

Five Interwoven Economies:

- * Subsistence,**
- * Gift,**
- * Exchange,**
- * Planned, and**
- * Theft**

A simplified educational model about socioeconomics for understanding 21st century trends

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Three levels of economic reality

- * **What really is** (dirt, trees, oceans, people, wire, thermostats, software, papers)
- * **Decision makers** (people, thermostats, computers, robots, bureaucracies)
- * **Models** that decision makers use to make sense of the world or influence each other (like supply-side economics, natural capitalism, theories about human motivation, etc.)

Mainstream economists often confuse their elegant economic maps and simplified assumptions for the territory. That is a risk for any model makers. One may ask, are the models at least useful? And to whom?

We live in an age of accelerating technological and global social change, like documented in the excellent video series “Did You Know”. This is intended as an educational model to help people better understand what is going on in the world around them as a result of those changes putting stresses on our current dominant socioeconomic systems like US-based capitalism.

All socioeconomic systems rest on a mythology of how the world works. That mythology informs the models of wealth we choose to make and discuss. All property rights or leadership positions in a society ultimately rest on broad social consensus about those models. If the social consensus breaks down suddenly, the confusion can be very painful. It may be better to think about these issues before that happens. Unfortunately, mainstream economists don't seem to be doing that very much yet.

There have always been five interwoven economies. The balance shifts with technological changes and cultural changes.

A subsistence economy:

“There’s some lovely berries over here.”

A gift economy:

“The meat from this deer I hunted is going to spoil; I’ll share it with the tribe, and others will share their hunting results some other time as they have in the past.”

A planned economy:

“Let’s put the longhouse here. I’ll cut the trees, you level the ground, you over there will put up the walls, and you over there will cook us some food while we are busy with these other tasks.”

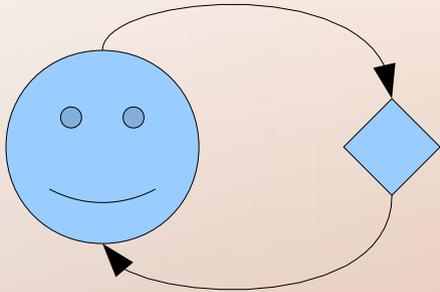
An exchange economy:

“You scratch my back, I’ll scratch yours. I’ll trade you some of my extra berries for some of your extra deer meat.”

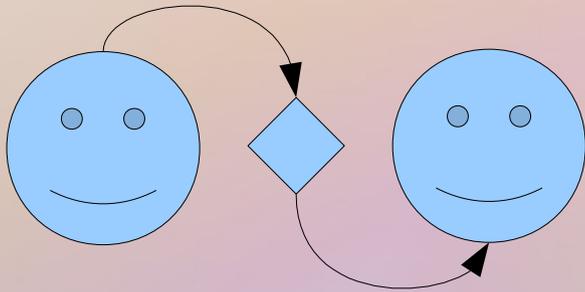
A theft (or conquest) economy:

“What is yours is mine because I’m stronger, cleverer, sneakier, or can afford better lawyers.”

