

# What Could Distributive Economics Do for Society?

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We live in a time of deep economic anxiety. Our economy strips wealth from the poor and middle classes and concentrates it in the hands of the already rich. We depend too much on foreign suppliers and fragile supply chains. Drastic and dangerous solutions to climate change, such as shrinking the food supply, are being implemented. As our financial system consolidates, fears grow that people with the wrong opinions, or even with disfavored personal characteristics such as race, may be denied access to financial services, employment, education, or health care.

An idea born in the 1870s, that could help us escape these evils, may finally be ripe for implementation. This article discusses the promise of Distributive Economics.

## Capitalism and Its Traditional Alternatives

**The drawbacks of capitalism.** Although the U.S.A. is richer than it has ever been, some 60% of [Americans](#) [1] live paycheck to paycheck. Many more are homeless and destitute. Many Americans cannot afford health insurance and medical bills. Many are just one financial mishap away from insolvency.

Now, as usual in America, many people cannot find employment for which they are qualified. Many of those who have jobs are underpaid, victimized by wage theft, and work under unfair conditions.

In our highly interconnected global economy, evils such as high inflation, recession, supply chain failures and economic collapse can result from events such as pandemics, foreign wars, and decisions by foreign cartels that are beyond the control of any American.

Employers increasingly weed out employees with “wrong” political opinions. However, the employers themselves are frequently acting under pressure from the government, from investors, from powerful banks, from activist employees, and from their own Human Resources departments. This happens even in the few states or regions where laws forbid it.

Hence, while selling one’s labor may be necessary to keep a roof over one’s head, those who do it sacrifice a great deal of security, time, effort, and freedom.

**Can socialism replace capitalism? Pros.** Attempts to avoid or soften the evils of capitalism have included socialism, trade unionism, and self-sufficient living. Socialism is the ownership and control of the means of production and distribution, capital, land, and other important assets, by the public as a whole, usually through a centralized government.

The aim of socialism is usually to decrease economic disparities and to ensure that the very poor or very unlucky get the essentials of what they need—such as free health care. Socialism can replace a competitive economy, where unfair and predatory tactics are common, with a communal economy whose ethos is shared effort and society may reap increased political cohesion as a reward. Socialist economies may be less subject to boom-and-bust cycles than are capitalist economies.

**Cons.** However, socialist economies usually grow more slowly than capitalist economies. In the absence of rewards for individual initiative, entrepreneurs may leave the country or simply give up. There may be a decreased incentive for people to work since the government will take from people if they produce and care for them if they fail to produce.

Price signals in socialist economies may be distorted or absent. Socialism rewards political acumen rather than productivity. Socialism concentrates power in the hands of bureaucrats, who control the fate of everyone. In socialist countries, there are fewer independent institutions and few if any independent economic institutions and thus fewer independent centers of power.

In the 20<sup>th</sup> century, both the Soviet Union and China made a very serious commitment to socialist economics. However, these two powerful and important countries both backed away from that commitment at least in part.

**Can labor unionism cure the evils of capitalism? Facts.** A labor union is an organization of workers formed to protect the rights and interests of those workers. Prominent labor unions in the United States include the National Education Association (with more than 3 million members), the Service Employees International Union (with almost 2 million members), the American Federation of

State, County and Municipal Employees, the International Brotherhood of Teamsters, the United Food and Commercial Workers, the United Auto Workers and the United Steelworkers. In addition to these, there are many smaller unions representing electrical workers, machinists and aerospace workers, farm workers, and other professions.

About 12.1% of workers in the United States are unionized. The percentage of workers unionized has fallen steadily since the early 1960, when it stood at over [30%](#) [2]. Although labor unions are still significant in American politics, they were more important in the past. In the early 1970s, organized labor had realistic hopes of attaining a “veto-proof” majority in the US [Congress](#) [3].

**Pros.** Labor unions have been effective in getting benefits for their members such as good wages, good working conditions, medical insurance, educational benefits, and pensions. They allow workers to voice complaints about working conditions with less fear of retaliation from their employer. The middle class share of the USA’s aggregate income is said to closely track the rate of worker [unionization](#) [4]. Pay to unionized workers is between 10-30% higher than to corresponding non-unionized [workers](#) [5].

