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**A STARTER ON
SUPPORT-BARGAINING
AND
MONEY-BARGAINING
IN TWENTY-EIGHT
DIGESTIBLE BITES**

Patrick Spread



A Starter on Support-Bargaining and Money-Bargaining in Twenty-Eight Digestible Bites

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CHAPTER 1

Appetiser

Abstract The Appetiser suggests that the neoclassical economic model responds to a conjecture regarding the relationship between private and public interest rather than a question about the working of economic exchange. The *Starter* explains economic exchange. To explain economic exchange, it is first necessary to explain the process of ‘support-bargaining’ and the creation of money. With that, it is possible to explain how money is used in ‘money-bargaining’, the process of economic exchange. The Appetiser also identifies ‘communal interests’ as outcomes of support-bargaining. Money-bargaining accommodates communal interests as well as the individual interests that are the basic concern of neoclassical theory.

Keywords Support-bargaining · Money creation · Money-bargaining · Neoclassical theory · Economic exchange · Communal interest

Psychologists have noted that when asked a question, people often answer a different question which they find easier to respond to. Neoclassical economic theory, or ‘mainstream’ economic theory, seems a good illustration of the phenomenon. Instead of answering the question, ‘How does economic exchange work?’ neoclassical economists have answered a different question: ‘What does a system look like in which

the pursuit of private interest leads to the fulfilment of public interest?' The answer to the different question is the neoclassical economic model.

The first question is the subject of this 'Starter'. The answer requires first an answer to the broader question: 'How does social and political society work?' 'Democracy' provides a fine set of principles but does not explain how 'democracies' actually function. It is suggested that they function through 'support-bargaining'. People need support from those around them as a matter of personal security, and will change their opinions and behaviour to get it. Individuals instinctively bargain for support with each other and in the process form groups committed to certain interests, actions, ideas, opinions and theories. The mutual support of members promotes confidence in a group regarding the rightness of its commitments, however odd they may appear to non-members. 'Support' functions as a bargaining counter in a bargaining process through which individual interests and group or social interests become adjusted to each other.

It is then possible to answer the first question. Amongst the varied outcomes of the support-bargaining process is 'money'. 'Money' gains support in a community because it is useful in a bargaining process with a similar dynamic to that of support-bargaining. 'Money' is a precise and divisible bargaining counter particularly useful in transactions involving items with similar qualities. 'Support' is a matter of psychology, lacking the characteristics desirable in a bargaining counter for use in economic transactions. So long as a form of money has the support of the community in which it is used, it will function as a bargaining counter in a process of 'money-bargaining'. So, the answer to the first question is that economic exchange is a money-bargaining system.

Mainstream economic theory recognises the 'public interest' as the 'optimal allocation of resources' arising from the pursuit of private interest through economic transactions. The outcome is optimal in the sense that no redistribution of resources can make anyone better off without making others worse off. Few would recognise this as being the public interest in any but a technical sense. The idea of support-bargaining makes apparent that a great variety of group or communal interests can be identified through support-bargaining. It is then necessary to realise through money-bargaining not just the individual interests that are the concern of neoclassical theory, but also communal

interests. To accommodate communal interests, it has been found possible to make levies on private money-bargaining, without disabling private money-bargaining systems, to provide revenues for government budgets. Money can then be disbursed for the accommodation of communal interests. Support-bargaining agencies, including political parties and governments, are accorded responsibility for communal interests. Governments are able to realise communal interests through budgetary expenditures. They become part of money-bargaining systems. Money-bargaining systems are concerned with both individual and communal interests.

* * * *

This *Starter* provides an account of support-bargaining, the formation of theories through support-bargaining, the origins of money-bargaining in support-bargaining, the dynamic of money-bargaining and the interrelation of money-bargaining and support-bargaining. It evaluates the role of information in human affairs. It explains also how it is that mainstream theory has emerged as the mainstream when it so manifestly fails to provide a faithful account of the dynamic of economic exchange. There is little that is novel, but the *Starter* is not simply a summary of previous work. It is a new expression of the theory of support-bargaining and money-bargaining. The compact format makes apparent the relationship of the different components to each other. It provides direct answers to the questions thrown up by the many who challenge the mainstream model. It provides a new account of economic exchange, but one that will be instantly recognised as consistent with everyday experience.

‘The Main Course’, at the end of the book, provides summaries of the contents of the seven books already published on support-bargaining and money-bargaining.

