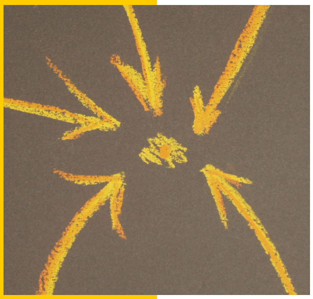

Postmodern Money?

Review of *Money as Accounting*

By Fionn Meier

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Postmodern Money?

Review of *Money As Accounting* by Fionn Meier

Written by Stephen Vallus, Spring, 2020. As a Tax Professional, Economics Conference bookkeeper, longtime researcher of Rudolf Steiner's economic thought and anthroposophist, Stephen Vallus' book review of Fionn Meier's Money as Accounting *seeks to shed some light on a significant missing piece in US education: namely, the consideration of economic history in light of Rudolf Steiner's economic thought. His future research includes a look at the economic history of the United States using Meier's methodology.*

…no child ought really to reach the age of fifteen without being led from arithmetic to a knowledge of the rules, at least, of the forms of bookkeeping…
– Rudolf Steiner, 1919[1]

This is the challenge being taken up by Fionn Meier in his work in Waldorf schools in Germany and Switzerland as a joint project between the Economics Conference and the Pedagogical Section of the Goetheanum and based on his 2018 book, *Money as Accounting, From Ancient Mesopotamia to 2008 and Beyond.*[2] A succinct overview of a complex subject, this book is a must-read for high school teachers (and indeed their students) everywhere, but especially in Waldorf schools, along with its equally useful companion volume, *Perspectives in Finance, Contemplating Double-Entry Bookkeeping*[3]*,* in which Meier reviews everything written in the German-speaking anthroposophical world about double-entry bookkeeping.

We may be tempted to feel that the question of the nature of money is better left to experts. But it would be a significant missed opportunity if students of Steiner did not find an entry into his 1922 lectures on economics, as distinct from but related to his works on the threefold nature of social life.

This is exactly what Meier, a former Waldorf student himself, does in *Money as Accounting*. Based on his Master's Thesis in Economics, he addresses this question and much more in a way that makes the topic accessible to anyone with an interest in the 'beyond' of its title.

Meier refers to a long but important story in a footnote. (p. 32) As told by Ingham and others, Charlemagne (768-814) attempted to establish monetary coherence over the "loosely integrated" Holy Roman Empire. He did this by imposing the following money of account: 240 *denarii* (pennies) would be equivalent to a pound of silver which itself was divided into 20 *solidii* (shillings). Of these, only the penny was minted in any quantity and these were irregular in differing degrees of fineness. This money of account, based on pounds, shillings, and pence *did not necessarily correspond to any of the actual minted coins in use."*[4]These same denominations appear as £(*lira,)s*, and *d*in the ledgers of Pacioli's *Summa* some 600 years later. Ingham quotes Bloch, a French historian, who uses the term *décrochement* which means literally "to unhook", to describe the process of

1Steiner, Rudolf, 1976, *Practical Advice to Teachers.*(GA 294) 3.9.1919, London: Rudolf Steiner Press.
2 Available from http://www.lulu.com/shop/http://www.lulu.com/shop/fionn-meier/money-as-accounting/paperback/product-24320775.html
3Available from http://www.lulu.com/shop/fionn-meier-christopher-houghton-budd/perspectives-in-finance/paperback/product-24281396.html?ppn=1
4Ingham, Geoffrey (2004), *The Nature of Money,* Malden, MA, USA: Polity Press. (110).

de-linking money of account from coinage. Where Rome had unified the two functions of money, exchange and debt, in its coinage, we now find a measure of value (money of account) being used which was a pure abstraction. Given the fact that we seem to be living under a recapitulation of the Roman system of coinage, the importance of this de-linking cannot be overstated. This monetary state of affairs obtained in parts of Europe until the late 18th century. The system of Pounds, Shillings, and Pence did not change in the U.K. until 1970. The French word for "pound" is *Livre,* which points to the Scales of the Latin *libra*. Our abbreviation for pound is "lb." which has the same derivation. For one thousand years, from the time of the estates and fiefdoms of the early Middle Ages through the mercantile period of international trade until the beginning of the Industrial Revolution, this money of account habit of mind was in daily use.

