



Intrasocial Power

Political Dimensions of Human Action

Lorenzo Infantino

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ISBN 978-3-030-45080-9 ISBN 978-3-030-45081-6 (eBook)
<https://doi.org/10.1007/978-3-030-45081-6>

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The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

To *Pierina Maria Bongiovanni Infantino*,
in memoriam

PREFACE

My interest in the problem of power is a long-standing one. In the early 1980s, I had already thought about writing on the subject. But I soon realised that without a theory of society it is not possible to understand what constitutes the political aspect of social interaction. If we wish to “break down” the power of man over man into its component parts and remove it from the realm of indecipherability, it is, therefore, necessary to explain why actors interact and why they come into conflict.

Scarcity is a condition which all men share. It drives them to interact or, more accurately, to cooperate. If cooperation were not possible, there would be no society. The latter is in fact the “shorthand” with which we refer to cooperation among men, which is indispensable in order to satisfy our needs and accomplish our designs. We cannot do without cooperative activity. But at the same time we also conflict with others in the attempt to improve our outcome in cooperation and obtain a more advantageous position in society. This means that the condition of scarcity induces men to cooperate, and it also means that scarcity induces them to conflict. It follows that the way in which a given socio-historical situation makes cooperation possible already contains the formula according to which conflict will occur. Consequently, it is always necessary to start from the mechanism by means of which cooperation is articulated.

This conviction led me to examine the issue of voluntary cooperation in *Individualism in Modern Thought*, a book which was first published in Italian in 1995 with the title *L'ordine senza piano*. But I decided to defer the discussion of the conflictual or political dimension of action to a later date. Thus, when the English-language edition of the book was published,

Andrew I. Cohen commented that I should have immediately proceeded to draw political conclusions from it.¹ And Juan Marcos de la Fuente, who translated the book into Spanish, subsequently expressed the same opinion, encouraging me on a number of occasions to give an explicit account of what was, to a large extent, only implied in that book. I found Cohen and Marcos's comments useful. They provided an input of energy to my work. But I still consider that I was right to defer treating of the problem of power to a later date: because the time which has elapsed since then has allowed me to consolidate my methodological choices and to submit my original project to a new "reading".

All this has made me even more aware of how close a link connects the theory of society and the theory of power. The birth and the early development of the social sciences were nothing but an attempt to explain the possibility of voluntary cooperation, which obviously coincides with the identification of the conditions which prevent or restrict arbitrary power and the use of coercion. The idea that social life may develop through the free coadaptation of human actions is therefore a response to the issue of man's power over man. It is significant that the law has taught us that general and abstract norms mark off the boundaries between actions, economics has shown us that price makes demand and supply coadapt, sociology has cast light on the "forms" of social exchange and political science has devised instruments to circumscribe the sphere of intervention of rulers. Each of the social sciences has contributed to identifying a *habitat* which enables voluntary cooperation, a form of activity which limits arbitrary power inside inter-subjective relations (through individual freedom of choice) and minimises coercion (by a drastic reduction in the tasks assigned to rulers). In this way, competitive allocation of resources replaces authoritative allocation.

The authors most associated with the theory of voluntary cooperation all share the characteristic of having adopted *methodological individualism*. This method goes hand in hand with the idea of cultural evolutionism. It is mistakenly (and frequently) confused with the psychologism of contractualist or utilitarian conceptions in the narrower sense.² But it is a grossly inaccurate assimilation, since methodological individualism denies that actors can pre-exist society; it operates with an "ignorant and fallible" individual, who is unable to plan the growth of his own rationality; it sees everything which is strictly human, starting with language, as an outcome of social interaction and not a planned product of the mind.

¹A.I. Cohen (1999), pp. 46–7.

²Infantino (1998), pp. 100–30.

This method applies a process of disaggregation to the social fabric, which makes it possible to (1) isolate the “sequence” in which the phenomenon of superordination and subordination occurs; (2) identify the institutional “instruments” which can be used to limit infrasocial power, that is the power which derives from interindividual relations, and public power, that is the power exerted by rulers over the ruled; (3) discriminate between a social position achieved through engagement with others (and what we are capable of doing for them) from one occupied by means of coercive structures.

Consequently, methodological individualism is not just a theory which can be used to show the possibility of voluntary cooperation. It also constitutes the “zero coordinate” by means of which one can gauge any socio-historical situation, pinpoint instances of “political exploitation” and unmask the deception which lurks inside the totalitarian promise of “saving” man and the world. In short, this book aims at providing a key with which to decipher all the instances of the political dimension of human action. But it does not attempt to provide a history of the various theories of power which have been developed over time, even though they obviously cannot be ignored.

With the same openness with which I recognise my debt towards methodological individualism, I must also reveal the reason why this work was originally delayed. I had believed I would have derived immediate benefit from Talcott Parsons’s ambitious work, *The Structure of Social Action*. But it actually led me astray. For it posited the possibility of a theoretical convergence between the arguments advanced by Alfred Marshall, Émile Durkheim, Vilfredo Pareto and Max Weber, who belong to incompatible cultural traditions.³ The outcome is a *contrived unification*, which makes compatibility of actions depend on a mysterious “hierarchy” of values, to which actors passively submit. The fact is that Parsons proceeded without any rigorous methodological map, without the guidance he would have needed. This explains his failure to explore a different and very fruitful convergence, which was staring him in the face: the one between Carl Menger, Georg Simmel and Max Weber.⁴ As a result, Parsons also deprived himself of the opportunity of making use of further theoretical links and

³ *Op. cit.*, pp. 131–65.

⁴ Despite his declarations of commitment to them, Weber did not always succeed in complying with the rules of methodological individualism. As far as the issue of power is concerned, this will be shown in Chap. 1 of this book. For an extensive discussion of the reasons which led Weber to abandon the methodological collectivism of the German historical school of economics, cf. Infantino (1998), pp. 118–30.

the overall body of work produced by the social sciences on the issue of voluntary cooperation.

Simmel's *Philosophie des Geldes* was clearly written under the influence of Menger. And Weber publicly acknowledged the benefits he had derived from Menger's "compositive" method. But what is most important is that these authors all went back to the method which had been used by Bernard de Mandeville, David Hume and Adam Smith: the self-same methodological individualism which was applied, among others, by Benjamin Constant and Alexis de Tocqueville, not to mention Spencer, whose "scientific death" Parsons so cavalierly decreed.

