"Quite marvelous, a hugely important work . . . This book is truly needed in this time of deepening crisis."

—John Zerzan, author of *Future Primitive* and *Elements of Refusal*

"A radical awakening as to how we arrived at our current crisis and how we can more effectively redefine the path of our evolutionary journey."

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"Brilliant and original, with great depth of insight and understanding, Eisenstein's *Ascent of Humanity* easily ranks with the works of such giants of our age as David Bohm, Julian Jaynes, Jean Gebser, and Alfred North Whitehead. It is a profoundly serious, indeed somber portrait of our times, even as it opens a door of honest hope amidst the dark destiny we have woven about us. Accept the challenge of this major accomplishment and discover the light shining within it."

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—Garret Moddel, professor of electrical engineering at UC Boulder; chairman & CTO, Phiar Corporation

Sacred Economics

MONEY, GIFT & SOCIETY IN THE AGE OF TRANSITION

Charles Eisenstein

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sovereignty is worth little in the absence of monetary sovereignty, reasserting local, regional, and (in the case of small countries) national control over credit is an important path toward the relocalization of economy, culture, and life.

CHAPTER 16

TRANSITION TO GIFT ECONOMY

Under capitalism, man exploits man.
Under communism, it's just the opposite.

—John Kenneth Galbraith

The new exchange systems we are exploring blur the boundary between the monetary and nonmonetary realms and therefore the standard definition of the "economy." Really, what is the economy? Underneath the ephemera of money—slips of paper, bits in computers—what changes when the economy grows or shrinks? How would we measure it in the absence of a common unit of account? Ultimately, what economics attempts to measure, underneath money, is the totality of all that human beings make and do for each other.

That we should even attempt to measure this at all is quite odd. I have already leveled judicious criticism at the fat target of economics' equation of money with the good. However, alternative measures of economic progress, such as the genuine progress indicator or national happiness index, suffer similar problems on a subtler level. Certainly they are improvements over GDP, for they no longer count such things as prisons and armaments as positive contributors to the good, and they add to economic wellness such things as leisure time. Nonetheless, they still assume that we can and should quantify the good, and that in order to do so, we must convert everything into a standard unit of measure.

Money and measure are indeed closely intertwined. Money originated, in fact, as measure: standardized quantities of commodities and then metals. The age of money has coincided with the program of reductionism and objectivity, which sought through science to attain mastery over the world. What can be measured can be mastered, as we imply when we claim to have taken the measure of a man. The immeasurable was excluded from science—"consign it to the flames," Hume said—and from economics as well. Thus it has come to pass that standard of living has diverged from quality of life. The former is a quantifiable standard; the latter is not.

Of all the things that human beings make and do for each other, it is the unquantifiable ones that contribute most to human happiness. You might, for instance, quantify leisure time and assign it a dollar value to calculate a society's well-being, but how is that leisure time spent? It could be spent mired in an addiction, in mindless entertainment, in intimacy with another person, or in telling stories to children. And even if we somehow accounted for these distinctions, could we quantify how present someone is when they are telling those stories? Can we quantify how anxious someone is when at work? If public policy is guided by the maximization of a quantity—be it GDP or some other measure—the most important things will surely be left out.

Quantifiable needs are also finite—another reason to question a money system predicated on the infinite growth of finite demand for finite resources. Qualitative needs are different: they are neither quantifiable nor finite. It is in this realm that the ideology of Ascent finds its true spiritual motivation. Growth, on one level,

might end—the growth of the monetized realm, the growth of our appropriation of nature—but another kind of development will continue: the growth of the human spirit, with its infinite need for beauty, love, connection, and knowledge. A zero-growth future is not a stagnant future, no more than a human life stagnates when a teenager grows her last inch at age sixteen.

Money, which facilitates the meeting of our quantifiable needs, will have a place in human life for many centuries to come. It will occupy a diminished role, however, as I described in the chapter on degrowth. Instead of obsessively fulfilling and overfulfilling our finite needs to the present degree of obscene hypertrophy, we will turn our energy to the unmet qualitative needs that so impoverish us today.

To meet our unquantifiable needs, we need nonmonetary circulation. When the qualitative is matched with the quantitative, the infinite to the finite, then the former is debased. The exchange of beauty for money, intimacy for money, attention for money—all smell of prostitution. The distaste of the artist for the world of commerce is not just an egotism that says he is above it all. When money tries to buy beauty, love, knowledge, connection, and so forth, either the buyer receives a counterfeit, or the seller, having sold the infinitely precious for a finite sum, is exploited. It is really quite simple; as the Beatles put it, "Money can't buy you love."

