Warshay, in The Current State of Sociological theory (1975), characterizes exchange theory as one of the “eight large theories.” Yet Heath (1971:91) informs us that the only agreement sociologists have concerning which particular theorists should be considered under this heading are, G.C. Homans, Social Behavior: Its Elementary Forms (1961) and P.M. Blau, Exchange an Power in Social Life (1964). The problem with concentrating on these specific works of Homans and Blau are that they result in a view of exchange theory as uniquely individualistic, totally ignoring collectivistic exchange theory. It is indeed interesting that very little of significance has been added to this approach in since Homans classic statement. Milan Zafirovski (2003) has provided a good summery of the updates of exchange theory. For the most part, the theory has changed very little.

One reason collectivistic exchange theory is ignored in the United States stems from the fact that it is primarily found in European Anthropology. Another reason derives out of the focus given the examination of exchange theory. At times it is seen as an extension of or in contrast to, economic exchange al la Adam Smith. Or as a reaction of dominate theories in the U.S. during the 1950s and 1960s. Mulkay, for example, interprets Homans’ exchange theory as developing in reaction to the functionalist theories of Parsons and others (1971:3). Blau’s attempts at theory construction are perceived as an extension and further development of Homans’ theory (Mulkay 1971:3). While the characterization of Blau may or may not be correct,
the viewpoint that Homans developed his theory in response to Parsons immediately
diverts attention away from the collectivistic strand of exchange theory as found in
Levi–Strauss or Marcel Maus. It appears more likely that both individualistic and
collectivistic exchange theories are developed and refined in constant battle with each
other (Ekeh, 1974:6), rather than as a response to the functionalism of Talcott
Parsons.

However intellectually fruitful distinguishing the different shades of
individualistic exchange theory may be, the primary focus here will be with an overall
understanding of social exchange stressing differences of kind and only a secondary
concern with differences of degree.

Ekeh, drawing on the work of Werner Stark, traces the differences between
individualistic and collectivistic exchange theory underlying religious worldviews. The
divergences can briefly be stated as follows (1974:16–17):

<table>
<thead>
<tr>
<th>Catholicism</th>
<th>Calvinism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tendency towards an organic world-view</td>
<td>Tendency towards an atomistic world-view</td>
</tr>
<tr>
<td>Realism</td>
<td>Nominalism</td>
</tr>
<tr>
<td>Society conceived as prior to the individual</td>
<td>Society conceived as posterior to the individual</td>
</tr>
<tr>
<td>The community the carrier of all truth</td>
<td>The individual the carrier of all truth</td>
</tr>
<tr>
<td>Symbolism, artistic creativeness</td>
<td>Realism, Sobriety</td>
</tr>
<tr>
<td>Emotionalism, Mysticism</td>
<td>Rationalism</td>
</tr>
<tr>
<td>Cloistered contemplations as the ideal way to truth</td>
<td>Innerworldly observation as the ideal way to truth</td>
</tr>
</tbody>
</table>
Here then, Catholicism and Calvinism are understood as philosophical traditions, underlie the basic assumptions of the Collectivistic and Individualistic approaches conceptions of the Organic and Individualist perspectives in Sociology as expressed by Larry Reynolds in his book American Society (1974). Theories based on these divergent worldviews are in a real sense incompatible. Take for example the way each tradition views the relationship between the individual and society. For the collectivists society is the prime mover directing individuals in all aspects of life. The individualists, on the other hand perceive society as the creation of individual members existing only by the grace of individuals. Simply stated (Ekeh, 1974:14):

The intervention of society in individual life is the credo of the collectivistic orientation in sociology; it is on the other hand the anathema of individualistic sociology.

It is unlikely that sociological traditions can be accounted for simply by referring to the views of Catholicism and Calvinism. Although these philosophies permeated all social thought, other conditions shaping history in the late 1700s, the French revolution and the industrial revolution were pervasive down to changing the fabric of social life itself. As Nisbet points out (1966:22):

It would be hard to find any area of thought and writing in the century that was not affected by one of both of these events. The cataclysmic nature of each is plain enough if we look at the responses of those who lived through the revolutions and their immediate consequences... to intellectuals of that age, radical and conservative alike, the changes were of almost millennial abruptness.

