FOOD AND THE CURRENT ECONOMY
A shift from fancy pantries to local food

REPLACING THE REPLACEMENTS

By Harriet Fasenfest

So what do financial meltdowns have to do with food and why do you need another amateur assessment of the fallout? The answers to those questions are, “Everything” and, “You don’t”. But since I have been writing about the questionable premise behind economic system themselves (or at least their role as the holy grail) it makes sense that I would want to weigh in. Somehow the current stock market debacle has made these long days canning tomatoes easier to bare.

There are lots of ways to interpret the causes behind our current financial correction. Is it born of a lack of oversight and federal regulations? Is it about overheated markets making the cyclical and necessary adjustments? Is it a comeuppance for investor greed in the housing market?

In my unprofessional and humble (well sort of) opinion, the root of the problem lies in the operational premise and unwavering belief in economic system themselves. Economics is a system, not a science. I don’t care how many abstract mathematically formulas we use to support them or how many nobel prizes have been awarded for the field. Economics is still nothing more then a series of evolving systems to manage and distribute resources. Somehow they have become the be all end all of our lives; they control us and not the opposite way around. But what makes them so ridiculously suspect is that, for the greatest part of history, they have been designed by people who want to get more then their fair share out of them.

I realize this position requires a leap of faith to consider but fundamentally I believe it. Those of you familiar with my writing will notice my tendency to track all systems to what I call “the hot rock” -- that place of early entry as a single-celled organism on the planet. I suppose that is mostly because I believe all systems -- cultural, financial, environmental or otherwise are inevitable and inextricably connected so unless we go way, way, way back in time it is hard to decipher what and how things have evolved or how, hopefully, they can be corrected. But, for the sake of brevity, I’ll spare you that massive backtracking by placing this analyses somewhere in the last century or two. Though based on the notions of the “Seamless” it starts with an simplistic analyses of the concepts and functioning of economic systems over the last few centuries.

Economic systems are, in their most hopeful state, designed to encourage the best management and distribution of resources among those who need them. It is, in concept, a simple formula that suggests an ebb and flow of resources to and from the people who live on the land. There are those who consider every transaction in the universe a sort of economic system. If we accept that notion it would be reasonable to consider villagers getting water from the village well part of an economic system. There is the well (resources), the distribution of resources (going to the well) and the use of the well water by villagers (people who need it). Yet, in reality, we don’t really think of it as an economic system because it isn’t required. More likely we consider it a self sustaining system that requires few formulas and science to track. It isn’t really necessary because self reliant systems are self monitoring; when the well goes dry your in trouble. Such immediate consequences do not need outsider formulas. The point I am making is, we only start needing economic systems when they involve aspects of what I call replacement goods and services.

If self reliant systems suggest a direct relationship between villager (consumer if you will) and the resources (in this case water) replacement goods and services can be anything that stands in for them. Replacement goods and services are designed to replace the efforts and resources of the self reliant. Replacement goods and services can stand in for the person who is hauling the water (an outsider delivery system) or the water itself (no longer from the town well). Generally speaking, replacement goods and services put space between resources and the people who need them. I make this point because it is a fundamental shift in the way we existed over much of our time on this planet. Whether replacement service were appreciated is secondary to the importance of recognizing their role in shifting our pattern of consumption. Replacement goods and services where the first prong in the spokes of commerce. I suppose I am attempting to carbon date our current crises to a time before economic systems made sense. Certainly our hunter-gatherer selves did not need them. It seems reasonable to assume, therefore, that there would be little use for replacement goods and services when people could, and were satisfied with, meeting their own needs. More significantly, however, it is historically relevant to acknowledge that for replacement services to take hold, some degree of need, desire or forced control on the felt community and their resources must exist. Only in rare cases do functioning self-reliant systems look to replacement services by choice, more of the time it has been forced by hard times or greed.

Fine, we understand the concept of replacements goods and services. Marking their appearance and function in our daily lives is important since they affect so much of what follows. As I mentioned, I like to consider the root stock of our value systems. I think it is fair to say we have taken them for granted. That, in the end, might be one of the first clues for solving some of our problems we are facing but more on that later.

But how were these replacement goods and services paid for? That is, of course, a rhetorical questions since we all get the notion of barter; the exchange of real goods for real good. The strength to that system (in theory) is that it allowed for clear transactions. It was generally based on the bird (generally a chicken) in the hand and not one in the bush. The transaction was based or complimentary needs - you help dig my well I'll give you a side of beef, or something like that.

These early transactions were based on moderate needs (everyone was somewhat self reliant), honest exchange (if the chicken was sick you'd notice) and stewardship because, in the case of the villagers, when the water goes dry it is dry. There is nothing to barter or trade or even use for your own needs if you don't care for it. Though I never lived in such a system I can readily see how it would be self moderating and require careful observation and care for your resources. Of course you don't always want to haul around water or chickens for trade, particularly if you are going long distances. Enter early currencies.