‘Notes from the Kitchen’ at the end of each chapter identify the main coverage of the issues of each bite in earlier books, with an indication also of the main sources used. A full account of the sources used is provided in the earlier books.

NOTES FROM THE KITCHEN

Sources

The Introduction to *Economics for an Information Age* (EIA) considers responses to questions. Chapter 9 of Kahneman (2012) is ‘Answering an Easier Question’.

References

Kahneman, Daniel, 2012, *Thinking, Fast and Slow*, Penguin.
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CHAPTER 2

Support and Support-Bargaining

Abstract Support-bargaining arises from the need of all individuals for the support of those around them. It leads to the formation of groups and the identification of group interests. High cohesion is necessary to the effectiveness of groups, most readily achieved when a group is under external threat. Individuals and groups identify their interests by reference to their situation. Humans use their sense of symmetry to determine what will ‘fit’ their situation. Situation-related interest causes societies to evolve from situation to situation. In a threatening situation, individuals will recognise that their individual interest is inseparable from that of the group. This can give rise to rigid groups, with the extreme cohesion necessary to violent action. Groups organise, with hierarchies and budgets, to increase their effectiveness.

Keywords Support-bargaining · Group interest · External threat · Social evolution · Organisations · Symmetry

BITE 1: THE IMPORTANCE OF SUPPORT

One enduring feature of human behaviour is that we seek reassurance. Children run to a parent at the first sign of trouble. Adults complain to their friends in the expectation of reassurance that they are put upon, or the trouble is not so bad. Humans have an innate sense of insecurity and the necessary remedy for that insecurity is the support of others.

It is, perhaps, at the most basic level, a concern for self-preservation in a threatening world. Security comes only with the assurance from others that they are on our side, are with us. Social media like Facebook and Twitter help people to obtain the reassurance they need.

Such support does not come free. It has to be earned. At the very least, we have to perform the same offices of reassurance for our friends. If we do not support them, they will not support us. But support derives not just from reassurance against specific troubles, but the reassurance that arises from shared opinions and actions that benefit the group. We adjust our opinions and behaviour to gain the approval of those around us, in the expectation of ongoing support from the group.

Behaviour that elicits support includes what is called ‘altruistic’ behaviour. Altruistic behaviour implies that individuals disregard their own interests to serve the interests of their community. It is difficult to reconcile with the self-seeking dynamic of human evolution by natural selection. But if ‘support’ is a psychological necessity, individuals gain an essential return from the performance of altruistic acts.

The importance of this sort of support can be seen in the language we use to communicate. By choice of words, we can signal to those we are speaking to the responses we expect from them. If we say, ‘good morning’ to someone, we elicit a little support, for it is customary to regard all mornings as ‘good’. If we refer to someone as ‘slim’, we expect the person we are addressing to respond in favourable terms about the person referred to. But a reference to someone as ‘skinny’ is a prompt for disapproval of the person in question. Language has inbuilt facility for directing support and opposition in desired directions and reducing the risk of people failing to provide the desired support.

‘Support-bargaining’ is conceived as the underlying process by which individual insecurity is allayed by ‘negotiations’ with associates. It gives rise to the formation of groups. People support each other when they find their views and opinions in accord, meaning also accord over corresponding actions and behaviour. People find security in a group of like-minded persons. The ‘negotiations’ are largely instinctive and unnoticed. Individual opinions may change, but that may be no more than a subtle inflection of opinion through adoption of the vocabulary used by the group. We become ‘instituted’ in society, into various social groups and sub-groups. If individuals are so fixed in their opinions and behaviour that they cannot make the necessary adjustments to the group with which they are immediately in contact, they are likely to move on

in search of associates who are more accommodating. In Britain, many sports are or have been associated with social groups. Foxhunting up to about the middle of the twentieth century in Britain was notoriously the preserve of people of superior status. Stories about hunts-people suggest they were adept at letting aspiring members know whether they measured up. Joining a golf club can, for some people, mark their elevation to a higher social status. Tennis is seen as a ‘middle class’ sport. The annual tennis tournament at the All England Tennis and Croquet Club in Wimbledon is a showcase of middle class style. Cycling clubs kept to the left. Herne Hill, the South London velodrome, was decidedly proletarian. These distinctions and associations are replicated in many other walks of life. Support-bargaining involves endless negotiation and renegotiation as people settle into the human surroundings in which they feel comfortable.

