



Rudolf Steiner, Economist

An Introduction

Study material published as a contribution to public debates.
Comments to the publisher always welcome.
Part of any sale proceeds goes to finance research into associative economics.
Please respect copyrights, otherwise how will authors live.

Christopher Houghton Budd

Rudolf Steiner, Economist

An Introduction

© 2012 Christopher Houghton Budd

All rights asserted and reserved

Published by the Author

Rudolf Steiner, Economist

An Introduction

Christopher Houghton Budd

In 1922 Rudolf Steiner gave a course on economics (1) to an audience of students of economics. The course was intended to be a specific contribution to a specialist subject. After some of the lectures he held seminars, (2) during which he was able to deal in greater depth with some of his themes. Taken together, the lectures and discourses provide a rich mine of information and thinking, both as regards economic history to date and in respect of present problems and future developments.

Economic Thinking

Central to Steiner's contribution was his insistence that the thinking used in economics was unable to recognise living organisms, and yet, in his view, the economy was precisely such an organism. He pointed out that the kind of thinking needed to understand economics died away just at the time when so-called economic science began to emerge. He was of the view that a genuine science of economics had yet to be created, and that to do so would require quite different thinking to that employed in the natural sciences, which for this reason could not be taken as a model for economic science.

It cannot be over-emphasised that Steiner's approach illustrates a *way of thinking* and does not constitute a prescription, or set of prescriptions. Indeed, endless dangers await those who treat his works in an external way. Their purpose is less that of direct application than of promoting economic thinking. Economic thinking of itself leads to the kind of action that is truly needed in modern economic life – action that proceeds from an accurate perception of concrete events, rather than from a wish to apply prescriptions based on preconceptions. It is all too easy to overlook the role that thinking, as an activity in itself, plays in life. Behind Steiner's approach lies a kind of thinking which transcends its subject matter and has thereby a pan-historical quality, such that the thinking itself is not dated by the passage of time, even if the matters it deals with are.

One who sees Steiner's work within the context of economics generally will see, then, not the ideas only, but the thinking that gives rise to them. It is a thinking which goes beyond Steiner and which anyone is capable of. One needs, therefore, to distinguish sharply between the ideas Steiner formulated and the thinking he used to do this. The ideas may well be shown to be peculiar to him and conditioned by the times he lived in. They may even be 'wrong'. But it is the type of thinking Steiner employed that matters, a kind of thinking attainable by anyone who wants to think and not just have thoughts. Keynes once described this kind of thinking with characteristic succinctness when he likened economists to "Euclidean geometers in a non-Euclidean world, who, discovering in experience that straight lines apparently parallel often meet, rebuke the lines for not keeping straight as the only remedy for the unfortunate collisions that are occurring. Yet there is no remedy except to throw over the axiom of parallels, and to work out a non-Euclidean geometry. Something of the kind is required in economics." (3)

The Responsibility of Economics

Steiner's works on economics are full to bursting with ideas, observations, concepts and even practical suggestions not only for economic science, but also for the conduct of economic life itself, demonstrating his conviction that economics is both an ethical and a practical science. But it will take more than intellectual discourse to value these ideas to the degree they merit. They were intended for economists to use for the shaping of economic life. For Steiner, however, shaping the economy meant first of all getting inside the retort of the economic process; to study it from outside was for him worthless. Economics can get nowhere as a merely contemplative activity. But to enter the retort means nothing less than to observe, in the first place, one's own experience of the economic life – or, rather, of the economic process that underlies it. It is this objective organic process that he describes in his lectures. No other contributor has done this, making it Steiner's unique contribution.

As a living process, the economic process takes its reality from the fact of the human being. It is not a process of interest or relevance to birds or beasts. It is for this reason that everyone could now, and in the distant future probably will, understand the economic process, just as today everyone learns Euclidean geometry in elementary school, whereas in ancient times it was instruction strictly reserved for would-be initiates, to use nomenclature appropriate to the era. Its expression will always be comprehensible to the human being and not at odds with him; at least not with his higher, less egotistical nature.

