provides for competition among the individual societies in terms of the organised exchange ‘games’ as a synthesized expression of the opportunity to implement the individual life strategies of the actors. Because of this one of the greatest challenges the society is face with these days is to organise their exchange ‘games’ in such a way that they can give their members the opportunity to realise their idea about sufficiency. This is how individual societies can be preserved and be prevented from disappearance in the long-term perspective.

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