The process is of profound significance. It was probably essential to the survival of the species. Charles Darwin does not concern himself with humans in *The Origin of Species*. Readers are left to deduce for themselves the implications for humans of natural selection amongst animals and plants. But in *The Descent of Man*, Darwin turned his attention to the human species. He recognised that group formation was necessary to survival. Without the cooperation implicit in group formation, a species would not be an effective fighting force, and consequently its survival would be in doubt. Darwin was unable to identify, even to his own satisfaction, how groups were formed. His failure can be traced to his emphasis on ‘aggression’ as the key factor in the survival of the human species, which involved a corresponding eclipse of the instinct for ‘self-preservation’. In Darwin’s account, ‘self-preservation’ is an ignoble instinct. It stops a man from fulfilling the obligations that society imposes upon him. A man may refrain from jumping into a tumultuous river to save a stranger, as is his obligation to the society that nurtured him, if he is imbued with the ignoble instinct of self-preservation. Darwin understood ‘self-preservation’ in accordance with the values of a militaristic society which cultivated bravery and individual self-sacrifice. But according to popular understanding, ‘a man’s first instinct is self-preservation’. Our psychological reflexes include alerts to threats to our security that take priority over other perceptions. ‘Self-preservation’ may be deemed socially ignoble, because it is potentially damaging to the defence of the society, but it is the essential impulse behind the sense of insecurity that causes humans to seek support, and hence to form groups. The

characteristic that seems at first sight so potentially damaging turns out to be the characteristic that is most important to the survival of a society. Thomas Malthus, the economist from whom Darwin derived much of his emphasis on aggression, and the British military culture, put Darwin off the scent. The vulnerability of humans makes them seek support.

The significance of support is perhaps immediately apparent to everyone in consideration of the pleasure gained from simple expressions of support, approval or congratulation, and from the pain experienced on receipt of disapproval and censure. There is neuroscientific evidence for the pain that arises from the withdrawal of support. Neuroscientists have found that expressions implying social exclusion, which can be construed as expressions implying withdrawal of support, trigger activity in the same centres of the brain as give rise to sensations of physical pain. The researchers suggest that this mechanism of social bonding was originally important for the survival of the human species and subsequently became important as the basis of human social cooperation. Cultural evolution rode on the back of the mental characteristics that were crucial to our survival as a species. Such findings confirm the universal attraction of support that makes possible its use as a bargaining counter. The neuroscientific evidence also makes the link between the psychology of ‘support’ and the biology of the brain, and hence to the biological variations necessary to survival that were the chief concern of Darwin.

Support-bargaining is a central part of relationships between humans, but it is not the entirety of such relationships. Our relationships are more complex than can be pinned down to one single trait. We love some and hate others; we have affection for some and aversion or animosities towards others; we have sympathies and empathies. These qualities are not necessarily support-seeking or support-denying, though they may affect the way support-bargaining is conducted. They are not normally regarded as ‘negotiable’ in the way support is here conceived as ‘negotiated’. They seem to derive from psychological characteristics other than those that drive us to seek support. They affect the way humans come together and behave towards each other.

But while such traits are not necessarily support-seeking, there may still be in them an element of concern for the assembly of support from associates—the element relating to reassurance and security. Loving relationships are more than reassurance, but reassurance is woven into such relationships. The vocabulary of love prominently includes expressions of care and protection. There is concern for support, even though eclipsed

by the presence of other emotions. This ‘support’ is manifest in the contracts made in virtually all societies between lovers who want to commit to one another for life. Support-bargaining distils from the complexity of human relations a certain strand in relationships that seems critical to the explanation of outcomes.

BITE 2: SUPPORT-BARGAINING: INDIVIDUAL AND GROUP

The ‘bargaining’ in support-bargaining concerns the extent to which the interests of an individual will be adopted as group interest, or the extent to which the interests of the group will predominate over individual interest. Individuals need group support. Groups need individual members. Each will be inclined to concede as little as possible to the other. Whatever concessions are made will be made in anticipation of some compensating return. Individuals will find themselves obliged to concede most when they have least to offer a group. Groups will concede most to those individuals they identify as having qualities potentially advantageous to the advance of group interests. All individuals will seek to advance their individual interest, but at the same time, all will have a sense of group identity, and consequently an interest in ensuring that their group is not undermined by concessions to individuals whose inclinations they see as inimical to their group.