It will be in very definite contradiction, however, to all that proceeds from him as selfishness with regards to the economic life. Steiner makes no bones about his conviction that egoism in the economic life must be “extirpated, root and branch”. Thus, those who take up his ideas and endeavour to give them practical expression will be those who are intent on abating their own egoism in the economic life, people whose concern will be to ensure that their contribution to society, even if they earn their living from it, is of benefit to society generally and not undertaken merely as a means of getting money. Such people are not so far away; nor is the realm in which such motives come to the fore. Many more people than is ordinarily supposed would, and in some cases, already do live this way. Those who actually enjoy, rather than endure, the deeply materialistic economic life of today are not to be found in legions. They are comparatively few when one surveys the entirety of humanity.

That which gives the fundamental materialistic tone to modern economic life and which tips the balance in favour of the ideas and habits that make it up, is the influence of materialistic economics. Those who create the ideas and develop the practices of modern economic life provide, more or less knowingly, profound and far-reaching leading thoughts for the whole of humanity. They know that Marx was right when he drew attention to the powerful formative force exercised over humanity by the relations of production. Today the productive forces have been harnessed unequivocally to the narrowly defined and, therefore narrowly beneficial, purposes of self-interest. Self-interest is not out of place or harmful when it arises on the way to full self-awareness, the birth of the independent ego in the human being. But once this consciousness has been attained, such self-interest, if persisted in, becomes egoism.

As regards the economic life – something in which everyone shares – egohood must give rise to a sense of service to the community. More than any other factor in modern society, economics brings to expression the human egoism that so often afflicts us today. In refusing to throw over the axioms it has borrowed from capitalism, economics gives people the ideas by which, for the most part, they conduct their economic affairs and, more importantly, in terms of which they organise their thoughts.

With due reason, Rudolf Steiner expected a great deal of economists. He knew the need to break the enchantment that materialistic economics, with its pretence of science, has cast over humanity. The profession would no doubt experience many curtailments of salaries and much drying-up of grant funds if it were to take the path urged upon it by Steiner. Nevertheless, over against these self-interested and short-term considerations must be placed the responsibility that attaches to economists in our time. Like the high priests of olden times who gave out ordering impulses for the entire social life through the medium of religion, today it is the economists who shape the entire social life, but now through the medium of economics.

Rudolf Steiner qua Economist

Many lay people endeavour and, to some extent, manage to translate Steiner's ideas into practice; but it rests with the economists of our time to lead the way – to render the technicalities and complexities of economic life amenable to selflessness and a sense of commonwealth. This raises the question: What is an economist? And what credentials does Rudolf Steiner have in this respect?

When one looks at the state of economic science, and considers the long list of people who claim to be or are credited with being economists, one cannot reliably conclude much more than that an economist is one who applies his mind sincerely, though not necessarily with accuracy, to the nature of the economic life. On this basis, Steiner is as much an economist as Smith, Ricardo, Marx, Keynes or Friedman. It is also clear that the content of his works in economics could not proceed from anything other than a thorough grounding in the history of the subject. This background resulted in the main from Steiner's own studies, research carried out over a long period before he felt able to share its results.

He gave his lecture course in 1922, but its contents are an elaboration of certain cornerstone concepts that were given three years previously in his book *The Threefold Social Order*, (4) published in April 1919 and considered in depth in the next essay. These concepts unfold in turn from a consideration of the key social question that has accompanied the development of capitalism ever since its emergence: With the emancipation of capital, how is human labour to be treated so that the human being is not dragged into the economic process – a process that is anathema to him? This question was central to Steiner's work in the social sciences. His response to it was always predicated on a clear understanding of the meaning of labour and the reforms necessary to avoid human work becoming a form of spiritual slavery.

One final credential can perhaps be claimed for Steiner as an economist. From 1920 to 1923 he was chairman of *Der Kommende Tag*, a grouping of companies and cultural institutions that sought to generate profits with which to underwrite scientific research, especially medical research. (5) The events that befell this endeavour, undertaken as it was in the teeth of Germany's rampant inflation, must have been powerful teachers. There is no doubt that they bore considerable fruit in Steiner's lectures.

The Threefold Social Order

Before continuing, a potted version of what Steiner meant by the threefold social order may be of some use. Steiner's conception of social evolution turns on the idea that society comprises three distinguishable (though not separable) spheres – economic life, the life of rights, and spiritual life. In ancient times the three spheres were contained one inside the other, as it were. The ancient theocracies governed not only the spiritual life, but political and economic matters

also. In Roman times the life of rights emancipated itself somewhat, but the economy remained a subordinate element. The emergence of capitalism marks the emancipation of the economic life, as an element in its own right.

