

SECTION 6

MODERN TRANSACTIONS

27. ALL KINDS OF EXCHANGES

The members of your former group exchanged items with each other in order to increase their chances of survival. Most trades were made for objects that satisfied their physical needs, directly or indirectly, such as food, tools, and weapons. However, you recall that Taa gave Ku a spear in exchange for his necklace of leopard teeth. Taa couldn't eat the necklace, but everyone knew it gave him the strength of a leopard, so it moved him up in the hierarchy. We now exchange many more things in many more ways, but we still do it for the same reasons.

Nevertheless, you don't see people trading a rabbit for a bag of vegetables these days. Most exchanges are now made through "money." This has simplified the process and so has vastly increased both the number of exchanges and the types of items exchanged.

Almost all early trades involved objects, but now most exchanges involve services. Members trade their labor, such as employment, for food, shelter, clothing, haircuts, and heart operations. As most people in the developed world obtain the things they need for survival rather easily, many exchanges are now made to obtain items that increase their social approval.

Successful Transactions

A successful transaction is one in which the items you obtain increase your chances of survival more than the items you exchange for them. Although the items exchanged in a modern society seldom have a significant effect on survival, your success or failure in transactions still has a powerful effect on your feelings. When you make a favorable trade, such as buying an item "on sale," you increase your chances of survival to the extent of the amount saved, so you feel good about it. In addition to the tangible gain, you also gain social approval for being clever enough to make a "good deal," so you feel good about that, too. You feel bad when you make an unfavorable exchange, such as paying too much for an item, because it reduces your assets, which once reduced your chances of survival. As your lack of skill in making a trade reduces your social approval, an unfavorable exchange makes you feel even worse. So the success or failure of your transactions still generates intense feelings, even though they no longer have any significant effect on your survival.

Valuing the Items Exchanged

The value of any item is determined by how much another person is willing to pay to get it. Several factors influence the value of an item offered for exchange. Some items have an inherent value based on how much they contribute to your survival. However, this value changes with the circumstances. If you are starving, you will trade everything you have for some food, which you would value less when you aren't hungry.

The value of an item is also influenced by its social value, which often is different in different groups. For example, a combination of corn and beans has about the same nutritional value as some quantity of beefsteak. The social value of an item or activity is usually established by those near the top of the hierarchy, who are more likely to extend social approval to those who behave as they do.

As a result, a group might place a lower value on the corn-and-beans as being "peasant food." This results in a hierarchy of social value for a member's food, clothing, and shelter.

Clothing is a typical example of this hierarchy of social value. Although various types of clothing might have the same inherent value in keeping a person warm, most people place a higher value on the style of clothing being worn by those near the top of the hierarchy. To prevent diminishment through imitation, those near the top of the hierarchy often put a high value on items most other people can't afford, such as enormous houses or playing polo.

Valuing Intangible Items

Most people are not aware that they are constantly, but unconsciously, evaluating the intangible items in their exchanges.

For example, you greet an old friend in a shopping mall, but he ignores you and moves away. You have suffered an unfavorable exchange. Your greeting showed that you accept him as a member of your group of friends. His refusal to return your greeting shows that he does not consider you a member of his group of friends. As exclusion from any group once threatened your survival, this unfavorable exchange makes you feel very bad.

The value of an intangible item is often hidden in the items exchanged. For example, why would you pay more for a sweater in one shop when an identical product without the designer's label can be bought next door for less? To some people, the utility of the sweater is only part of the transaction. The social approval associated with the label might be of more value to them than the difference in the price of the sweater. Even without the label, you might pay more for an item because people higher up the hierarchy shop there. Or you might go to a shop where you pay more for inferior merchandise because its employees treat you in a way that makes you feel superior.

Some intangible items are assigned a high value because of their association with someone or something that has a high social status. Some people will pay more to sleep in a house because George Washington once slept there. You might value a compliment from your boss more than the same compliment from a coworker. A simple Valentine from a special person might be worth more to you than an expensive one from someone else.

Long-Term Transaction

Voluntary long-term relationships, such as employment, friendship, and marriage, are also a type of transaction. In this case, each participant offers the other a continuing exchange of items instead of a single trade. Also, each side offers a package of many different items, both tangible and intangible, instead of one or a few items. The parties enter into the relationship when each thinks the value of the items he or she gets in the exchange is at least equal to those he or she gives up.

Long-term relationships break up when one or both participants is no longer satisfied with the value of the items being exchanged. An employee breaks off the transaction when he or she can get a better job in another company. A husband or wife meets someone who seems to offer a better package of benefits than he or she is now getting.