Strengthening of a group will depend on assimilation of individuals who can effectively advance group interests. Groups involved with violence will welcome most readily individuals who show capacity for violence, whether physical strength or capacity for military command. Groups concerned with the promotion of supernatural belief will accommodate most easily individuals who can inspire people to belief by their rhetoric or by their pious example. Christians who recognised the failings of the Roman Catholic Church welcomed Martin Luther as the leader of a protestant church. Intellectual groups will welcome those whose mental capacities suggest they will advance whatever branch of learning is the focus of the group. Sportspeople will welcome prowess that promises to take their team to new heights. Political parties are inclined to accept more of the policy preferences of those they see as possessing the rhetorical skills and personal traits of political leaders than of those who have limited skills in the propagation of political ideas. Groups review and revise their group commitments in response to the need to incorporate those individuals who promise best to advance the interests of the group.

The terms on which individuals are assimilated into groups depend also on the range of options open to any individual. If there are numerous sources of support, numerous associations open to an individual, then he or she will be less inclined to make concessions of opinion and behaviour to any one set of associates. The individual will look around for a group whose opinions and conduct require the least compromise. Individuals look for groups where they will 'fit in'; or where their talents will be best rewarded.

Modern societies offer many options for individuals. Most people find associates who accept their inclinations and opinions with adjustments that are easily made. But in earlier societies, such fragmentation was regarded as potentially threatening to the society as a whole. In violent times, fragmented groups are weak groups, and liable to elimination by others. Unity is essential to security and defence. Hence, societies have historically been unwilling to tolerate significant deviation from the opinions and behaviour defined as proper by the group. Individuals have been obliged to concede their inclinations and opinions to the group, often under threat of severe reprisals.

From the earliest times, human groups would have recognised that cohesion, sticking together, gave them a sense of security, essential as it was to their effectiveness in any violence necessary to their survival. They would have recognised also that harmony of understanding was a necessary part of group cohesion. Shared belief in some supernatural phenomenon could augment ties of support deriving simply from the sense of physical insecurity. The placation of deities to attract their support for the group enhanced its cohesion and raised its chances of survival. It frequently became a condition of continued group membership that the appropriate conduct towards deities was observed. While support-bargaining in circumstances of violence leads to the formation of tight and intolerant groups, the diminution of physical threats has led to a great proliferation of groups with different group ideas and purposes.

The importance of group cohesion to effective physical violence, and the recognition that belief in supernatural phenomena could attract such volumes and intensity of support as to be highly effective in achieving group cohesion, meant that rulers of societies were obliged to take into account the religious beliefs of their followers. Whether from personal conviction, or as a matter of political strategy, they were obliged themselves to follow the teachings of the religious leaders of their societies. In most European nations and states, government was carried on through

an alliance of monarch and church, ‘throne and altar’. The churches constituted in earlier times much of the intellectual life of nations, so that the alliance was characterised also as that of ‘sword and pen’. Today, theories and ideologies play much of the part formerly played by religious ideas. They assemble support for the individualist or group factions in Western societies.

Religious faith in all societies has constituted one of the central components of what is referred to as ‘culture’. Culture is created through support-bargaining. It comprises all the beliefs, customs, festivals, buildings, works of art, food, attitudes, modes of working, educational provision, theories, provisions for marriage and so on by which communities live almost without consciousness of the artificiality of their culture as something created by themselves and their forebears from instinct and the circumstances of their lives. Cultures are created and evolve through support-bargaining. Children are assimilated into their cultural group—an important element of all cultures is the education and social training they provide for their children. Different circumstances give rise to different interests, so that support moves from one interest to another. New groups emerge and the culture evolves. Some elements of culture endure for centuries but others are ephemeral.

People derive the support necessary to their security from those who are members of their cultural group. People feel at ease with people who share their culture. The social group characteristics of the various sports referred to in Bite 1 are a consequence of the soothing effects of cultural affinity. Immigrant and expatriate groups tend to settle together, to enjoy the benefits of cultural affinities away from home. People of different cultures tend to be less at ease with each other, being aware of the risks of saying the wrong thing, or breaching some cultural rule of behaviour, or being unable to share the cultural prejudices that are acceptable amongst people of their own culture. Groups with shared culture, including whole societies, create as part of their cultural formulations, stereotypes of other cultures, generally unflattering, that help to cement their own cohesion.

Cultural affiliations are displayed in language, accents, body-language, clothing and personal grooming, such as hair styles, growth of beards and use of cosmetics. In Britain, at least certain physical facial characteristics are associated with class affiliations. Racial characteristics—the shape of eyes, the colour of skin—suggest cultural differences. People may shy away from those with different racial characteristics from themselves,