

Session 13.2: The Transition

Living in the Gift

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In this session I'm going to outline the two most important pillars of a new kind of economy that I described in Sacred Economics. I won't go into nearly as much depth here or detail, because they really do need a book-length treatment. However, I want to propagate these ideas and put them out into the world because I think their time is almost here where they can really become a new system and a new political cause. When the next crisis hits and a social-political movement arises in response to it, I want it to be more than a protest movement. I want it to have a vision and a solution. It needs to have viable proposals or something to demand so we don't have to protest and depose leaders and go back to the same system. So, you can consider this unit a kind of political preparation.

The first pillar I want to talk about is negative interest rates. As I explained last time, the features of scarcity and growth built are into the money system and they both come from the creation of money via interest-bearing debt. Zero or negative rates will reverse all of the things that money or most of the things that money does to the world or to us.

To illustrate this let me offer a little analogy. Imagine that I have a thousand loaves of bread and you people are all hungry. Now I am not going to gain any advantage by sitting on the bread or hoarding the bread, because bread goes stale. It becomes less valuable each day. Therefore, it is in my interest to lend everyone a loaf and say, pay me back when you don't need it anymore, give me a fresh loaf when you have more than you need. Or when I need bread, I'll let you know and then you can pay me back a loaf of bread. So I don't have the leverage to charge you interest to say I'm only going to give you one if you give me two in the future. 'Cos you're like, you don't get any benefit sitting on it, it's going to go bad anyway.

So obviously money as we know it today is not like bread. If you keep it, it doesn't go bad. In fact, you can earn interest on it and it will grow over time. The people who run our system and their interests are institutionalized in a way that always keeps interest rates higher than inflation. So those who have money get more and more and more, that's the way the system is built. You can see the problem here. On one level in addition to concentration of wealth you can see the problem in linking something that grows forever i.e. money with a material world that goes in cycles, an ecological world of impermanence, where all things eventually decay and return to their source. That's the law of return.

In the digital age, it is quite possible to make money subject to the law of return too, to make it decay over time just like bread. I think the best way to implement that principle implement it is via a liquidity fee on bank reserves. That means it would cost the bank money to hold onto money, say 5% a year. That gives the bank an incentive to lend at zero interest, just like me with my bread. That means

that a bank which has a billion dollars or whatever and is holding that in the Federal Reserve, that billion is subject to a 5% interest negative interest rate, a decay rate so at the end of the year it is worth 950, it's not worth 950 million, it is, it becomes 950 million. That means the bank has an incentive to lend even at zero interest. Just like me with my bread because it's gonna go bad. That means that the financial system can now function in the absence of economic growth. It allows a steady-state or degrowth economy, halting the progressive conversion of life and nature into money.

Another consequence of negative interest is to reverse the concentration of wealth. Debts can be refinanced in the negative interest system at zero, less than zero interest even and so the wealthy would no longer be able to grow their wealth merely by owning wealth. Basically, negative interest is a kind of inescapable wealth tax. You could try to escape it by purchasing something some other store of value so if we really want to go into the details here we also need to talk about primarily a land tax which is an idea that has hundred and fifty years of history and back to the thinking of Henry George. Anyway I'm not going to go into that right now it's in Sacred Economics).

Another way to look at what I'm describing here is the systematization of a basic principle of gift economy – which is the gift always travels, it's never hoarded. It's that wealth can be maintained only by generosity, only by flow, only by giving and not by holding onto it.

For a negative based interest system to work, the money removed via the negative interest has to go back into the economy some how. This leads to the second pillar of Sacred Economics that I want to talk about here which is **Universal Basic Income**. You can abbreviate **UBI Universal Basic Income** grants everyone an automatic, no-strings-attached income of, say, \$1000 a month or whatever is enough to cover the most basic living expenses. Of course, people could still work and earn more if they want more than the basics, but it would remove this fundamental insecurity that underlies modern life. There's experience of being in a merciless world with no safety net, no bottom. If you fall through the cracks in society, smash! So you know you're always going to be held.