In the furthering development of replacement goods and services, currency served as representative symbols of real goods. Certainly early currencies made trade easier but, more importantly, was based on the consensus of value by the barterers themselves. It's value was not far flung and virtual, rather, early currencies were as tangible as the chicken in your hand. It seems reasonable to assume that you can better peg value on something tangible (chicken in the hand) then something intangible (two in the bush). But currency was still a step towards freeing traders from the need to schlep goods. I will say, however, that it was outsider traders, not villagers involved in barter, that needed it most. It is my basic premise that every step away from self-reliance and early barter invited more complicated and inherently faulty measures of value and trade.

Currency, then, was designed to free up traders from schlepping goods. During the history of trade, there were many different modes of payment. At various times it was grain, or beads or even tulips bulbs. This system was somewhat erratic and was not without it's boom and bust cycles but regardless of the medium, they were attached to concrete goods. In that way, both payment and services offered where of the earth so to speak. Though they both stood in as proxies, they were tangible goods at root.

This worked for a while until the requirements of large scale trade presented new problems. Varying and shifting forms of currency worked in the local market but not in the foreign market. What foreign and large-scale markets needed was a currency of greater consensus *(As an sidebar I will also say that tangible goods, like fur pelts for example, were often ravishly depleted and replaced by the next big thing which suggests tangible goods were not often cared for. Of course I'm pointing to outsider traders for the assault but then that is another story).* It needed something that everyone wanted and would be willing to accept as payment. Enter the gold standard.

For a long time gold existed as a medium of true backing. It was tangible and of consensually valued. Currency was pegged to the gold standard and was held as a tangible backing to all trade. But then things changed. Somewhere in the 1960's the currency was set free of the gold standard and became something entirely pegged to the consensus of worth by market forces themselves. If, for example, everyone agrees a house is worth $100,000.00 and everyone will pay $100,000.00 for it then that is it's actual worth. There is nothing really supporting that assumption other then that agreement and nothing sitting in a vault anywhere to back it up should we drastically shift our assumptions. That is why it is so easily inflated and deflated. It is really backed on a wish and a prayer. Today's modes of currency are more virtual then anything else. Ask anyone what a dollar is worth and they will not be able to tell you.

Okay, you get the basic dilemma behind our economic system. It is based on a virtual currency used to pay for replacement services. In this scenario, both the real goods and payment for them are done by replacements. Both are stand ins and distanced from the root stock. But what makes it even harder to calculate the real value of replacements is the human tendency towards greed. It is true, we are a weird species or only made weird by our long absence from the natural world but there you have it, we are given to slight of hands which confuses any accurate accounting of the system. We see that most pitifully in our current crises. That too is a basic premise of the Seamless. Size and scale matters. Small communities and small-loop transactions can be better managed and more equitably distributed. Big-loop systems (global trade for example) are messy and inherently prone to breakdown. I believe that the greater the distance between consumer and resource the more likelihood for transgressions. In that way I don't believe cities have served us all that well. Certainly by design they require a whole series of replacement goods and services country folk do not require.

Sounds simplistic but it is a valid point to consider. When talking about a system designed to accurately and equitably (well...) distribute limited resources, big is rarely ever better. We, as high minded liberals, are beginning to question that premise and see the seeds of new thought made manifest in our big-city call for localism, but to be honest, it is yet the type of localism that is thwarted and envisioned by the principles of big-system logic. We are so inextricably tied to this big-loop economic system that getting ourselves off the band wagon will take more then the pep-rally cry to buy local. It simply isn't going to be that easy. My assumption is that for a while it will feel very hard.

But going back to replacement services themselves, it is helpful to remember that they, too, got a shot in the arm somewhere during the period known as industrialization. Industrialization was the mamma jamma of replacement service. Over decades and by design it took over most the tasks involved in self reliance. What it has caused, in my opinion, is a modern serf culture.

At first blush it may be difficult to consider industrialization a culprit when such a big part of our accepted economic legacy rides on the notion that it has created better access to more goods for more people at lower cost and less work. At least that is the basic justification behind them and I'll not argue the position now. I will note, however, that history shows a disheartening tale of empire, displacement and suffering in between the story line of industries' great forward thrust for humanity.

With all those historical considerations aside, it helps to understand that economic systems are nothing more then a tracking system for industry. Economic systems track the operational cost (resources, labor, production and distribution) of replacement service by replacement currency over an ever expanding market. That is the reason they exist. They are not some important social ideology in and of themselves even though we like to merge them with the principle of Democratic societies. Hogwash, economic systems are a fiscal tool, Democracies are a governing system. Both usher in certain results based on their operational premise but they are not as intrinsically related as our collective consciousness assumes. It is not, I dare say, a show of democratic principles to shop. Silly, really!