With the emancipation of the economic life, the relationship between the three spheres of society could then develop in one of two directions. It could either evolve on a basis where each sphere had a degree of autonomy, albeit harmonised with and interdependent in respect of the others. Or it could develop as a reverse image of theocracy, into a form of society in which the spiritual and political life become subsumed in the economic. The former is what Steiner refers to when he speaks of the threefold social order. The latter is the course actually taken in history, ushered in by the economic materialism of the nineteenth century, something that is by no means peculiar to Marxism alone, but that also provides the underpinning of capitalism.

The Treaty of Versailles

The essay entitled *The Consequences of the Peace for Economics*, written in 1979, (7) considered the history of economics since the Treaty of Versailles, the fulcrum of modern history. The essay expresses the view that since then economics has done little else than gloss over the problems it already faced at the advent of World War I. To paraphrase Keynes, modern economists are still rebuking the supposedly parallel lines for their stubborn intent on convergence. Though he might not agree with the proposition, even Keynes only turned 'Euclidean economics' upside down; when what is needed is to turn it inside out – to flip it, as one would a glove. Alas, the idea of turning thinking upside down is a catch-phrase through which both Keynes, and Marx before him, have been credited with greater achievements than is perhaps their due. In reality, what has happened is that humanity, through efforts of sheer will, has held life's real circumstances at bay for over seven decades, cocooning a frail and actually formless economic life within a hard and over-formed, but increasingly brittle shell – a social structure consisting of over-stretched theory and thin treaties. In due course this husk must collapse as surely as the force of will that sustains it must, in the end, also give out. At that point, the formlessness will out of the life men have harboured for so long, making the need for ordering forces imperative.

Whether the external forces of 'law and order' prevail over the inner ordering power of such ideas as Rudolf Steiner would have us take up, remains to be seen. The choice between the two will not, however, be a new development in history, but will mark the return of the very same problem that arose with World War I, but which we baulked at and shied away from.

Against this background, Steiner gave many lectures on the genesis of the social and economic problems of the twentieth century. He also referred frequently to these problems in the course of many other, often unrelated, lectures. What follows is an aphoristic resumé of the picture that emerges from these many indications. It is, however, a personal survey of history for which the writer, not Rudolf Steiner, should be held responsible.

The Evolution of Consciousness

What Steiner describes is a spiritual history – the development of consciousness and the inner evolution of humanity, as told by the outer events that gave rise to them. He describes how the social life of humanity has always been based on a threefold order and that this could not be otherwise, given that the human being is himself a threefold being and his social order is nothing more than a description 'from outside' of this being. These three spheres concern the

development of the individual, the rights between people, and the means whereby they provide for their material existence – spiritual life, rights life and economic life, respectively. Against this backcloth, stands the evolution of human individuality. As this inner evolution progresses, the form of the threefold order changes, reflecting the stages reached in the development of human consciousness.

The evolution of individuality is such that the human being passes out of a condition in which he is part of the community, subservient to it and dependent on it, through the processes whereby the ego emancipates itself from the community, and thence into a condition in which the independent ego either goes off on its own, or recreates human community out of itself. The twentieth and twenty-first centuries mark the time when, the latter stage having been reached, people will either sunder themselves from one another and from the world in the most horrible ways imaginable; or they will strive for and create a new sense of community from out of their egohood – a community that champions freedom of the individual, for the reason that the free individual places the highest value on his fellow human beings and on the material world, recognising that in reality it is on them that he depends. Even the crassest egoist has to admit to this fact of life – unless he lives alone on an island, importing nothing, neither goods nor human companionship.

Two souls reside within the modern human breast as a consequence of the development of self-consciousness. The human being is like Shakespeare's Lancelot Gobbo, caught between his conscience and the fiend. Albeit heavily overlain and pressed into the background by the economics of our time, a veritable struggle must needs ensue in everyone, between the social and anti-social tendencies within him. We are trapped in a dualism that has long been in the making, but one that has access to human affairs only because the newly-won egohood of modern humanity will not take itself seriously, declaring itself to be the arbiter of human deeds and the measurer of their validity.