That is what there is to say. A preface is not a place where all the content of a book can be foreshadowed in a few sentences. And it is not up to the author to render an evaluation of the results he believes he may have achieved. That is up to the reader to decide. All it is left for me to do is to acknowledge that I would never have succeeded in supplementing, amending and correcting many portions of the text without discussing it with a number of people. I must at least mention Juan Marcos de la Fuente and José Antonio de Aguirre, Enrico Colombatto and Raimondo Cubeddu, Vito Cagli and Luciano Pellicani, Pierpaolo Benigno and Pietro Reichlin, Raffaele De Mucci and Nicola Iannello. My heartfelt thanks to all of them. I have also discussed the book with two young scholars, Adriano Gianturco Gulisano and Rosamaria Bitetti, and I wish to express the hope that their youthful energies may soon produce significant research results. My most sincere and earnest gratitude goes out to Simona Fallocco, who read various "drafts" of the book, never sparing her time or her acute remarks. I also wish to thank the many friends who were kind enough to encourage me in my work. However, I must clearly state that my acknowledgement of so many people's help in no way transfers any responsibility for the content of the following pages upon them.

Rome, Italy
February 2020

Lorenzo Infantino

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CHAPTER 1

Society and Power

1.1 IN SEARCH OF A DEFINITION

Social communication often takes place through the use of words whose meaning we do not fully understand. When we utter them or hear them, we do not exhibit any doubts at all. We display the same mechanical attitude which is elicited by the most obvious and commonplace expressions. But these are words which evoke many and different things within us and which mark the boundary of a “territory” whose identity appears very uncertain to us.

“Society” and “power” belong to this category of words. In discussing the former, Ortega y Gasset took to task two of the “founding fathers” of sociology. And he wrote:

the works with which Auguste Comte inaugurated sociological science amount to over five thousand densely written pages. Well, from all of them one could not even manage to put together enough lines to fill a single page telling us what Comte understood by *society*. [And that is not all:] the book in which this science or pseudoscience celebrated its first intellectual triumph – Spencer’s *Principles of Sociology*, published from 1876 to 1896 – contains no fewer than two thousand five hundred pages. I do not believe that there are more than fifty lines employed by the author to ask himself what societies – these strange realities which are the subject of this obese publication – are.¹

¹Ortega y Gasset (1957), p. 81.

Fortunately, not everyone has done as Comte and Spencer did. Ortega was well aware of this; and he himself attempted an ambitious work, which was unluckily never completed, aimed at “deciphering” the social phenomenon.² The Spanish thinker’s statements about the word “society” can also be extended to “power”. Max Weber, whose definition is recurrently used as an opening to any discussion of the subject, understood power as “the probability that certain specific commands (or all commands) from a given source will be obeyed by a given group of persons”.³ It would appear from this passage that the author is exclusively interested in describing the effects of the act of command. And power occupies the scene as something given, as something which cannot be broken down into its generating factors. It is true that Weber immediately afterward added that the probability of seeing the actor’s will achieved “may be based on the most diverse motives of compliance: all the way from simple habituation to the most purely rational calculation of advantage”.⁴ But the reference to a “compliance” triggered by an action which is “instrumentally rational”, namely by an action in which the person who obeys obtains an immediate advantage in strictly economic terms, appears to have been put there almost accidentally. Weber should not have referred to one type of action, but rather to all intersubjective relations.

Although he saw power as the “fundamental concept in social science”,⁵ Bertrand Russell wrote that “love of power, in the widest sense, is the desire to be able to produce intended effects upon the outer world, whether human or non-human”, which, according to Russell, is a “part of human nature”.⁶ But to speak of “human nature”, something which needs in turn to be explained, does not help us to go any further. If we move on to consider Guglielmo Ferrero, we will notice that his main concern was to highlight the consequences which ensue from a lack of legitimacy in state power.⁷ And Bertrand de Jouvenel also focused on this kind of power, setting himself the goal of clarifying its “origin”; but he failed to achieve even that limited goal, because he followed Necker in claiming that within the power of rulers there is “a magical efficacy”, an “unknown ascendancy”.⁸

² See Sorokin’s opinion (1969), p. 347.

³ Weber (1978), vol. 1, p. 212.

⁴ Ibid.

⁵ Russell (1938), p. 4.

⁶ *Op. cit.*, p. 189.

⁷ Ferrero (1981).

⁸ de Jouvenel (1972), p. 46.

Nor does one get any further when one considers the domain of prevailing political science. Robert A. Dahl's definition reveals its full Weberian inspiration. For he states that "*A* has power over *B* to the extent that he can get *B* to do something that *B* would not otherwise do".⁹ He also specified that power is a relationship between actors. But he does not go beyond this.¹⁰ And other authors have not strayed from this approach. This applies to Bachrach and Baratz, according to whom it is true that

power is exercised when *A* participates in the making of decisions that affect *B* [..., but] is also exercised when *A* devotes his energies to creating or reinforcing social and political values and institutional practices that limit the scope of the political process to public consideration of those issues which are comparatively innocuous to *A*.¹¹

Bachrach and Baratz also argue that nobody "can have power in a vacuum, but only in relation to someone else".¹² And yet they fail to provide an in-depth analysis of this very line of inquiry. And when authors like Catlin and Lasswell ventured to analyse what precedes political reality,¹³ David Easton countered by writing:

It might be necessary [...] to devote time to such a comprehensive examination of power situations in order to develop a generalized theory of power. This theory would be very helpful to the political scientist, but by the nature of his task he directs his attention not to power in general but to political power.¹⁴

Where can we turn to, then? Steven Lukes wrote that what determines the limitation of Weber's definition is the methodological individualism he adopted.¹⁵ But Lukes makes two mistakes. First of all, Weber's definition is not insufficient because of the individualistic method he used, but because

⁹ Dahl (1957), pp. 202–203.

¹⁰ And yet Dahl (*op. cit.*, p. 201) complained at the time that there was only an intuitive notion of power and not a rigorously formulated concept.