Some people think this is ridiculous idea, Universal Basic Income because they say well if people don't have to work, then they won't work. People have to be made to work incentivised to work. But as we've explored, this is not actually human nature to only work if you have to because we want to bring our gifts to the world, and in fact trials of UBI bear this out. Most people keep their jobs even when they don't have to. I'll say though that a UBI system would however make it harder to find people to work the most degrading, dangerous, tedious dehumanizing work. So those kinds of jobs would have to be engineered out of the system and if you were designing a company or a factory or something you'd have to consider how can we make work here, fulfilling? It's a totally new design constraint that would come from UBI. Universal Basic Income I is a great equalizer, it is a great way to ameliorate the distribution of wealth. Yet unlike a

lot of wealth distribution it has a feeling of being manifestly fair because everybody gets their \$1000 a month. The poor, homeless person gets \$1000 a month and Jeff Bezos gets his \$1000 a month and he can spend it on whatever he likes! It's fair, everybody gets their share. This idea everyone gets their share that's one of the philosophical underpinnings of the idea, their share of what? Well it's their share of the abundance that technology makes possible. And who has the right to that? Who has the right to the thousands of years of technology? Who has the right to the fruits of scientific discoveries hundreds of years old? The work of, I don't know, Thomas Edison or Nikolai Tesla or James Watt, you know? I mean this is the common inheritance of all of us. Nobody has a greater right than anybody else to these discoveries and inventions so if they are our common inheritance we should all share the benefit. And that's why in Sacred Economics I called it a **social dividend**.

I want to mention another advantage or necessity of UBI which is that in the age of automation, when fewer and fewer people need to work to meet society's needs it is a way to channel money to those people. Today people only get money if they have jobs, and now automation and Artificial Intelligence are eliminating those jobs, what's the strategy here, how are people going to live? There has to be another channel to put money in people's hands and this is really coming up a lot in tech circles. I think Andrew Yang who is a Silicon Valley guru has come out in favour of UBI just looking at the trend of automation in more and more industries. What are people going to do and how are people going to live? So this question, what are people going to do UBI frees them up to do all kinds of work, healing work, creative work that is not valued today, that is hard to quantify in economic terms, that society doesn't support economically but everyone knows is really important. It could be Ecological or Social kind of work but it can also be just the intimate functions around the home, taking care of children, taking care of sick people, taking care of elderly people all these functions that have been monetized and professionalized could return to the intimate realm if we could only support them. Imagine what kind of Mother or Father or Caregiver would you be, what kind of healer would you be, what kind of artist would you be if you weren't under that constant stress of "I have to make a living" and weren't constantly fighting that tension between, you know that comes from the most highly paid things, the most consistently paid things today are those that aren't actually helping the planet that much and the most desperate needs are being met by people who aren't even getting paid to do it. Of course I am generalizing and exaggerating a bit but we can feel this tension. So yeah, what beautiful things would you do? And what would all those young people do if they weren't chained to jobs that aren't even helping the planet?

OK so, I'm just going to start linking some things together. I will mention one more thing about the negative interest that is similar to a social dividend that is basically negative interest can be understood as a rental on money which you give to society because money actually only has value because of a web of agreements. Society as a whole maintains the value of money. It gives it its value so you've gotta pay a little rent to society for this service. In other words, the money is not

really yours. Your ability to make money, the whole system of property, and the whole system is held by all of us. You can look at this, both negative interest and UBI as kind of a “third way” between capitalism and socialism. You might call it capitalism, but the nature of capitalism depends on the nature of capital and the nature of capital depends on the social agreements and values that define it. Money, property.... these are stories, these are agreements and when these stories and agreements change, so does the system built on them.

