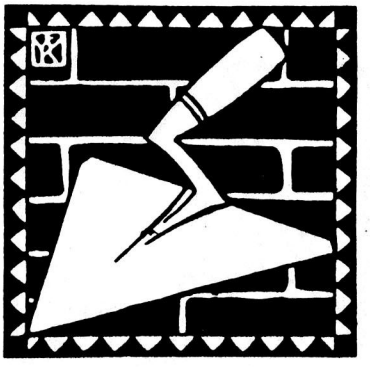
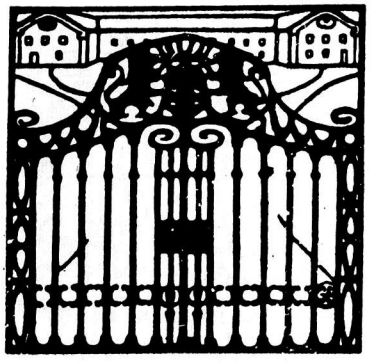
What follows is an attempt to outline an area of research I want to pull together over the next year of so. The ideas are relevant now—the details longer in coming. All that depending on time and funds, ideas and input from you and others, and what other plans the universe has for me in the meantime. Feedback, data, ideas, and any help on funding are welcome.—TB





Over the last fifty years a worldwide shift from substantially self-reliant regional economies to experimentation with a single giant exchange economy has taken place. The unique political, energetic, and material conditions which supported that experiment have since changed dramatically. The effects upon our lives of the economy created are coming under serious question, and the possibility of new self-reliant economies based upon appropriate technologies is beginning to offer a distinct alternative that warrants careful examination.

It's time to see if, as we suspect, our present economic patterns are really costing us far more than we realize. It's time to examine the new forms of self-reliant economics to see if they can be a more desirable way to live.

Starting to try to put such a picture together, here are some of the perspectives and questions that have come out:

• "Free Trade" rarely means *fair* trade. The terms of trade in any exchange economy are set by the more powerful trading partners to their own advantage. The U.S. has benefitted handsomely from this in the past, buying raw materials at highly competitive (or gunpoint) prices and selling manufactured goods in return at monopoly prices. But today the balance has shifted to where we have to purchase raw materials at monopoly prices and sell manufactured goods with strong competition from others. Likewise, farmers selling to a monopolistic food processor or consumers buying food, autos, electricity or newspapers from firms that are powerful enough to influence prices end up repeatedly on the short end of the stick. To the degree that a person, community, or region provides for its own needs, it can avoid dealing in such arrangements that literally can starve them out. But would "protected" regional or local markets create a similar monopoly position for dominant firms in the smaller market? Or could we set up new "rules of the game" for large-scale trade which would insure fair treatment for everyone?

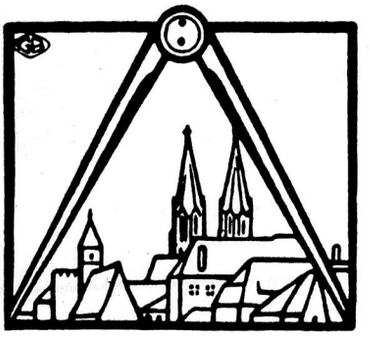
• Exchange economies have resulted in major centralization of economic power, which with its resultant concentration of political power presents a grave threat to any democratic form of government. We've already witnessed the effects in Vietnam, Watergate, the Soviet Wheat Deal, and the growing political influence of oil countries in D.C. today. Decentralization of economic power brings more relative power to individuals and communities to control their own affairs. But change in scale may only substitute petty local tyrants for distant great ones. Are they any less chafing?

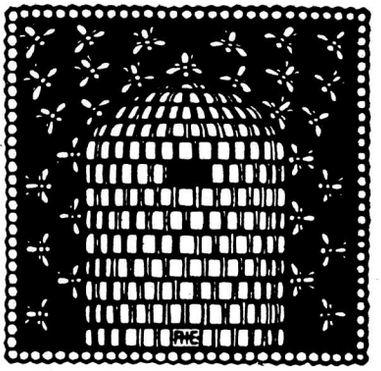
• Centralized economic planning (whether by business or government) also generally disregards and escapes the often staggering local impacts of their actions. Energy "boom towns" strain local tax bases and schools. Unnecessary plant closings frequently have catastrophic impact on a local community and people's investment in their community. Freeway construction and urban renewal projects are notorious for their unwanted local impacts. The scale at which such decisions are made and at which industries and other organizations operate can be decreased dramatically—frequently with improvement in economic performance. But can, or should, smaller organizations be able to respond as quickly to new market developments as larger ones? And can they maintain a broad enough perspective on their own actions?

• On closer examination, many of the apparent economies of large scale organization turn out to be accounting sleights of hand. The lower food prices in supermarket chains often results from their monopoly of marketing opportunities for the farmers and resultant underpayment to farmers for their crops. The *farmers* rather than the consumers are paying the price subsidy, while the food processors/distributors are actually taking a larger bite out of the middle than before.

• Failure to include the household as a producing economy in our economic calculations (though its product equals one-third of our GNP) results in major distortions of our perceptions of economic progress. Anything done at home, even if more efficient, registers as a loss of production and employment, while any production moved out of the home and into the workplace (even at a loss of efficiency) registers as economic and employment growth. How do we include it?

• Measuring only production (GNP) has led us to equate expenditures with benefit. More expenditures on medical services are inferred to mean better health care and better health, though more likely they are a *cost* of dealing with the results of unhealthy living patterns or the results of harmful substances we allow to be released into our surroundings. Likewise, increased production associated with throw-away rather than durable goods is seen as a plus, and increased transportation use and expenditure is counted as a benefit rather than a cost of making a way of life possible. All of which lead to distortion in the way we do things. What new accounting procedures can give us clearer perceptions, and support decentralized ways of operating?