¹¹ Bachrach and Baratz (1970), p. 7. Cf. also Bachrach and Baratz (1962, 1963). On the connected topic of "agenda control", see Falocco (2006) and the extensive bibliography cited therein.

¹² Bachrach and Baratz (1963), p. 633.

¹³ Catlin will be discussed in this chapter and Lasswell in Chap. 4.

¹⁴ Easton (1953), p. 123.

¹⁵ Lukes (1976), p. 22.

of the fact that he did not in fact make full use of that method. If he had made use of the theory of action, he would have been in a position to break down “power” into its “component” parts; and he would not have presented it as something given. In the long history of the debate on method, Carl Menger’s work is a genuine milestone. And it clarifies that methodological individualism requires that we “reduce human phenomena to their most original and simplest constitutive factors”, and then “try to investigate the laws by which *more complicated* human phenomena are formed”.¹⁶ Weber, therefore, was not the victim of an excess of individualistic methodology. What happened is the exact opposite. In analysing power, his approach was not individualistic enough. And this can be said of all those authors who make fleeting references to the intersubjective relationship, but then relegate this relationship to the margins of their analysis.

Lukes made another error. He blamed methodological individualism for not taking into account the unintended outcomes of human actions.¹⁷ But this is an extremely serious misunderstanding because the individualistic method regards unintended consequences as the specific subject of the social sciences.¹⁸

¹⁶Menger (1996), p. 31. The inability to trace power back to its constituent elements is the major cause of misunderstanding of the phenomenon. These limits are also found in Parsons (1963).

¹⁷Lukes (1976, p. 22). Lukes obviously “twists” the history of ideas in some points. He rules out that methodological individualism can deal with the unintended consequences of human actions. And he attributes to Marx and Engels the merit of having used that theory. However, it should be stressed that the founders of “scientific socialism” did draw from the methodological individualism of Mandeville and the Scottish moralists (e.g. Hume, Smith, Ferguson and Millar, who will all be discussed in Chap. 3). In terms of their method, therefore, there is no originality in what Marx and Engels did. And there is more to it than that. Having inserted the unplanned outcomes of human action into a finalistic philosophy of history, they clearly misrepresented the meaning of the theory of unintended consequences. One should not confuse unplanned outcomes with “unconditional prophecy” (Popper 1991, pp. 336–46). The theory of unintended consequences is based on “conditional prediction” and presents social relations as an ateleological evolutionary process: this is exactly the opposite of what we find in the Marxian domain. See Infantino (1998, pp. 86–92) and the texts referenced therein.

¹⁸On this point, Hayek (1979, p. 69) wrote:

If social phenomena showed no order except insofar as they were consciously designed, there would indeed be no room for theoretical sciences of society and there would be, as often argued, only problems of psychology. It is only insofar as some sort of order arises as a result of individual action but without being designed by any individual that a problem is raised which demands a theoretical explanation.

See also Hayek (1967), pp. 96–105.

1.2 SIMMEL: EXCHANGE AND POWER

The individualistic method does not prevent light from being shed on power and its dynamics. By adopting this method, Georg Simmel provided a contribution which stands out for its extreme acuity.¹⁹ However, in order to avoid misunderstandings, such as those Lukes fell prey to, it must be emphasised that methodological individualism should not be confused with psychologism. This is a widespread error: it is, in fact, believed that the individualistic method is based on a process in which fully developed individuals deliberately decided to subscribe a social contract. And it is the typical error of jusnaturalism and contractualism. These traditions see everything which is social and political as an adjunct to psychology,²⁰ with the consequence that society turns into an entity which is greater than the sum of its presumed original parts.²¹ On the contrary, methodological individualism works on the assumption that “man or rather his ancestor

¹⁹ Ortega y Gasset (1932, p. 398) stated that Simmel was “an acute mind – a kind of philosophical squirrel – who never considered his arguments as ends to themselves, but rather used them as platforms upon which to perform his wonderful analytical exercises”. Ortega (1939a, p. 235) had attended Simmel’s lectures in Berlin. As is well known, Simmel had written of himself:

I know that I shall die without spiritual heirs (which is all right). My inheritance is like cash which is shared out among many heirs, each of which invests his portion according to his own nature without concerning himself with the origin of that inheritance. (Simmel 1919–20, p. 121)

This applies to all social products, because they become “detached” from their authors and the circumstances which engender them; and they fall into the power of others. Ortega however grasped the link which makes Simmel’s works hang together. In fact, his attack against Durkheimian sociology is conducted with tools which are extensively borrowed from Simmel (Infantino 1990, pp. 134–137). For a comparison between Simmel and Durkheim, the reader is referred to Infantino (1998), pp. 95–99.

²⁰ Cf. extensively Infantino (1998), pp. 43–4.

²¹ This encourages the idea that there might exist a “point of view of society”, which would also be a “privileged point of view on the world”, a “privileged source of knowledge” (Popper 1991, pp. 3–30). And it would legitimise the imposition of a “common hierarchy” of ends, that is the cancellation of any individual freedom of choice (Hayek 1982, vol. 2, p. 109). This is the reason why Hayek (1949) saw psychologism as “false individualism” and identified “true individualism” with that expressed by the Scottish moralists and by Burke, Tocqueville, Menger, where there is no “privileged point of view on the world” and the social process is ateleological.

was social prior to being human (considering, for example, that language presupposes society)".²²

Fully in line with this approach, Simmel stated that, "historically, the mind with all its forms and contents is a product of the world".²³ This is equivalent to saying that what made us human is social interaction.²⁴ Therefore, "it is not what we call mind which developed civilization [...], but it is rather that mind and civilisation have developed or evolved simultaneously".²⁵ Human beings do not pre-exist society. From which it follows that it is not "possible to explain historical facts, in the broadest sense of the term, namely the content of culture, the types of economy or the rules of morality by starting out" from the intellect of the individual and "where that fails" resorting immediately to "metaphysical or magical causes".²⁶ This does away with the "alternative" which pushes us towards "geniuses" or towards "God"²⁷; and, "in the forms of religion, there is no longer any need to distinguish between the inventions of crafty priests and immediate revelation".²⁸ Accordingly, it is possible to "understand historical phenomena on the basis of mutual conduct".²⁹ This is why interaction is "socialization", "one of those relations through which a number of individuals become a social group, and 'society' is identical with the sum total of these relations".³⁰

Simmel's explanation of power does not stray from this methodological canon. Simmel argued that "every interaction has to be regarded as an exchange".³¹ And exchange is a phenomenon whose content is not

²² Popper (1966), vol. 2, p. 92.

