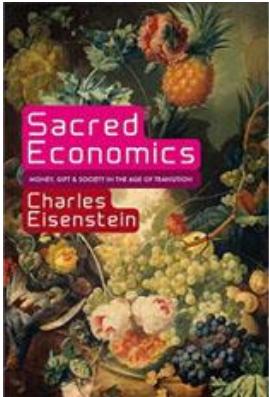


Prosperity Lost



Sacred Economics: Money, Gift, and Society in the Age of Transition

By: Charles Eisenstein

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Reviewed by: Leland R. Beaumont

Author Charles Eisenstein begins this bold and well written book examining why innovation, labor saving devices, and all of the earth's bounty fail to deliver prosperity to most of the people. "After centuries of technological advances, why do we find ourselves working just as much as ever?" he asks, before observing: "For centuries, futurists have predicted an imminent age of leisure. Why has it never happened? The reason is that, at every opportunity, we have chosen to produce more rather than to work less. We have been helpless to choose otherwise."

Money is created as interest bearing debt. When the interest rate is greater than zero, the debt always exceeds the available money. Servicing the resulting debt requires constant economic growth. Growing the economy requires transforming something that began as a gift from nature or the community into something that can be sold. Nature becomes transformed into commodities and monetized.

As a result, "A larger and larger proportion of income goes toward the servicing of debt, and when that does not suffice, preexisting assets are collateralized and then seized until there are none left."

But we are already deeply into overshoot. Financial overshoot is manifest as the aggregate of government, institutional, and personal debt. Ecological overshoot is manifest as global warming, air and water pollution, waste dumps, deforestation, desertification, aquifer depletion, natural resource consumption, depleted fisheries, and other depletions of common resources.

The *commons*, including land, forests, fresh air, clean water, ocean fisheries, minerals, biodiversity, the genome, and the electromagnetic spectrum, all existed prior to human activities. There is no legitimate right to any private ownership claim to these natural resources. Yet these common assets are continually privatized and monetized to support economic growth. Public goods are privately claimed and sold. Corporations profit at the public's expense.

Income distribution becomes increasingly unequal. Those who have been able to profit from accumulating money, holding land, or exploiting other commons accrue great wealth. Others are forced to compete for fewer jobs offering unsatisfying work at low wages. The work force is divided into the

frenzied and overworked “haves” and the unemployed or underpaid “have not’s”. Well-being suffers for all. The author makes clear: “The more monetized society is, the more anxious and hurried its citizens”

As we dedicated our lives to growing the economy Eisenstein remarks: “Each tree cut down and made into paper, each idea captured and made into intellectual property, each child who uses video games instead of creating worlds of the imagination, each human relationship turned into a paid service, depletes a bit of the natural, cultural, spiritual, and social commons and converts it into money.” The result is the constant erosion of *social capital*—a trusting relationship among community members that creates meaningful social networks. The author observes: “The commoditization of social relationships leaves us with nothing to do together but to consume.”

Sacred economics rejects the many false assumptions of traditional economics to describe a system that is stable during degrowth, and encourages us to create more of what is truly valuable. Charles Eisenstein presents bold solutions to the systemic problems of today’s economy, while describing how a transition to this sacred economy could take place.

He clearly states: “I will not mince words: in this book I am calling for economic degrowth, a shrinking of the economy, a recession that will last decades or centuries.” Yet, because the assumptions that: 1) growth is good and 2) growth is unlimited are both false, sacred economics enables prosperity during economic degrowth.

His solution is an economic system that integrates these seven features:

1. **Negative-Interest Currency**— “Because of interest, at any given time the amount of money owed is greater than the amount of money already existing.” Because the interest rate establishes the minimum growth rate of the economy, negative interest rates are needed to allow a decrease in monetization.
2. **Elimination of Economic Rents, and Compensation for Depletion of the Commons**—Because there is no legitimate claim to private ownership of the commons, private seizure or exploitation of the commons must end and users must pay the public for private use or depletion of the commons. “Generalized, the principle is, ‘The use of anything for money will increase the supply of that thing.’” Choosing to back money by use of the commons will increase the supply of those commons.
3. **Internalization of Social and Environmental Costs**— “Money as we know it ultimately rests on converting the public into the private” Today, pollution and other forms of environmental degradation generate costs that are usually borne by society and future generations, not the polluters. This unfair private gain from exploitation of public assets must be reversed to discourage pollution and environmental degradation. “Whatever form it takes, an essential purpose of government—maybe the essential purpose of government—is to serve as the trustee of the commons”
4. **Economic and Monetary Localization**—True cost accounting favors local commerce. “When production and economic exchange are local, the social and environmental effects of our actions are much more obvious, reinforcing our innate compassion.”

5. **The Social Dividend**—Earth’s bounty and the accumulation of thousands of years of technological advances are public wealth. The benefits must be distributed as a social dividend to increase the well-being of all the earth’s people. “Mathematically, if money is subject to diminishing marginal utility, the optimal distribution of money is: as equitably as possible.”
6. **Economic Degrowth**—As technology continues to advance we can choose to work less or, more accurately, to work less for money. “Here is a certainty: the linear conversion of resources into waste is unsustainable on a finite planet. More unsustainable still is exponential growth, whether of resource use, money, or population.”
7. **Gift Culture and P2P economics**— “When every economic relationship becomes a paid service, we are left independent of everyone we know and dependent, via money, on anonymous, distant service providers. That is a primary reason for the decline of community in modern societies, with its attendant alienation, loneliness, and psychological misery. Moreover, money is unsuited to facilitate the circulation and development of the unquantifiable things that truly make life rich.”

Chapter 17 provides a brief summary and roadmap of these transformational ideas. Although these ideas are bold and fundamentally transformational, encouraging transition scenarios are presented. For example:

- Interest rates have already dropped to near zero.
- The Alaska Permanent Fund, established in 1976, sets aside a certain share of oil revenues to continue benefiting current and all future generations of Alaskans.
- Open source software and projects such as Wikipedia make valuable intellectual property freely available to all.
- Internet sites such as Craigslist displaced billions of dollars in classified advertising while encourage the continuing flow and reuse of goods.
- Time Banking encourages people to exchange services based on time spent.
- Disintermediation has reduced the cost of many services such as travel agencies, secondary research, book stores, and music distribution. Many artists, including authors, musicians, movie producers, photographers, and painters create and distribute their works directly to consumers over internet sites.

This book is full of good ideas for transforming the obsolete elements of our economic systems into a truly modern economy. Credible evidence and clear thinking bolsters each argument. The book is well written. Plan to spend time reading and re-reading this book to fully grasp the many ideas it presents.

There are some sections of the book that are too mystical and spiritual for my tastes. Perhaps I am too literal and shortsighted to fully grasp these concepts, the concepts are ahead of their time, or they are based on wishful thinking. I suspended judgment on these sections and enjoyed the many well-presented ideas the book offers.

The author strives to put his ideas into practice; the full text of the book is available online as a gift. Readers are asked to pay whatever they feel the book is worth to them.

Capitalism has had a good run and provided many benefits. So has the steam engine. Although both originated a few centuries ago, the steam engine has long since been superseded by more advanced technologies. Perhaps the time to supersede capitalism with a more advanced and sacred economy has arrived.