

Session 13.1: The Crisis

Living in the Gift

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Hey Everybody,

At the very beginning of the course I touched on the subject of scarcity and abundance, making the point that we live on an abundant planet, and that the scarcity we experience is largely artificial. In the world today, some one in five children go hungry, yet we waste nearly half the food produced. We have a huge homelessness problem, side by side with vast unoccupied residential floor area, empty homes. We are running out of key natural resources and wasting vast quantities of those same resources. So that's what I mean by artificial scarcity, not fundamental to the world.

You could also say, in other words that the scarcity we experience is mostly the result of maldistribution and misuse. And of course the main means by which humanity distributes resources today, and decides how to use them, is money.

As the musical chairs video illustrates, scarcity, competition, and anxiety are built into the money system. Therefore, this course would be incomplete if we did not devote at least some attention to systems change. It is not enough merely to change our own attitudes and practices around money. That is important, even in a political sense it's important, because it shifts the climate, or the field, or the story underlying the systems. However, we are also political beings living in a mass society. So, I'd like to bring a little political awareness into the course.

Let me clarify that by political, I don't mean anything that fits easily into current party politics. Most of what I'm going to say is not part of the general discourse today that is called political because I am going to question some assumptions that pretty much all major parties take for granted today.

So in this session I will lay out the problem, and in the next I will offer some solutions, along with a path to get to those solutions.

So let's step back into the analogy of musical chairs and apply it to the money system. So imagine I am a bank, and you are all my customers. And let's imagine I am the only bank, and you are only transacting with each other. We have our own little world, our own mini economy. OK, I create money by lending say a million dollars to each of you on this course, maybe there are a thousand of you. The interest rate is 10%, which means in seven years you have to pay me 2 million dollars each. How are you going to do that? Everyone is only given one million and everyone owes two million. Anyone of you could earn it from the others; maybe you could make things and sell things to the other people. And there is nothing wrong there, nothing wrong with that because you're being encouraged, incentivised to make things other people want and need, and they give you money.

The problem of course is that not everyone can make MORE money from everyone else. After ten years, some people might have two million to pay me back, some might have broken even and, some might have none at all. At most only half the people can pay me back. The rest have to go bankrupt.

In the real world, money creation is quite similar it is always created with an accompanying debt. This was not widely understood ten years ago when I was writing Sacred Economics, so I spent a lot of time explaining it in that book. Now a lot more people get it and a lot of people understand money creation so I'm not going to go into the detail here, distinguishing between base money created by central banks and the money lent into the economy by commercial banks and so on and I'm going to ask you to trust that I am not oblivious to such details. What I am going to tell you though is an accurate enough for present purposes. OK, so money is created with an accompanying debt that bears interest, which means at any given moment there is more debt than there is money, just like there are more people than chairs in musical chairs. Now in the real world, using that mini economy example there is a wrinkle here because ten years it isn't actually the case that half the people go bankrupt. Why, because during that time I – or the banking system – continues to lend new money into existence. By the time ten years rolls around and everyone owes me two million, I've created enough new money for pretty much everyone to pay me back. Maybe not quite everyone because people who are incompetent or lazy, disadvantaged, racially oppressed or unlucky, whatever, who have gotten sick, who have fallen through the cracks. These people maybe won't have made enough to pay me back. And there are a few people who can pay me back with millions to spare. Any way, mass defaults are avoided because I constantly lend new money into existence to pay back the debt by lending the old money into existence.

OK Now here is a key point: In this process I don't just lend money to anyone. I only lend to those who are likely to pay me back. You've gotta have a business plan. You've gotta have collateral. You've gotta have a job. If you come to me and say, Charles, I'd like to borrow a million dollars to protect the Everglades from oil drilling, I'll say wonderful, so how are you going to pay me back? Sorry, can't lend it to ya'. And then someone comes to me and says, Charles I'd like a million dollars to buy oil rigs to drill in the Everglades. Look, here is my business plan. OK I will lend you the money because you'll pay me back. And if I don't some other bank will do it. So this is the tilt of the playing field a pressure we live on in this society.

That example illustrates a general rule which is money goes to those who will make more goods and services. That's the origin of financial capital. That's where salaries come from. In a previous session we described how that pits idealism against economic necessity in the lives of so many of us. So which would you rather do? Protect the Everglades or drill baby drill? The money is in drilling. That ultimately is a result of how money is created in our society, and that

process embodies what our society held valuable. I won't say holds but to some extent holds valuable too.

