



# **Backwards or Forwards?**

## A Review of 'Rethinking Economics'

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## Backwards or Forwards?

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Rudolf Steiner's lectures on economics have recently been repackaged by SteinerBooks in the USA as *Rethinking Economics*. These lectures were originally published in English in 1936 as *World Economy* and then reworked in 1993 (reprinted in 1996)<sup>2</sup> by Christopher Houghton Budd, with the agreement of Rudolf Steiner Press in London. Entitled *Economics – the World as One Economy*, the revised treatment aimed to locate Rudolf Steiner in the literature of economics generally and to provide a foundation for regarding him as a serious contributor to the discipline, as also to the fields of monetary and economic history. Interestingly, however, *Rethinking Economics* makes studious avoidance of *Economics* as if it never happened, or does not still exist, even though SteinerBooks was its US distributor for 20 years. It also seems wholly unaware of the delicate steps being taken to place Rudolf Steiner in the mainstream (and with him 'associative economics' as the next step in economic evolution) rather than as merely an 'alternative'.

*Rethinking Economics* also reverts to the earlier rendering, which means it reinstates the problems the 1993 edition sought to overcome. In particular, the fact that Steiner's lectures need to be fitted into economics, *as it understands itself*, not as anthroposophists think it should be understood. This means above all understanding and addressing the clear intention of Alfred Marshall and others to carefully and deliberately hone economics as a science apart. There are two consequences of this, although both dimensions are entirely absent from the *Rethinking Economics* edition, despite its introduction's exhaustive reference to anthroposophy and matters esoteric. First, knowingly or not, it creates a field in which the consciousness and stratagems of lodgism finds an effective medium. Second, it delivers economics into the hands of positivism<sup>3</sup> by not challenging through reason what is supposed by many to be an amoral dead-end, when a finer eye will see that it is precisely here that Steiner's contribution finds its entry point. There also seems to be no inkling, or at least no mention, of how economics shares its epistemology with spiritual science and is thus an antidote to both out-dated, secretive esotericism and disingenuous theory. Finally, economics is the language that Steiner in the first of his 1922 lectures<sup>4</sup> explicitly says should replace threefolding, a statement that seems to render somewhat anachronistic any starting point in what many call 'social threefolding'.

*Rethinking Economics* also reinstates the many in-house references to the anthroposophical movement which are not necessary to Steiner's exposition in the field of economics and indeed detract from it, allowing readers not to see or else to be diverted from his message by his extra-economics interests and discourses. In the same vein, the

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<sup>1</sup> Steinerbooks, New York 2013.

<sup>2</sup> And again in 2014: <https://aebookstore.com/publications/associative-economics-worldwide/authors/rudolf-steiner/economics-the-world-as-one-economy/>

<sup>3</sup> A philosophical system recognizing only that which can be scientifically verified or which is capable of logical or mathematical proof, and therefore rejecting metaphysics and theism.

<sup>4</sup> *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. (GA 340) Search aebookstore.com

new edition has an over-long introduction by Christopher Bamford, which, while in itself fascinating, would have been better as a small booklet in its own right. As it is, while it contextualises Steiner's biography in a generally informative way, it does not really look at economics *per se* or at Steiner's place in its modern development. It is not written with Steiner as an economist in the forefront, nor does it make the case for him in that regard.

There is a foreword by Otto Scharmer. Again this is not an economist writing, but someone who pulls Steiner's ideas into a world that is not in the lineage of Steiner as an economist. Fashionable though they might be, 'eco-system' and 'ecological economics', for example, have nothing to do with what Steiner iterates. Indeed, the problems such things seek to address arise precisely because Steiner's economics is *not* taken up – in particular his insistence that nature is not part of economic life. Moreover, 'alternative' economists, ecologists and monetary reformers are well known for *not* being fellow travellers with Steiner, neither as an economist nor as a philosopher. Mostly, such groups defer to eastern or First Nation philosophies and value systems, or Quaker precepts, while often displaying an aversion to ethical individualism, an antipathy to finance and a preference for state-driven economics. They also very seldom, if ever, predicate their solutions on anything other than the very marketism which they otherwise eschew. Spiritual science and associative economics are definitely not part of their vocabulary.