²³ Simmel (1978), p. 112–3. This is a concept which Simmel reiterated a number of times. See also Ortega y Gasset (1957), pp. 174–196.

²⁴ Cf. Infantino (1998) and the bibliography provided therein.

²⁵ Hayek (1988), pp. 56–7. Hayek (1952) devoted an entire work to this issue.

²⁶ Simmel (1908), pp. 2–3.

²⁷ *Op. cit.*, p. 3.

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ Simmel (1978), p. 175. See also Simmel (1908), p. 9.

³¹ Simmel (1908), p. 82. Simmel himself (1908, p. 445, note 1) also stated:

Giving is generally one of the strongest sociological functions there is. If there were not continual giving and taking in society – even outside of exchange – no society would come into being. For giving is in no way a simple action of one subject on another, but it is precisely what is required by the sociological function: it is mutual action.

exhausted by “the image that economics presents of it”.³² At the bottom of this is the human condition, that is the problem which arises from the “separation” of desire and gratification. For we live outside of the “situation, which is represented in stylised form by the concept of Paradise, in which subject and object, desire and satisfaction” simultaneously coincide.³³ The human condition is, therefore, a *condition of scarcity*. This is what the economic problem consists of. “Objects are not difficult to acquire because they are valuable, but we call those objects valuable that resist our desire to possess them”.³⁴ It follows that economic value “is not an inherent quality of an object, but is established by the expenditure of another object which is given in exchange for it”.³⁵ Consequently, exchange is “the expression [...] of the relationship that makes the satisfaction of one person always mutually dependent upon another person”.³⁶ This is how relationships of social cooperation originate.³⁷ And they, in turn, “secrete” supremacy and subordination.³⁸ The action derives from the condition of scarcity. But the social relationship, through which one attempts to tackle the situation of insufficiency, is at the same time a

It could be objected here that any intersubjective relationship, even giving, involves social “commerce”. Therefore, there is nothing “outside of exchange”. This may be articulated openly or tacitly, with services which are simultaneous or separated in time, but this is the pattern into which any social relationship fits. And this is something Simmel was very well aware of (1978, p. 82).

³² Simmel (1978), p. 87.

³³ *Op. cit.*, p. 75.

³⁴ *Op. cit.*, p. 67.

³⁵ *Op. cit.*, p. 88. This means that value as such is not attributed to an object in its being-for-itself, but to the satisfaction the object procures for the owner or the user: a use which is achieved solely by forgoing another object, which is ceded in exchange for it. If the issue is raised in terms of cost-opportunity, it should be said that the cost-opportunity of an object is equal to the flow of benefits corresponding to the goods and services which are given up in order to acquire that good. Behind Simmel’s statement one can easily see the traces of the Austrian school of economics.

³⁶ *Op. cit.*, p. 156, where Simmel added that exchange does not occur

where there is no mutual relationship, either because one does not want anything from other people, or because one lives on a different plane [...] and is able to satisfy any need without any service in return.

³⁷ One can therefore say that “society is originally cooperation among men, who need each other” (Ortega y Gasset 1934, p. 675)

³⁸ The expression was coined by Ortega y Gasset (1930, p. 118), who used it to state that social norms are a “spontaneous secretion” of intersubjective relations.

relationship of power. In every intersubjective relationship, therefore, one encounters variables which are economic (needs), social (the possibility of satisfying these needs through cooperation) and political (the relations of supremacy and subordination).

In trying to shed light on the link between the social element and the political element, Simmel referred to “the relationship of superordination and subordination”.³⁹ And he also specified that “mutual activity” is “sociologically decisive”.⁴⁰ This is the reason why,

when the importance of one party declines to the point where no action deriving from the self as such intervenes, one can not speak of society any more than it is possible between a carpenter and his [work] bench.⁴¹

And yet

the exclusion of any spontaneity in a relationship of subordination is rarer than is suggested by popular idioms which are full of concepts like ‘coercion’, ‘no choice’ and ‘unconditioned need’. Even in the cruellest and most oppressive relationships of submission there still remains a considerable measure of personal freedom: it is just that we are not aware of it, because demonstrating it in situations of that kind requires sacrifices which we would generally never think of undertaking. The ‘unconditioned’ coercion which the cruellest tyrant exercises upon us is in fact, always conditioned; more specifically, it is conditioned by the fact that we wish to escape the punishment threatened or the other consequences of insubordination. On closer inspection, the relationship of superordination only annuls the freedom of the subordinate in the case of immediate physical violence: otherwise, it usually requires, in order to achieve freedom, a price we are not willing to pay and it may increasingly restrict the scope of external conditions [...], but never up to the point of making them disappear completely, except in the case of physical violence.⁴²

³⁹ Simmel (1908), p. 106.

⁴⁰ Ibid.

⁴¹ *Op. cit.*, pp. 101–2.

⁴² *Op. cit.*, p. 102. Simmel added,

We are not interested in the moral aspect here [...], but rather in the sociological one: that mutual action or, in other words, the action mutually determined and only deriving from the points of personality also subsists in those cases of superordination and subordination and thus still makes it a social form, even where, according to the common way of thinking, the ‘coercion’ exercised by one party deprives the other of any spontaneity and therefore of any genuine ‘action’ which can be one side of a mutual action. (ibid.)

Simmel further explained that

the speaker in front of an audience, the teacher in front of his class seems to be the only one leading [...]; and yet whoever finds himself in that situation feels the determining and leading role of the crowd, which apparently restricts itself to receiving from and being led by him. And this does not only apply to cases when people are face to face. All chiefs are also led, in the way that in countless cases the master is the slave of his slaves. ‘I am their chief, I must therefore follow them’, said one of the most important German party leaders, referring to his followers. This is most visible in the case of journalists, who provide content and guidance to the opinions of a silent mass of people, but who in doing this must listen, assemble and imagine what the tendencies of that mass of people really are, what they want to have confirmed and where they want to be led. Whereas apparently it is the public which is subject to his influence, in reality he is also subject to the influence of the public. Here, therefore, behind the appearance of the pure superiority of one element in the face of the passive acquiescence of the other which allows itself to be led, there is concealed a *mutual action*.⁴³

What we have is an *exchange*.

