

# Pollard on the Two Economies

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Dave Pollard posted an article recently at How to Save the World blog, entitled “‘Solving’ Complex Problems: The Networked Society vs the Hierarchical One” It concerns the competition between networked and hierarchical institutions, and the networks’ prospects for replacing the hierarchies. As Pollard says in the introduction, some readers who are generally sympathetic to his bottom-up approach are also

skeptical that intentional communities, natural enterprises, and peer-to-peer information, education and action groups can scale sufficiently to have an impact on all the damage that big, top-down-organized governments and corporations are doing, and to solve the world’s most intractable problems.

To address their concerns, Pollard makes an extended survey of the relative competencies of networked and hierarchical organizations. Hierarchies, true enough, are extremely dysfunctional:

Top-down organizations are (generally) hierarchically organized. That means the power to make decisions on actions rests with one, or a very few people in the organization. It also means that those people have the authority to force those lower down in the hierarchy to carry out those decisions. The reality is that while those people will pay lip service to the instructions they receive, they will often not do what they’re told, either because (a) they don’t understand what they’re being told to do, or (b) they don’t agree with what they’ve been told (it doesn’t make sense, or it’s too much work) and they’re sufficiently buffered by the bureaucracy of the organization that they can get away with not doing it.

The consequence is that these (usually) large, hierarchical organizations are utterly dysfunctional. The people at the top have the illusion (because no one dares tell them differently) that their instructions are understood and being effectively followed. The people at the bottom are (usually) just struggling to do their (usually) unique jobs the best way they can, despite ill-conceived, ill-informed, poorly-communicated and often foolish instructions from above. The customers/citizens that the organization is intended to serve are completely divorced from the top-down communication and

decision-making process. If they don't like the decisions they can buy from/vote for the other 'choice' in the political or economic oligopoly. That is the customer's/citizen's only input into the system.

The reality is that the expensive and elaborate mission statements, strategic plans, statements of core values and principles, vision documents, and other 'change' programs usually have no effect on the organization at all. The achievements of the organization are simply the aggregate of the collective efforts of the employees, and success depends on an infinite number of factors, few of which the employees (let alone the people at the top) have any control over. What gets rewarded gets done, however, and what is rewarded in hierarchical organizations is finding ways to sell more products at higher prices to more customers while simultaneously hollowing out the organization to reduce costs (and hence, ironically, reduce capacity).

The hierarchical organization is only doing what is rewarded. There is ferocious internal competition to take credit for the organization's collective success and shift the blame for its collective failure. This adds to the dysfunction, preventing people from sharing ideas and information, and rewarding deceptive credit-taking, scapegoating and exploitation of other people and the environment (reducing costs by 'externalizing' them, i.e. making them someone else's cost and problem, usually future generations'). This destructive dysfunction is papered over with absurd talk about the importance of teamwork and collaboration.

Unfortunately, when they're competing with other hierarchies that determine the structure of the system and crowd out competing ways of doing things, they can *afford* to be dysfunctional:

Hierarchies scale well in one respect: They concentrate power and wealth in a few hands, where it can be used to acquire even more of it, using the techniques described above. This is known as 'leverage' (financial and political) and, like the overweight kid on the teeter-totter, they have a lot of it. This leverage compensates for the inherent lack of effective communication, lack of information-sharing, inertia, vulnerability (in the face of sudden catastrophe), destructive politics, and unresponsiveness and indifference to the needs and well-being of people, that renders hierarchies so dysfunctional...

But, Pollard speculates, all that might change. As people perceive that alternatives exist within the interstices of the corporate system, and as the corporate system becomes progressively more costly (think Peak Oil, the collapse of the housing bubble, and an implosion of subsidies through O'Connor's fiscal crisis of the state), they may begin switching piecemeal to the alternative institutions, with people eventually starting to drop out of the corporate economy almost entirely one person at a time.

That raises the prospect that

these alternatives and changes could essentially starve the Hierarchical Society to death. That society depends utterly on our 'consumerism', on our tax dollars, on our Learned Helplessness, and on our psychological addiction and financial indebtedness to it. Show people that there is an alternative to that addiction and helplessness,

one that is healthier and happier, and you need not do any selling. It will happen, growing slowly (too agonizingly slowly to suit most of us!), until people opt out of the Hierarchical Society and opt into the Networked Society, not out of political or ideological conviction, but simply because it's easy and because that's what their friends are all doing.

