

Eranism: a Need-Based Aid Economy

Part 2: Motivation

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Abstract

The following is a list of problems which should be combated by Eranism, as defined in Part 1. The root of the problems is the fact that money conceals reality (in particular, resource use) and the purpose of production and consumption.

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[†]The margins indicate possible improvements. Syntactical, linguistic, and stylistic errors are to be corrected.

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“I can’t see all the people die around me, because may be tomorrow, I’ll be in the same place. That’s why we feel so good, all the people here. That’s why. In the clinic. It is very difficult for the people who work, er, they take a lot of money, to understand what it is to, to give without to come, er, to take back money or something else. They can’t understand that. But for us, it is very important because if there are a lot of place[s] like this, this is the hope of the future.”

–Vasiliki Eliopoulou, volunteer in a Greek hospital, established after the economic crisis [5]

1 Introduction

Eranism, as proposed in Part 1, deserves implementation because it provides measures against a number of problems. These problems and their causes are stated in Section 2. Section 3 explains why the measures would help to alleviate these problems. The appendix contains a few words on definitions and on the way these problems seem to have come about.

2 Problems and Causes

To repeat, Eranism should allow to combat two problems. First, the environmental crisis or biophysical collaps, that is, the destruction of nature and therefore, of our own livelihood. The second problem is unfair inequality, that is, the coexistence of gross poverty and riches. The root causes of these problems are 1. competition and 2. debt, in particular, money. At the heart of the problem is the fact that money conceals the real nature of things and activities: also to competitors, who necessarily need to secure sales. So, competition does not entirely count as a root cause. These two root causes lead to other intermediate causes, for instance, unnecessary, harmful activity, like overproduction, which in turn contribute to the biophysical collaps. The root causes are elaborated in the following, simplified scheme.

2.1 Competition

One of the cause of the biophysical collasp is competition, as that leads to the following.

Short-termism People need to survive in the short run even if that is deleterious for others or themselves in the long run. To justify such paradoxical behaviour, one clinges to illusory hopes about the more distant future, which is all the more dangerous.

Mendacity Companies need to inculcate potential customers with false needs, that is, with the illusion that they are in need of the products. Also, they employ all kinds of stratagems, like planned obsolescence [11, p.49].

Growth The need for efficiency and the danger of unemployment propel permanent growth [6]. Overconsumption and overproduction enforce each other [11, p.47]. (The role of money herein is covered by abstraction below.) The outcome is a gross inefficiency which inflicts harm to the environment [18].

As to unfair inequality: competition endows buyers or sellers with undeserved power, that is, the capacity to decide about others. The way by which this would lead to unfair, gross inequality seems to be too intricate to capture in a simple scheme like this. (Yet, see money, ‘No store of value’, item 3.) Also, the concentration of power also tends to harm the common good. These matters are not discussed further because in principle, eranism does not deal with decision making. See the comments about the scope of eranism in Part 1.

2.2 Debt and Money

Another cause of the ecological crisis and unfair inequality is money, or more generally, debt in the sense of any obligation to reciprocate. This general cause is stated first.

Reciprocation This is the obligation of one individual towards the other to do or give something in return of a previous act or “gift.” In a system of obligations, any deed runs the risk of being reciprocated for no other reason than to redeem the obligation. Indeed, this causes a

lot of useless activity, pollution, and waste of resources. Moreover, as long as the obligation to reciprocate exists, there is an inequality which can be felt to be unfair.

As outlined in the appendix, money evolved from reciprocation. What are the ramifications of the invention of money? Clearly, money has advantages: it facilitates trade of necessities. Also, it liberates people from social obligations [17]. However, money is harmful to the environment and leads to unfair inequality because of various side-effects, as sketched in the following.

No store of value Money, as it is used at present, does not properly reflect the effort and resources of the product or service it is been gained with or for which it is spent. This lack of representation has several reasons.

1. Money is created freely by being printed or issued as a loan [12, p.133ff]. On the other hand, its value diminishes due to this free creation.
2. Prices adapt to demand in the market mechanism. This is not totally the fault of money because a truthful price can be obtained in a Vickrey auction, for example.
3. Money can be made from money alone and with little labour. This stimulates harmful growth (see above) for example by compound interest [12, p.99ff]. It also amplifies unfair inequality [4].

The illusory inherent value of money leads to two kinds of activities which are harmful to the environment: spending money without realistic bounds and useless work to earn it.

Trade Money facilitates trade which is harmful not only because of the CO₂ emitted by transport but also because of the affluence of unnecessary goods.