The emergence of the state, with its characteristic omnipresent and seemingly unbreakable power, is itself a reflection of the ego's timidity with regard to itself. The state thrives on the ego's lack of conviction in itself and takes its origin from this lack of courage. However, 'external' and 'real' the state and other outer authorities may become, they all rely for their effect on conditions wherein the ego, dithering and teetering at the brink, is afraid to try its new wings, and denies, in fact, the inner principle whereby it exists at all. For no-one can attribute his ego to the outer world. To be sure, the outer world provokes the emergence of the human ego, but it does not beget it.

A 'Covenant'

These are inner facts, to do with free will, which it is untrue to attempt to prove externally. Everyone can find them in himself, however. Against this background, Steiner describes the development through centuries of conditions which, seen positively, have no purpose other than to engender human ego-hood; but which, when seen negatively, bode ill indeed for his future freedom. In our age it is all too easy to home in on, and even feel at home in, contemplation of, the negative side of life. Advisedly, therefore, these remarks focus only on the positive aspects of this version of history, mindful that to do so requires a greater effort of will.

It can be imagined that, long ago, the human being resolved to tread the path away from immersion in the community towards independent individuality, and, as he did so, he made an 'covenant' that, as and when he declared himself no longer in need of the community or any other guiding element outside himself, these props should be removed in one way or another

and thenceforward denied him. It would be up to him to create anew the community on which he had hitherto depended.

Having made such an agreement, he set out on his way – a path well marked in history and identifiable by certain large landmarks. The first is the passage from Plato's ancient world of the Orient to Aristotle's modern world. In the ancient world the threefold nature of the human being was well known, but in order to be guided on his way, the human being was to lose all remembrance of this fact. He was to go all the way to the point where he would declare himself to be undifferentiated, and create a monolithic social order to prove it. For this reason, when in the fourth century Julian the Apostate sought to turn modern civilisation back to its pre-history, he was rudely dealt with. Humanity's face was to be set away from these things, away from the 'light of the East' toward whatever was to issue from the West. Thus it was also that in 869AD the Council of Nicea declared the human being no longer to be a being of body, soul and spirit, but of body and soul only, with the spirit subsumed in the latter. Those who hankered after the, now heretical, threefold conception were treated as roundly as was Julian. Finally, in promulgating the materialist conception of history, Marx and Engels effectively declared the human being to be mere body, and the social life a matrix of material forces alone.

This development was mirrored in the evolution of society's threefold ordering. In Plato's time the threefold order was a unity, with the spiritual life predominating over the rights life and the economic life. But as the human being went his way these two spheres emancipated themselves. As human personality developed, the impulses of Rome came to the fore, giving a powerful impetus to the rights life. Subsequently, with the emergence of capitalism, the economic life emancipated itself – mirroring the dawn of individuality. At this stage the three spheres of society could, like the human individuality they reflected, go one of two ways. Either they could be held in a kind of reciprocal tension, each one autonomous; or the tendency would arise to centralise them, to make them into a monolith. The deciding factor would be the direction taken by the human ego. If, as described earlier, the ego came to rest in itself, the three spheres would balance one another in a threefold social organism. But if the ego abdicated, then the social order, for all its emancipated development, would become centralised through the agency of the state. The state, in this sense, is created by the weak ego craving the outer direction it 'agreed' to forgo and replace with its own activity.

A New Testament

This inner, spiritual history of the human being is capable of detailed elaboration, but that cannot be the task of this essay. Suffice it to say that, when the human being had reached this point in his evolution the materialist conception of history proclaimed to him in a synthesised form the 'gospel' by which the ego had reached its goal: through the denial of all that was given to it, the ego came to selfhood. In this sense, the materialist conception of history is as true and as real as is the Old Testament – in that both refer to conditions that were valid, but ceased to be so once the event they anticipated had come about. At that point, in both cases, a tremendous reversal took place. Just as Christ overthrew, as it were, the Mosaic Law by which His appearance on earth had been made possible, so the human individuality, once it has asserted its independence, can, and for its own sake must, reverse its egoism and seek to serve others – albeit out of an inner freedom, not in obedience to external social factors. A 'new testament' is needed to replace the outdated scriptures of materialism, especially the documents produced by Karl Marx.

