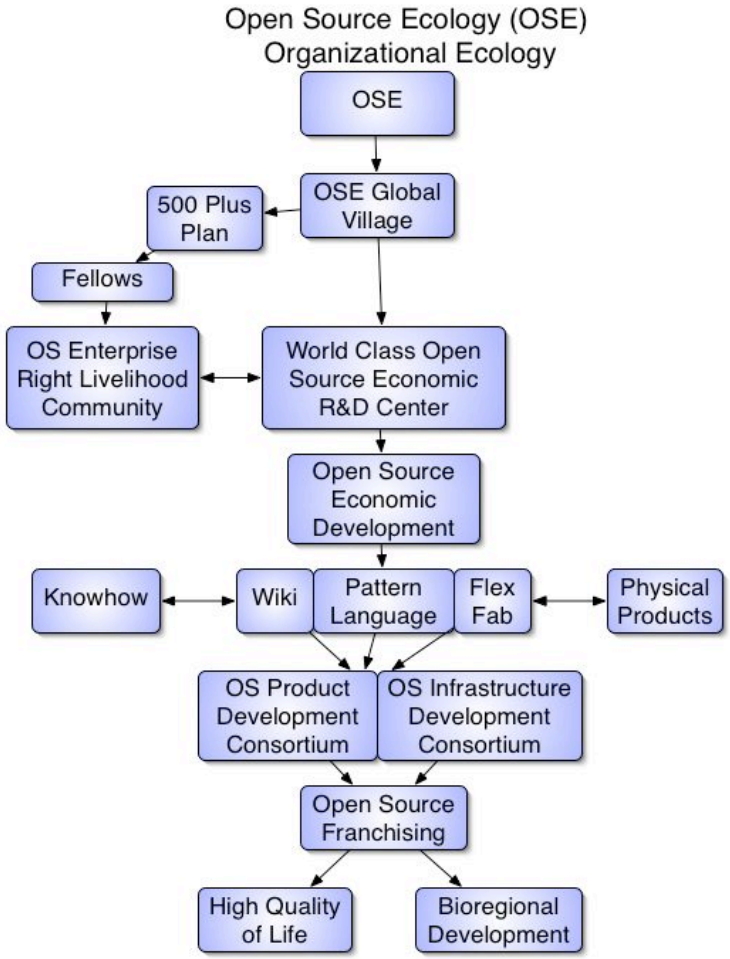
OSE Transformative Economics Program

The basic OSE model is shown below:



The cornerstone of Open Source Ecology's program for transformative economics is the 500 Plus Plan. This is a plan for producing a financial incentive in order to attract new Fellows on demand. This Plan is the development of an integrated, primarily agricultural product package that may be deployed by people joining OSE on a month's time frame in order to capture a business opportunity from a basic farmer's market. A farmer's market is perhaps the lowest entry barrier venue for free enterprise worldwide, and, for purposes of OSE, a business opportunity that may be harnessed on-demand to meet goals of expansion. The opportunity is at least $500 per day at market, which is a proven figure for many vendors. New Fellows, by going to one farmer's market per week, are thus able to earn during their stay at OSE, and moreover, to contribute 25% to the research program *Development Fund*. The innovation here lies in the 500 Plus Plan, which is designed to produce high value with minimum time commitment. This is feasible when a rigorous program for such value generation is devised. It must be based on the right product choice, professional techniques, and optimized ergonomics. It is designed such

that it requires a time commitment of 1 hour per day, 5 days per week, plus 1 day at market. This constitutes a financing mechanism for Fellows that takes little time away from the core of our mission: open source research and development

Please note that the substance of the *500 Plus Plan* does not have to be agricultural, and the term is used primarily as a catchphrase for a bootstrapping funding program that may be deployed on demand by additional Fellows. As open source know-how becomes available, the product package will diversify to other realms of human endeavor: technology, ICT, fuels, energy, building products, etc.

In terms of the agricultural product package, there is a significant number of farmer's markets available for producers. The product package relies on quick startup crops, such as microgreens, sprouts, hydroponic lettuce, etc., such that Fellows may be able to begin earning within a month of joining our efforts. Thus, new Fellows may potentially be recruited on a rolling, weekly basis, based on the abilities of the OSE Core Team of two people. In a week's time, the necessary rolling advertising, application, interview, references, interests and other details of recruiting a prospective Fellow may be reviewed for an explicit participation offer to be made to the Fellow.

The limit of the number of Fellows that may be supported by the 500 Plus Plan, if it is based solely on farmer's markets, is the number of available market days and locations. There is approximately 30 markets within 50 miles of Kansas City, and 70 within 100 miles. Some of these markets run two days per week. Thus, there is the potential to support at least 30 Fellows, and potentially as many as 100, utilizing solely this venue. This is more than sufficient to support 24 Fellows, the proposed critical mass to make any OSE Research Facility one of world-class status.