Alienation Money allows labour to be traded as if it were a good, a ‘human resource’ as it is called. The worker is mentally separated (“alienated”) from the work, that is, he or she only works for money and not for some inherent value. This is a kind of humiliation, especially if the work is useless, and this too can be considered unfair inequality.

Market failure The damage to the environment is hardly accounted in the price. This is a well-know case of market failure [7]. Moreover, as long as companies compete in attracting customers with luxury, this luxury is accounted for in the prices. Because all companies compete this way, the price is guaranteed to have a minimum level. This in turn encourages squandering by the company, which has no longer an incentive for efficiency.

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Irresponsability In organisations, subordinates and superordinates fall victim to ‘structured irresponsability’ [10] because they depend on acting against common sense in order to keep their income. This, too, leads to useless, harmful activity; or inactivity, as with a commercial fire brigade which does not fight a fire [8].

Administration Banking, stock markets, taxation, insurance, bitcoin mining, etcetera require fossil fuel, which leads to emission of green house gasses. This might be a relatively minor cause of biophysical degradation, but it needs mentioning.

Lack of purpose Earning money allows to postpone deciding what to do with it (for those who can afford so.) The following cause (reification) is quite the opposite, but it might serve as a substitute for a lack of purpose.

Reification Money (or rather, the prospect of buying something) can gain importance as an end in itself [16]. This phenomenon is called reification [13] or preponderance of the means over the end [19]. The love for money carries over to the purchase itself [2], for example, if the wealth is imagined to be a step towards greater happiness [1]. This leads to possibly harmful activity with only a distant goal.

Abstraction The deeper cause of all this, however, is the fact that money is an abstraction of almost everything and therefore conceals the true effects and origins of the object or service purchased, in particular those pertaining to nature [21].

Not to mention the “irrational” or psychological side-effects of money and wealth [3, 20]. All in all, money is not the basis for a prudent economy.

3 Counter-measures

This paragraph explains why Eranism would alleviate the above problems and not introduce other problems of equal severity.

3.1 Non-monetary Economy

As money is the cause of so many problems, changing the monetary system in whatever way can hardly be expected to solve these problems. Therefore, the eranist economy simply does without money of any kind. There even would be no debts for delivering goods or services because reciprocity would be replaced with mutualism.

3.2 Mutualism

In this document, mutualism is defined as an arrangement *within* a community to let any of its members be helped by other members. This mutual aid can be based on an incentive or on an obligation of the community in its entirety, enforced by some government. So, contracts and such remain. For example, a mutual insurance company is obliged to indemnify an unfortunate member by a payment of money. As mutualism is a way of cooperation, there would be far less need for competition. Neither would there be much need for the many harmful activities which are carried out for the sake of reciprocation alone, like birthday presents.

3.3 Distribution

Eranism bases the distribution of goods on a mechanism where every participant reports how much he or she desires. If there is enough for everyone, then there is no distribution problem. Otherwise (in case of insufficient goods) the mechanism is a rationing scheme where nobody can profit from misreporting one's needs or wants. The insufficiency may be artificial because the use of resources inflicts harm. (The scheme would be a fixed-path allocation, see Part 3.) Notice that no central authority determines how much anyone should get: that is determined by the individuals themselves, who know their needs best and who are encouraged by the mechanism to truthfully report those needs.

Now, the present state of affairs requires, or will require austerity: resources need to be saved and pollution to be halted, in particular, the emission of greenhouse gasses. Such austerity would require a lot of self-discipline from individuals, which has shown to be impossible (nor would it seem to be desirable.) Consumers would determine their own ration, but they would have to collectively determine the amount to be distributed. So, they pre-commit themselves to this amount but at the same time can take the liberty to claim as much as they need or want.

3.4 Requirements

The eranist economy fulfils some obvious requirements.

Decentralised There is no authority which determines how long one should work or how much one should get. On the other hand, many data are to be collected to estimate how much actually is, or should be available. This is a problem which should have been addressed decades ago but for political reasons, never has.

Strategy-proof The basic mechanism of eranism for a good deal is strategy-proof, that is, no profit can be made by misreporting the number of labour hours, the need for work, or the amount of goods needed. The main exception is to not record the labour hours of somebody who is never to be seen again.

In conclusion, Eranism is not a naively utopic gift economy but a robust way of distributing goods and labour in a just manner. Based on scientific findings, it should be refined, changed, and extended. But first, it should be tried out.

A Possible Origins

Here is a sketch of the way the abandonment of moneyless mutualism might have contributed to the present predicament.

