Compendium or Reader?

A Review of ‘Steinerian Economics

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Compendium or Reader?

A Review of 'Steinerian Economics'[1]

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This book is a tour de force and the authors are to be congratulated for the outcome and the immense effort clearly expended. Although my commentary is somewhat questioning, my intention is not to gainsay this work, but to voice my perennial concern: What will those outside the anthroposophical movement make of it? For it is they, arguably, whose destiny it is to effect the kind or level of change implicit in Steiner's economics course and his overall threefold conception of society. They, rather than those of us within the anthroposophical movement who already have an affinity for these aspects of Steiner's work, but are perhaps not placed by karma to do anything about them.

This concern, born of and borne out by many years' work in economic life, spanning from practical low-scale enterprise to macro policy discourses, entails several detailed questions. They are asked from the point of view of one looking into Rudolf Steiner's contribution from a 'mainstream' position, my own embeddedness in the anthroposophical movement notwithstanding. They are also formulated on the basis that finance and economics are distinct from banking, although the latter is for most anthroposophists their main reference in this field.

The Overt Link to Anthroposophy

Of course, one who is part of the anthroposophical movement is bound not to deny the link to anthroposophy. But is anthroposophy necessary to Steiner's economic argument? I believe not. What is relevant is the descriptive methodology that he advocates. For what is this if not also the methodology of spiritual science? Since associative economics cannot proceed without this methodology, I doubt, indeed contest, the idea that one needs to begin with anthroposophy or even spiritual science in any external sense.

If one does, the risk arises that three things will then result. One is that those with responsibility for the evolution of modern economics and finance will not engage with Rudolf Steiner, or find him credible. The second is that those who meet (as distinct from initiate) associative economics may not themselves discover by rude experience its ethical dimension. Thirdly, neither anthroposophists nor professionals will discover the deeply spiritual, even sacred, yet concrete foundation of finance and economics, as distinct from the form such sacredness is often said to have today, when people link spirituality to money, for example, or introduce meditation at the World Bank, rather than questioning that institution's role and status in the geopolitical constructs that have arisen instead of those advocated by Rudolf Steiner.

In general, I think we need to let anthroposophy go into our sleep, as it were, and risk that it will appear via the will of others – especially those souls who find themselves in economic and financial life directly. Just as it is something of an adage that those who are able to 'make' money are often not those able to distribute it, so, those conversant with associative economics from the inside may not be those destined to give it substantial effect.

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[1] *Steinerian Economics – A Compendium*. Edited by Gary Lamb and Sarah Hearn. Adonis Press, 2015.

The Word 'Steinerian'

My view is admittedly subjective, but why use such an awkward – even ambivalent and diffident – word rather than Steiner or 'associative' directly?

Compendium

Again, not only an awkward word, but one that belies the book's rich content, richly presented. 'A reader in associative economics' would have told the story better.

Drawings

And then the illustrations… OKish, if aimed at an 'anthroposophical' readership, but even then I find them graphically inconsistent, folksy (no airplane manufacture or telecommunications!), and not really true to the content they are presumably intended to illustrate. And with a subtle bias against finance.

Interface with Conventional Economics

One has to make a decision: Is Rudolf Steiner outside the evolution of economics and finance, the advocate of a parallel universe? Or is he part and parcel of that evolution? Does one place him in ethical confrontation with that evolution, now that it has become stuck in reductionism? Or does one enter into that reductionism and show the way out of it – not just the need to overcome it?

Steiner is well able to hold his own *within* that evolution – and on its own terms to begin with. But that means beginning with *its* definitions, *its* vocabulary, and then nuancing the existing lexicon and literature, rather than replacing it in the first place.

Vocabulary

The main issue I have with Steiner's lectures on economics is the need to translate – better put, transpose – them out of their original context with its background in German economic history and the legacy of Central Europe (which are not the same thing), into today's worldwide economic culture, albeit one that takes its cues from what is popularly, but inaccurately called Newtonian science.

Here, whatever the merits of their meaning inside German-speaking culture, it is important to link from nature–man–spirit to land–labour–capital, something, indeed, that may be a means of getting 'the West' to accept the role of Central Europe. At the very least, this entails treating the terms as synonymous. For then the true dimension of Steiner's economics, associative economics, comes to the fore. For example, that land, labour and capital are today regarded as factors of production, commodities, rather than as matters of right.

By all means, use nature–man–spirit to nuance land–labour–capital, but even so one should not overlook that in their essence the latter already have the wider meaning understood by Steiner – only this has been overlooked. Land, for example, is everything from the subsoil to the earth's core, and the processes and elements in between; labour is both manual and mental. The difficult one is capital, because this tends to have only material meaning. There economists seem unable to lift themselves up by their own pigtails.

'Goods and Services'

Like 'supply chain' and other concepts coming from materialist economics, 'goods and services' is not language used by Rudolf Steiner, so why import it? Instead one should challenge the combination of two distinct categories – goods (alluding to Value 1) and services (alluding to Value 2). Again, by *not* doing this, the possibility of a technical link between Steiner's ideas and conventional thinking remains hidden.

In the same vein, I contest the assumption that loan money and gift money are synonyms for loans and gifts. For me, these two kinds of money (the third being purchase money) are better understood and given expression in terms, respectively, of the balance sheet (especially the liabilities side comprising debt and equity, loans and investment) and the need to convert today's *excess* capital into means of exchange (purchase money). This can mainly only be done in one of two concrete ways (achievable in any organisation) – by expending it by increasing remuneration, or by transferring it to another entity. But never by 'stocking' it in the financial system.

None of this can be understood or done, however, without a clear and technical link to accounting. Of this topic, however, let alone its wide-ranging ramifications, the compendium makes no mention whatsoever.