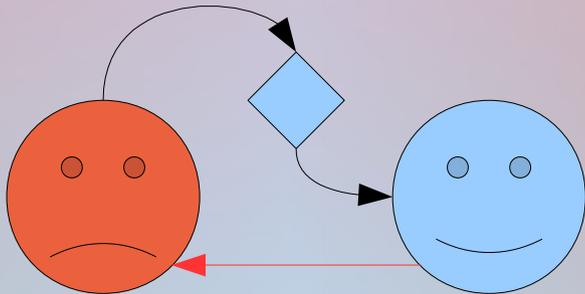
Subsistence economy



Gift economy

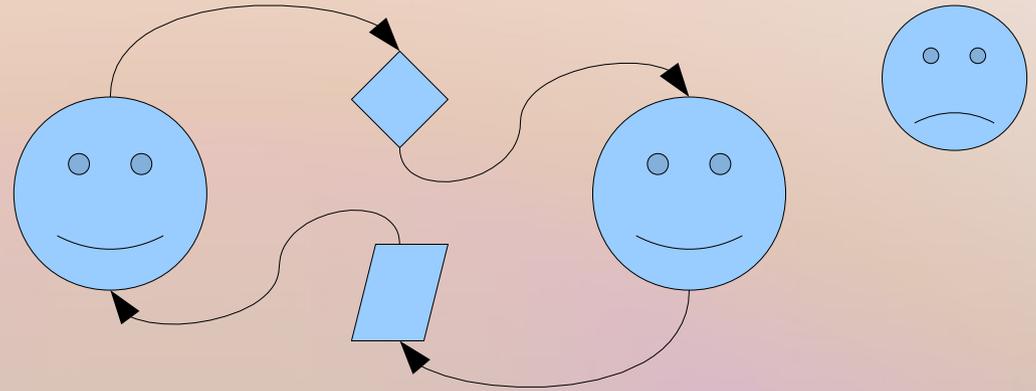


Theft economy

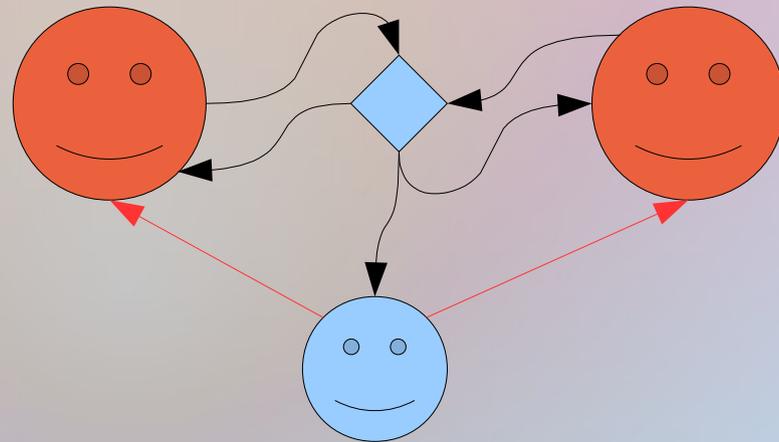


Movement of goods, happiness, and level of coercion (in theory)

Exchange economy



Planned economy



Understanding the headlines in the press and on the internet

“How to Grow Your Own Organic Vegetables for Frugal Sustainability”

“Wikipedia, the free encyclopedia that anyone can edit.”

“Buy a Mac for college and get \$100 to spend on the Mac App Store.”

“MPs order review of £32bn high-speed rail plan”

“Fresno, Calif., is new car-theft capital of the U.S.”

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On the nature of making an educational model

This is a simplified model. There are levels. There are gray areas.

The economies are interwoven. Interactions are often not just in one economy.

For example, a big retailer with a shoplifting problem might:

- * make a plan in conjunction with local officials (*planned economy*)
- * to donate a percent of profits to a worthy cause like a non-profit homeless shelter (*gift economy*)
- * which is putting in an organic garden (*subsistence economy*);
- * the retailer gets goodwill and valuable advertising out of the transaction (*exchange economy*)
- * while also reducing shoplifting from homeless people in the area (*theft economy*).

For another example, is a community planning well for its own local subsistence needs more an example of the subsistence economy or a planned economy? So, there are gray areas, overlaps, and issues about levels.

The five economies model is intended to be useful and educational, not a perfect theory.

Overlap examples

Planning can be done by a government using taxes, subsidies, and regulations that affect the market economy, for this reason:

“In economics, an externality (or transaction spillover) is a cost or benefit, not transmitted through prices, incurred by a party who did not agree to the action causing the cost or benefit. A benefit in this case is called a positive externality or external benefit, while a cost is called a negative externality or external cost. (Wikipedia)”

The market economy can be softened with a basic income (welfare) that resists the centralization of wealth as the rich get richer:

“Winners of the Nobel Prize in Economics who fully support a basic income include Herbert Simon, Friedrich Hayek, James Meade, Robert Solow, and Milton Friedman. (Wikipedia)”

People can commit crimes to become part of the planned economy of prisons:

“N.C. Man Allegedly Robs Bank of \$1 to Get Health Care in Jail”

People have made free videos on YouTube about how to clean your own lawnmower's carburetor to avoid having to bring it in to be serviced for money:

“YouTube - Cleaning Carburetor on Craftsman Lawn Mower”

The balance between these five interwoven economies shifts with cultural change and technological change.



Credit: Wikipedia: Balance board

The balance will reflect the outcome of historical conflicts, current political power distribution, and cultural influences like religions and economic philosophies, which may be specific to every individual country.

Examples of ongoing technological changes

Industrial productivity is rising exponentially through robotics and other automation, better design, the accumulation of infrastructure, and better communications.

