

Ten Economic Insights of Rudolf Steiner – Kosmos Journal

By C. Otto Scharmer

“The whole Earth, considered as an economic organism, is the social organism. Yet this is not being taken into account anywhere. It is precisely because of this error that the whole science of political economy has grown so remote from reality. People want to establish principles that are meant to apply only to an individual cell. Hence, if you study the French theory of economy, you will find it is constituted different from English or German or other economic theories. But as economists, what we really need is an understanding of the social organism in its totality.”—
Rudolf Steiner

Exactly ninety years ago Rudolf Steiner delivered his course on economics in Dornach, Switzerland. He gave fourteen lectures over a period of two weeks, and used the remaining time for seminar discussions in a question and answer format to deepen certain topics brought up by the participants. Reading Steiner’s largely ignored economic lectures today, one becomes aware that most of his concepts are still as fresh and counter to the mainstream as they were in 1922.

As we are entering an age of social, economic, and ecological disruption at this early stage of the twenty-first century, many people are beginning to realize that perhaps the most important root causes for this crisis originate in an economic thinking that is increasingly out of touch with the social, ecological, and spiritual realities of our time.

How, then, can we rethink and redefine the fundamental economic concepts that frame our discussions and shape our key institutions in society today?

This is the big question on the table today.

Rudolf Steiner’s lectures on economics may not seem like the most accessible reading. Yet, they offer a largely unused goldmine of fresh economic ideas that could not be more timely and relevant.

Here is a little ten-point guide that outlines some key ideas that he develops throughout these lectures. All ten ideas seem to me to be more pertinent and necessary today than they already were ninety years ago.

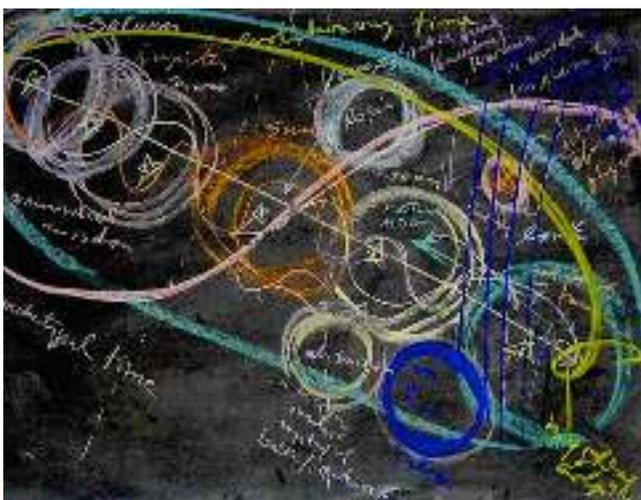
1. Economics today has to be based on a world economy, not a national economy. While many economists today would agree with this proposition, mainstream economic thought in our public conversation and in business schools is still organized around frameworks and mindsets that gravitate around the wealth of nations, rather than the well-being of all in our global economy today.

2. Economic realities today require us to shift our ego-centric frame of thought to an eco-centric mindset. Think about the current Euro crisis. Think about the Wall Street crisis in 2008. Think about the climate crisis ahead of us. What do they all boil down to? The same thing. That none of them can be solved within an economic framework that revolves around ego-system

awareness. They all require an economic thought that revolves around eco-system awareness, or, in the words of Steiner, “altruism.” [1]

3. All economic value creation begins with nature and agriculture. Today many leading thinkers of the emerging new economy have started to make nature and agriculture a more central variable in economic thought. [2] Steiner’s economic thinking starts with nature, that is, work applied to nature, and continues with capital (organization and leadership) applied to work, that is, the division of labor. Organic agricultures—such as biodynamic agriculture, which happens to be one of the seedbeds of the emerging local living economy in the US today [3]—are, in Steiner’s view, microcosms of a closed loop economy.

4. Wages are not the price for labor, but the price for goods or services. Steiner proposes that work or labor is not a commodity. Hence it cannot have a price. What has a price are the fruits, the results of what we create. In a world in which we have 1.2 billion young people joining the job market during this decade and only 300 million jobs available for them, we face a shortage of about almost a billion jobs. Steiner’s framing of work as not a commodity, but more as a human right, points to a different way of searching for a solution that focuses on awakening and empowering the deeper entrepreneurial capacities of the human being.



Blackboard drawing by Rudolf Steiner | Estate of Rudolf Steiner

5. Capital is not money but spirit-in-action. The essence of capital and money is that they are realized spirit—the realization of deep human creativity applied to economic value creation. This is certainly one of the most interesting propositions that stems from Steiner’s economic thinking, which leads to a number of interesting frameworks and suggestions.

6. The problem of our economy is a lack of balance between three types of money, resulting in capital congestion related speculative bubbles. Steiner suggests that there are three types of money, which differ in terms of their use: purchase money, lending money, and gift money. Purchase money is used for consumption expenses. Lending money is used for building up new enterprises and usually is more productive than money used just for consumption. The highest long-term productivity, however, comes with gift money, such as expenses for education, parenting, or cultivating the global environmental commons. While we have an oversupply of profit-seeking capital today (about 200 trillion dollars), we have a vast undersupply of gift money, which would be available for social entrepreneurs, schools, and other initiatives that try to cultivate our environmental, social, and cultural commons. Steiner’s framework here suggests that the financial meltdowns of our time are the result of not properly balancing the three main domains of money.

7. Aging of Money as a point of leverage? Today we know that the decoupling of the financial and the real economies is one of the biggest challenges of our time. Already, in 1922, Steiner suggested a possible structural solution for this: That money should, just like goods, “wear out” a little. Because, if it does not, it will create an unfair advantage for money relative to goods, which always tend to wear out. Thus, for the financial and the real economies to have an equal playing field, we need money that would “wear out”—that is, that incentivizes the user to use it as gift money before the end of its life cycle. Otherwise money and the real economy would be “unfair” competitors, which is kind of what we have today.



8. Awareness based self-regulation of the economic process. Steiner also proposes an evolution in our view of how markets work. He suggests a new way to think about coordination mechanisms by closing the feedback loop of economic actors, their collective action, and their awareness. The leverage point to improve the economic process is that the “process” is being observed at each stage and that the observers can instantly respond to what they see through their individual and collective actions and decision-making. Thus, Steiner’s view of evolving the market economy is to build in a higher level of whole systems awareness and self-regulation.

9. Imagine every human being would get an average amount of agricultural land. Another idea that sounded totally crazy in 1922 but has now already entered the discussion in 2012 is the concept that every human being would receive a certain amount of agricultural land in order to take care of it. All approaches to climate change and climate security based on human rights build on a very similar type of idea: that we all, all current (and future) human beings, share the same planet. Thus, we all should be given equal rights of use of global commons-based resources. But, as the Happy Planet Index (HPI) of the New Economics Foundation points out, the developed countries use way more of these resources than their fair share, while the opposite is true for the developing countries. [4] As this concept enters more and more into the global conversation, it will be used as a rationale for transferring capital and technology from places where there is too much (Global North) to places where there is too little (Global South and/or developing countries). Eventually, all economic thinking must be grounded in our one-planet reality.