That is why we need other ways for our gifts to circulate. The matter is complicated, though, by the fact that the quantifiable is often a vehicle for the unquantifiable. I am not advocating two separate realms, the monetary and the gift, but rather a mixed system in which money takes on more of the properties of gift and mediatory structures of gifting arise to take over the role of money.

Whether or not money is involved, the fundamental issues of economy—what people make and do for each other—are these:

(1) how to connect the provider of a gift with the person who needs that gift; (2) how to acknowledge and honor those who give generously of their gifts; and (3) how to coordinate the gifts of many people across space and time in order to create things transcending the needs or gifts of any individual. Though it may not be obvious, these goals correspond roughly to the three cardinal functions of money: medium of exchange, unit of account, and store of value.

Many quasi-monetary and nonmonetary ways to achieve these three goals are emerging today. In the open-source software world, for example, P2P technologies allow a community of programmers to envision projects, coordinate talents, and recognize the contributions of its members, all without using money. In a way, the esteem of peers, based on the quality and quantity of previous contributions, is a form of "currency" that allows some members to exercise greater influence over group decisions than others. It is not quantified though; nor is it quantifiable without losing something of its essence. We can reduce esteem and prestige to a number, but let us recognize that this is in fact a reduction. Just as when analog recordings are rendered into digital formats, something of the warmth, humanity, and infinity of the original is lost.

Many online systems do indeed convert reputation and contribution to a number. The user rating systems of websites like Amazon and eBay are one such quasi-currency. Not only can users rate and review products, they can also rate each others' ratings, creating a self-policing system. What is essentially a gift economy (no one receives any direct reward for writing reviews) is evolving structures that parallel the mediatory functions of money.

Timothy Wilken, a medical doctor, philosopher, and gift-economy activist, has taken this idea a step further in his GIFTegrity system, currently in beta. It asks each member to provide a profile listing

what he or she wishes to give and to receive. The recipient of a gift rates the transaction, and these ratings determine the order in which potential recipients of one's gifts will be listed. If you have given a lot, your name will be near the top when someone is searching for a recipient of the gift he wants to offer. If you then receive a gift, your rating will drop a bit to reflect that your giving and receiving have moved closer into balance. These ratings points act very much like money.

In a traditional community, no such rating system would be necessary, as the giving and the needs of each member would be common knowledge. Systems like GIFTegrity seem to offer the possibility of bringing gift relationships into a broader realm. But rather than obviating the need for money, they are recreating it, albeit as something much closer to its original essence as a token of gratitude. The ratings in GIFTegrity and similar systems *are* money. You receive points for giving; you expend them in receiving. Such systems bear a fundamental limitation of money as well, in that the qualitative resists quantification on a linear scale. Of course, they are superior to today's usury-based money; but this kind of technocratic alternative, however brilliant, doesn't speak to what has been lost in our quantification of the world. We want to recover the infinite. Ratings and points don't meet our deep need for the personal ties, gratitude, and multidimensional stories that circulate in gift culture.

Am I contradicting myself, saying that money originated as a token of gratitude and that money originated as measure? Money was inhabited, as it were, by two spirits from the very beginning. It was both an extension of gift economics (which was once nearly all there was) into the realm of mass society and an incursion of measuring, counting, keeping, and controlling into the original openness of gift mentality. Yet in speaking of money as a token of gratitude I am also using the word "originate" in a nonnormal sense, referring to an origin not in time but in, for lack of a better phrase, the mind of God. I am referring to money's teleological origin, the purpose for which it came into being in this world.

The measure function of money has a counterpart in gift economics, for even though gifts do not come with a specific expectation of return, nonetheless they ordinarily happen within view of the community. The anonymous giving that we elevate today to the highest category of generosity had a minor role in gift cultures past and present. Communities were generally aware of the needs, gifts, and degree of generosity of their members. Money substitutes for this awareness: in theory, at least, it confers the benefits of social recognition onto the people who contribute. In practice, the scope of recognized contribution has been limited to contribution to the "ascent" of humanity, the growing of the human realm. But even with a degrowth currency, the deeper problem remains that money by nature can operate only in the realm of the quantifiable. We face the question of how to facilitate the flow of the nonquantifiable across the vast social distances of mass society. In hundreds of thousands of years of human existence, this is a new problem.

