



Perishable Money in a Threefold Commonwealth

Rudolf Steiner and the Social Economics of an Anarchist Utopia

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Abstract

Austrian mystic Rudolf Steiner (1861-1925) devoted significant portions of speculative activity to social and economic questions; during the fateful interwar period, he delivered remarkable lectures on the nature of economics and the physiology of the social order. He fashioned analyses consonant with the intuitions of monetary reformer Silvio Gesell and kindred to institutional narratives of the old German school, providing penetrating insight into the (perishable) nature of money, distribution, and the fundamental notion of the gift. His blueprint for social Utopia was the *threefold social order*, whereby three independent systems of collective life (economy, state, and arts and sciences) are conceived to function as a harmonious whole. Steiner's contribution to the social sciences, naturally obliterated in our opportunistic times of "ultra-economism," would deservedly occupy a preeminent place among heterodox thought that awaits impatiently the demise of modern capitalism's unreasoning appetites with a view to refashioning an alternative, more humane economy.

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I. Introduction: Anarchism

There lingers in the mists of the past age an entire tradition of thought and will that sought to seduce the hearts of men and women and come forth as an alternative to the views prevailing at the turn of the twentieth century. This tradition one may subsume under the rubric of "anarchism." Anarchism took many forms. Its driving stimulus was the desire to fashion society in ways that afforded no prevarication on the will of individuals. "Anarchy" as opposition to all forms of order and discipline, thus a summons to chaos, to committing the releasing infamy against an insufferable world; but also "an-archy," or rather "anocracy" as a reasoned resistance to domination and *centralization* of all power (Buber [1949] 1966: 43); thus a school of thought, as worthy as any other, striving to map out "the way" in the conduct of human affairs along different, more supple paths of knowledge.

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Anarchism (from the Gr. *Av-*, and *αρχη*, contrary to authority), is the name given to a principle of theory of life and conduct under which society is conceived without government—harmony in such a society being obtained, not by submission to law, or by obedience to any authority, but by free agreements, concluded between the various groups, territorial and professional, freely constituted for the sake of production and consumption, as also for the satisfaction of the infinite variety of needs and aspirations of a civilized being. (Kropotkin 1975: 108)

The two standard-bearers of this movement during its halcyon days of the mid-nineteenth century were the German Max Stirner (1806-1856) and the French Pierre-Joseph Proudhon (1809-1865); in them was in fact rooted the Continental, and subsequently the American, tradition of anarchism. Proudhon also came to inspire the volcanic Mikhail Bakunin (1814-1876), who in turn rose to shock Russia and Europe as the patriarch of a new brand of materialist, subversive anarchism; and although natural scientist Peter Kropotkin (1842-1921) was later caught in the Bakunian whirl, he brought himself to wage anarchism's political battle in the name of peace, brotherhood, and mutual aid, thus extenuating some of the early extremism of "the Russians." What of the Germans? Most future notable exponents of German anarchism were born in the 1860s, and all would eventually swear by Stirner's sole opus—one of anarchism's sacred texts—*The Ego and His Own* (Stirner [1845] 1982). History especially remembers the figures of Gustav Landauer (1870-1919) and his colleague and friend Silvio Gesell (1862-1930). They too, like their European brethren, much admired Proudhon. I shall say more of them later.

So, in essence, what did they all want, these apostles of freedom? From Stirner, they learned to celebrate *individuality*; Stirner taught them that one should not thoughtlessly graft society's incumbent idols, gods, saints, or state law on one's code of daily conduct, and substitute them for independent, highly personal thinking and wishing. Let the ego find his way, admonished Stirner; let the "I" of each seek the truth, let each think for himself. Let that happen, and finally collect for society a swathe of such free beings, and there shall be peace, unfettered productive initiative, and dialogue among people—unambiguous and earnest dialogue. It was not clear from Stirner's collection of exhortations, however, in what, exactly, lay this "egoistic" urge. Such a yearning of the ego: was it an ideal representation, and if so, of what greater system was it itself an expression? Or was it a purely biological manifestation, a craving of Nature? And if so, what for? No one knew for sure.