The 500 Plus Plan is a means for attracting additional Fellows for various projects. New Fellows require accommodations. At the startup phase of an OSE Global Village, new accommodations must be built on demand. The lowest cost option of semi-permanent housing is the Hexayurt[1], at a price ticket of $500. If the 500 Plus Plan is deployed, then the Development Fund provides $500 per person per month. The Core Team of 2 is thus capable of financing new housing in two weeks time on a bootstrapping basis. The time to generate funding for new housing decreases with each additional Fellow, so the housing issue becomes a non-issue. In a rapid expansion scenario, where 12 Fellows are recruited over 12 weeks, the bootstrapping financing scenario is capable of generating funding for a sawmill and CEB machine in that same time period. Transition to CEB and dimensional lumber construction should occur as soon as possible, and that could be within 12 weeks under a rapid expansion, albeit bootstrapping, scenario.

Since farmer's markets are seasonal, the 500 Plus Plan is only Phase 1 of a greater program for supporting Fellows. Support must extend to full year operation. Heated greenhouse facilities are the required infrastructure, and the CEB/sawmill combination should generate these on demand. Under the rapid expansion scenario, a plastic extruder

[1] http://www.

for producing polycarbonate glazing should be acquired within 6 months of 500 Plus Plan deployment. As such, the Development Fund would not be tapped for infrastructure, as that infrastructure will be build largely with CEB/sawmill/extruder combination. The Development Fund should be used for deploying 100% solar concentrator baseload energy and local fuel systems, as well as the OpenFarm Franchise.

Economic Theory of Open Source Franchising

The mainstream economic system of today, as throughout industrialized world history, relies on monopoly, protectionism, government subsidy, and human rights abuse. This has been the case with firms such as IG Farben,[2] United Fruit Company, Walmart, Coca-Cola, or the oil companies. When corporations rule the world[3], whatever services these firms provide, they are certainly not without a human cost.[4]

A point needs to be brought out about the ramifications of corporate behavior. Monopoly and proprietary protectionism distort product choice, and guarantee scarcity and economic power concentration. When only a few companies have the cutting edge knowhow and products, and when financing institutions support such power concentration, most producers are not able to tap the level of quality and optimization of the protected. Markets are then in the hands of speculators who control global supply chains via finance capital, subsidy, regulation, handouts to farmers to keep lands fallow, and a number of other means of market control.

Opening up the economic system by open-sourcing economically-significant knowhow results in the entry of a large number of market players. The byproduct is distribution of economic power. If an open R&D system for goods and services may be created, then an alternative is created to centralized, proprietary, corporate R&D departments. Huge corporations may crumble, and the economic system is injected with new life. The requirement here is the creation and replication of world-class open source R&D centers.

These centers produce *open source franchising* – giving away business models for free and assisting with capitalization. Critics may shout that the economic system will fall to pieces. Yes, the banksters, speculators, and stockholders will have to find real work. The new power center will be the culturally creative small entrepreneur, focusing on the local rather than a global supply chain. From *The Great Turning*, David Korten speaks[5]:

> The combination of peak oil, severe weather events, and the US dollar meltdown will force a dramatic restructuring of the way we live, as economic consent is shifted from global to local supply chains, and from suburban sprawl to compact communities. The communities that will fare best are likely to be those that act now to rebuild local supply chains, with particular emphasis on becoming self-reliant in energy and food.

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[2] Borkin, Joseph. *The Crime and Punishiment of I.G. Farben*. London: Andre Deutsch, 1979. http://soilandhealth.org/03sov/0303critic/0303socialcriticism.html
[3] http://www.pcdf.org/corprule/corporat.htm
[4] http://www.thecorporation.org/
[5] http://www.peakmoment.tv/misc/kortenvideoplay.htm

> The imperative thus becomes an opportunity to rebuild functioning communities, restore a sense of place, democratize economic power, and radically revise our priorities for the use of labor, land, and other natural resources to give priority to life values over financial values. Consider this extraordinarily radical idea: forget about growing the economy. Concentrate on growing strong and healthy children, families, communities, and natural systems, and prosperity, security, and meaning will surely follow…We face an unprecedented choice: give up the reckless ways of our species adolescence, and accept responsibility for one another and the planet, or continue on the path to collective suicide. In its profound wisdom, the spiritual force of creation is calling us to take the step to a new level of species maturity.

This scenario of course does not apply to *novo ordo seculorum* elites, who will fare well during, and indeed benefit from, any engineered catastrophe. For most of us, however, it is imperative to accept responsibility.

OSE's means to such responsibility is to address the heart of the matter, our economic system of resource distribution. The open source economy, by means of open source franchising, is the last word of economic theory.

The scenario that OSE has in mind is the drastic quality improvement in a large number of product choices that stems from displacement of centralized monopolies by distributed, small enterprise, fueled by advanced, open-source know-how that allows for highest quality control. Condiser the displacement of Coca-Cola by freeze dried juice powders from local organic orchards, displacement of coal and nuke power with solar concentrator electric/thermal storage baseload systems[6]; petro fuels displaced by local fuel alcohol; global food supply chain displaced by year-round, local greenhouses and farms; General Motors replaced by OSCar production at the community level. All of these are choices today. The role of the open source franchise is to facilitate such choice. Many agents are welcome to engage in this change.