Some continuing transactions break up when the participants evaluate the items they receive more realistically. An employer finds the new employee is less productive than he expected. A mate's good looks do not seem as valuable now as they did before marriage.

Sometimes the exchange is discontinued when a participant finds items of negative value in the package. An example is the spouse who starts to drink too much, takes street drugs, or can't hold a job. The exchange might then seem so unfair that the other partner stops it.

The package of items being exchanged usually changes over time. Sometimes one participant increases the value of his package and wants the other to do likewise, as when an employee expects more compensation as he becomes more productive. More often, the exchange goes the other way. One participant gradually reduces the value of some of his package of offerings; for example, a husband might reduce his compliments or little tokens of affection. Although he might not be aware of this change, the receiver certainly is and will either reduce her package at least as much or break off the exchange.

Over the long term, each partner almost always makes substitutions in the package he or she offers. A wife might quit work to devote more time to her children. A husband might substitute items with more social approval, such as a big house and servants, for his earlier time and affection. Very often the new item, which the giver values, has less value to the receiver than the previous one.

Each partner usually places a high value on his package of contributions. "I give her a nice house and a good living." Nevertheless, she places less value on these items with, "I'd rather have more of his time and affection." She also values her contributions highly, as with: "I keep a nice house and raise our kids," but he thinks, "That's fine, but I'd like a little more appreciation and more sex."

Whatever the items, the partners become dissatisfied when they feel they are getting less than they are giving. The solution, of course, is to give your partner what he or she wants, not what you think he or she wants, and certainly not what you think he or she should want. If you don't know what that is, ask.

Winning Exchanges

People make exchanges only when they expect to gain something from them. So why do you invite guests to dinner or a party? You seem to give away something of value without getting anything in exchange. Quite the contrary. In the simplest case, your guests feel obligated to invite you to a similar function, so there will be an equal exchange with a gain in a closer friendship. Or you are entertaining someone in the hope of gaining business from him. Or you entertain someone of a higher social status because it will raise your status if you are invited back. In some cases, however, your guests are unable to invite you back and unable to repay you in some other way. Here you lose something in tangible benefits, but gain something worth much more. You advance in social status while they fall back. Indeed, some hosts and hostesses purposely have social functions so expensive that others cannot repay them in kind.

The Effect of Transactions on Social Approval

Successful transactions are considered a measure of your value to the group and so increase your social approval. Bad transactions have the opposite effect. Most people have a high regard for successful traders, whether of horses or stocks, but look down on people who frequently get the short end of the stick. The more unfavorable the exchange, the greater the loss in their status. Then, as with their other failings, most people make things worse by trying to conceal their unfavorable transactions so that, when exposed, they lose social approval as well as their assets.

Involuntary Exchanges

Not all exchanges are voluntary. If you are faced with an armed robber, giving up your money in exchange for your life or health is a successful transaction. Slavery, blackmail, and extortion are among other types of involuntary exchange. So is giving up your military quarters to someone with a higher rank. All involuntary transactions are based on force or the threat of force and so will not be examined further.

Unfavorable voluntary transactions based on deception will be described in the next chapter.

28. TRICKY TRANSACTIONS

The first con man was probably one of our earliest ancestors. Deception is so common that it seems to be just another route some people take to achieve their objectives.

You recall that someone in your early group wanted your new snare. He could use it to trap small game, which would increase his chances of survival. But how could he get it? If he tried to take it from you by force, you'd fight hard to avoid losing something you needed for your own survival. He might be able to steal it from you, but the other members would make him give it back and punish him for taking it.

There wouldn't be any risk of punishment if you gave him the snare, but you wouldn't do that unless he gave you something you valued even more, so that exchange wouldn't benefit him. Then he had this great idea. Suppose he gave you something of less value, but made you think it was worth more than your snare!

However it really began, deception is used to push, pull, or prod you into doing what someone else wants you to do. Without using force or the threat of force, these manipulators get you do something you think is for your benefit, when it really is for theirs. In fact, this is a double whammy. Not only do you lose items you need for your survival, but you also lose social approval for being foolish enough to be tricked into the unfavorable trade.

Manipulation succeeds only when the victim's information on the subject is incomplete or incorrect. For example, you wouldn't trade your snare if you knew that the true value of whatever is being offered in exchange is worth less to you.

Manipulation Through Incomplete Information

Manipulation is usually based on incomplete information. The manipulator fills this gap in your brain with false information. For example, you get a telephone call from someone who says he's a stockbroker. He has a special opportunity that he's offering only to a few smart investors like you. It's a stock that will double in value in a month, two at most. If you knew more about investing, you'd know that the price of a stock almost never doubles in a month or two.