Perhaps we can begin reconstructing gift economy from the ground up. Today, money has taken over even on small scales, where informal consensus and the social witnessing of generosity could facilitate the three above-mentioned functions of connecting, honoring, and coordinating gifts. As more and more people recognize the social impoverishment of the conversion of relationship into money, and as the money system itself unravels, people are finding ways to reclaim these functions. One of my favorites is the Gift Circle, developed by Alpha Lo and now replicating itself around

the country. In this weekly gathering, participants state one or more things they would like to give and one or more things they would like to receive. Often, it seems, a magical synchronicity of wants and needs unfolds. "You need a potato masher? We have three." Or, "You need a ride to the airport on Friday? My husband is flying out then, too." Witnessing the generosity of others, over time participants feel more and more comfortable asking of and giving to others in the circle. Help is always a phone call away. If, during the week, someone helps another fix her car, then she can tell of this gift in the next circle so that the gift may be witnessed. A sense of community grows along with the knowledge that if you give, you will be known as a giver, and people will desire to give to you in turn.

Another way to accomplish something similar is to use a website to offer gifts, make requests, and record what has been given. When this is done on a large scale, the means of fulfilling these functions looks more and more like money. Without personal familiarity with what is being given and received, some means of standardization becomes necessary. On a small scale, though, merely witnessing the flow of gifts, whether directly or via the medium of stories, suffices. Without that witnessing, gifts are less potent in creating community. This is the flaw in such systems as Freecycling and Craigslist (although the fact that people use these at all testifies to our innate generosity). Newer systems such as Giftflow, Neighborgoods, Shareable, GIFTegrity, and many others recognize and remedy this flaw.

Notice that all I have described so far accelerates the degrowth of the economy. When we give each other rides to the airport instead of hiring a taxi, when we share power tools instead of buying new ones, or when we give away our spare potato masher, we reduce consumer demand and cut into economic growth. The shrinkage of the monetary realm hastens the demise of the old regime and the transition into steady-state economics. It also makes that transition much less frightening. When we are ensconced in gift communities that honor and reciprocate generosity, then we depend less on money and associate it less with survival.

Could the Gift Circle concept scale up beyond the community level in which people know each other first- or secondhand? In the very long term, we might be able to envision a moneyless gift society based on the model of "circles of circles." It would seem that money is necessary in the global coordination of labor, but if we look at this global coordination more closely, the actual number of people that any given person interacts with is not that great. When more than a few hundred people must cooperate to produce something, the entire community of production naturally resolves into subcommunities and sub-subcommunities, down to the level at which gift economics works. People within each circle could give to each other, and each circle as an integrated entity could give to other circles in its larger circle, and then each of those to other circles of circles. This vision involves a fundamental reorganization of society: bottom-up, peer-to-peer, autopoietic, self-organizing.

In the metahuman body we call society, money is like a signaling molecule that directs resources to where they are needed. It mediates economic relationships among our collective body's far-flung parts. It is one of many symbolic systems that defines and coordinates our "organs": governments, institutions, and organizations of all types. Unfortunately, money conveys only certain kinds of information (mostly about quantifiable gifts, needs, and desires). To achieve health, we therefore need other ways of "organ"-izing and coordinating human activity.

There is today an explosion of innovation in creating decentralized, nonhierarchical modes of collaboration and ownership. These

are a kind of substructure for a circles-of-circles gift economy of the future. At the more conservative end of the spectrum are employee-owned companies with traditional management structures, of which there are several hundred of medium to large size in the United States. More radical are enterprises that use democratic or collaborative methods to manage the company: various collectives and co-ops. Perhaps the most notable of these is the Mondragon Cooperative in Spain, comprising over 250 companies and some 90,000 employee/owners, making it one of Spain's largest companies. Founded during the reign of the Fascist dictator Franco, it somehow managed to explicitly espouse and embody the principle of the "sovereignty of labor" and other values of participatory democracy. I leave it to the reader to learn more about this fascinating enterprise, a pioneer in participatory management and cooperative ownership.

In creating new modes of organization that can accommodate the unquantifiable, we are just entering an age of experimentation. Many of these experiments have failed and will fail, for example the Communist block's forced collectivization with central management by bureaucrats. Doubtless many new forms of collaboration will arise as we digest the lessons of past and current attempts.[1]

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1. One noteworthy model is Better Means (www.bettermeans.com), which describes its work as the "open enterprise model." Strategic decisions, work items, compensation, and equity are all determined through self-correcting rating and voting processes. Those who contribute the most value—as determined by themselves, by those who work with them on projects, and by those who voted the project into existence in the first place—receive credits that can be redeemed for money. Credits also give the contributor temporary equity in the company, lasting for a time equal to the time elapsed between when the credits were earned and when they were redeemed. Ownership therefore accords to those who contribute and gradually fades away when one stops contributing. The Better Means open enterprise model is in use today by businesses and nonprofits. Still undergoing refinement, it incorporates some key concepts from the open source and P2P movements, such as "lazy consensus," "agile project management," "peer evaluation," "reputation feedback," and many more.