**Cons.** Labor unions, nevertheless, have drawbacks. They often regard improvements in efficiency, especially technological improvements, as a threat to jobs and they attempt to block those improvements. They may insist that employers hire more workers than the employers need. In many cases, unions are subject to control by ideologues or by organized [crime](#) [6]. Unions can make it difficult or impossible for employers to fire unproductive or even destructive employees.

Labor unions may lobby politicians to prevent the closure of unprofitable businesses. However, in an economy that depends on private investment, every barrier to closing a business is also a barrier to opening new businesses because investors are less likely to invest money if they cannot rescue their money from failing enterprises.

**Can living “off the grid” rescue capitalism?** Some people escape the stress, boredom, or moral compromises of capitalism by living self-sufficiently. This is sometimes referred to as living “off the grid”, although “off the grid” technically means only that a person has no standard utilities (electricity, natural gas, water, landline telephone, cable television, cable Internet connection, etc.) Since people vary in their degree of self-sufficiency, “self-sufficiency” is hard to define, making it hard to estimate the number of self-sufficient people.

A good summary of the barriers to self-sufficient living has been [posted](#) [7]:

- In some areas, it is illegal to live in a house lacking utilities.
- It is easy to have too little electricity
- It is necessary to grow one's own food and to preserve that food. Preserving food may require pickling the food with salt. When consumed in excess, salt can promote hypertension. One may have to hunt and butcher game. One may have to grow vegetables to sell or barter.
- It is essential, and not easy, to acquire adequate water. It may be necessary to dig a well. However, in some places, people do not have a legal right to all the water in their soil
- An enormous amount of labor, equivalent to several full-time jobs, is required of those who live self-sufficiently. Procrastination may be disastrous.
- People living self-sufficiently may need medical care, either emergency or long-term.
- Living more simply is not necessarily the same as living more cheaply. A person needs money when living self-sufficiently.

In general, self-sufficient living may face legal barriers, is extraordinarily laborious, and is best suited to people who are healthy and do not need emergency services.

## What is Distributive Economics?

Distributive Economics, or "Distributism" as it is sometimes called, is a proposed alternative to both laissez-faire capitalism and state socialism. Distributism as a theory was developed in the late 19th and early 20th centuries. Distributism argues that society's productive assets should be widely owned, that owning property is a fundamental human right, and that society should be organized to implement these [principles](#) [8].

**Why did Distributism fail?** The Distributism movement of the past seems to have favored technological as well as organizational simplicity. This may have been a key reason for Distributism's limited adoption. The advantages of technology and the division-of-labor economy that technology supports are simply too great. A person who wishes to live well must depend on others. An essay from 30 years ago makes this [point](#) [9].

**The advantage of modern Distributive Economics.** Modern Distributive Economics differs from the Distributism of the past in that it aims to enable

individuals and small groups to make use of sophisticated technologies invented only recently. Some examples are given in the final section of this article.

**The tenets or goals of modern Distributive Economics.** Modern Distributive Economics asserts that:

1. Technological advances should make people as self-sufficient as possible as individuals or small groups. Ensuring this should be an important element of national policy.
2. Technology should make people resilient in the face of social, economic, or environmental disruption.
3. Technology should be as user-friendly as possible, being neither over- nor under-engineered. Technology should be as intellectually accessible as possible. Technological tools such as cell phones and farm equipment should be manufactured for easy and inexpensive repairability.
4. As much intellectual property as possible should be in the public domain, especially intellectual property used to create personal property. As part of this, an Online Archive of Personal Property Prior Art (OAPPPA) should be constructed and updated regularly. OAPPPA would be an online library of engineering technology that is non-patented and non-patentable, free for anyone to use. This is discussed further in the final section of this article.
5. Economic units such as corporations should be as large as necessary to carry out their functions, but not larger.
6. Small economic units should produce goods and services primarily for themselves rather than for sale. Accordingly, small economic units should cooperate, rather than compete, with each other. Small economic units should combine their political influence to ensure that raw materials useful to distributive economics, or to our national security, do not become scarce or expensive.
7. Education should be as inexpensive as possible and free for students who can benefit from Internet-based programmed learning. This is discussed in the final section of this article. Efforts by people to improve their marketable skills or self-sufficiency skills should be subsidized partly or entirely.
8. As much labor as possible should be automated.