Nevertheless, this does not exclude the possibility, precisely because it is a relationship of superordination and subordination, that some individuals may act with greater degrees of freedom and others with lesser ones.⁴⁴ And this is the result of the co-adaptation of mutual spheres of autonomy. In other words, what we can and cannot do is a “phenomenon of correlation, which however loses its meaning when there is no counterpart”.⁴⁵ The “subject is constrained by others and constrains others”.⁴⁶ This begs the question of what it is which determines the degrees of freedom and, correlatively, the constraints of each party.

As can be seen above, Simmel referred to the “importance” the parties have in the relationship. And this in turn means that what makes a party “important” are the “services” it can provide to the other. It follows that the party which has the greater “urgency” of completing the relationship, the party, that is, which feels the condition of scarcity more intensely, has fewer degrees of freedom and more constraints.

⁴³ *Op. cit.*, p. 104, italics added. On the “bond” between a strong party and a weak party, see also Sennett (1980).

⁴⁴ See Hayek (1960), pp. 422–3, note 8 and Cranston (1954), p. 5.

⁴⁵ Simmel (1908), p. 57.

⁴⁶ *Op. cit.*, p. 58.

1.3 SOCIAL COOPERATION: AGAINST THE *HOMO OECONOMICUS*

In order to provide a more penetrating explanation of Simmel's work, it is useful, at least in relation to some points, to consider the contribution of authors who can in some way be considered in line with his thought.⁴⁷

As we know, in Simmel the economic issue coincides with the issue of scarcity. In other words, there exists a discrepancy between the needs and desires generated by the inner microcosm of the individual and the possibilities which are offered by the external macrocosm. Simmel, as we have already pointed out, resorted to a biblical image. He stated that the situation in which the economic problem does not arise is the one "represented in stylized form by Paradise", where "subject and object, desire and satisfaction" are not yet separated.⁴⁸ It follows that, apart from that situation, no action can be exempt from the condition of scarcity. In the words of Ludwig von Mises, this means that

only in a Cockaigne populated by men who are immortal and indifferent to the passage of time, in which every man is always and everywhere perfectly satisfied and fully sated, or in a world in which an improvement in satisfaction and further satiation cannot be attained, would the state of affairs that [... we call] 'privation' not exist.⁴⁹

Therefore, not even when we are playing some kind of game, can we escape the economic condition, because even in that circumstance we need to be sparing with our resources, which are in any case scarce.⁵⁰ The "cost" of any action at play will need to take into account how much is

⁴⁷ Apart from Ortega, Simmel's analysis will mostly be supplemented by resorting to the work of the Austrian school of economics. Fritz Machlup, a pupil of Ludwig von Mises, said confidentially that Simmel's work was "well known to the Austrian economists, who [...] tended to regard it as representing a parallel development of ideas similar to their own" (Laidler and Rowe 1980, pp. 10–11, note 5).

⁴⁸ See note 34 in this same chapter.

⁴⁹ Mises (1981b), p. 79.

⁵⁰ Weber (1949, p. 63–4) had already stated:

Most roughly expressed, the basic element in all those phenomena which we call, in a widest sense, 'social-economic' is constituted by the fact that our physical existence and the satisfaction of our most ideal needs are everywhere confronted with the quantitative limits and the qualitative inadequacy of the external means, so that their satisfaction requires painful provision and work, struggle with nature and the association of human beings.

absorbed by that action and how much we give up, immediately and subsequently, by subtracting those resources from other possible activities. The “proceeds”, on the other hand, come from the regeneration of energy and expectations brought about by the “suspension” of ordinary activities and everyday matters.⁵¹

Hence, as far as means are concerned, every action is economic. In current language, the latter term is generally only used to qualify actions undertaken in the world of business. And yet, even when we do not make use of material resources, the scarcity of the time available to us and the limited nature of our personal energies connote every one of our actions economically.⁵² We can say that there is an economic dimension, in the broader sense, which characterises each of our actions whatever the ends pursued. And that there is an economic dimension, in the narrower sense, in the relations which are established by means of a price defined in monetary terms.⁵³

This all moves in a different direction from that of the *homo oeconomicus* of the purely utilitarian tradition: because in that view subjects (1) do not act as a consequence of the condition of scarcity, but as an effect of an impulse to enrich themselves; (2) and are unswervingly directed towards the maximisation of their own advantages.

The first point stems directly from the fact that the model of the *homo oeconomicus* is completely drenched in psychologism. The subject is moved to action by the “desire” to accumulate “wealth” and to employ “that

Ortega himself (1939b, p. 342) wrote that living “is locating the means to carry out the project which constitutes us”. And he pointed out that games also “imply a prior dominion over the lower zones of existence, imply” a prior accumulation or saving of “means” (*op. cit.*, p. 351). Ortega also asserted that man needs to “shorten” time, to “earn” it (*op. cit.*, p. 321) and spoke of technique as an “effort to save on effort” (Ibid. p. 333). There is much more here than a chance overlap with the theory of interest and capital formulated by von Böhm-Bawerk (1959, vol. 2), according to which the primary cause of interest is the fact that, in consideration of their limited life-span, men prefer present goods to future goods and capital derives from the need to adopt indirect production methods, that is methods which are provided with a greater technological content and impose the special type of “effort” which we name saving.

⁵¹ Durkheim (1965), p. 426; Freud (1949), pp. 103–4.

⁵² It is, therefore, not out of place to recall that Freud (1991, p. 184) used the term “economic” in his “metapsychology”, so as specifically to indicate “the point of view” which “endeavours to follow out vicissitudes of amount of excitation and to arrive at least at some relative estimate of their magnitude”.