The monetary proposals I have laid forth in this book will encourage nontraditional structures of ownership and management. Just as they will eliminate the profiting from passive ownership of money, land, and the commons generally, so will they discourage profiting from passive ownership in corporations, which today are a vehicle of the control of said assets.

The advent of collaborative gift structures will fundamentally alter the experience of employment. Today, the interests of workers and owners are fundamentally at odds. It is in the owners' interest for the workers to do maximum work for as little pay as possible. It is in each individual worker's interest to do as little work as possible for maximum pay. Good management can mitigate this fundamental opposition by tying pay to "performance" and by appealing to professional pride, loyalty, or team spirit, but the underlying contradiction remains. Employees commonly receive rewards for their success in office politics rather than authentic contributions, while recognizing "team spirit" as the internal PR that it often is. "If we are really all in it together," they wonder, "how is it that I can be fired at any time but the owners cannot? Any lasting value I create is theirs." In this world, any employee who truly identifies with his employer is a dupe. This becomes obvious whenever a company downsizes or streamlines. "I've given you twenty years of loyal service; how can you let me go?" As one insurance executive explained to an employee, "If you want loyalty, get a dog." Of course, most employers aren't so hard-hearted, but market discipline hardens a soft heart.

Well, market discipline is going to change. As money aligns with social and ecological good, and as new structures arise that reward contribution to the commonwealth, the relationships around work will lose their spirit of mutual exploitation. The raison d'être of business organizations will shift. Quantifiable contributions to the

good of society and the planet will receive monetary reward, and unquantifiable contributions will accrue rewards of status, gratitude, and goodwill mediated through the new social and symbolic structures emerging today.

Such innovations are the wave of the future. In all realms, the model of wealth from owning will give way to that of wealth by giving. The desire to own, to control, is the desire of the self of separation, the self that seeks to manipulate others to its own advantage, to extract wealth from nature and people and all that is other. The connected self grows rich by giving, by playing its role to the fullest in the nourishment of that which extends beyond itself. As we step into the connected self, organizational structures are emerging that are in tune with it. They align the self-interest of the individual with that of the organization and the interest of the organization with that of society and the planet. Unlike classic collectivist models, they allow the exuberant expression of the extraordinary gifts of the individual, yet turn those gifts toward the benefit of all.

The open collaborative structures of an extended gift economy transcend the old opposition between the individual and the group. When I say that extraordinary individual gifts will turn toward the benefit of all, some readers might protest, "But shouldn't individual excellence be rewarded?" Conservative friends in particular are immediately suspicious of my ideas, supposing that they entail the subsumption of the individual. They think that in a system that discourages accumulation and turns excellence toward the benefit of all, there would be no incentive or reward for greatness. Meanwhile, the traditional Left accepts the same basic premises, differing only in the conviction that the subsumption of the individual is good and necessary. In this view, a virtuous person labors in noble self-sacrifice for the common good, spurning any reciprocation or reward.

Both of these views come from the paradigm of separation that holds that "more for you is less for me." More for the group is less for the individual. But in gift culture, that is simply untrue. A great giver of precious gifts can ascend to the highest pinnacle of honor and enjoy all that is within the power of human beings to bestow. Such is the nature and the power of gratitude. Unfortunately, the intuitions of gift culture are alien to us now, for though they live deeply in our hearts, they are absent from the economic and ideological structures of our society. The next part of this book describes how to restore the intuitions and practices of gift culture, starting on the personal level.

The bankruptcy of the economics of the separate self is now plain to see. In the capitalist world in which individual accumulation has been permitted, we have experienced not the exuberant expression of our gifts, but their suppression, their enslavement, and their perversion toward the purpose of taking and controlling, for these activities are what the present money system compels and rewards. Worse, these ostensible rewards have been a delusion: money, its purchases, and its accumulation substituting for connection, love, beauty, play, meaning, and purpose. The noncapitalist world fared us no better. Whether it comes from communist ideology or religious teaching, self-abnegation is life-denying; invariably, the life denied expresses itself in shadow forms that wreak the same consequences, or worse, as the outright aggrandizement of the separate self.

The Age of Separation, however, is winding to a close, and we are beginning to relearn how to live the truth of our connectedness. All that I have laid out so far in this book assumes (and fosters) a shift in our consciousness, without which nothing of sacred economics would be practicable. I am not *calling* for such a shift though—I am observing it, bearing witness to it, and, I like to

think, contributing to it. It is happening as you read these words, and it will happen all the swifter as the multiple crises borne of Separation converge upon us. The world is changing, and ourselves with it. We not only must create the economic structures of the connected self living in cocreative partnership with earth; we can also, right now, learn how to think and live in them.