So now imagine what happens if no one comes to me with a good business plan. I stop lending money. When that happens I stop lending money into existence. Competition intensifies and defaults proliferate. In the real world, this is known as a deflationary depression. Firms (who are) starved for cash and unable to pay their creditors, go bankrupt or cut back. Falling employment leads to falling consumption, which leads to further cutbacks. Firms compete for a shrinking market, cutting prices and wages. With falling prices, those who still have money delay purchases, leading to falling demand and even more bankruptcies. The classic Keynesian solution is government spending to rev the growth machine again. However, that will only work if there is room for growth to happen.

Today the planet, and especially the developed countries, faces an intractable economic crisis that originates in the end of growth. The growth machine is bumping up against basic social and ecological limits. There is not much gift economy left to convert into services, not much community left to convert into services and not much nature left to convert into goods. We can't clear cut a lot more forests or strip mine a lot more mountains or increase the fish harvest from the ocean. For a long time the solution to the limits of growth in the developed countries is to import growth from less developed countries, through the mechanism of development loans. So you loan Brazil ten billion dollars to develop infrastructure, and it pays you back with 20 billion dollars worth of lumber, oil, and minerals. Countries that refuse to go along with this end up in the cross-hairs of the CIA coup factory or the military machine. That is a whole story in and of itself. You could read John Perkins "Story of an Economic Hit man" for more details on that.

OK I hope this isn't too confusing but I will just go on for a little bit more. As long as the systemic necessity for growth remains, environmental protection and social justice both will face an uphill battle. We can try to be nice and tolerant, and exercise restraint, but we are under constant pressure to set things up so that we get one of those musical chairs. We can try to conserve, but we are under constant pressure to find something to convert into money. We can try to be generous and kind to each other but we are under constant pressure to find someone to exploit. That is why we need to change the system; to change it so that it comes into alignment with the spirit of the gift.

I just said that the current system embodies the values that society held. For a long time, society thought the conquest of nature was a good thing. We held the value of growth, of the Ascent of Humanity, rising above nature, replacing it with technology, replacing culture with a mass-produced imitation, professionalizing everything, making everything more efficient, and so on. Those values are becoming obsolete. So many of us hold new values, I would say new and Ancient values but the system still embodies the old values. It's time to change that system as part of our transition to ecological values and to relational values.

Part of “relational values” means just the alleviation of human suffering. As growth stalls, the competition just gets more intense. As a mathematical necessity, more and more people fall into misery. I know a lot of you listening are in stressful circumstances, this is not theoretical and it’s not because you don’t care about the world, it isn’t because you have nothing valuable to offer, and it isn’t because you are unwilling to work and create and contribute. If you feel indignant that life is harder for you than your parents’ generation, that the opportunities are less and the debt is more, well, you should be indignant! This course is not an escape from that fundamental political issue. I just want to point out here that this goes deeper than corporate greed or the greed of the 1%. We talked before about how greed is symptom of scarcity and of disconnection. The 1% and the corporations are operating by systemic imperatives. So Yes, we could distribute wealth more equitably, we could raise taxes on the rich, and so on, but the system is growth-dependent for its functioning and if that doesn’t change, concentration of wealth will be the inevitable tendency.

Before I move on to the next segment on solutions, just pause for a minute here and feel a bit compassion for yourself and really for anybody immersed in our economic system. We struggle, we resist, we try to find the least objectionable compromise. And sometimes we have made choices from fear and from greed. We did what we needed to do. Or what we thought we needed to do. I know some of you are living paycheck to paycheck. Practically half of America is on that fragile edge where one car repair or one medical bill plunges them into a downward spiral of late fees, debt, unemployment, addiction, eviction, homelessness. I mean this is for real. Even those who are objectively more affluent, they are still subject to the same underlying anxiety in a merciless society where, without real community, you are just one stock market crash or one corporate downsizing away from the same precariousness. Changing your perceptions and beliefs does not change this macro reality. And yet, even in the most compelling circumstances, you might feel the presence of a choice nonetheless. Even if the external scarcity is still there, the internal feeling is changing. In this course I hope it has become apparent that the world is fundamentally generous, and the system we’ve built on top of it is contrary to that fundamental generosity of you could say it is contrary to life. You will find ways to resist the logic of the system. That is, to live a bit more from generosity of money or time to see with generous eyes. It could be more generosity to yourself so that you are more fully receiving, because so often the belief that there is not enough for everyone we turn that against ourselves. But we are awakening from the world-story of more for me is less for you. And yes, it is systemically imposed, but it is not the deepest truth. Whereas once you were a puppet of circumstances, I suspect many of you are discovering a choice. Think about this. What was once unconscious and habitual, that is now becoming a choice? Let this be your seed question. ***What is becoming a choice?*** Even if you feel that your actions are becoming compelled to have no choice yet there is a feeling of a choice growing in you. What programming from the musical chairs system is being erased? In what

way are you becoming conscious of a choice that was unconscious before so take that as your seed question. ***What is becoming a choice?***