Meier also demonstrates how one can affirm the reality of the commodity-exchange money (market) activity held by the Metallists, while at the same time giving due to the anthropological, sociological, and economic research on credit money advanced by the Chartalists. He does so, on the one hand, by leaving behind the idea of gold, as also the gold standard (Keynes's "barbarous relic") and, on the other, removing the idea of the primacy of power relations. Thereby, Meier advances his thesis of "money as accounting," which he terms a "guiding intuition."

He goes on to show how our present central bank system collapses the tension between "commodity money" (coin/currency) and so-called "imaginary money" (credit/clearing) into one. As we saw above, this "hybridization" is a historical reflection of the "state-mandated coins" (in itself an accounting system!) of the Greek and Roman Empires. After the Fall of Rome, there were three major changes that culminated in the 14th century, which came about as it were "from the periphery" and not by royal decree: the pooling of capital (think of sea voyages financed by joint ventures), the expansion of credit (e.g., merchant banks allowing customers' accounts to go into overdraft), and the use of double-entry bookkeeping.

"Pooling" took the form of equal investors in association assuming risk such that the same person might "be a lender in some contexts and a borrower in others." Credit emerged in a "merchant[-created] banking network covering the whole of Western Europe." These banks tracked their debtor / creditor customers in ledgers and led to what is today our more abstract use of "debits and credits." "Bookkeeping money" appeared at this time when, for example, a bank was asked to pay off a debt of one of its customers to another customer by simply making offsetting ledger entries.[5]

In 1922, while Rudolf Steiner was first describing "money as the world's bookkeeping",[6] John Maynard Keynes was writing his *A Tract on Monetary Reform*, the details and concerns of which reflect those of Steiner. 20 or so years later, as Meier describes, Keynes was thwarted by the U.S. in his attempt at Bretton Woods to institute a global system of "clearing" (based on the "Bancor" currency), a refusal that led to the U.S. dollar becoming an inherently unstable "global fiat-money standard." By contrast, Keynes's idea of a "clearing union" would deter the hoarding of values not by legal

5Sangster, A. (2016), "The Genesis of Double-Entry Bookkeeping," *The Accounting Review,* 91(1), (229-315).
6 Steiner, R. (2014 [1922]), *Economics—The World as One Economy,* Folkestone: New Economy Publications.

prohibition, but rather out of the logic of accounting itself. "New money" could be issued to fund individual initiative in the productive economy. Readers are encouraged to check out Sardex as one of many such endeavors in our day.[7]

It is crucial for those who would work together to bring about a truly "free" cultural life to see that this "goal" is inextricably bound up with our image of economic life. Meier's work highlights the historical movements of humanity's relationship to bookkeeping: first, giving birth to handwriting when clay tokens (counters) in Mesopotamia became symbols on the outside of their container; secondly, in the High Middle Ages when actual debtors and creditors became ledger entries and double-entry bookkeeping as we know it was born.[8] And lastly, we can see the overcoming of abstraction with the concrete imagination of the "clearing" process in our own time. Could bookkeeping be the answer to "society's problem" as quoted in Ingham and defined by Mirowski[9], namely, "...to find some means to maintain the working fiction of a monetary standard[?]"

7Eisenhut, Stephen (2018), in " 'Money is Accounting'--is this idea ripe for the world?" https://economics.goetheanum.org/fileadmin/economics/ECN_Archive_Topic_Mtgs/EC_October_2018_Report__EN_.pdf
8Sangster, A. (2016), op. cit.
9 Ingham, G. (2006), "Further Reflections on the Ontology of Money: Responses to Lapavitsas and Dodd," *Economy and Society,* Vol. 35, Number 2 (273).