BOOK REVIEW

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Title: Sacred Economics: Money, Gift & Society in the Age of Transition. By Charles Eisenstein, 2011. Evolver Editions, California, US, pp469, ISBN 978-1-58394-397-7, $17.35 (paperback)

It is not uncommon in the study of economics to identify the weakness of the modern economy by focusing on how the money, accumulation of wealth, and mobilization of factors of production promotes unfair distribution and inefficient allocation in the society. This book reflects on this discussion with incisive analysis of the inherent sliding of the society from the something sacred that was characterized by cooperation, mutual exchanges and high degree of solidarity among the people in the society. As a graduate in the fields of Philosophy and Mathematics from Yale University, Eisenstein brought up deeper meaning and purpose of life that collectively constitute a sacred society-- meant to find one's interest through the interest of the society. The strength of this book is that it has not only analyzed the basic problems of contemporary economics, it also offers solutions that dip down to the same depth as the problems and provide a compelling case that this modern world can execute. The weakness of the book lies essentially in the methodologies that are not totally dependent on scientific sources and insufficiently draw evidence from the theological resources.

The first part of the book discusses the problems of contemporary societies and discerns the quality of the previous from of gift society. The crux of the discussion relies on explaining the nature of modern money that represents an inherent dualism or contradiction; it creates the 'illusion of scarcity' and divorces value from it, engulfs the commons and inserts greed and usury to create wealth as an individual self , not a social self.

To explain the inner contradiction of money, he explains that money as a medium of exchange should promote the transfer from one hand to another. However this is contradicted by the money as a store of value as this property inherently encourages

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hoarding-- at least, the definition of money has lost its supposed nature consistent with the nature of goods.

The store of value of money as a physical currency deliberately ignored the origin of such value that money created; money from the cutting of forests may not be same as the money earned by a sick person labor who wants to spend for the treatment of his mother diseases by the investing his labor This homogeneity of money derived from the heterogeneous representation of values misses the societal needs and dimensions -- worth appreciation of his thinking. The creation of a homogenous identity of money also opens an avenue for usury.

The author here rightfully criticizes the role of financial institutions in both creating an artificial expansion of money through interest charges, and the other hand creating conditions to grow beyond the capacity of the natural ecosystem. Financial institutions such as banks offer loans to those who can create goods and services from what was not included in the market. Thus the realm of money gets expanded by converting forestry, fisheries, oil from the ground, soil, and water –placing a price on something that was free before. While the idea of encroaching on the natural world to enlarge economic capital is not new (as greatly expounded by Herman Daly and others), Eisenstein's explanation of the negatives associated with the usury system adds to the causes of depletion of natural capital. By stating "import growth" he makes a big point that we are maintaining growth by decaying the surplus of natural and social capitals in the developing countries by creating sweatshops and pollution havens there. Stimulus plans, impotent in Japan and USA, effectively masked their failures by this new tradition of 'import growth'.

The second half of the book presents the solution for the decaying system by offering the negative interest economy, explaining how the economy will come back to depend on the value of wealth and solve out the inner contradiction of the definition of money. He explains that the decline of value of money with time is representative of the nature of goods in terms of value degradation of these goods, and that the value degradation will prompt people to give away money to the societal whole, resulting in the increase of the circulation of money. As a result, the physical liquidity will continue to reduce and the appreciation of goods and services will continue to rise. How long would that liquidity reduction or physical disappearance of money continue? Here, it is not entirely clear how fiscal policy will adjust to the demurrage value of money. I would expect a little more from economic theories in order to strengthen the compatibility of this system to the existing infrastructure. He also suggests that this system would be a cure for huge debt burdens as the debt will continue to be shrunk by the negative interest. He has not mentioned what are those mechanisms through which the cure will be effective? Regarding non-accumulation of wealth, he mentioned that power politics that always favors the rich and capture the natural resources in their favor suggest that a moral filter that divorces the relationship of politics and dollarocracy would be required to introduce the proper cure to redistribute the wealth to the majority. He envisioned that a 'decentralized, self –organizing, emergent, peer-to-peer, ecologically integrated expression of political will' can be effective. However, the continuous abuse of wealth through the creation of 'sweatshops' and 'pollution havens' leads one to wonder how the transitioning to a gift society is possible when the society is already mired into a sea of inequality, chronic poverty, moribund disease, huge population and immature democratic system.

This book is worth reading for the greater explanation of the bads of interests and low circulation of money that is prohibited in Islam.