The Open Source R&D Center and Enterprise Incubator

The R&D Center is an applied research center that develops products, business models for product distribution, and tests the models in-house by actually engaging in these business models. The focus of product development is to enable the replication of production by developing the infrastructure surrounding a particular product, thereby addressing the capitalization of business replication. OSE's aim is to devise a technological pattern language and flexible production infrastructures – those with as little specialized equipment as possible- such that startup costs are reduced.

These are not new ideas. The case has already been demonstrated that flexible manufacturing is a viable route of manufacturing, but that highly-specialized mass production has gained dominance. This is not due to the superiority of mass production, but due to the control of monopolizing elites.

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[6] http://shpegs.org/

The open source R&D Center for product development is a unique contribution to human enterprise. We do not know of any precedent of an institution that works collectively as such, fueled by an idealism of human progress. The proposed Business Incubator model pushes limits even further. The concept here is that OSE provides sweat equity means, or full startup capitalization assistance, for the most advanced business concepts. As such, it brings out people with idealistic goals and provides them with all the hardware and knowledge necessary for success.

The concept behind the business incubator's capitalization program is simple: all startups do not require money, but the goods that money can buy. If those goods may be produced via open source flexible fabrication, feedstocks provided from a land-based facility, or by tapping an existing gene bank, or by tapping services provided via os consulting, then such is a means to capitalize startup.

The central feature of the Incubator must therefore be an infrastructure of resources, feedstocks, tools, and machines to produce the resources, feedstocks, tools, machines, and indeed, infrastructures, for the startup enterprise. The innovative aspect of the OSE Enterprise Incubator program is that the Fellows interested in startup have the opportunity to build the entire infrastructure as part of their training program, during a period of time sufficiently long to address all aspects of a proposed startup.

The financing mechanism for startup is revolutionary. We mentioned sweat equity. Indeed, the Fellow interested in startup is advised to take advantage of the 500 Plus Plan to finance their stay and contribute the stipulated 25% for OSE services. OSE gains the additional benefit of enterprise development and testing by the Fellow, and all working models enter the pool of open source know-how that may be tapped by others for promoting ethical, ecologically friendly enterprise.

For example, if the business opportunity sought is an integrated, year-round greenhouse and farm franchise operation, then the capitalization required includes fruit trees, greenhouses, buildings, water supply, and animal stock. OSE's capitalization services may include: (1) the Fellow building a sawmill, CEB, and plastic extruder in our flexible workshop during their stay, to take care of greenhouse and other building needs; or, the Fellow leases our equipment; (2) the Fellow grows out from seed or propagates all fruit, berry, and nut trees from the OSE genetic pool of resources; (3) additionally, the Fellow builds a freeze-dried juice powder machine, microcombine, agricultural spader, hammer mill, during their stay- devices necessary for state-of-art soil proparation, harvesting, making mulch, and preserving foods with most nutrition; (4) the Fellow builds solar concentrators, heat engine cycle, ancillary stove, and designs a heat storage system; (5) the Fellow combines effort with other Fellows to fund land acquisition, or OSE taps its land resources to grant permanent stewardship to the Fellow; (6) the Fellow builds their own OSCar for transportation needs during their stay; (7) the Fellow may choose to incubate a flock of fowl, adopt some goats, or other animals during their stay; (8) the Fellow may make their fuel alcohol distillation apparatus (9) the Fellow becomes a fully enabled land steward, and thus quits their contract with the military-industrial state.

The above example shows that it may take two years to complete the preparation for an integrated farm franchise- fruit and nut trees may take two years to become ready for planting out. Each technical device or item may take approximately 30 days of full time work to produce from existing open source documentation. This indicated that approximately one year would be spent in the shop fabricating the necessary technologies. Together with learning operation, techniques, plant and animal propagation- two years may suffice for a crash course. However, given the depth of the immersion experience, the Fellow will be in full control of their technological and biological environment, since the Fellow produced it all by themselves.

The costs involved are only material costs. Each device may cost approximately $1000 in materials. The Fellow has a choice of how to fund this. OSE may tap its Development Fund and lease the final product to the Fellow. Or, the Fellow may purchase materials from their own funds. Another option is to tap resource development based on the nonprofit nature of OSE work. Initiative may also be taken to generate value via barter or other means. Given that OSE has land, produce, and a productive infrastructure, a large number of productive activities may be tapped to generate value in return for other value. The economy of the OSE R&D Center and Enterprise Incubator is one of abundance, and many creative means may be taken.

R&D Center and Enterprise Incubator Infrastructure

The integrated farm franchise example above hints at the wide array of elements found in the OSE infrastructure. Here we outline the full infrastructure requirements in further detail.