In many details of his life, Steiner sought to counter the error of Marx, especially what he called the “colossal piece of nonsense” of Marx’s doctrine on labour value. (8) But Steiner strove in vain. False ideas, sectarian interests and, above all, the machinations of capitalism, conspired to provide a path into modern consciousness that was not sufficiently critical and, therefore, allowed the ideas of Marxism to gain a currency that may well have dismayed even Marx himself. For, whatever else one may say or think about Karl Marx, the charge that he had an uncritical mind and was intellectually lazy would not stick for a moment. One can by no means be sure that his ideas would have gone unmodified by events subsequent to his death.

World War I was the inevitable consequence of the triumph of external forces over weak egos. Rudolf Steiner did his utmost to avert the fate he sensed would befall Germany, and with her all humanity, if she were held responsible for the War. He felt there could be no greater untruth than this. Nevertheless, he had to watch as from out of the West, in place of the light of the East, there came not light, but machinations, deviousness, and the strongest possible contradictions of individual freedom. Lenin’s return to Russia is one profound example. Organised by the West, it diverted the Russian peoples from their inherent sense of social purpose. Lenin, who even in the shape of his head strikes one as representative of a poisonous intellectualism, was as if inspired by vengeance. The same vengeance that underlies the Treaty of Versailles itself and is the force from which the nationalism of our time draws its sustenance.

From ‘the West’ (care is being taken not to say ‘the Americans’ or ‘the English’, for that is not what is meant) came the procedures and the personalities whereby, precisely at the moment in history when the ego should have become master of the economic process, and when a single world economy should have been created, the economic process rose to rule over the human being instead, and the world economy became sundered by national interests. We have fought ever since over the proceeds of the world’s economy. We have made treaty after treaty with an insincerity, paucity of conviction and dishonesty of intention that makes one wonder what the human being is. And none of this so that we shall be happy and blessed of material plenty. That could only be said of a very small part of humanity, and those who make up this minority know, in their heart of hearts, that so long as it is at the expense of the rest of humanity, it is ill-gotten and may be taken away at any time.

The economic process reigns over the human being, who should be its master, because that is the directly opposite condition of human freedom. Before this fact, whether one is capitalist, communist, or anything else, is of limited significance. Indeed, the picture of humanity at odds over whether to be capitalist or communist is a false and quite inaccurate appraisal of our condition.

Where the human being will now take himself or find himself taken, can be left to others to comment on. But it is certain that Steiner saw his lectures as addressing these outer and inner historical facts. Whether one approaches their content for its own sake and derives impulses to elaborate it entirely from out of its intensive thinking, or whether one is moved to take it up by considerations such as have been shared in this essay, Steiner’s lectures stand there as a ‘new testament’. If taken up without prejudice and with a readiness to follow through their consequences for one’s own life, they have the power not only to render modern social problems understandable, but to loose the human being from their tenacious grip.

Careful thought preceded the introduction of the somewhat religious notion of a testament, lest it gave rise to the criticism, which Steiner himself made, that economic science needs no imported morality. And yet, if economists had genuinely wanted to deal with these problems, they would have done so by now. The emptiness and amorality of the content of modern thought-life may not like what it regards as religious sentiments. Yet one cannot help thinking

that somewhere in this fashionably empty world, a hint of conviction about and even passion for one's ideas may not be a bad thing, and, when made consciously, will not be experienced as moralic acid. After all, these sentiments are not put forward to support the economics Steiner describes, but to illustrate the personal reasons that encourage this writer, at least, to take up the challenge he lays down.

(1) *Economics*, op.cit.

(2) *ibid.*

(3) *The Economic Consequences of the Peace*, J M Keynes, *The Collected Writings*, Macmillan, 1971.

(4) *Towards Social Renewal*, Rudolf Steiner Press, London 1999.

(5) For an account, see the appendix, *A Brief History of Der Kommende Tag*.

(6) For a fuller introduction to Rudolf Steiner's social ideas, see the chapter entitled *The Social Question*.

(7) *The Consequences of the Peace for Economics*, Centre for Associative Economics, 2002.

(8) Lecture 2, *Economics*, op.cit.