

## Money and magic

*Money and Magic (A critique of the modern economy in the light of Goethe's Faust)*. Hans Christoph Binswanger. University of Chicago Press, Chicago, IL, 1994. Translated by J.E. Harrison, postscript by Iring Fetscher.

H.C. Binswanger is founder and director of the Institute for Economics and Ecology at the University of St. Gallen, Switzerland. Long an important figure in the German-speaking world, his work has been too little known among English readers. That alone makes this little volume very welcome. The importance of his theme, and the scholarship and insight with which he develops it, merit the widest possible readership.

The theme of the book is that mainstream economics is alchemy carried on by other more effective means. Perhaps ecological economists should stop using the term "mainstream economics" and substitute "alchemical economics" as a more descriptive name for that which we are trying to reform. This is by no means a mere rhetorical flourish. It is historically and logically well founded. The Prince of Orleans, like other royalty, employed court alchemists in the hope that they would produce gold, with which he could pay off his debts. But when the Prince attracted Scottish financier John Law to his court, he promptly dismissed his alchemists because the paper money scheme introduced by Law was a more effective way to redeem his debts. The goal of alchemy, to turn worthless material into gold, remained unchanged. The worthless material of paper just proved more receptive to transmutation than lead had been. The transmutation of paper into money remains fundamentally a "chymical wedding" of mercurial, liquid imagination (imagining it to represent unmined gold still in the ground) and fiery, sulphurous impression (the impressive authority of the emperor's signature on the note). But this is getting ahead of the story and into "technical" alchemy.

Binswanger's source and vehicle for developing this idea is Goethe's *Faust*, which he shows is a thoroughly alchemical play, a critique of alchemy's "Faustian" attempt to overcome transitoriness (to find the liquid gold elixir of life). That attempt to conquer time is carried out in different ways in the modern world by science, art, and the economy. The play offers a dramatic representation and critique of each of the three paths. Science seeks to overcome transitoriness by finding natural laws or eternal norms. It looks for eternal norms of causality, and since cause always precedes effect it is driven in the direction of the past, seeking

cause behind cause. Art seeks to overcome transitoriness in focusing on the present moment, disconnected from the past chain of causation, but not yet dominated by the demands and lures of future purposes. The economy seeks to overcome transitoriness by embracing the future and giving the present over to purposeful action demanded by the future. The economy dismisses art, and reduces science to a handmaiden of utilitarian future purposes. The economy seeks to master time by:

"transforming goods into money values that survive the passage of time and by advancing to these money values through the "gateway of the future." Money is by its nature an order for the future; for what one can buy in the future by spending it, or gain in the future, as yield or interest, by investing it. One can therefore virtually say "money is future". But since the economy is geared to money values, the future is lost again because the money value can only be secured through constant additional consumption of the world, for this money must be covered by real goods excavated from the mine of the world. The future is then threatened to the extent that the world is limited, that is, the world mine is exhausted."

Goethe does not tell us where the limits lie, and clearly believes that they can be pushed back, precisely through gearing the economy to money value – to emphasizing timeless abstract exchange value of money and downplaying the more traditional concrete use value of real goods. This is because the latter are necessarily limited by the satisfaction of the use they serve, and subject to loss and decay, while money is both unlimited and permanent. As Binswanger puts it: "*By reducing the world to the quintessence of money, the world becomes augmentable. It grows with economic growth!*" The word "quintessence", we learned earlier in the book, is itself alchemical, meaning literally the "fifth essence", the deep essence in addition to the four obvious essences of earth, air, fire, and water. The fifth essence is that which is common to the four essences and allows for their transmutation, and was commonly referred to as "the philosopher's stone". Thus money equals the quintessence, equals the philosopher's stone, equals that which transmutes the worthless into the valuable, the perishable into the permanent.

Although Goethe does not tell us where the limit is, he does tell us that mankind is no longer capable of recognizing such a limit, even when he hits it. Like

Faust, modern man has become blind to the problem of limits – and therefore easy prey to the economic alchemists who promise indefinite growth by turning base metals into gold, transitoriness into permanence, and swamps into farmland. The last, of course, was Faust's own economic development project, complete with the "involuntary resettlement" of Philemon and Baucis, the traditional, independent, contented old couple who, like many indigenous peoples today, were unfortunately in the way of the alchemists' experiment.

The focus of the book is on the economy as modern alchemy, not on science and art, whose relation to alchemy we only learn about in Part II. Part I, the first half of the book, is dedicated the economy as alchemy continued by other means. I began with the larger context that indicts science and art for alchemy, as well as economics, in order that our ecologist colleagues should not feel too smug. Binswanger emphasizes economics because in the modern world it totally dominates both art and science.

In reading the book, I was reminded of a statement by C.S. Lewis <sup>1</sup>:

"If we compare the chief trumpeter of the new era (Bacon) with Marlowe's Faustus, the similarity is striking. You will read in some critics that Faustus has a thirst for knowledge. In reality he hardly mentions it. It is not the truth he wants from his devils, but gold and guns and girls." All things that move between the quiet poles shall be at his command," and, "a sound magician is a mighty god".....The true object is to extend Man's powers to the performance of all things possible. He rejects magic because it does not work, but his goal is that of the magician.

The modern economist, like the Prince of Orleans, rejects alchemy because it does not work, but his goal is that of the alchemist. His goal may fall just short of being the Creator, since the alchemist is not making something out of nothing. But he does aspire at least to the role of Senior Demiurge, entrusted by the Creator to make something worthless into something valu-

able, to improve or continue Creation in a fundamental and unlimited way. Alchemy is not disciplined by the first and second laws of thermodynamics – another common feature with modern economics – and the basic reason why neither of them works very well. However, economics seems to work better than alchemy for a while. But as John Law's subsequent experience shows (he barely escaped with his life from people swindled by his paper money schemes), the long run superiority of economics over alchemy remains in question. This is because the goals remain those of the magician, not the scientist.

As a consequence Binswanger tells us,

"This act of creation by the economy exerts a huge fascination, the fascination of the infinitely augmentable, that is, of eternal progress. The economy thus gains the transcendental character (i.e., surpassing all limits) which man formerly sought in religion. It is not belief in a hereafter, but economic activity in the here and now, that opens up modern man's perspective on eternity."

Faust certainly represents modern man in this regard. He is unable to see limits, to understand that in a finite world pluses cause minuses and deeds are accompanied by misdeeds. He is hell bent to reach for heaven on earth. <sup>2</sup>

In this short review I have not done justice to Binswanger's convincing literary exegesis of *Faust*, nor to his scholarly historical explanations of alchemy, nor to his discussion of the relations of Goethe's ideas to those of Adam Smith, Saint-Simon, Simonde de Sismondi, and others. I have only tried to convey the basic thrust. There is much more. The book is superb. It deserves a prize.

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<sup>1</sup> C.S. Lewis, *The Abolition of Man*. The Macmillan Company, London, 1944.

<sup>2</sup> See also Robert H. Nelson, *Reaching for Heaven on Earth* (The Theological Meaning of Economics). Rowman and Littlefield Publishers, Savage, Maryland, 1991.