It is within this context of divergent worldviews, revolution, and social change that sociology develops. It is therefore, this context that remains at the base of collectivistic and individualistic exchange theory.
The Collectivistic Strand

The major contributor to the collectivistic tradition is found in the work of Marcel Mauss, *The Gift* "Forms and Functions of Exchange in Archaic Societies* (1966). Mauss recognizes three different stages of exchange, (1) total prestations, (2) gift exchange, and (3) economic transactions, (Heath 1976:53–55). “Total prestations are represented as having a meaning that was at once social, religious, magical emotional, legal and moral, as well as economic and utilitarian,” (Heath 1976:54). Total prestations can be understood in part by contrasting them to exactly those exchanges that are more individualistic. Health points out (1976:54–55):

1. The exchanges were carried out by groups, not individuals. ‘The persons represented in the contracts are moral persona – clans, tribes, and families; the groups, or the chiefs as intermediaries for the groups, confront and oppose each other.’
2. It was not exclusively ‘goods and wealth, real and personal property, and things of courtesies, entertainments, ritual, military assistance, women, children, dances and feasts.’
3. Whereas with the economic transaction there is overt self-interest, with these ceremonial exchanges there is pretence of disinterested generosity. ‘The form usually taken is that of the gift generously offered; but the accompanying behavior is formal pretence and social deception, while the transaction itself is based on obligation and economic (or political) self-interest.’
4. The central obligation involved is that of making a return for the gift. ‘Many ideas and principles are to be noted in systems of this type. The most important of these spiritual mechanisms is clearly the one which obliges us to make a return gift for a gift received.’ Almost equally important, however, are two others: ‘the obligation to give presents and the obligation to receive them.’
5. Unlike the economic transaction, gift exchange has money more consequences than the mere transfer of property. It transforms the relationship between the partners and establishes a bond between donor and recipient. The objects are never completely separated from the men who exchange them; the communion and alliance they establish are well-nigh indissoluble.’
6. The gift received puts the recipient in debt to the donor, and failure to make an equivalent return lowers his reputation and status. ‘The obligation of worthy return is imperative. Fact is lost for ever if it is not made.’
Gift exchange is distinguished from total prestations in basically two ways. First, whereas total prestation is a group process, gift exchange takes place by individuals. Secondly, there is an obligation to repay not to give and receive (heath 1976:55). Within these processes of exchange Mauss seems to exclude any chance of rational choice, for the exchange process is built into the structure of society or the group.

The other major theorist to be found under the collectivistic type of social exchange is Claude Levi–Strauss. It may very well be true Levi–Strauss did not set out to develop a theory of exchange; it is in, The Elementary Structures of Kinship (1969) that the clearest statement of collectivistic exchange is to be found.

The two major assumptions underlying Levi–Strauss’s theory of exchange are: (1) sub–human animals are incapable of social exchange, only humans have this capacity. Therefore, any theory of social exchange cannot be derived from animal behavior. Clearly this appears to be a statement directed towards Homans and others. (2) “Social exchange is a supra individual process and individual self–interests may be involved in it but they cannot sustain social exchange processes,” (Ekeh 1974:43).

Levi–Strauss disagrees with those who try to explain social exchange in terms of economics or psychology. His polemic against Frezer’s economic use of exchange shows explicitly that the laws of exchange cannot be deduced from economics. For Levi–Strauss the items of exchange are culturally defined. Thus, it is the symbolic value of the exchange not the economic value that counts. The item
being exchanged makes little difference, it is, in fact, the exchange itself that is important (Ekeh 1974:44).