Alright, OK, the big question “how do we get from there to here? The answer is people power, and the key to people power brings up the third political issue that I wanted to talk about which is debt relief. The current system has been maintained through exponentially increasing indebtedness on every level. People get deeper and deeper into debt, countries get deeper and deeper into debt and eventually it becomes impossible to pay, and a financial crisis like the one in 2008 will hit. And I think the next one will be, in the order of magnitude worse than the last one. So what’s going to happen? Well we saw last time what happened. The governments and central banks bailed out the creditors. They didn’t bail out the debtors, they took over the bad loans that the banks and lenders and others had made good on those but the debtors had to keep paying. That’s not fair. The next time the demand should be that the debtors get a bail out. What does that mean? It means that the central banks buy out, just like before, they buy out all the student loans, auto loans, credit card debt, the national debt, the corporate debt whatever we feel is appropriate, the central banks purchase all those giving the lenders money for that but then they, the central bank, the federal reserve they can reduce your interest rate to zero, they could even cancel some or all of what you owe, say it’s gone because these debts in a sense are not real, they are only as real as we can make them as we do make them and when we make different agreements about them they can disappear. This has happened repeatedly in history, it’s called a jubilee and I think that it is a political issue or political demand that people could rally behind. It’s not hard to understand and it’s not hard to resonate with it and the desire to be liberated from debt is so powerful and it seems so unfair to be mired in this debt for your entire life. So that’s why I think it’s a powerful call to action and in case you were wondering, the lenders receive cash, they receive money so it’s a pretty good deal for them for their loans that will never get repaid to be purchased and basically paid by the federal reserve. There’s a catch though, it’s the money they receive bears negative interest so no longer are they going to get richer and richer by holding onto that money.

If the bailout, this debtors bailout is big enough, we are going to have what is called a massive monetization of debt, all of it subject, all this new money that’s being put into the system being subject to negative interest and that’s what funds universal basic income. From that, all kinds of savings to society will result. You won’t need the whole social welfare system of the most of it anyway, crime would be greatly reduced and so forth and let me add to this why not say a 90% reduction in military spending. All these things together will allow a massive reduction in other taxes. Ultimately maybe the only tax we need is this wealth tax,

this negative interest rate. So this might sweeten the pill for the wealthy. Like OK, you're gonna have this wealth tax but maybe not so much income tax. Anyway I don't want to sound like a politician making a campaign speech here, but you get the sense that maybe our problems are not too hard to solve. That a more beautiful world is just a shift of perception away, a shift of story, a shift of priorities. We have such tremendous abundance already there but we squander it fighting each other, hating each other, hoarding from each other. It is as if we do everything in our power to turn abundance into scarcity. When we stop doing that, we will have paradise. So you can see, I mentioned cutting military spending but it's not a separate thing. It is part of the same movement, the same transition and so gift economy you can say it's a peace economy, these things go together. It's a transition away from the world of more for you is less for me. Away from the world of us against them, all part of the same movement.

So I mentioned people power, I want to say a little bit about how to exercise people power when the moment comes I would say, I think the most potent expression of it in coming times will be through a debt strike. A debt strike is when people organize to stop making payments on their, whatever, credit card debt, student loans etc, etc. We've seen this happen almost a few times. In Greece it started happening a few years ago with the slogan "Don't Owe, Won't Pay". That movement starts with the realization that it is not really your fault that you are in debt. Debt is swallowing up everything, and it not because, if you're in debt it is probably not because you are lazy or irresponsible or immoral because you are not paying your debts. Like in the musical chairs game someone is going to be left out. There is always more debt than money. Even if everybody is industrious and moral and works hard there is still going to be somebody who can't pay. It is mathematically inevitable and as growth slows it is inevitable debt rises. Today in America you pretty much have to go into debt to survive, generally speaking to get an education to live the kind of life that you didn't need debt for two generations ago. A debt strike, I think that its power comes in part from how tightly managed the financial system is. It is so fragile actually; a debt strike of say 10% or 20% of the population would bring it to its knees. You just have to organize enough people to do it. If you just have sporadic resistance then those few people can be taken to court and have their assets seized and so on but not if it is a mass movement. And especially in our digital age this is real world action that can be taken from a computer screen and has compared to signing electronic petitions and stuff I mean this is potent action.

The moment for this, I don't think it is quite here, but when it comes, I hope that we know what our demands are debt relief, Universal Basic Income and negative interest, that is what I am working toward anyway. I hope that this session helps seed those ideas.