A.1 Reciprocation

The definitions of mutuality and reciprocation differ in the literature. Elaborating on the work of Ricœur, Hénaff considers mutuality as a report between

members of a group where an act of one person to the benefit of another is not considered the creation of an obligation (as is often the case with reciprocation) but as an act which springs from a sense of communality and equality [9]. (Clearly, Eranism does not count on such a sense.) Mutualism as defined in this document is what Sahlin calls “pooling” and “redistribution” and which he considers as a system of reciprocities [15, p.188] or centralisation of reciprocities [15, p.134 n.16]. (He uses the term ‘mutualism’ but hardly defines it.) The boundaries between mutualism, cooperation and the various grades of reciprocation are blurred [15, p.192]. This suggests that there is not one specific reason why people decided not to rely on the community but on reciprocation, that is, on obligations of one to the other. Still, one would have to rely on communities to enforce such obligations in whatever way but that may have appeared to be a more reliable arrangement.

The following paragraph suggests how money may have evolved from reciprocation. Interestingly, the use of money leads back to mutualism because any member of the community can be expected to help by being offered a payment, although there still is no guarantee.

A.2 Money

Money is defined here as an anonymous (tradeable, transferable, alienable) certificate of credit, though not of a right: nobody can legally be forced to sell against a low price. The origin of money can be thought of as a contract, which to the debtor meant “I owe you” and to the creditor “You owe me.” For example, the tally. So, the certificate of debt (promissory note, debenture, obligation) is a certificate of credit at the same time. Once such a certificate is exchanged amongst debtors and creditors, then it becomes money. The way this came about can be thought of as follows, which is not necessarily what happened in history. Person X renders a service to Y, who returns a certificate of debt to X and keeps a certificate which proves that X did not forge such a certificate of debt. Person Z helps X and in return, X passes this certificate to Z. So, Y is now obliged to Z and the creditor has changed. Conversely, Y can pass his or her certificate to someone who helped Y, to the effect that the debtor has changed. (This transaction would have to be accompanied by yet another certificate . . .) Historically, the settlements of debts were festive fairs, which grew into clearing houses, and finally into banks and governments who issued coins as a token of indebtedness [14].

References

- [1] Aristotle, *Politics*, transl. Benjamin Jowett, in W.D. Ross (ed.) *The works of Aristotle*, reprinted by Encyclopedia Britannica, 1994. An example of Aristotle’s critique on chrematistics is around 1258a5: “Those who do aim at a good life seek the means of obtaining bodily pleasures; and since the enjoyment of these appears to depend on property, they are absorbed in getting wealth.”
- [2] Buhr, M. (1974) *Warenfetischismus* [Object fetishism] in: M. Buhr (ed.) *Philosophisches Wörterbuch* (“ist das erste seiner Art, das auf marxistisch-leninistischer Grundlage aufbaut.”) [the first of such kind which rests on Marxist-Leninist foundations] West Berlin: Das Europäische Buch. “In Geld (Kapital) erfährt der Warenfetischismus seine höchste Steigerung.” [“In money (capital) object fetishism reaches its apex.”] refers to Karl Marx, *Das Kapital* (1867) vol.1, ch.1.1.4 *Der Fetischcharakter der Ware und sein Geheimnis* and to K. Marx, *Ökonomisch-philosophische Manuskripte* ms.3, ch.4 *Geld*, § 563, 564f.
- [3] Cross, M. (2017) *The emotional life of money. How money changes the way we think and feel*, Santa Barbara, Denver: Praeger.
- [4] De Bruin, B.; Herzog, L.; O’Neill, M.; Sandberg, J. (Winter 2020) *Philosophy of Money and Finance*, The Stanford Encyclopedia of Philosophy, Zalta E.N. (ed.), forthcoming:

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- [5] Eliopoulou, V. at 0:52 in: Chamberlin, S.; Armstrong, P. (2020) *The sequel. What will follow our troubled civilisation?* Bullfrog Films. See also taster 7 on

flemingpolicycentre.org.uk/the-sequel/

at 3:30.
- [6] Fleming, D.; Chamberlin, S. (ed.) (2016) *Lean logic. A dictionary for the future and how to survive it*. White River Junction: Chelsea Green. Lemma *Growth* on p.182: “For an economy, ‘moving forward’ means

growth in [Gross Domestic Product], which it has to sustain just to reabsorb the labour [force] released by those advances in productivity.” See also <https://leanlogic.online>.

[7] Goolsbee, A.; Levitt, S.; Syverson, Ch. (2013) *Microeconomics* New York: Worth.

[8] Ibidem p.677 *Freakonomics. Is Fire Protection a Public Good?* Indirectly refers to

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[9] Hénaff, M. (2012) *Le don des philosophes. Repenser la réciprocité* [The gift of philosophers. Rethinking reciprocity] Paris: Seuil, pp.147-150.