⁵³ The distinction between “economic in the broader sense” and “economic in the narrower sense” is borrowed from Mises (1981a), pp. 105–9 and (1981b), pp. 156–8.

wealth in the production of other wealth”.⁵⁴ Consequently, it is not the human condition which forces the actor to come to terms with means; it is the subject himself who decides to accumulate resources and to make that accumulation his goal. And this is misleading: because final goals are never economic. As Hayek rightly pointed out,

economic considerations are merely those by which we reconcile and adjust our different purposes, none of which, in the last resort, are economic (excepting those of the miser or man for whom making money has become an end in itself).⁵⁵

Only the means through which we try to pursue our final goals are economic.

Let us now turn to the second point. If what has been argued above applies, that is those goals are not economic, then the idea of an actor directed towards the maximisation of resources becomes unsustainable because that would determine a conflict with the pursuit of his goals: they would have to be sacrificed and be superseded by the exclusive accumulation of means.⁵⁶ Maximisation would furthermore imply that the subject, even if not omniscient, would have knowledge of the relevant data.⁵⁷

⁵⁴ Mill (1892), p. 546. The passage had already been set out by Mill (2007), p. 111.

⁵⁵ Hayek (1960), p. 35.

⁵⁶ This is something which Adam Smith (1976b, vol. 1, pp. 116–7) was perfectly aware of. He pointed out that blind accumulation could lead to “dishonourableness”. Bowles and Gintis (1993, p. 84) maintain that in Smith there is a *homo economicus* who is different from the one that we can find in the pure utilitarian tradition. More correctly, one should say that, as scarcity is the human condition, in Smith there is an individual who obviously acts economically, but pursues goals which are not economic. Since only his means are economic, such individual bears no resemblance to the one who is moved to action by the sole desire to accumulate wealth. It is true: even the pursuit of our ideal goals requires material means. And yet, if accumulation is no longer a means and becomes the priority goal, everything else ends up being downgraded and the actor turns into an “adventurer”, who cares nothing about any obligations or medium- and long-term considerations. Cf. widely Infantino (2010).

⁵⁷ Hayek (1949), pp. 45–8. Kirzner (1992, p. 127) also wrote: “In the market economy, neither the ranking of ends nor the availability of means can be considered as given to any agent apart from the decisions of other [...] individuals”. And also (Ibid. p. 128):

If we assume that all economizing decisions are indeed ‘correct’, we have necessarily confined ourselves to the fully coordinated, equilibrium world – something imaginable only on the basis of universal mutual omniscience concerning what market participants can and will choose to do. To *confine* ourselves and our economic analysis to the context of our mutual omniscience is not merely to accept a wildly unrealistic

Everyone knows everything; it only remains to maximise. But the reality is very different. Actors do not have the knowledge implied in the theory of *homo oeconomicus*. And if they were to condition exchange on the acquisition of such knowledge, they would condemn themselves to inaction.⁵⁸

Men can act (as we shall soon see) to satisfy their desire for wealth. But they cooperate on a voluntary basis to satisfy their needs, to fill their insufficiencies. And exchange is the form assumed by voluntary cooperation, which aims at improving the situations of the parties involved.⁵⁹ Exchange produces “an increase in the absolute sum of perceived values”, because each side “offers for exchange only what is relatively useless to him, and accepts in exchange what is relatively necessary”.⁶⁰ The “distributive” arrangement which ensues from every exchange generates an increase in the value attributed to the goods available. Even assuming that every action corresponds to a

mere moving back and forth of an objectively unalterable quantity of values, the exchange would nevertheless produce [...] an intercellular growth of values. The objectively stable sum of values changes through a more useful distribution, effected by exchange into a subjectively larger amount and higher measure of uses experienced.⁶¹

assumption; it is to confess that our model of the economizing world *is unable to throw light upon any process of adjustment* [...] in the real world of imperfect knowledge.

For an extensive discussion of Kirzner’s work, see Gianturco Gulisano (2012).

⁵⁸This explains the severe judgement expressed by Hayek (1949, p. 46), who spoke of the *homo oeconomicus* as a “skeleton in our cupboard”, that is a skeleton in the cupboard of economists, which they have “exorcised with prayer and fasting”.

⁵⁹Economics is a social science because it deals with the cooperation which takes place through monetary exchange. This exchange is a subject also studied by law, which further extends its domain to non-monetary exchange, where it comes into contact with sociology and political science. This will be made clearer in the following pages and in Chap. 3.

⁶⁰Simmel (1978), p. 292. This means that, if maximisation is impossible, “pure justice”, which is something “formal and relative”, is also impossible (*ibid.*). It is significant that Menger (1994, pp. 192–3) had written: “The only quantities of goods that can be called equivalents (in the objective sense of the term) are quantities which, at a given point in time, can be exchanged at will – that is, in such a way that, if one of two quantities of goods is offered, the other can be acquired for it, and vice versa. But equivalents of this sort are nowhere present in human economic life. If goods were equivalents in these sense, there would be no reason, market conditions remaining unchanged, why every exchange should not be capable of reversal”. On the relationship between Menger and Simmel, see Infantino (1998), pp. 106–14.

⁶¹Simmel (1978), p. 292.

To use a language which is closer to us, one could say that the exchange is a positive-sum game.⁶²

In order to have a positive-sum game, it is necessary for cooperation to be a “peace treaty”,⁶³ acknowledged by the contracting parties as having a character of “supra-personal and normative” objectivity to which they are supposed to submit.⁶⁴ The “discovery” that men could live together peacefully and bring each other mutual benefit changed the human condition,⁶⁵ by enlarging and intensifying social cooperation and allowing the breakaway from tribalism. Exchanging means dividing work.⁶⁶ It was for this reason that Simmel had no hesitation in writing that

a very large number of men can constitute a unit only in the presence of a marked division of labour: not only for immediately understandable reasons of economic technique, but also because it alone generates the mutual intertwining and dependency which puts each person in connection with others through countless intermediaries, and without which a very extensive group would be constantly falling to pieces.⁶⁷

It is clear that each of the actors involved in the exchange bases their possibility of achieving their own aims on their ability to provide services to the Other. Cooperation is therefore fuelled by what we are capable of doing for the benefit of our fellow men. This is why Ego plays up what he offers; and tries to play down what he receives or the ends he can pursue with what he has received. And Alter does the same. The social “reading” of the exchange only highlights the advantage each provides to its counterpart.⁶⁸ And it is obvious that it should be so. For it would be unthinkable for cooperation to take place against the interests, whether they be

⁶² Simmel here dwelled on a single “frame” of the action, but exchange fuels a social process which, by channelling means towards those who require them most urgently, increases productivity and product.