I offer all this as a lead into my position that the full throttle embrace of economic systems as the substrata of our existence must be reviewed. True, we all live under them but equally true is the fact that we have not always done so and, too, that they are specifically linked to the systems inherent in industry and not those of the natural world and self reliance. That is why it seems impossible to reconcile the needs of the environment with the needs of industry. They operate on a different system's speak.

Economic systems are nothing more then a system by which to track the creation, distribution, cost, consumption and payment of replacement goods and services. They are only relevant to the degree we live with replacement goods and services. It is fine to acknowledge that you want to live with lots of replacement goods and services but understand that that is a relatively recent development in our history as a civilization. Also, with regard to our current crises, we are so attached to the teat of replacement goods and services that we are crumbling. And that is mostly because the operational premise behind replacement goods and services and our current economic systems are not just effective systems for stewardship and distribution of resources (as we hopefully acknowledged earlier) but as a means to create profit.

With only a short word on profit, I will recognize it is not inherently evil to get a return over the basic costs of a replacement goods and service. It is not okay, though, to reap huge profits at the expense of the people and resources you are using in the process. But that is not the real nexus of the crises we are experiencing, or not, exclusively. Up until now I have been talking about replacement services for tangible goods - real water, real crops, real resources and labor. But like currency itself, the real liquidity and power of the market was built on the ability to free profit making from the self-limiting nature of tangible goods -- you can't make money on a dry well (unless of course you have bought up water rights all around the world and are planning on selling it once the world faces a serious unrelenting draught, hmmmmm).

No, tangible goods are both unwieldy and self-limiting. Just think about it. Not only are they fragile at their source and cumbersome to carry but, with regard to their sale, dependent of the real cash reserves of the people who need them. Imagine the horror of a marketplace controlled by real resources on the one end and real cash-in-hand payments on the other. Not a pretty notion for those who see unlimited growth as the saviour of the downtrodden. No, the real coup d'etat of our financial industry (or death knoll if you will) is when the profiteers came up with a way of making profit from and with absolutely nothing at all. Enter the world of credit and interest.

Credit is meant to free the financial system from cash or goods in hand. It is extended to people based on their virtual value. Presumably extended as a token of good will when really, it is a way for people and businesses to continue trading when there is no more tangible goods in the bank. It allows for "liquidity" but, too, the loose flying values and ethics based on the promise of future earnings. That is all fine, if you like that sort of thing, but it is intrinsically dangerous. Funny though, to challenge credit as the life source of our economy is considered sheer madness. Most pundits and financial advisers say the market is based on the ability of businesses (Wall Street or Main Street) and people to get credit. I challenge (and we are all witness to) that logic but there is more. Even though the assumed value of credit is in the liquidity it offers industry and individuals, it's real lure and power in the marketplace is the profit to be made in extending it.

Interest is a vital player in the virtual economy. It serves to pump up the value of the debt, or credit, that is extended. It can multiply the original debt many times over. It is not only the original debt financial markets sell to one another but the future earnings promised and compounded by interest. Many of us have experienced the devastating result of compounding interest but that is it's role. For the person in debt it is a curse, for the person extending the credit, a cash cow and god send. Which reminds me of something.

With only one statement about our good nation's Christian ethic (are you listening Sarah?) it was/is written that you should not charge interest to the poor. It was considered usury and unseemly. Fancy that, not wanting to take advantage of other people's misfortune. Where is the good book when you need it? That aside, in today's financial climate, there would be no real purpose for credit or no real payback for extending it if it were not for interest. You are not getting those credit cards in the mail for nothing.

The promise and selling of future interest and fees and yada, yada, is what wetted the appetite of all those big risky (and Secretary Paulson was known as Mr. Risk) wall street barons who where bundling them up (mortgages) to sell off to others who then profited by selling them to yet others. Everyone along the line made fees or interest on them in some capacity. What they were all getting a piece of the projected interest or, rather, what that interest looked like on the books. But also, they were selling the assumption that the virtual worth and what backed them (general consensus of value) would never go away. Enter the housing bubble.

The value of the housing sector was entirely smoke and mirrors and it has been the extension of credit and the selling of projected mortgage interest that flamed the fire. At it's base is the knowledge that the more people borrow the more interest and fees will be made. The housing and mortgage industry, as a producer of fees and interest earnings, was never about offering the pride of home ownership but about the administrative fees banks and mortgage companies were making and virtual value of interest they were both collecting on their books and selling out to investors. It did not matter that there was no real equity in a home because it was not the equity that everyone was making money on. It was the the selling of future income through interest in (among other things) a financial device called mortgage-backed securities and their derivatives. I won't bother trying to explain their accounting principles except to say they were complicated and disingenuous. Unfortunately, as unbelievable as it is, everyone ate them up.