A travel brochure shows a beautiful, empty beach but neglects to mention the swarm of flies that keeps it that way. A real estate agent tells you everything about the house except that the basement floods in a drizzle. The Federal Trade Commission prohibits false statements in advertising but doesn't regulate incomplete information, which can have the same effect.

Manipulation Through Incorrect Information

When the information in your brain is incorrect, all the manipulator has to do is tap into it. For example, most people believe that the money they contribute to charity goes to worthy causes, and in some cases it does. Your incorrect information provides a golden opportunity for an alert manipulator. He hunts around until he finds a worthy cause that has strong heart appeal. Then he sends out a letter that triggers the

information about worthy charities in your brain. The worthy cause usually does get some benefit, maybe ten percent, while ninety percent of your money finds it way into his pockets.

If your information is not already incorrect, the manipulator has to do a bit more work. As you know, correct information blocks out incorrect information in that subject area. If you already know that a company is doing poorly, you won't accept a broker's recommendation to buy that stock. If you know how a human body loses weight, you won't believe that you can do it by using some gadget for ten minutes a day.

Nevertheless, the manipulator can sometimes succeed even when your information is complete and correct. He does this by first discrediting the correct information. "Why do you want to put your money in a bank account that isn't safe and for only five percent?" You think, "Really? Can I get more than five percent?" Then the manipulator implants his false information into this crack he formed in your brain. "You can make a lot more on this stock with no risk at all."

Act Now!

After you've accepted his false information, the manipulator must keep you from learning the truth. You might learn how few banks failed last year or learn that his stock is a dud. So he tries to get you to make a quick decision. He urges you to "Act now!" before it's too late. But he's really trying get you to do what he wants before you see through his deception.

Baiting the Trap

A manipulator often uses bait to attract the victim into doing what he wants. It's as simple, and as effective, as using cheese to get a mouse to walk into a trap. A fake contest is used to get you to subscribe to a magazine. Or you accept a "free" dinner, only to find that you must pay for it by listening to the joys of owning a condominium. Or a political party earnestly seeks your opinion on controversial subjects, but please enclose a check to help implement your choices.

Money is the usual bait in most manipulations, but sex isn't far behind. Many advertisements imply that their products are powerful bait for attracting a desirable sex partner, but it's usually the buyer who gets hooked.

Really good manipulation is very subtle. For example, a woman wants her husband to take out the garbage. She can ask him to do it, but the job is rather demeaning for a vice president of the second largest bank in the city, so it might not get done. So she says instead, "If you really cared for me, I wouldn't have to ask you to take out the garbage." Notice the simple elegance of this verbal jiu-jitsu. Of course he cares for her! Now the big bank executive is no longer taking out the garbage, but also showing that he cares for his wife. This technique can also be used to stop someone from doing what the manipulator doesn't want him to do:

- Only a fool or a madman would ...

These little phrases have a lot of power. They can make others do things that no amount of force could make them do.

Some Types of Manipulation

Everyone is constantly being manipulated in one way or another. Someone is always planting false information in your brain to get you to do what he wants.

Some common types of misrepresentation include:

- Flattery
- Planting misleading stories in the media
- Putting a spin on political news
- Quoting out of context
- Using non-representative samples, such as selected testimonials in movie and product ads
- Faking emotion, such as false sympathy, exaggerated pleasure, undying love, etc.
- Exaggerating an illness, weakness, or problem to get something, as an aging parent might do to control his or her children.

There's a lot of manipulation because it's so easy to do and so hard to catch. Most victims are so proud of their skill in buying a genuine Oriental rug at only half the asking price that they can't believe they paid twice what it's worth, even after an expert tells them so. Someone suspected of manipulating others can usually claim it was just a misunderstanding.

Learning that you have been manipulated often doesn't help. You feel bad because you suffered a loss in the unfair exchange. You feel even worse when you realize that you didn't know you were being tricked. Most victims decide to keep quiet about being manipulated. No point in losing more social approval by admitting it. Others respond violently, sometimes physically attacking the person who manipulated them. Still others behave as they do with all their errors, either trying to laugh it off or blaming others for it.

The social reaction to the manipulator is influenced by the scope of the manipulation. The petty manipulator who "uses people" in social situations is disliked by everyone. Routine deceptions, as with products that don't work, trigger strong social disapproval and are sometimes punished with prison terms. Nevertheless, disapproval is mixed with some grudging admiration when manipulation occurs on a grand scale, as when manufacturers get away with claiming that cigarette smoking is harmless or when legislators misrepresenting the budget or executives defraud corporate stockholders.

The next chapter examines how your ego affects your behavior.