Finally, I'd like to circle the political back to the personal. You know I mentioned this before when I talked about the morality of paying our debts, the foundation, or at least a key pillar, of our system is the perception of the legitimacy of debt. We consider it honorable to repay our debts. Yeah in some circumstances it is the

honorable thing to do. If a friend lends you something you know you want to return it, you want to pay back but this does not apply when we are forced into a situation by an unfair system where we have no choice but to go into debt, that is not a legitimate debt and to spend the rest of our lives paying it back. To spend our whole life in a kind of penury, a kind of serfdom, a kind of peonage it's called. Today many individuals and entire nations are in that situation. I wrote this article a few years ago in Yes! Magazine. I think it was called "Don't owe, Won't pay!". I gave some examples of these countries that are paying and paying and paying and never paying it back. It's hopeless. Many people are in that boat today. So we have to recognize these are not legitimate debts. That recognition is a first step. It doesn't magically dispel the institutions of state violence that compel payment, but that recognition, that shift of perspective, it means that at least the institutions of state power no longer have as an ally of our feelings of guilt and shame. No longer have the ally of our and our judgment of others who don't pay. They can still force us but we are not going to go along with it willingly.

More generally the first step of any revolution is to delegitimize the existing powers. The greatest power today, speaking of existing powers it's not political in the traditional sense. It is economic. It is the corporate-financial elites and their institutions that hold governments in the palm of their hand. And their power, their power of the corporate-financial institutions, their power rests on the social-political legitimacy of our debts.

I'll end by returning to the topic we started with way at the beginning of the course which is gratitude. In fact, this perception of honor and morality in the repayment of debts, this comes from, there's a thread of truth in that because in fact we are forever in a legitimate and unpayable debt. It is a debt to nature, to earth, to the sun, to water; it's a debt to life itself. The desire to repay this debt is driven by our gratitude at having received such precious gifts. Then the economic debt regime hijacks this feeling of gratitude, that feeling of responsibility and perverts it toward an end that insult and harm the true source of that gratitude. In other words, we receive the gifts of sun, earth, water, and life, and repay them not to their source but to the world-devouring machine that chews up beauty and spits out money. It is time to stop doing that, and to direct our gift of life back toward life. Maybe as your seed sentence I'll offer you, well it's maybe more of a seed poem, but something to carry with you:

My debt is to the earth.

My debt is to the sun.

My debt is to the water.

My debt is to the soil.

My debt is to life.

Let us carry the truth of this with us and spread it as the foundation of a new politics.

at) if people don't have to work, then they won't work. They have to be made to work, incentivised to work. But as we've explored, this is not actually human nature to want to bring your gifts to the world, and in fact in trials of UBI most people kept working their jobs. A UBI system would however make it harder to find people to work the most degrading jobs out of desperation, so these would have to be engineered out of the economy, or paid more highly. UBI is a great equalizer, yet it is also manifestly fair. Jeff Bezos gets his \$1000 a month just like you do, and he can spend it however he likes!

UBI has the benefit of channeling money to people in the age of automation, when fewer and fewer people need to work to meet society's material needs. When people only get money through jobs, and when automation and AI are eliminating more and more jobs, how are people going to live? There needs to be another channel to put money in people's hands. Furthermore, UBI frees them up to do creative and healing work that is not valued today. Imagine what beautiful things people would do, and all those young people, if they weren't chained to jobs that aren't even helping the planet. You can't deny that there is a lot of necessary work to do that isn't financially supported today. This especially includes work around the home, taking care of children, sick people, and the elderly. UBI will help reverse the professionalization of these functions.

I have a list of about 30 reasons for UBI, but here I'll just add one more. The abundance that our technology makes possible – who has a right to that? Who has the right to benefit from the accumulation of invention and discovery over the last few thousand years? This is the common inheritance of humanity, and all should share the benefit. That's why in SE I called UBI a “social dividend.”

In a similar vein, negative interest can be understood as a rental on money, which you give to society because money actually has value only because of a web of social agreements. Society is what gives value to money.