The reason individuals enter into exchange relations has nothing to do with psychology, which Levi-Strauss equates with animal behavior (Ekeh 1974:44–45). On the contrary it is precisely because human beings are social that they exchange. As Ekeh points out (1974: 45):

… it is the social aspect of man that gives him the ability to exchange in such distinctively symbolic processes as social exchange. Man may share certain attributes with infrahuman animals, but it is what is unique to him as human, not what he shares with animals, that enables him to engage in social exchange processes.

An apparent assumption Levi-Strauss makes is that what is human is cultural and what is non-human is natural. Thus exchange is viewed as a “regulated form of behavior in the context of societal rules and norms,” (Ekeh 1974:45). One other distinction that is important is that humans give meaning to what they give and take in the process of reciprocity and animals cannot.

The norms and values that govern exchange relations are institutionally defined, not brought into the process by individuals. The three major principles that govern exchange relations are, social scarcity—societal intervention, social cost and reciprocity.

If goods, emotions, or what ever happens to be exchanged, are in abundance there is little need for society to intervene in the exchange relation. However, if there is a scarcity than society must step in to regulate the exchange. It can also happen that societal intervention can produce scarcity. For example, if society intervenes to
limit partners eligible for marriage, as in the case of norms governing incest, a scarcity of persons available for marriage can result.

The principle of social cost simply states that the giver in an exchange situation does not blame the cost of what is given on the recipient but on social norms and customs that exist outside the exchange situation (Ekeh 1974:47). The costs of giving a coming out party to a debutante is attributed to custom demanding that the affair take place, not to the debutante or the guests. The same may be true for the cost of education, the need to buy cell phones or computers.

The principle of reciprocity involves more than exchange that takes place between two persons, it is universal or directional (1974:47–48). Mutual reciprocity is characterized as $A \leftrightarrow B$; whereas univocal reciprocity is $A \Rightarrow B \Rightarrow C \Rightarrow D \Rightarrow E$. This conception of reciprocity as being univocal rests on an assumption of equality between participants. As the cycle of exchange becomes larger the probability of coalitions or preference developing becomes greater and consequently the more likely the system of social exchange will break down. However, unequal exchange will not matter as much if status differentiation is considered unimportant.

Restricted exchange rests on mutual reciprocity and exists in dyadic relationships such that $A \leftrightarrow B$, $C \leftrightarrow D$, or $A \leftrightarrow c$, $B \leftrightarrow D$ etcetera. Generalized exchange, on the other hand rests on the principle of univocal reciprocity involving at the minimum three participants. Ekeh distinguishes between two types of generalized exchange – the first being chain and the second net. As mentioned earlier, chain generalized exchange is $A \Rightarrow B \Rightarrow C \Rightarrow D \Rightarrow E$. Net generalized exchange is further subdivided into first,
individual focused, where a group gives to the individual ABC⇒D and second, group focused where an individual gives to the group A⇒BCD (1974:52).

Restricted exchange characterizes society with mechanical solidarity as Durkheim described it in *The Division of Labor in Society* and generalized exchange works to insure organic social solidarity in complex societies. It is precisely because social exchange is symbolic that it serves to integrate society. When the exchange relationship changes from being symbolic to being economic, that is an indicator that there has been a breakdown in the rules of exchange and the stability of social order.

As Ekeh points out (1974:59):

All moral values and norms are by their nature interpersonal: They define and control the relationship of the individual to others. The ‘norm of reciprocity’ and the ‘principle of give and take’ are moral norms and principles that operate to restrain absolute ‘individual self-interest’ for the achievement of greater harmonious relationship in social life.

**Individualistic Strand or Exchange**

Within the economic theories of Adam Smith can be found the rudimentary beginnings of individualistic social exchange theory. The transition from feudalism and mercantilism into capitalism was not a smooth transition. The tentacles of these past systems created obstacles, which the emerging bourgeoisie found necessary to overcome. Perhaps the most notable obstacle was the control over the individual exerted by the rapidly decaying feudal and mercantile institutions (Smith 1937:IX).