[10] Honegger, C.; Neckel, S.; Magnin, Ch. (2010) *Strukturierte Verantwortungsglosigkeit. Berichte aus der Bankenwelt* [Structured Irresponsability. Messages from the Realm of Banks.] Berlin: Suhrkamp.

[11] Lafargue, P. (1883) *Le droit à la paresse* [The right on idleness] Paris: Allia, 1999. p.47: “... le grand problème de la production capitaliste n’est plus de trouver des producteurs et de décupler leurs forces, mais de découvrir des consommateurs, d’exciter leurs appétits et de leur créer des besoins factices.” [The great problem of capitalist production no longer is to find producers and to double their forces, but to find consumers, to arouse their appetites, and to inculcate them with artificial needs.] p.49: “Tous nos produits sont adultérés pour en faciliter l’écoulement et en abrégier l’existence. Notre époque sera appelée l’âge de la falsification ...” [All our products are adulterated to increase their sales and to shorten their life. Our era will be called the *fraudicene* ...]

[12] Lietaer, B.; Arnsperger, Ch.; Goerner, S.; Brunnhuber, S. (2012) *Money and Sustainability. The Missing Link*, Axminster: Triarchy Press. The following processes detrimental to sustainability are listed on p.94: boom-and-bust cycles (but the destruction of natural capital is only mentioned in passing); short-termism; growth due to compound interest; concentration of wealth; and devaluation of social capital (trust and other such immeasurable concepts.) The effects on the environment of the last two processes is not highlighted. On p. 133 starts a paragraph about the creation of fiat currency out of nothing.

[13] Lukács, G. *Reification and the Consciousness of the Proletariat*, in *History and Class Consciousness*, Rodney Livingstone (trans.), Cambridge, MA: MIT Press, 1971, pp. 83-222. On p.100 ‘reifying process’ as cited in Stahl, Titus, *Georg [György] Lukács*, *The Stanford Encyclopedia of Philosophy* (Spring 2018 Edition), Zalta, E.N. (ed.) on-line:

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See pp.393, 397, 399, 402-403.

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[16] Simmel, G. (1900) *Philosophie des Geldes* (Philosophy of money, eds. D.P. Frisby and K.C. Köhnke) Frankfurt am Main: Suhrkamp, 1989. Ch.4.2, p.442: “denn worin anders kann [der Reiz des Geldes] bestehen als in dem Versprechen der Freuden, die uns das Geld vermitteln soll?” [for of what else consist the arousal by money than in the prospect of pleasure which is conveyed by money?]

[17] Simmel, G. (1901) *Philosophie des Geldes* (lecture) pp.719-723 in [16]. On p.722: “In dieser reinen Sachlichkeit der geldmäßigen Beziehung zeigt sich bei aller gegenseitigen Abhängigkeit doch die Persönlichkeit

ihrer Träger als völlig gleichgültig; und hierdurch wird offenbar das Fürsichsein, die individuelle Unabhängigkeit eines jeden, zu ihrem höchsten Gefühlswert gebracht.” [In this pure objectivity of the financial relation, the personalities of their carriers show as completely equivalent, despite all reciprocal dependency; and thus, apparently, the being-for-oneself, the individual independency of each, is brought to its highest emotional value.]

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- [19] Vaihinger, H. *The Philosophy of As if* (1924) (transl. C.K. Ogden) Oxon: Routledge and Kegan Paul. (Reprinted in 2000 and 2001.) On p.xxx of the introduction, Vaihinger coins the term ‘preponderance of the means over the end’ for Wundt’s ‘heterogeneity of purpose’ and Schopenhauer’s theory.
- [20] Wilson, G. (19 March 2013) *The psychology of money*, lecture transcript.
<https://www.gresham.ac.uk/lecture/transcript/download/the-psychology-of-money/>
- [21] Zerzan, J. (2010) in: *Too marvelous for words. Language briefly revisited*, pp.102-108 in *Origins*, Milwaukee: FC; Greensburg: Black and Green. On p.105: “The symbolic is complicit: it generates more and more mediations to accompany those created by social practices. Life becomes fragmented; connections to nature are obscured and dissolved. Instead of repairing the rupture, symbolic thought turns people in the wrong direction: towards abstraction.” On p.102: “Feyerabend [in *Conquest of Abundance: A Tale of Abstraction versus the Richness of Being*] wondered how civilized rationality—which has reduced a natural abundance of life and freedom and thereby devalued human existence—became so dominant. Perhaps its chief weapon is symbolic thought, with its ascendancy in the form of language. Maybe the wrong turn we took as a species can be located at that milestone in our evolution.”