⁶³ Simmel (1978), p. 99.

⁶⁴ *Op. cit.*, p. 97.

⁶⁵ Hayek (1982), vol. 2, p. 109. Hayek himself (*op. cit.*, p. 108) uses the term “catallaxy” to denote social order based on voluntary cooperation; and he recalls that the Greek verb from which the expression is taken means “to exchange” and also “to admit into the community”, “to change from enemy into friend”.

⁶⁶ It is worthwhile pointing out that Mises (1981b, p. 42) saw the division of labour as “the starting point of sociology”.

⁶⁷ Simmel (1908), p. 32.

⁶⁸ Smith (1976b, vol. 1, p. 26) quite rightly stated that the actor must “show” the others that “it is for their own advantage to do for him what he require for them”.

material or ideal, of the party one is trying to involve. Nevertheless, there also exists a “reading” of the exchange which is performed privately by each of the contracting parties. And here, instead of the advantage provided to the Other, the main focus is on what the subject has accomplished or intends to accomplish thanks to the transaction. Everyone, therefore, performs a *dual reading*⁶⁹ of the exchange: there is a social “justification” of the action based on what we are doing for others; and there is a private explanation, in which the means obtained through the exchange are related to the actor’s own personal designs: this is the ground in which motives for action lie, namely the sphere of individual choice. The “Great Society” is made possible by the fact that the personal motives for exchange are kept outside the “negotiation”. For, if the parties were to agree on the aims they respectively pursue, then the area and volume of cooperation would be drastically reduced. Social regression would ensue.⁷⁰ There is, therefore, a need for an instrument to facilitate intersubjective relations. This instrument is money, because it makes exchange possible, without forcing each actor to become personally involved in the other actor’s project.⁷¹

⁶⁹ On the dual reading of the action, see Simmel (1908), pp. 27–8. Ortega y Gasset (1957, p. 146) quite correctly referred to a “double entry”. This records, under the proceeds, the goals which are achieved by the actor and, under the costs, what the same actor provides in order to secure the other party’s cooperation. What is obtained is given a higher value than what is ceded. This is a process in which the parties exchange means and, without realising it, further the achievement of the goals of others. It is therefore an unintended cooperation. As Hayek (1982, vol. 2, pp. 109–10) wrote,

we all contribute not only to the satisfaction of needs of which we do not know, but sometimes even to the achievement of ends of which we would disapprove if we knew about them. We cannot help this because we do not know for what purposes the goods or services which we supply to others will be used by them. That we assist in the realisation of other people’s aims without sharing them or even knowing them, and solely in order to achieve our own aims, is the source of strength of the Great Society.

⁷⁰ Simmel (1978, p. 287) wrote: “mutual aid, which is at first a social necessity and later a moral obligation or simple kindness, does not yet signify the possibility of a proper economy, any more than does it opposite, robbery”. Even more incisively, Mises (1981a, p. 271) stated: “the extent of the division of labour cannot be curtailed without reducing the productivity of labour”.

⁷¹ Simmel (1978, p. 303) clearly understood that the “Great Society” is not possible without money. This “makes possible relationships between people, but leaves them personally undisturbed”. As legal scholars say, as long as they are lawful, the motives why parties enter into a transaction are normally irrelevant.

Here Simmel made us understand that, if exchange is the expression of “the mutual dependency of men”, the same can also be said of money, which in the strictly economic domain expresses and measures this dependency.⁷² And, if there is no place for exchange where “nothing more is desired from other men”, in the same way there is no function for money to exercise where there is “nothing to exchange”, and where there is nothing to be done for others or to receive from their action.⁷³ Consequently, exchange can occur without the mediation of money, but there cannot be money without exchange.

Money is endowed with the “very positive quality that is designated by the negative concept of lack of character”.⁷⁴ This is why it can be employed in “a variety” of uses that “cannot be foreseen”.⁷⁵ It is the “means *par excellence*”.⁷⁶ Since money “is not related at all to a specific purpose, it acquires a relation to the totality of purposes”: it is “the tool that has the greatest possible number of unpredictable uses and so possesses the maximum value attainable in this respect”.⁷⁷ It is the “common point of intersection of the sequence of purposes that stretches from every point” of the economic condition to every other point.⁷⁸ Money “is accepted by everyone from everyone”.⁷⁹

It is in this way that cooperation can touch on each moment of social life. The introduction of money does not therefore merely replace the direct exchange of goods with a mediated exchange; most importantly, it makes it possible to cooperate with others for aims which do not need to be declared and which consequently do not need to be endorsed by others. No problems of mutual acceptance of pursued purposes exist anymore. There are no services in kind, and there are no personal “servitudes”. Obligations no longer hang over people’s lives. And if people can relieve themselves of their obligations through monetary payment, then the content of their actions is not determined by the “servitudes” they may be subjected to. As Simmel emphasised, servitude and personality become separated. Monetary payment provides release from personal obligation.

⁷² See note 36.

⁷³ Simmel (1978), p. 156.

⁷⁴ *Op. cit.*, p. 216.

⁷⁵ *Op. cit.*, p. 212.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

⁷⁸ *Op. cit.*, p. 223.