One way to look at all of this is as a “third way” between capitalism and socialism. You might say it is still capitalism, but the nature of capitalism depends on the nature of capital. Capital is a social agreement. Money, property.... these are stories. When these stories and agreements change, so does the system built on them.

OK, so how do we get from here to there? The answer is people power, and the key to people power is the third political issue I want to bring up, which is debt relief. The current system has been maintained through exponentially increasing indebtedness on every level. Eventually it becomes impossible to pay, and a financial crisis like the one in 2008 will hit. The next one will be even worse though. What will happen then? Last time, governments and central banks bailed out the creditors. The demand next time should be to bail out the debtors. That means that the central banks buy out all the student loans, auto loans, credit card debt, national debt, corporate debt, and so on, and then either reduce the interest rates to zero, or cancel some or all of the debt. In return for their bad debts, the lenders receive cash – which is a pretty good deal for them. The catch, though, is that the cash will carry a negative interest rate.

If the bailout is big enough, the massive monetization of debt will fund a universal basic income. UBI by the way will obviate many social welfare programs and the bureaucracy around them. That, together with let's say a 90% reduction in military spending, will allow

a massive reduction in other taxes. OK, not to sound like a politician making a campaign speech here, but actually our problems are not that hard to solve. A more beautiful world is just a shift of perception away. A shift of story. A shift of priorities. We have tremendous abundance that we squander fighting each other, hating each other, and hoarding from each other. It is as if we do everything in our power to turn abundance into scarcity. When we stop doing that, we will have paradise. You can see how peace work is deeply resonant with gift economy.

Finally let me say a word about people power. I think the way to exercise it, when the moment comes, is through a debt strike. In Greece it started happening a few years ago with the slogan Don't Owe, Won't Pay. It starts with the realization that it is not your fault that you are in debt. Debt is swallowing up everything, and it isn't because you are lazy or irresponsible or immoral for not paying your debts. Remember, in a musical chairs system like ours there is always more debt than money. It is mathematically inevitable that as growth slows, debt rises. Today in America you pretty much have to go into debt to survive, to get an education, and so on. That wasn't the case a generation or two ago. Anyway, the financial system is so tightly leveraged, so fragile, that a debt strike by say 10% or 20% of the population would bring it to its knees. You just have to organize enough people to stop making their payments. If it is just a few, they can be easily taken to court, their assets seized, etc. But not if it is a mass movement. I think this might be the most potent form of people power in our digital age.

The moment is not quite here, but when it comes, I hope the demands are debt relief, UBI, and negative interest. That is what I'm working toward anyway, and I hope that this session helps seed those ideas.

Finally, let me circle the political back to the personal. The foundation, or at least a key pillar, of our system is the perception of the legitimacy of debt. We consider it honorable to repay our debts. I won't dispute that under some circumstances. But it doesn't apply when we are forced into a situation by an unfair system where we have no choice but to go into debt, and spend the rest of our lives paying it back. Many individuals and entire nations are in that situation. See the article in yes magazine about this. These debts are not legitimate, and we have to recognize that. That is a first step. It doesn't magically dispel the institutions of state violence that compel payment, but at least those institutions no longer can count as an ally our feelings of guilt and shame and our judgement of others who don't pay.

The first step of any revolution is to delegitimize the existing powers. The greatest power today is not political in the traditional sense. It is economic. It is the corporate-financial elites and their institutions. They hold governments in the palm of their hand. And their power rests on the social-political legitimacy of our debts.

I'll end by returning to the topic that we started with – gratitude. In fact, we are forever in a legitimate and unpayable debt. It is a debt to nature, to earth, to the sun, to water, and to life. The desire to repay this debt is driven by our gratitude at having received such gifts. The economic debt regime hijacks this feeling of responsibility and perverts it toward ends that insult and harm its true source. In other words, we receive the gifts of sun, earth, water, and life, and repay them to the world-eating machine that chews up beauty and spits out money. It is time to stop doing that, and to direct our gift of life back toward life. Maybe as your seed sentence I'll offer you the following:

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