In the introduction and first three chapters of *An Inquiry into the Nature and Causes of the Wealth of Nations* (1937), Smith discusses the workings of the division of labor and the principle which gives rise to the division of labor. As a result of the
division of labor a worker in any given day can produce, by labor, enough of a given product to meet his/her needs without depleting her/his capacity for further work. In other words at the end of a productive day the quantity of a product exceeds the consumption level of the individual producer. This allows conditions to exist, which induce people to exchange their goods for goods of equal worth. The exchange situation arising out of the division of labor benefits the whole of society, that is, the quality of life even at the lower levels of industrial relations would be better than those, say, in agriculture.

The division of labor leads to multiple exchange situations and therefore the common good. But what leads to the division of labor? Smith tells us that it is a propensity in human nature “to truck, barter, and exchange one thing for another” (1937:13). He continues by asserting that (13):

Whether this propensity be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to inquire. It is common to all men, and to be found in no other race of animals....

This propensity is encouraged primarily by two factors. First, unlike other animals humans need the help of other humans and this help can best be sought through the appeal of the self-interests of others (14). Second, the striving of each individual toward their own self-interest is the best way to reach the common good. If we can view Smith as giving us the classical statement of the individualistic approach to exchange theory, it is Homans and Blau that carry it into modern sociological theory. We will begin by looking at Homans statement of exchange theory and then consider Blau’s contributions.
In the process of responding to Levi–Strauss’ exchange theory is where Homans first begins to develop his ideas of exchange to where it is hardly recognizable. Homans keeps exchange within a dyadic relationship (Ekeh 1974:85–86). Homans also maintained that Levi–Strauss limited the items of exchange to include only women, whereas Homans expanded the concept of exchange to include practically all activities. This encompassed a change from viewing exchange as symbolic to one of essentially utilitarian purposes (see Bentham’s utilitarian theory). The idea that economic and psychological needs are what constitute individual self–interest is another fundamental point Homans develops in response to Levi–Strauss (Ekeh 1974:86). It is not what Homans borrows from Levi–Strauss that is important to his own theory but rather that aspect with which he disagrees.

Homans’ elaboration of exchange theory can be found in primarily two works, the first, “Social Behavior as Exchange” (1958) and Social Behavior: Its Elementary Forms (1961). The fundamental concern for Homans is to explain the behavior that is found in small group research (Heath 1971:92). That is, to get down to the grass roots of social behavior stripping away all of the secondary trappings of life, thus its elementary form (Homans 1958:597). We can examine Person and other in their face–to–face relationships, rewarding and punishing immediately and directly. To explain social behavior on the basis for exchange, Homans uses a logical–deductive method, that is, explaining behavior by deducing it from a set of propositions. These propositions Homans derives from behavioral psychology and elementary economics.

Before stating the five propositions Homans elaborates, it should be noted that he revised his book in 1971. The revisions did not change the essence of the work.
But, for example, no longer do we find a chapter on the behavior of pigeons, but like all good pigeons everywhere they have left their tell–tail signs splattered all over.

Also, what has been referred to as the justice proposition is now referred to as the aggression–approval proposition. Although the wording has changed, the essence has remained. The five propositions Homans sees as critical are (1971:15–40):

1) The Success Proposition. For all actions taken by persons, the more often a particular action of a person is rewarded, the more likely the person is to perform that action.

2) The Stimulus Proposition. If in the past the occurrence of a particular stimulus, or set of stimuli, has been the occasion of which a person's action has been rewarded, then the more similar the present stimuli are to the past ones, the more likely the person is to perform the action, or some similar action, now.

3) The Value Proposition. The more valuable to a person is the result of his action, the more likely he is to perform the action.

4) The Deprivation–Satiation Proposition. The more often in the recent past a person has received a particular reward, the less valuable any further unite of the reward becomes for him.

5) The Aggression–Approval Proposition. V.a. When a person's action does not receive the reward he expected, or receives punishment he did not expect, he will be angry; he becomes more likely to perform aggressive behavior, and the results of such behavior become more valuable to him. V.b. when a person's action receives reward he expected, especially a greater reward than he expected, or does not receive punishment he expected, he will be pleased; he becomes more likely to perform approving behavior, and the results of such behavior become more valuable to him.