Related to this, by inner rather than outer logic, are three other topics – one touched on, the others altogether absent. Firstly, taxation. There is a one-page citation by Rudolf Steiner concerning taxation, but it hardly does justice to the actual situation today. It argues against income taxation and in favour of expenditure taxation – but that is an almost meaningless thing to say in today's world if it is not accompanied by other considerations, including:

i) the subtlety of Rudolf Steiner's comments in *The Social Future* lectures, which suggest he has something more sophisticated in mind than, in effect, a sales tax:

> "If a system of taxation is to be created which constitutes a real service of the economic process to the good of the general community, instead of a parasitical growth upon it, capital must be taxed at the moment it is transferred to the economic process. And, strange to relate, income tax comes to be transformed into a tax on expenditure, which I beg you not to confound with indirect taxation. Indirect taxation is often the expression of the wishes of rulers at the present day, because the direct taxes and income tax do not ordinarily yield enough. I am not referring to either direct or indirect taxation, in speaking of the tax on expenditure; the point in question is that at the moment capital passes into the economic process, and becomes productive, it shall be taxed."[2]

ii) the link between income taxation and the state's use of central banking, something that, according to the granddaughter of Henry Goldman of Goldman Sachs was not part of the Federal Reserve Act of 1913, but was added.[3]

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[2] *The Social Future*, Anthroposophic Press, New York 1948, pp. 43- 45, republished in *Rudolf Steiner, Economist,* New Economy Publications, Canterbury 1996. Search aebookstore.com.

[3] Janet Breton Fisher, *When money was in fashion*. Palgrave Macmillan 2010, p.75.

iii) the hugely disproportionate economic role of the modern state – I estimate 66% against 6%; and

iv) the use of taxation as a wealth distributor, with the resulting construct of not-for-profits dependent for their status on the state and for their money on for-profits (agencies that are often otherwise disparaged in our movement).

Secondly, the absence also of any idea of transforming the modern stock corporation, let alone the notion that it is the instrument *par excellence* for capitalising an economic life predicated on taking initiatives that serve others rather than oneself.[4]

Thirdly, likewise there is nothing about how the present economy, dependent as it is on an unspoken accord between the state and banks, can come free of both. Or how the textbooks inflicted on young people everywhere are to be reworked in regard to such key things as double entry bookkeeping, monetary policy, credit creation, and so on. To be fair, reference is made to how, in Rudolf Steiner's mind, these tasks would belong to 'economic associations' – but what are these and what is their import as regards today's corporations (whether of the for-profit or not-for-profit kind)?

Such are the questions one encounters if one represents Rudolf Steiner's ideas (associative economics) outside the anthroposophical movement in mainstream contexts, where one should by no means assume ignorance of ethical issues or even of Steiner's work. There the question is "How to?" Not only practically, but spiritually.

As a reader in Steiner's oeuvre, the *Compendium* has great value, provided readers do not, therefore, skip direct study of his economics course itself – a risk run by its extensive use of quotations from it. But as a 'how to' its value diminishes significantly. Not only do the authors not provide a matching wealth of concrete examples – presumably because that was not their purpose – but also because the book ends with a list of organisations that are described as drawing their inspiration from Steiner's ideas, yet are almost wholly outside the corporate and financial world wherein, in my view, the key transformation needs to begin.

That does not mean entering into Satan's cave, a notion that can only come from Lucifer's cloud, but venturing into the labyrinth of today's convoluted financial world – such an obvious metaphor for our convoluted brain. There the problem is not, however, one of finding one's way into the labyrinth, even to its very centre, but of how to exit, of knowing the economic and financial equivalent of Ariadne's thread.

Other organisations are described as being "in some degree in harmony" with Steiner's ideas, and yet, notwithstanding the editors' accompanying qualifying commentaries, this surely is an uncertain claim. 'Seemingly in harmony with' would be more accurate. To take three examples. How does a basic income provided by the state using VAT equate with 'true pricing'? Surely, the two are mutually exclusive? Are the actors in Mondragon concerned with "extirpating egoism root and branch from economic life," or with challenging Spanish nationalism? Do land trusts in fact remove land from the market? (Indeed, it is not land that is in the market, but the right to it. The issue is not taking land out of the market, therefore, but not treating a right as a commodity.)

Here there is another concern, the *Compendium* frequently says or infers that Rudolf Steiner was against private property. I do not understand this to be the case. He was

[4] As discussed, for example, in *The Right-On Corporation: Transforming the Corporation,* New Economy Publications, Canterbury 2004. Search aebookstore.com. See also *Towards True Pricing and True Income*. Associative Economics Worldwide, 2019. Search aebookstore.com

indifferent to who owns capital, but not indifferent to who uses it or how it is used. His economics lectures may have political consequences, but they are not themselves political. Expressly not.

Finally, in my experience the New Economics Foundation in particular is *not* in harmony with Steiner's ideas. I have met no one in that organisation that argues Steiner's corner. No one, for example, who says land, labour and capital are not commodities, and therefore cannot be subject to markets. But I know many – for it is NEF policy to do so – who advocate state issue of money, an idea that is in no way countenanced by associative economics (as the *Compendium* elsewhere, but therefore in self-contradiction, makes clear).

In short, on two counts the *Compendium* is something of an opportunity missed:

1. Those within the anthroposophical movement who do not recognise the problems outlined in this review will have their errors of thinking reinforced, and therefore their bias in favour of not-for-profit modality confirmed – forgetting that such organisations are by definition dependent on for-profits.

2. Understood from the point of view of the problems they face in their own terms, those responsible for modern finance and economics who could have found a real, rather than look-alike, interface with Steiner's contribution to economics are unlikely to do so.