Demand can rise slower than productivity in healthy people, due to Abraham Maslow's Hierarchy of Needs theory, a “Voluntary Simplicity” movement, and a “Reduce, Reuse, Recycle” environmental ethic.

Birth rates are declining in industrialized countries (for a variety of reasons).

Computers and networks make possible the practically free-of-direct-cost exchange of digital information, where scarcity is more-and-more “artificial”.

There is an increasing technological capacity to treat atoms like bits, such as through 2D printing and now emerging 3D printing.

The widespread availability of networked SmartPhones, most of which will be discarded in three years and will be available for free for other purposes.

Solar panels are dropping in cost. A variety of alternative energy devices (maybe even cold fusion) are in the works.

Globally, materially poor nations are increasing in health and materially prosperity.

Yet...

Yet, life becomes more precarious for many in the middle class due to the effect these trends have on mainstream employment and global security.

Real wages in the USA have been flat for about thirty years, and have even been declining recently.

The rich/poor divide is growing in some areas of the world like the USA.

The value of most human labor is declining relative to automation, thus breaking the income-through-jobs link that grants the right to consume in an exchange economy.

Two-income-reliant families have twice the odds of having an economic problem.

The trends of increasing abundance also enable the creation of ever more powerful Weapons of Mass Destruction that can be created and wielded by fewer people, often ironically to fight over perceived scarcity.

Ironically, militaries globally are preparing to fight the last century's wars about scarcity but with the tools of abundance.

Robots are increasingly being used in warfare. The USA has surpassed one million hours of combat drone use.

Propping up an exchange-based system through make-work and artificial scarcity as the income-through-jobs link breaks through “transactions of decline”

- * Endless advertising
- * Endless war
- * Endless bureaucracy
- * Endless schooling (with little true education)
- * Expanded prisons and criminalization of everything
- * Increased sickness, with a focus on treatment not cure, and palliation not prevention
- * Over-medicalizing birth, life, and death
- * Endless copyrights and overly broad patents
- * Divide and conquer with pervasive social unrest that leads to strife (including racism)
- * Creating a widespread sense of incapacity, gloom, fear, and pessimism
- * Hiding the problems (homeless, jobless, hungry, poor, etc.) through gated communities

Positive alternatives to increased “transactions of decline”

Increased local subsistence

- * 3D printing like with RepRap, MakerBot, and someday nanotech
- * Local food through organic gardening, robots, and greenhouses
- * Local currencies
- * Alternative energy (solar, wind, geothermal, or even thorium power, cold fusion, etc.)
- * Local meetups coordinated through the internet

Increase the gift economy

- * Increased internet access
- * Shorter copyrights and patents (or none at all)
- * Improving on FreeCycle with a global public logistics network for unused goods
- * More FOSS code and content; less conflicting licenses
- * Government, charitable, and non-profit dollars should only go to FOSS works

Soften the exchange economy with a basic income

- * The US currently provides on about US\$700 per month per capita between welfare, schools, and social security
- * The US could provide everyone with US\$2000 a month a half the US GDP; the remaining GDP that was competed over would be the same as in the mid 1990s.

Improve democratic resource-based planning

- * Improve government transparency using the internet and local meetings
- * Increase the number of Representatives in Congress by ten times.

Another way to look at the five economies and solutions

	<i>Exchange-based</i>	<i>Values-based</i>
<i>Individualistic</i>	Capitalism + Basic income	Local subsistence Gift economy
<i>Communal</i>	Stronger local communities emphasizing community subsistence through Localism	Resource-based planned economy

Theft can occur in all these different options. Exchange-based theft is well-known. In a resource-based economy people can direct resources to self or friends. Even in a gift economy, people can try to take credit for things they did not do, or they can give substandard goods, or they can push gifts on people like a “White Elephant”. Subsistence that is not sustainable can have an aspect of theft from the next generation; “Unto the seventh generation” is like “Thou shalt not steal”.

There are some things that are a rough fit. Subsistence is in two quadrants as is exchange. Localism and a basic income both have a strong values component.

How will the balance shift in your current country of residence between these five interwoven economies?

The current balance reflects unique things about your country's history, culture, and infrastructure. Future changes will also reflect where your country is now, and how your country's culture and technology changes over time. Although what other countries around the globe are doing may affect what happens in your country too, as global trends in culture and technology get absorbed by your country.

Where is your country now on the five types of economies?

- * Subsistence economy
- * Gift economy
- * Exchange economy
- * Planned economy
- * Theft economy

How do you want that balance to shift?