• We also have an interesting habit of counting only additions to our stockpiles of wealth and not the losses from it. When we tear down a perfectly good four-story building and erect a new 10-story building in its place, or tear up a perfectly good two-lane road to replace it with a four-lane one, or build a new sewer in a community that already has a considerable investment in operable septic systems, we forget that we're destroying perfectly good things while building new. And we usually forget to add the cost of those losses to the cost of the changes we make, consequently thinking we're better off than we actually are.

• Normal patterns of family indebtedness are usually ignored in economic calculations, though they have a major influence on the real costs to a family of choices in living and purchasing styles. A thirty-year mortgage on a home ultimately *triples* the cost of the house and requires several years worth of income to pay it off. A home purchase that avoids the use of a realtor immediately saves 6 percent of the cost of the house. But if applied directly to lower the mortgage, it ultimately saves 18 percent of the price of the house. When a family has such credit purchases to pay off and the alternative exists to use the money to pay off the credit purchases more quickly, even cash purchases need to be considered as costing perhaps three times their price tag. How much of our incomes go to paying credit charges?

• Mere realization of the magnitude of cash flow and profits removed from a community by outside ownership of economic activities—whether investor-owned utilities, franchises, pyramided corporate ownership of firms or just a non-local owner of a business—is reason enough for communities to revolt against present patterns and establish more locally-controlled ones. Where has that happened already, and how is it accomplished?

The list could go on and on—about functional diseconomies of scale and transportation and advertising, about the values of greed rather than need that are supported and encouraged, about "economic development" claims of benefit to a region that are totally unsubstantiated in actual experience or about who really benefits from particular economic concepts and accounting that are used. Increased land values, for example, are traditionally viewed as a sign of prosperity and considered beneficial, yet land values only benefit a few, while the other side of the spoon—land costs—affect everyone and represent a *cost* of location, something to be *minimized*. Likewise, schemes to increase revenues from tourism represent profit to a few, but increased costs for everyone's vacations. The confusion in these exchanges is between benefits to the community and benefits to certain favored individuals, and the community has come out the loser in most cases.

It's clear, however, that both intentionally and unintentionally we are misled as to the effects of our present economic system. Better accounting concepts can improve our information considerably, but it seems in case after case that decrease in scale, regaining local control, or internalizing the split between producer and consumer are the inherent structural changes that eliminate or avoid the problems rather than trying to mitigate their effects.

The alternative of self-reliant economic patterns appears to be particularly fruitful compared to the status quo today because of several recent changes in the forces underlying our economic patterns. The decrease in our power to negotiate favorable or even fair exchanges in the marketplace against increasingly powerful outside interests such as OPEC, other commodity cartels, multi-national corporations, and more efficient manufacturing nations is making more autonomous local, regional and national economies increasingly in our self-interest. At the same time, the recent development of tech-

continued

self-reliant economics

Tom Bender

nologies appropriate for small scale operation with energy, capital, employment and economic performance equal to or often superior to large scale units is making such self-realint economics possible and desirable. Although more and more accurate information on the costs and performance of many of these technologies is now becoming available, we have yet to examine the interactive effect of a whole economy dominantly based upon them. And as the real costs of centralized exchange economies are becoming clearer, we are discovering the historically better fit of decentralized, locally controlled economies to the real and recently overlooked costs and benefits mentioned above.

In none of these cases does self-reliance at any particular level mean slamming the door and cutting off from the rest of the world. What it does mean is tipping the balances and shifting the percentages of what we take responsibility for ourselves at each level vs. what we leave to "someone else." And it means a careful determination of how different patterns of economic activity actually affect us and others. For every scale and specific region or locality, the specifics of

self-reliance are different, but the concepts are similar. For a regional economy, self-reliance means such things as recycling of glass, steel, and other materials within the region rather than importing or mining new raw materials. It means the region producing the majority of its own food, providing for the majority of its own needs for furniture, building materials, vehicles, electronics, clothing and other manufactured goods from locally available material. And it means the use of locally available, renewable forms of energy. For a local economy it means as well innovative ways of providing public services, expansion of service industries such as appliance and automotive repair, localized rather than franchised restaurants and retail stores, as well as more locally owned bakeries, breweries, wineries and dairies. Self-reliance for the household means less dependence upon full-time jobs to purchase store-bought things, and instead, more homemade and home-repaired goods. It means more limited and careful use of credit; owner-built, -remodeled, and -repaired housing, more gardening and home food processing, and use of solar or wood heat.

As with soft energy paths, the details of self-reliance differ for each locale, but determining the feasibility for one specific case can both test out the general concepts and, if feasible, give support to other regions to develop specific programs tied to their own different needs.

I'm interested in demonstrating for a particular area (Oregon) the comparative merits of these ideas—laying out new assumptions, social, economic and environmental impacts of a 50 percent and 100 percent shift toward self-reliance, and laying out a framework for institutional and technological changes to accomplish it. We want to examine our "economics" through three major cuts: Household Expenditures (food, shelter, transportation, clothing . . .), Public Services (health, education, utilities, government . . .), and Major Industries (timber, agriculture, tourism, banking . . .) to see their effect on both people individually and the region as a whole.

It is likely that the real issues in economics revolve around scale and institutionalization, control, the effects upon people and the goals served—not around questions of free enterprise vs. socialism, profit maximization, or industrial growth. And there's reason to believe we're at a time when major change is possible in these patterns. ■

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