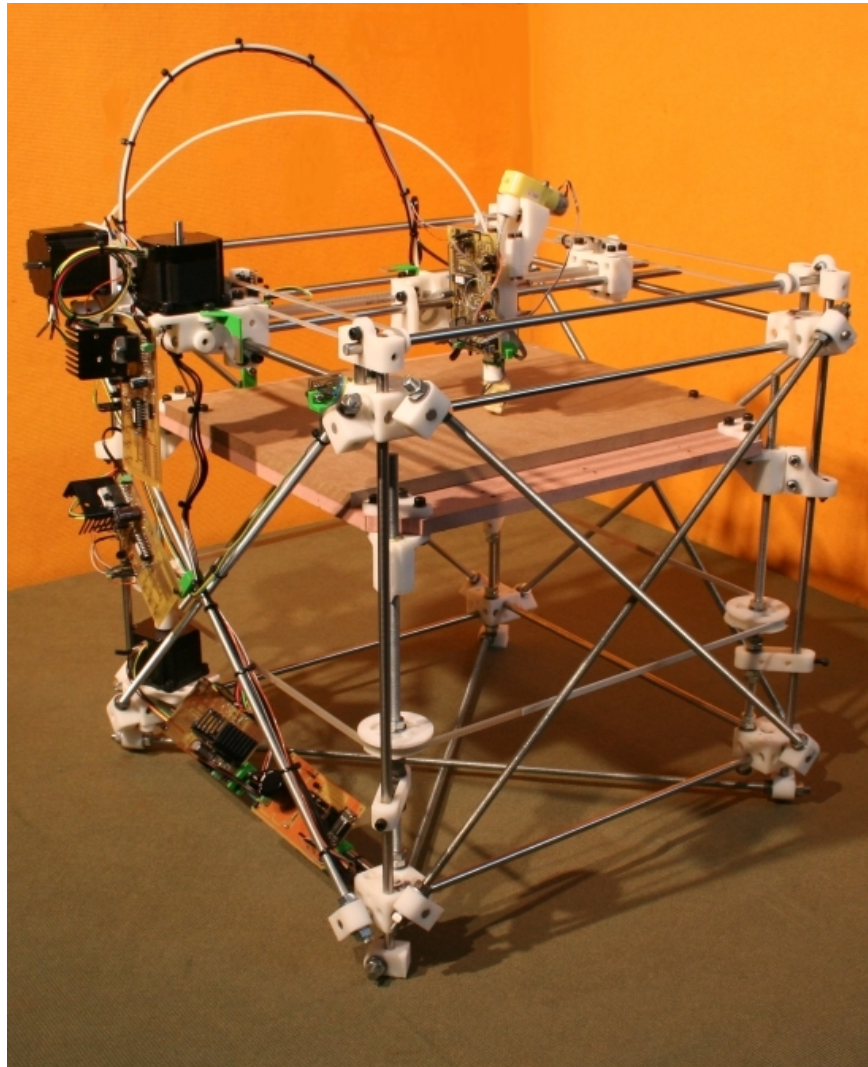


The Homebrew Industrial Revolution

A Low-Overhead Manifesto



By Kevin A. Carson

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Preface

In researching and writing my last book *Organization Theory: A Libertarian Perspective*, I was probably more engaged and enthusiastic about working on material related to micromanufacturing, the microenterprise, the informal economy, and the singularity resulting from them, than on just about any other part of the book. When the book went to press, I didn't feel that I was done writing about those things. As I completed that book, I was focused on several themes that, while they recurred throughout the book, were imperfectly tied together and developed.

In my first paper as research associate at Center for a Stateless Society, I attempted to tie these themes together and develop them in greater detail in the form of a short monograph. I soon found that it wasn't going to stop there, as I elaborated on the same theme in a series of C4SS papers on industrial history. And as I wrote those papers, I began to see them as the building blocks for a stand-alone book.

One of the implicit themes which I have attempted to develop since *Organization Theory*, and which is central to this book, is the central role of fixed costs—initial capital outlays and other overhead—in economics. The higher the fixed costs of an enterprise, the larger the income stream required to service them. That's as true for the household microenterprise, and for the “enterprise” of the household itself, as for more conventional businesses. Regulations that impose artificial capitalization and other overhead costs, the purchase of unnecessarily expensive equipment of a sort that requires large batch production to amortize, the use of stand-alone buildings, etc., increase the size of the minimum revenue stream required to stay in business, and effectively rule out part-time or intermittent self-employment. When such restrictions impose artificially high fixed costs on the means of basic subsistence (housing and feeding oneself, etc.), their effect is to make cheap and comfortable subsistence impossible, and to mandate ongoing external sources of income just to survive. As Charles Johnson has argued,

If it is true (as Kevin has argued, and as I argued in *Scratching By*¹) that, absent the state, most ordinary workers would experience a dramatic decline in the fixed costs of living, including (among other things) considerably better access to individual ownership of small plots of land, no income or property tax to pay, and no zoning, licensing, or other government restraints on small-scale neighborhood home-based crafts, cottage industry, or light farming/heavy gardening, I think you'd see a lot more people in a position to begin edging out or to drop out of low-income wage labor entirely—in favor of making a modest living in the informal sector, by growing their own food, or both...²

On the other hand, innovation in the technologies of small-scale production and of daily living reduce the worker's need for a continuing income stream. It enables the microenterprise to function intermittently and to enter the market incrementally, with no overhead to be serviced when business is slow. The result is enterprises that are lean and agile, and can survive long periods of slow business, at virtually no cost; likewise, such increased efficiencies, by minimizing the ongoing income stream required for comfortable subsistence, have the same liberating effect on ordinary people that access to land on the common did for their ancestors three hundred years ago.

1 Charles Johnson, “Scratching By: How Government Creates Poverty as We Know It,” *The Freeman: Ideas on Liberty*, December 2007 <<http://www.thefreemanonline.org/featured/scratching-by-how-government-creates-poverty-as-we-know-it/>>.

2 Johnson comment under Roderick Long, “Amazon versus the Market,” *Austro-Athenian Empire*, December 13, 2009 <<http://aeblog.com/2009/12/13/amazon-versus-the-market/comment-page-1/#comment-354091>>.

The more I thought about it, the more central the concept of overhead became to my analysis of the two competing economies. Along with setup time, fixed costs and overhead are central to the difference between agility and its lack. Hence the subtitle of this book: “A Low Overhead Manifesto.”

Agility and Resilience are at the heart of the alternative economy's differences with its conventional predecessor. Its superiorities are summed up by the cover image; a tiny teenage Viet Cong girl leading an enormous American soldier. I'm obliged to Jerry Brown (via *Reason* magazine's Jesse Walker) for the metaphor: guerrillas in black pajamas, starting out with captured Japanese and French arms, with a bicycle-based supply train, kicking the living shit out of the best-trained and highest-technology military force in human history.

But Governor Brown was much more of a fiscal conservative than Governor Reagan, even if he made arguments for austerity that the Republican would never use. (At one point, to get across the idea that a lean organization could outperform a bloated bureaucracy, he offered the example of the Viet Cong.)³

³ Jesse Walker, “Five Faces of Jerry Brown,” *The American Conservative*, November 1, 2009 <<http://www.amconmag.com/article/2009/nov/01/00012/>>.