⁷⁹ *Ibid.*

And when this happens, the subject can devote his activity to what he himself chooses.⁸⁰ It is significant that Simmel himself referred to “money payment as the form most congruent with personal freedom”.⁸¹

Just like fashion and other social norms and institutions, money is a product of social interaction, of the co-adaptation of individual actions.⁸² It was not generated through planning. Carl Menger, whose work was drawn on extensively by Simmel, wrote that media of exchange

originally emerged through progressive imitation, became generally used not by way of law or agreement but by way of ‘custom’, that is, through similar actions, corresponding to similar subjective impulses and similar intellectual progress, of individuals living together in society (as the unreflective result of specific individual strivings of the members of society).⁸³

The foregoing discussion helps us to understand that alongside the “social” *in the broader sense*, which coincides with what is specifically human in our lives,⁸⁴ there is also a “social” in the narrower sense, which consists of what we must specifically do for others in each act of exchange. These are the services which we must render to our counterparts in order to obtain their cooperation. This means that what we give to others is in our own interest⁸⁵: because only thus can we deal with the condition of scarcity. Therefore, we always have to give up a present advantage in order to achieve a future, greater one.⁸⁶ Shirking payment of a price or fulfilment of a social obligation may benefit us in the immediate term. But it prevents us from continuing in our cooperation with the subjects who are damaged

⁸⁰ *Op. cit.*, p. 285. Simmel (*op. cit.*, pp. 285–6) also wrote: “For this reason, it has been regarded, to some extent, the *magna charta* of personal freedom in the domain of civil law. Classical Roman law declared that, if payment in kind were refused, then any demand for payment could be met by means of money”. Simmel (*op. cit.*, p. 291) went on to assert that the real ethicisation produced by the process of civilisation lies in the fact that a progressively greater amount of contents of life are “objectified in a transindividual form”.

⁸¹ *Op. cit.*, p. 285.

⁸² *Op. cit.*, p. 224.

⁸³ Menger (2002), p. 33. On Menger’s influence on Simmel, see Laidler and Rowe (1980, pp. 97–105) and Infantino (1998, pp. 106–114). Cf. also Frankel (1977), Aguirre and Infantino (2013).

⁸⁴ Infantino (1998), pp. 77–82.

⁸⁵ Mises (1981a, p. 358) rightly asserted that the actor cannot deny the Other “without denying himself”.

⁸⁶ *Op. cit.*, p. 363.

by our failure to perform our obligation. This turns into damage for ourselves, which is greater than the original advantage acquired. Accordingly, the realisation of our interest coincides with the fulfilment of our social obligations or the performance of our duty.⁸⁷ Which is another way of saying that the ultimate values collective life is based on are themselves “obligations” or “conditions” which we subject ourselves to with a view to future advantages.⁸⁸

1.4 THE POLITICAL DIMENSION

As has already been mentioned, voluntary cooperation only occurs when it produces advantages for both Ego and Alter. In other words, it is necessary for the game to be positive sum. Nevertheless, a similar result does not prove that the subjects express the same degree of satisfaction. It only indicates that, even if one of the actors believes he has obtained less than their counterpart, he still considers the exchange to be advantageous. The evaluation is performed exclusively by the parties involved. There is no real, omniscient “third person” to whom such an evaluation can be referred. The actors judge on the basis of what they give up and what they expect to achieve with the means they obtain through the exchange. Each subject, that is, acts on the basis of his own notion of the advantages obtained and the costs borne. And each subject identifies the point at which the exchange becomes convenient.⁸⁹

⁸⁷Ibid. Somewhat clumsily, Jhering (1913, p. 103) wrote: “the egoist balances the two possible advantages against each other and sacrifices the advantage of the moment [...] in order to secure the [...] permanent advantage for the rest of his life”. It follows that conformity with socially defined expectations and/or the morality of an action depend on the capacity of an actor to restrain his immediate impulses and to regulate his conduct. Jhering, here and elsewhere, made the mistake of equating individual choice with egoism; but the actor may be targeting both egoistic and altruistic goals. Jhering’s approach suggests the conclusion that only what is justified collectively is altruistic. And yet, even what is decided collectively can be egoistic or altruistic. On this point, see Popper (1966), vol. 2., pp. 275–8.

⁸⁸Infantino (1998), pp. 163–5.

⁸⁹By entrusting the decision to evaluate the advantageousness of the action to the subjects involved, exchange theory rules out the possibility of a “third person” being able to impose his judgement over that of the contracting parties. This is why Hayek (1978, p. 58) referred to the “atavism of social justice”, in the sense that “no preconceived scheme of distribution could be effectively devised in a society whose individuals are free, [...] are] allowed to use their own knowledge for their own purposes”. In other words: “individual moral responsibility for one’s actions is incompatible with the realisation of any such desired overall pattern of distribution” (ibid.).

Obviously, the ideal for each actor will always be to completely accomplish their own project, while undergoing the lowest cost possible; each contracting party, therefore, would want to find themselves in a position such as to benefit from the greatest coefficient of freedom possible. There are, however, factors which restrict a person's will to make use of degrees of autonomy. We can start by identifying two factors which are internal to the intersubjective relationship. The *first* is linked to the circumstance that the actors often entertain relations which may be repeated over time; they can find it convenient to give up some immediate advantages in order to maintain the Other's willingness to enter into future exchanges. The *second* factor arises from the fact that the same subjects often establish multiple relationships and, consequently, they avoid exercising their superordination in exchanges in which they are in a more favourable situation, in order to obtain equal treatment in cases in which they might be subjected to the superordination of others.

Nevertheless, the greatest constraint on the will of the individual who has most degrees of freedom is the *context* within which the relationship takes place. Consequently, it is a factor which is external to the relationship itself. And this factor is *competition*, something which also the individual who benefits from greater autonomy has to deal with. But here we have first to understand what meaning to attach to competition.

As a result of the huge tribute paid to jusnaturalism, economists have to a differing extent fuelled the illusion that it is possible to exclude the political dimension from the economic-social relationship. As Simmel acutely noted, natural law "is founded on fictitious individuals, taken in isolation and presumed to be equals".⁹⁰ This is a "radical" premise, which was first established in the "economic theory of the physiocrats (according to which free competition is the exact reproduction of the natural order), in the sentimental version which Rousseau gave to it".⁹¹ This originated the notion of *perfect competition*, where all men enjoy the same degrees of

⁹⁰ Simmel (1917), p. 84.

⁹¹ *Op. cit.*, p. 100. See also Weber (1949), pp. 85–6. Although Simmel only referred to Rousseau, his criticism can also be applied to any type of jusnaturalism which shares those assumptions. In Chap. 3 we shall examine Locke's position. Even though Bentham was radically critical of jusnaturalism, there are two unmistakable sources underpinning economic theory: natural law and utilitarianism (see Pollock 1922, p. 47; Robbins 1965, pp. 46–9; Sabine 1961, pp. 669–79). As is stated in the text, utilitarianism is divided into two traditions: the evolutionary (utilitarianism in the broader sense) and the rationalist (utilitarianism in the narrower sense).