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*Rethinking Economics* is no doubt well-intentioned, but seemingly naïve about or ignorant of how things are developing in the field of economics – for example, the current discussion about making economics concrete by delinking it from maths and linking it to accounting, a development that enables a direct, but neutral bridge to be built to Steiner's ideas. In fact, both logically and seminally, Steiner's lectures take one into the fields of financial economics, monetarism, Keynes's essential thinking, and money as accounting – but none of these topics is mentioned, let alone treated, in this new version. And yet it is in this arena very precisely that 'the West' is finding a link to Steiner's message, that lodgism finds its come-uppance, that the credibility of Rudolf Steiner as an economist comes to public attention in policy circles, and that banking is matched if not superseded by financial literacy rather than by 'anthroposophical' banks, a name retained by anthroposophists rather than by the banks themselves. In public, at least, they often deny their link to Steiner, reminiscent of the way the World Energy Council once sought to airbrush out its founding connection to Daniel Dunlop.

Otto Scharmer's foreword also makes a further muddle of Steiner's ideas when he introduces 'leadership' and organisational development, neither of which are terms from Steiner or germane to economics. 'Closed loop' is also not a Steiner concept; it is not the same as 'closed economy'.<sup>5</sup> That all value begins with nature is also a moot point, even in

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<sup>5</sup> Consider this from *Towards the 21st Century - Doing the Good*, B Lievegoed (Steiner Book Centre, Toronto, Canada, 1972, pp. 68-73. "The new thing since the last world war is systems analysis. Since 1945, we have been able to build systems of self-sustaining forces. They are called closed systems [which result] when forces work together with so-called feed-back which keeps these forces within a field out of which they cannot go. One of the most simple examples of closed system is the heating system in houses ... patterned after the single cell which can hold its own salts together even if introduced into water with salt,

Steiner's lectures. Steiner's own notion of two value forming streams –  $V^1$  and  $V^2$ , labour working on land and intelligence organising labour – contradicts this. There could in fact be no work on land if intelligence did not organise labour. We turn trees into chairs because we have the idea and skill so to do.<sup>6</sup>

'Commons' is also not a concept from Steiner, nor does it arise out of the logic of his thinking. Likewise, 'Global North and Global South' is not in the line of Rudolf Steiner's reasoning. For him everything is a matter of true pricing not leading to endemic indebtedness, a point he already made in 1905 and to which he was consistent and faithful his life long. If one is looking for a sound bite, try 'think global; act out of your I'. Not even 'think global, act local', unless by local one means the I.

Again, Christopher Bamford's default to NGOs and not-for-profits was not Steiner's path – witness *Der Kommende Tag*, the share company of which he was chairman and which he 'restructured'.<sup>7</sup> Here we touch on a great problem in the anthroposophical movement – the assumption that the future lies with not-for-profits, when in fact such entities are only qualified (i.e. tax exempt) for-profits. The implication is that one ought not to make money or profit, let alone keep it; that it is somehow 'dirty' – never a thought in Steiner's mind,<sup>8</sup> for whom profit was a metric for the social and economic validity of production. 'Appropriate profit', 'profit as air in the lungs of business' – this would be more useful terminology.

The analogy is made to money and blood. This is easily done; but not so easily traced to Rudolf Steiner. Cash flow maybe has a link to blood, but a more real analogy is to the nervous system, the very lifelessness of which allows money to become a means of perception. Such lack of depth stems from the new edition's most serious problem – its seemingly complete lack of interest in and connection with, because, presumably, of antipathy towards, modern finance. Yet it is into finance that the locus of economic development has passed and in finance that the way out of our conundrums has to be discovered then followed.

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In short, *Rethinking Economics* is a book by non-economists for non-economists, whereas Steiner's lectures were intended as a course by an economist (of some genius, moreover) for economists (albeit lower flying). As such, *Rethinking Economics*

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or without salt. We call something like a cell a stable system... They can be built and assigned a specified kind of 'behaviour'. We can then, in the jargon, call for a closed system with this or that 'behaviour'. These are called input/output systems... such as schools with curriculum as input and so on." Lievegoed goes on to equate this kind of thinking to Lockean thinking, then says, "There is a great danger even when trying to understand Rudolf Steiner, that we take the threefold commonwealth as a closed model..."