Pollard suggested in an earlier post, incidentally, that progressives abandon their fixation on political activism and their love affair with acting through the state, and instead “starve the status quo,” reducing debt and energy consumption quickly and meeting as many needs as possible through the alternative economy.

So when the old system collapses under its own weight, from a variety of input and other systemic crises, will the new one be able to replace the old functions effectively? Will it, as Pollard puts it, be able to “scale” sufficiently to meet the needs served by the old hierarchies?

So imagine that happens, and the starved Hierarchical Society crumbles. No more globalization and big multinational corporations. No more standardized, centralized systems for anything: health, education, utilities. All replaced with local, community-based, self-managed alternatives. How will this transitioning new world of self-sufficient communities deal with global warming, with terrorist threats, with foreign despots, with world poverty and hunger, with pandemic diseases, with natural disasters, with the End of Oil, with social security, with immigration, with national transportation?

My own reaction is that the networked society won't *need* to deal with a lot of these things, because the hierarchical society was the “answer” to a lot of problems it created itself. Just to take one example: when people live within walking, bike or public transportation distance of work and shopping, instead of driving the SUV two hours to work; and when most of the stuff they buy is made by a small factory or farm within a few dozen miles of where they live, instead of on the other side of the world, there won't be any Global warming. Terrorist threats are largely a byproduct of being a superpower and meddling in the affairs of the rest of the world. The best way the U.S. could deal with “foreign despots” would be to stop propping them up, stop installing them with CIA-sponsored coups, stop training their militaries at Ft. Benning. And not propping up the thugs who steal land from peasants, and give the stolen land to plantation owners to grow export crops instead of subsistence crops, will go a long way toward solving problems of world hunger and poverty. When the U.S. government collapses, that'll sure as hell be *one* problem finally solved.

In other words, eliminating the old hierarchical institutions that caused these problems is the way to solve them.

Pollard also asks whether the new networked societies of the affluent West will be able to effectively present an alternative to the impoverished areas of the world.

We will still have a world in which most of humanity lives a marginal, dependent life in lands desolated by short-term, ill-considered economic and political activity. It is only we privileged few, a subset of the inhabitants of affluent nations, with substantial access to knowledge, resources, and collective organizational processes,

who can hope to build and show off the experiments and models of a Networked Society. So how can we hope to not only scale these models to accommodate most humans in our own countries, but show them and introduce them to people who have none of the ingredients on which these models are built? How will a fledgling Networked Society 'play' in Darfur, in Tajikistan, in the South Bronx?

Seems to me, again, that that's one of those things that will go a long way toward taking care of itself when we eliminate many of the current sources of the problem. Right now, the West is not only not promoting decentralized, bottom-up alternatives; it's showcasing the absolute worst model of development for the rest of the world, while systematically sucking wealth out of it. The post-state networked societies of the West, at the very least, will no longer be robbing the Third World blind, and they'll simultaneously be providing at least some demonstration effect of the right way of doing things. So instead of doing lots of harm and little good, we'll be doing no harm and significantly more good. How's that not an improvement?

Anyway, the knowledge is out there and information is pretty damned cheap to move. If anything, we suffer information overload on how to organize cooperatives and how to use human scale technology. The Appropriate Technology Sourcebook, at Village Earth, is an absolutely amazing library of village-scale technology available on CD-Rom and fiche.

Pollard suggests something of the sort himself:

Well, perhaps better than we might think. The people in ignored and devastated areas of the world (and within our own countries) have learned that community is everything, that if they don't look after themselves no one will. All we need to do is help them remove the obstacles (poverty, pollution, corruption, warlords etc.) to making intentional communities, natural enterprises, and peer-to-peer information, education and action groups work for them, in their own way. How do we do that, in a bottom-up, peer-to-peer, non-hierarchical way?

As I suggested the other day, if we can find ways to 'solve' poverty, pollution, corruption and crime in our own disenfranchised neighbourhoods, where these problems have defied all top-down approaches to alleviate, we should be able to apply the same 'solutions' to solve problems on a global scale: global poverty, global warming, despotism, terrorism etc. After all, neighbourhoods are complex systems.

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