9. Unlike socialism or Klaus Schwab's Great Reset, which hopes to minimize property ownership by individuals, Distributive Economics asserts that property ownership is wonderful, so wonderful that it's almost a basic human right. Accordingly, Distributive Economics tries to ensure that everyone owns at least the basics: a home, a car, adequate clothing, Internet access, healthcare, education, a personal computer, at least some opportunity for recreation, and so on.

10. Sophisticated university and government research laboratories should be tasked with inventing methods of production best suited for Distributive Economics. We should put the same effort into this as we put into other types of research and development, including weapons R&D.

15. We should develop better measures of national wealth production than our standard Gross Domestic Product. This idea is discussed in an excellent essay by the Nobel Laureate economist Joseph [Stiglitz](#) [10] and also [here](#) [11] At the very least, we should keep track of how long a given manufactured good or a service keeps its value and work to maximize that time.

## **The Benefits of Distributive Economics**

The anticipated benefits of Distributive Economics, relative to a division-of-labor economy are:

1. The skills that people acquire will remain valuable rather than become obsolete, because older technologies will remain available for those who find them adequate. If a set of actions is sufficient to feed someone this year, the same set of actions should be adequate forty years hence. People will not need to continue working in a given industry simply in order to remain employable.
2. People can prosper by predicting only their own needs, rather than having to predict the needs of potential customers or employers as well as their own needs.
3. People's welfare will depend less on the health of the overall economy.
4. People will waste less effort on economic competitions that only a few can win.
5. People can stop living in cities, and thus become less vulnerable to nuclear terrorism (a problem we are doing too little to stop) and pandemics.

6. Economic institutions that serve only their members will not compete with similar economic units. Thus, they can share knowledge about technology, finance, organization, management, legal problems, etc. without giving up a competitive advantage and without breaking anti-trust laws. Actions by the US government to strengthen economies overseas, e.g., in Africa, are less likely to infringe on American domestic economic interests. This is discussed in the final section of this article.

7. There is no need to seize the means of production, as advocated by socialists and early Distributists. Distributive economics can be built legally, incrementally.

8. Because goods and services would be consumed by those who produce them, labor shortages and surpluses would presumably be less severe than in a division-of-labor economy or even non-existent.

9. Distributive Economics may decrease carbon emissions and other environmental costs by increasing the durability of manufactured goods. People making their own goods will not have a perverse incentive to shorten the lifespan of those goods or to rely on shoddy materials and techniques. Moreover, goods will need less transportation if they are produced near where they will be consumed.

10. If Distributive Economics allows people to produce goods and services that are adequate to sustain themselves in less than 40 hours per week, it may allow society to focus its efforts on resilience and sustainability rather than the endless production of short-lived goods and services.

11. People who are self-sufficient (or nearly so) will depend less on employers and thus be less subject to ideological control by employers. People will be less driven to remain in the workforce in order to maintain their professional skills and credibility.

12. If Distributive Economics produces an economically stable society, people could spend less time and money creating “avoidable defensive wealth.” Avoidable defensive wealth is wealth that is spent to deal with an avoidable threat and which does not otherwise contribute to the well-being of the person who creates it. Examples are extra physical security measures needed when times are tough and desperate advertising campaigns to attract customers during an economic contraction. This idea is discussed [here](#) [11].

13. The emphasis on small stakeholders would avoid the development of large mobs of unemployed people supported by the state, with nothing constructive to do and believing whatever they are told to believe. People have more realistic ideas about gainful production if they supervise and participate in that production.

14. People who operated one-person productive enterprises might live near their source of support and travel less to and from work. They might also have more flexibility in choosing their working hours.

## Distributive Economic Projects

Below are several examples that illustrate how goals of distributive economics might be met. Additional examples are presented [here](#) [13]:

**Replacing refrigeration with high-pressure storage.** The refrigeration of food uses expensive electricity, the generation of which may emit large amounts of CO<sub>2</sub> into the air; however, it also lowers CO<sub>2</sub> emissions by preventing food spoilage. The storage of food under high hydrostatic pressure requires much less electric energy and emits much less CO<sub>2</sub> but is not yet feasible for many foods. A short summary of what would be required to extend high-pressure preservation to most foods is given at this [link](#): [14], and a longer explanation is given [here](#): [15]

**Harvesting aluminum.** Aluminum is very common in soils, but soluble aluminum can be toxic both to plants and to animals that consume plants, although under some circumstances, aluminum can [benefit plants](#) [16] [17]. The proportion of aluminum in soil that is soluble increases as the acidity of the soil increases. Some nitrogen [fertilizers](#) [18] and other influences such as increased [rainfall](#) [19] increase soil acidity and may be hard for farmers in poor countries to avoid.