And so, soon they all disputed and split on the issue. In the Russian camp, Bakunin screamed, "Man, like the rest of Nature, is an entirely material being" (Bakunin [1871] 1970: 65), to which his fellow Russian anarchist brethren, literati Leo Tolstoy and Nicolai Berdyaev, retorted that only in God could one find the seed of individuality and hence the practice of freedom; indeed, Tolstoy thought Jesus' Sermon of the Mount the seminal text of compassionate anarchism (Krimerman and Perry 1966: 50, 152–60). Kropotkin, on his part, sought shelter in Darwin's *On the Origin of Species* (1859), or only half of it, to be precise; he rejected the Malthusian principle that struggle is dictated by scarcity of resources, and he found evolution's propeller instead in that peculiar trait of human, and animal, interaction: the *drive for cooperation*. The time for free agreement and mutual aid had come, Kropotkin clamored at the turn of the twentieth century; it is no use resisting this natural tendency of organized organisms living in groups, he averred. So by this time, on

this front, the confusion of ideas and discordance sundering the young anarchist fraternity was already deep. And what of the economics of anarchism?

Here, the inconsistency and disagreement among the several currents of the movement were even more profound. They asked one another Should we strive to establish communism or a regime of private stewardship over resources collectively owned? Or should the struggle be for private property tout court but within strictly regulated boundaries? The Russians—Bakunin, Kropotkin, and Alexander Berkman¹ (1870-1936)—advocated pure, cooperative communism. In principle, their argument was faultless: there can be no teacher or administrator, said Kropotkin, without the peasant who feeds him and the weaver who clothes him; therefore, because no one in society can live without anyone else, disparity of remuneration among dwellers of the same community is unwarranted, for no one is “worth more” than the other.² Plato too would have agreed but then added in his *Laws*, with realism, that such an ideal system is, accordingly, fit for the gods but not for men, alas.

So thought Proudhon, who leaned toward a mixed system of property balanced by the redistributive action of the public hand. Most important, Proudhon taught all anarchists that the true seed of injustice, economic and otherwise, resides in *privilege* and in the perfidious laws and institutions introduced by the clans of oligarchy to shield such a privilege. *The germ of misery and exploitation for Proudhon festers originally in the kind of legislation that sanctions the exaction of rent and the payment of usury.* Rent, interest, dividends, unearned income, and tolls of every specie—in all this lies the original economic sin; it is in the municipal courts, where such laws are enforced, that violence on and exploitation of the weak by the strong is daily consummated.³ Thus, the anarchists’ invective against capitalist exploitation does not rely, as does Marxian analysis, on the individuation of some, for them undefinable, value-creating virtue of labor, which the absentee owners allegedly exploit to their advantage by appropriating all means of production (factories, industrial plants, resource corners, distribution, etc.). For anarchism, the oligopolistic, proprietary disposal of the factors of production is indeed a grave impediment, a problem of the first degree, yet it is not, causally speaking, the anchor of their critique. *Rather, the crux is the toll fee for the usage of such means of production, which, yes, are in the hands of few; and ultimately these few are by right protected to exact such a tribute.* It is precisely thanks to the perpetration of this privilege that the factors of production have accrued in the lap of an elite. There is the (original) rub.

Hence, the famous Proudhonian “Property is theft,” in which by *property*, he signified what Thorstein Veblen would come to arraign as “unearned income” (“something for nothing”),⁴ pecuniary expressions of prerogatives that are gained at the expense of their legitimate owners: workers, craftsmen, and the laboring and thinking collectivity as a whole. In this fashion, anarchism could become not only the political platform of the disinherited masses but that of middle-class entrepreneurs, stewards, and scholars as well. Stirner + Proudhon = a

1. The famous author of the *ABC of Communist Anarchism* (Berkman 1929) who had also attempted to murder Carnegie’s tough Henry Clay Frick during the Homestead steel strike of 1892.

2. A fine literary transliteration of this stance may be found in William Morris’s *News from Nowhere* (Morris [1890] 1995).

3. For a discussion of Proudhon’s legacy on Germany’s anarchist tradition, and in particular on the reform schemes of Silvio Gesell, see Preparata and Elliott (2004).