It should be remembered that the difference between animal behavior and human behavior is one of degree not kind. The attributes, behaviors, which animals and humans have in common is what Homans renders elementary social behavior.

Describing this behavior Homans states that (Ekeh 1974:99):

First, the behavior must be social, which means that when a person acts in a certain way he is at least rewarded or punished by the behavior of another person, though he may also be rewarded or punished by the non–human environment. Second, when a person acts in a certain way toward another person, he must at least be rewarded or punished by that person and not just by
For Homans, social behavior is explained in terms of gains and costs, rewards and punishments, stimulus and response. People enter into exchange relations in order to maximize gains or rewards and minimize costs or punishments. (Here exchange theory, rational-choice theory, and utilitarian theory have a lot in common.) Human beings are self-interested, entering into relations for profit (rewards minus punishments) and they are rational, always trying to choose among alternatives, those that will be most rewarding.

In many ways, Blau’s extension of exchange theory relies even more heavily on an assumption of self-interested individuals than Homans. Blau recognizes that we must be aware of ‘emergent social and structural properties’ such as the division of labor, which has no ‘counterpart in a corresponding property of individuals,’ (Blau 1964:3). Never the less, processes of social association and social exchange are derived from simpler processes (1964:2). Blau makes this point very clear when he states (1964:4):

Exchange is here conceived as a social process of central significance in social life, which is derived from simpler processes and from which more complex processes are in turn derived.

In order for behavior to be considered exchange it must be oriented toward goals that are reached in interaction with others. Means must be sought connected to achieving those goals. This of course implies a level or rationality. At least to the extent that social action theory relates means and goals. Social exchange as Blau conceives it, “is limited to actions that are contingent on rewarding reaction from
others and that cease when these expected reactions are not forthcoming,” (Blau 1964:6). When people are drawn to one another, for whatever reason, they begin to establish associations. The associations rest on exchange situations, that is, situations where people try to gain rewards and minimize costs to the profit of everyone (1964:15). Heath summarizes Blau in a series of eight propositions (1971:102):

1) The desire for social rewards leads men to enter into exchange relationships with one another.
2) Reciprocal social exchanges create trust and social bonds between men.
3) Unilateral services create power and status differences.
4) Power differences make organizations possible.
5) The fair exercise of power evokes social approval and the unfair exercise of power evokes social disapproval.
6) If subordinates collectively agree that their superior exercises power generously, they will legitimate his power.
7) Legitimate power is required for stable organization.
8) If subordinates collectively experience unfair exercise of power, an opposition movement will develop.

Summery and Conclusions

Exchange theory has developed within the boundaries of both the collectivist and individualistic traditions in sociology. Each author from these traditions indeed had different fundamental concerns. For example, Levi–Strauss was concerned with explaining cross cousin marriages while Homans wanted to explain elementary behavior stripped of secondary trappings. However, looking at each individual author tends to narrowly define the fundamental concerns of exchange theory in general. In a somewhat broader scope, exchange theory is concerned with why people enter into associations and just what is to be gained by the interaction.

The motivating force in exchange situations or the key precipitating factors to exchange situations is viewed quite differently. This is seen when major concepts are
explored. Thus for collectivists norms and rules dictate that exchange takes place while for the individualistic approach sees self interest, concerns with rewards and punishments, in other words, individually motivated concerns create exchange situations.

The psychological bent of the individualistic tradition tends to make that variation of exchange theory limited in its utility to sociology. A search of the journals shows a much greater use of this tradition within psychology with its reliance on experimental research. It is also a growing approach in communications. The collectivistic tradition, up until now in any case, has also been of very little utility in sociology. This is primarily because it has not ventured outside the confines of European Anthropology. As a whole Exchange theory appears no to be of any broad use to sociology. That said, rational–choice theory, which operates with many of the same assumptions, has taken a fairly strong hold in some sub–disciplines in sociology.