Suppose that a process were developed to remove the aluminum from soil and collect it in one place. If the collecting process involved genetically engineered microbes and/or plants, it might be done fairly cheaply. Since aluminum is a good conductor of electricity (better than copper per unit [weight](#) [20]), the aluminum might be used in the electrification that will be necessary for widespread renewable energy adoption. It might make sense for advanced countries such as the USA to pay poor countries for the aluminum in their soils, thus improving those soils and supplying us with aluminum.

Under our current capitalist system, American farmers and agribusiness might have an incentive to block such a deal on the grounds that we would be using their tax money to support a foreign competitor or undermine a foreign market. However, in an economic system where agriculture was primarily local and geared to feeding people locally, and where there were mutual anti-famine assistance

agreements between countries, increases in food production in other parts of the world would be welcome here.

**An Online Archive of Prior Art.** A principal goal of Distributive Economics is to make ordinary consumer technical knowledge accessible to all of humanity. However, popular use of technical knowledge is restricted by patents and, in the case of software, copyrights. Although a radical proposal to spread technology more widely would involve banning patents and software copyrights, a more moderate proposal would be to create an Online Archive of Personal Property Prior Art (OAPPPA).

Prior public knowledge of useful techniques (“prior art”) will prevent those techniques from being patented, even if they have not been patented before. OAPPPA would try to ensure that:

1. A given invention is patented only once.
2. Methods already in use are not patented.
3. Obvious inventions or obvious extensions of existing inventions are not patented.
4. Patents are clearly written. Patents with overly broad or vague claims can sometimes be used to shake down businesses, with the burden falling on the businesses to prove that they are NOT infringing. Such businesses would be helped if they could point to a clearly written description of their methods that is already in the public domain.
5. People who wish to contribute their inventions to the public domain can do so easily.
6. Methods in the public domain are explained as clearly and simply as possible.
7. Technological advances in the public domain that could improve upon expired patents are not patented.

Existing and expired patents in the USA are already posted [online](#) [21] and the US Patent Office seems to do a good job of enforcing objectives 1-4, above. However, the remaining objectives will not be attained without determined, organized effort.

A possible additional goal of OAPPPA would be to promote voluntary “alternative compensation” for inventors. Under this scheme, instead of demanding royalties from users or sellers of intellectual property, a patent owner would instead insist that all users inform the IRS of the existence and extent of the use or sales. Vendors of sales accounting software would be required to include a feature that records sales of patented goods and services; these records would also be forwarded to the Internal Revenue Service. The Internal Revenue Service would

then calculate the value of the economic activity generated by the sold products and send the inventor payment equivalent to a percent of that value. The purpose would be to save businesses the disruption, effort and expense of patent litigation. Doubts about whether a valid patent was actually infringed could be settled by the patent owner, the IRS, the US Patent Office, and perhaps the courts without participation by users of the intellectual property.

### **Free Education on Any Subject Using Programmed Learning**

It should be possible to provide a free education to all students who have a computer and Internet access, and who can benefit from programmed learning. Programmed learning presents information or concepts to the student in a logical order and tests the student frequently to ascertain whether the student has grasped the material. Depending on whether the student has understood the material, the program either presents the material again from a different perspective or moves on to new material.

Students could receive their education at home and at their convenience. Use of virtual reality could help instruct students in subjects such as health sciences, auto mechanics or plumbing. However, such an education would presumably lack personal attention from expert instructors.

The authors of the programmed learning courses could learn from their students at the same time that the students learned from the courses. They could do this either by monitoring student performance during lessons or by soliciting feedback from students during or after the lessons.

Past attempts to dispense with tests and grades in education have not been generally accepted. Getting credit for one's education seems to be desirable or necessary. Hence, an online education would probably include online testing, which might require a paid human proctor.

At least some of the costs of the educational courses could be defrayed by prospective employers and by vendors hoping to sell goods or services to the students.

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