4. See, for instance, Veblen ([1923] 1964a).

wish for communal desire within a tempered regime of private property, wherein private initiative could have been protected from the sequestering hand of the war-mongering state and the predatory reaping of the corporate combines. God in fine, Bakunin aside, was suitably left to the nurture of the individual, free to worship as he pleased. German poet-anarchist John Henry Mackay (1864-1933),⁵ Max Stirner's most successful popularizer, wrote,

I should be the last to approve of the crime against the liberty of individuals which should seek by force to prevent a man from adoring God as the Creator, the Christ as the Savior . . . so long as he did not . . . demand tribute from me in the name of his infallible faith. (Quoted in Krimerman and Perry 1966: 26)

So, from the outset, anarchism—this pulsating underground of surcharged animosity versus “the times”—presented itself as a hopeless congeries of often stridently contradictory visions, creeds, and existential outlooks. Erudite narcissuses rubbed shoulders (uncomfortably) with naturalist Communist reformers, and lettered visionaries stood side by side with maverick businessmen, and all of them shared much parlor space with gangs of veritable political assassins, who drank from the same philosophical fount. We should not forget that from the mid- to late nineteenth century, it was mostly from the ranks of anarchism that the “terrorist centrals” of the West would fish desperadoes, whom they could fittingly cast for the kill.⁶ In fact, long after the original brew has evaporated from the cauldron of anarchist ferment, the popular conception of the anarchist is still that of a “ragged, unwashed, long-haired, wild-eyed fiend, armed with a smoking revolver and bomb” (quoted in Riley 1973: 51).

Anarchism's greatest weakness was indeed this inner fragility. Such a collection of activists could be no match for the triumphant march of corporate business enterprise. And, at the far end of the spectrum of dissent, the Communist and socialist “uncles” (especially the Germans of the SPD)⁷ lent no support whatsoever in the struggle against the great “liberal” imposture. Rather the opposite, in fact; they immediately turned into anarchism's deadliest enemies.

Anarchism in the narrower form in which we know it today is a late offshoot of the socialist movements of Europe as their left wing, in direct and violent opposition to them, especially to Marxism. . . . Anarchism, the cult of the individual, arose as a reaction to the [Marxist subjugation of the individual to the will of the majority]. . . . It was therefore not only hostile to capitalism, but just as much to the powerful Marxist socialism from which it sprang. . . . The only government to which an anarchist would submit would [be] a government based . . . on the unanimous support of all concerned. (Riley 1973: 41)

Coached by the restless Marx, who spent loads of lifeblood obsessively lambasting anarchism, Stirner, and Proudhon—to him, the abhorred champions of the “petty-bourgeoisie”—the Communists gave no quarter to anarcho-syndicalism (anarchist trade unionism) or to

5. Born in Glasgow of a Scottish father and a German mother, with whom he returned to Germany as a child shortly after the death of his father. For a study of this interesting character, see Riley (1973).

6. The attempted assassination of the Prussian Kaiser Wilhelm I in 1878 and the murder of Czar Alexander II in 1882 were both carried out by teams of anarchists.

7. The old German Socialist Party, dissolved by Hitler in 1933.

any other improvised attempt to set up experiments for the anarchist commune: all powers to the Soviets, and all power should be wielded by the all-seeing, all-possessing (Communist) Party. The savage backstabbing of the Catalonian anarchists by the Russian Soviets and their allies during the Spanish Civil War is well-known in this regard.

Today, anarchism is virtually finished; it has been moribund a long time. In restricted political and academic fringes, some wearily recall the presently outmoded anticlerical tirades of Bakunin, and too few mention the anti-Malthusian treatises of Kropotkin.⁸ But as far as these thinkers' plans for Communist anarchism are concerned, they seemed to have dissolved forever. And, truly, such plans suffered from excessive vagueness. As to Max Stirner, his legacy appears to have undergone a gradual degeneration (possibly inherent to the rather unstructured form and substance of the work) such as to have made him the icon and patron saint of one of the two modern fragments into which anarchism presently vegetates: that of "individualist anarchism," the other being "social anarchism" (Suissa 2001: 630). The former has become a convenient outfit for the phony aesthete, who is by definition too lost in himself to pay significant heed to anything else; a social game of posing, in short, or, as someone suggested, "a mood" (Murtagh 1984: 39). The latter, instead, has been reduced to function as the receptacle of greens and ecological protesters; the American Murray Bookchin is one of their early gurus. And in the best anarchist tradition, needless to add, these two languishing halves despise each other.⁹ Anarchism has thus run a wide gamut, from libertine fantasies of carousing parasitism to reasoned formulations of socioeconomic organization, via more or less destructive manifestations of nihilistic detachment, spanning from communal isolationism to a self-confinement of psychological gloom.