<sup>6</sup> Dig deeper, and one finds the 'mistake' that became the labour theory of value due to what Rudolf Steiner called Aristotle's 'desuetude', something his (Steiner's) twin value theory expressly remedies. But this is too complex a topic to do justice to here. The reader is referred to *Aristotle, Thomas Aquinas, Rudolf Steiner – Fellow Economists*, for a detailed consideration. Search aebookstore.com

<sup>7</sup> See Ch. 19 in 'Aus der Arbeit mit Rudolf Steiner', Emil Leinhas, Zbinden, Basel 1950, published in English in *Rudolf Steiner, Economist*, <https://aebookstore.com/publications/associative-economics-worldwide/authors/rudolf-steiner/rudolf-steiner-economist/>.

<sup>8</sup> Or, presumably, in that of those who depend on donations for their finance; in other words, on the profits made by others.

reinforces the dichotomy between many in the anthroposophical movement and the world of finance, and so does not serve the cause of advancing Rudolf Steiner's credibility among those who, for better or worse, carry responsibility for today's economic events.

For this reason, presumably, it also fails to recognise and therefore does not deal with the nexus of problems central to the evolution of economics today, namely, the already-mentioned fact and consequences of separating the discipline out from all others. One may not like this, feeling that it should not have happened, but there are reasons for it. They have to do with humanity's deepest emancipation, the path into positivism (and out of it), and the meeting with evil, if you will. In a word, the loss of all moral bearings save those we engender out of our own isolation.

None of this is spoken of by any of the three contextualisers to Steiner's lectures, presumably because they do not know of these topics, because, presumably also, they are neither economists nor economic historians. This is all unfortunate because the main challenge we face in economics and economic history is not only how to contextualise Steiner's contribution from *within* the discipline as it has developed rather than from outside (endogenously rather than exogenously, to use the jargon), but also to follow on the logic of Steiner's thinking post 1922 – to ask where would he have next gone.

There is little question but that that takes us into monetary and financial economics, and beyond banking and the thinking associated with banking, whether private or public. Into questions of how an associative economy would work – or already does work – in our time. Again, all topics strangely conspicuous by their absence.

If more people are brought to the fact of Steiner's economics lectures through this book, that is to be applauded. If they are any the wiser as to his place in the history of economic thought and the credibility he could have if updated in policy circles, that is to be doubted. For this depends on recognising that it is not in the ecology that we have our root problems, but in the separating of the money markets from the goods markets, in the disassociation of capital, in excess liquidity – in Steiner's terms, in there being too much loan money in the world. But where is any of this drawn attention to? Nowhere. And yet these are the nodal points in economic evolution. The nodal points are *not* in not-for-profits, which are for-profits modified by a tax regime that does not exist in Steiner's economic cosmos. Nor are they in ecological economics insofar as such economics marketises the realm of nature, whereas for Steiner it should remain outside the economic process. Nor are they to be found in championing cultural activities, which can be as tyrannical in their self-absorption as can a rampant economic life or a state or rights life that does not know its boundaries.

One can continue. Where is the follow up to serious developments in economics *since* Steiner's time? Where the link to Dunlop? Where the resonances with Keynes? Where the examination of Steiner's seminal thinking about the gold standard? Or his overlaps with von Mises and others? Where any osmosis between his ideas and vocabulary and those of the prevailing paradigm and languages of policy? Where, too, such crucial topics as the standard trilemma in foreign exchange literature,<sup>9</sup> which only three kinds of money can overcome – having been born out of the end of balance of payments?

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<sup>9</sup> Known as 'The Unholy Trinity' no less!

Where, in a word, is the rethinking of economics that the title promises? In Steiner's lectures, that's for sure. But only if they are contextualised in terms of the profession to which he is contributing. Barfield and Gordon Jones did this within their powers in the original English edition; but their powers were limited. Economics has also evolved. It is by no means all bad. Rightly understood, it is more beside the Christ than in the Devil's cave, more 'of the people' than Essenic.