So here we are. Puff the magic dragon has blown up and the thing (over valued home mortgages) keeping up this silly system has deflated. But it is only the current bubble and thievery that is in our scope. We might be able to fix it or shift it to another virtual wealth maker but it will never, ever, be attached to anything tangible again. It cannot. All the tangible things are gone. All the things that the first system of replacement, goods and services, are gone. Things like minerals, water, soil, lumber, fur pelts and on and on and on and on are gone or in serious jeopardy of distinction. All the earliest replacement services like industry and the jobs they created are gone too; moved somewhere else cheaper and easier to do business. All the credit has been extended; consumers are maxed out. All the future interest is in the tank with the moratorium on credit offerings and consumer spending. And even if it wasn't it was never ever real or responsible and that is the real point and folly in all of this.

As ridiculous and unsustainable all that is, the real pitying dimension of this meltdown is the way our fine financial overseers have distributed this virtual wealth all over the place; to every home, bank, bond, stock, pension, social-security and retirement portfolio out there. City governments and local schools will feel the fallout. Main street and small businesses will feel it. Social programs of every stripe will feel it. They have made sure that everyone drank the virtual kool-aid so that everyone can be held ransom to the irresponsibility without ever understanding how it happened.

There is a certain degree of culpability we must all assume. I, like so many other people, read the statement from my 401K with a certain satisfaction (past tense) to know I was making money on my wise investments. Socially minded or not, these investments were yet part of a system that was/is corrupt. You can't, really, sorta get your hands dirty on this one. Really, we are fooling ourselves. I know we would like to think it was just a few bad apples (and some people will continue to think that way) but really, the cat is out of the bag. The financial system and every tool in it (regulations be dammed) is designed to make money on money for money holders - at least as it appears on the books. It is increasingly distanced and indifferent to people, places and real goods. That is the way it is.

Somehow we all began believing, and banking on, the virtual value of virtual worth while ignoring our impoverished tangible goods. And if it were not for this current reckoning we might not have ever considered what's really in our cupboards. I don't know when an over-valued mortgage for every household trumped a chicken in every pot as our American ethic, but it has. What I do believe, however, is that it has been a long slippery slide away from the wisdom and respect for the soil or water or air; those things that all true things spring from. I do not say this for effect. Rather there is a certain and clear trajectory behind our nation's tangible wealth that must be reviewed if we are to come to any real solutions.

I do not need to tell you what the consequences of distancing ourselves from tangible goods or what seeing the soil as nothing more then industries playground is doing . Most of you have already read Michael Pollen's Omnivore's Dilemma and Barbara Kingsolver's Animal Vegetable Miracle (for more power packed reading try Naomi Klien's The Shock Doctrine). In fact, the interest of students taking my classes have shifted from fancy pantry to local ones with an ever increasing interest in sustainable and self-reliant life systems. And what they are really talking about is returning to the wisdom of the soil in our appreciation of its real needs and not virtual ones. What we are all getting, by virtue of the financial meltdown or otherwise, is that we can no longer ignore what the real health of our economy and world is based on. It is time, I believe, to replace the replacements with the sweat of our own brow.

And every morning when I go outside to sow, tend or reap the harvest I do not consider the interest I can make or credit I will extend my garden. Certainly market principles have made their way to the good earth but not in my backyard. There I can release the soil from the odious requirement of bottom lines and profit. There I can stand as an equal to the soil and humbly extend my effort without promise or certainty of a return. There I will extend trust, respect and hard work without a single note of repayment to foster the spirit of my commitment. And when the good earth does deliver, it is in the form of food for my family which is as tangible as it gets. Certainly these days, having a reliable and healthy food source that does not deplete the soil is pretty darn valuable. Funny how, or when, things become valuable again.

So how shall we think about our economy these days? I suppose, when faced with eating shoes for dinner we might get it but now? I'm not so sure. The markets have had their way in turning homespun logic on its head. I'm sadly convinced we are all waiting for it's return without really evaluating it's failure. Oh, we are angry at the fat cats but I say the finger needs to be more self reflective. Really, it's not all that complicated. We just came to love the stand-in's for wealth and health more then the real thing. Sad but true. Good news, there is a way out of it. It might mean, however, that you give up shoe shopping and try getting your hands dirty. Believe me, it was hard at first but somehow today (and for a long time ahead of us) the alternatives are a whole lot less appealing.

Post script: Having drunk the kool-aid ourselves, my husband and I have decided to close out the brokerage account, pay off the mortgage, pay cash for everything, barter when possible, weatherize the house, eat more consistently from the food we grow, put up or buy from local growers, put in a few more vegetable beds and save even harder then before. The nuts and bolts of the effort will be tracked in the sequel to The Seamless entitled "Living in the Seamless". But as it looks now, conservation and stewardship is the new wealth maker. In fact, it was always that way, we just forgot.