Modern economics is not *all* different to Steiner's thinking. It uses a different language, perhaps, but its logic is not so different. Admittedly, the prevailing mindset has a strong materialist bias, but there are many in the profession who struggle with its philosophical and ethical underpinnings, seeing them as the cause of much ill-doing. There is also extensive discussion of what Steiner calls the need to understand the theoretical and practical nature of economics, even if this discussion lacks Steiner's degree of rigour. And there are sociologists who are very clear that society has three irreducible aspects, though they might not come at this from Steiner's point of view or draw the conclusions (yet) that he does. The threefoldness of economic life is self evident in the three functions of money, the global financial architecture, the threefold structure of accounting and much else. None of these things were mentioned by Rudolf Steiner, more's the pity, for it leaves the layman (or at least the lay anthroposophist) thinking Steiner is alone in perceiving the threefold nature of economic life. So we think we have to bring this news to the world, when the real news is that Steiner gives threefoldness its next step.

Steiner's biography is important for understanding where he 'comes from' and Christopher Bamford's introduction acquits itself well in this regard; but in the end economics has to stand free of anyone's biography. There can be no Mr Hicks other than every one of us.<sup>10</sup>

Moreover, economics has to be ideologically neutral; a kind of no-man's land. It has to appear without ethics so that we experience directly that it is *we* – human beings – who provide the ethical content, precisely when, as it were, the ethical light goes out (in the late 1870s, for students of economic history looking for its Michaelic profile). Even so, economics it is not without ethics. In claiming to be value free, positivism itself takes an ethical stance. It is a form of esotericism. If it were conscious of itself, it would see that it seeks to banish *atavistic* ethics so that we can discover the new, future ethics within the very field from which we think 'right action' has been emptied.

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This critique is stringent because I am not sure *Rethinking Economics* serves the cause of bringing about real change in economics. History will be the judge, but for my money I watch the developing presence of Steiner in mainstream contexts, his ideas used in discreet conversations in the domains of monetary policy and accounting, and the

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<sup>10</sup> An allusion to a paper some years back by Stephen Usher when he asked: Where is Mr. Steiner's Mr. Hicks? Sir John Hicks is credited with having made the work of British economist, John Maynard Keynes, tractable in policy and heuristic terms.

gradually growing interest in associative financial literacy<sup>11</sup> in both Waldorf and non-Waldorf secondary schools. In de-collateralised banking, not the continued application of the techniques and culture of capital preservation to Waldorf kindergartens or struggling young farmers; or in the speed with which anthroposophical trusts catch up with the growing presence of spend-out foundations, giving away their capital, not just the interest on it, earned moreover in the very markets that righteous indignation about speculation otherwise disparages.

Such developments – all of them practical counterparts to the ideas in Steiner’s lectures – have the aim and promise of freeing up (that is, consuming) the capital preserved in today’s financial markets, providing air beneath the wings of myriad initiatives that would otherwise die for the want of credit, and putting purchase money in the pockets of millions of people who would otherwise see their disposable income consumed by interest charges, speculative rents, disproportionate insurance charges, multi-tiered pricing of utilities, pension fund investment and so on.

These are the problems that need to be addressed – better still, overcome – today. They require us to reconnect the money markets to the goods markets. This will be too bad for any central bank or financial institution fixated on ‘price stability’, for investors wanting a ‘return’ to capital, when in reality there is no such thing, and for all those people (anthroposophists included) who rely on the rising values of their real estate to cover their expenses, or to match the losses incurred on failed schools and other initiatives.<sup>12</sup>

If *Rethinking Economics* steels our minds and our motives for this kind of change, all well and good. If it fails to do so, and to do so appreciably, then its title is surely somewhat misleading.

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<sup>11</sup> Meaning, understanding that money is not a commodity, that capital has to be used up, and so on. See [www.associative-financial-literacy.com](http://www.associative-financial-literacy.com)

<sup>12</sup> One should not underestimate the problem caused by borrowing from banks, even ‘anthroposophical’ ones. Albeit on the grounds that they are ‘licensed deposit holders’ and so required to protect the funds lent to them, when it comes to having to choose between the survival (that is, the balance sheet) of banks or their *borrowing* clients, rarely do the latter prevail.