The companion term most frequently associated with anarchism is *Utopia*, and this customary attribution is decidedly pejorative: utopian anarchism as a pie in the sky, a literary divertissement at best and a complete waste of speculative time at worst. In any case, an irrelevance. So why bother? Why should dissenters, academic and otherwise, devote at the beginning of the twenty-first century any of their time and energy to something so patently out of commission and historically defeated as "anarchism"?

They should indeed, and engagingly so, for two important reasons. First, certain strains of anarchism (the German one in particular, as shall be contended in these pages) merit to be known for their so far obscure, but indisputable scientific, value. Second, such an acquaintance with the German reformulation of Proudhon's attack on the modern proprietary regime is the only means to fathom the true nature of the communal dissenting movements that have lately formed all over the world to march against "global" exploitation. These movements, bent as they are on communal self-governance, the protection of local interests, and *monetary reform*, are nothing but the natural reemergence of the simplest, spontaneous life-model of collective cohabitation: the "council" or "soviet"¹⁰ of old. The notion of *soviet*, before Lenin appropriated and wholly perverted it for his own propagandistic ends, stood, and still stands, as the primal, unadulterated expression of a community's conscious desire *to live*; the council is anarchistic through and through (Buber [1949] 1966: 99–128). It is indeed from this perspective and tradition that Noam Chomsky

8. A notable exception is William M. Dugger's essay on Veblen and Kropotkin (1984).

9. See Bookchin (1997: 166).

10. Russian for *council*.

in the United States has borne his testimony denouncing with no relent the abominations committed by the Anglo-American empire. Chomsky's example has been an inspiration to many activists and scholars, including lately Michel Chossudovsky, who crowned his disquieting analysis of the post-9/11 strategy of world conquest by Bush II with a passionate appeal to communitarian resistance in Europe and the United States (Chossudovsky 2002: 138–43).

Therefore, anarchism matters; it matters for civil protest and for purposes immediately at hand, and it is a *sine qua non* for keeping abreast of the most exciting and captivating phenomenon that has appeared on the horizon of economic dissent, a creative change undertaken in open defiance of corporate and financial oppression, that is, the worldwide associative movement for regional currencies. Within it, most if not all monetary schemes resorted to by local sellers and newly formed economic associations are but reeditions of the monetary schemes proposed in the 1920s by the two *maîtres à penser* of German anarchism: Silvio Gesell and the protagonist of the present study, Rudolf Steiner (1861–1925). I shall return to this.

It is time that radical political economics receives anew its lost anarchist tradition and that the old Marxian enmities be forgotten and buried for the sake of uniting intellectual and vital forces for the challenges that lie ahead, challenges that do not appear few and minor. By seeing anarchism welcomed back to the fold of organized dissent, we shall also hope that it will (1) contribute to the theory a few simple, yet penetrating analytical tools; (2) resume, as Utopianism benevolently conceived, its role of normative socioeconomic blueprint and thus cease to flutter as an amorphous, free-for-all literary vagary (Kumar 2003); and (3) attract a growing number of radical economists away from the somewhat sterile games of Marxian transformation and into the yet uncharted theory of locally issued means of payment, especially those bearing the device of perishability. This is a fact of economic life—marginal although it may be at this time, yet promising—and theorists must follow it. It is very important.

Now to come to German anarchism. Much of this particular production was colored by the rather unique, and often bloody, episode of the *Betriebsräte* (Workers' Councils, or soviets), which swayed numerous German cities for a brief interval of time after the debacle of the Great War (from November 1918 to May 1919). This is a deeply fascinating, yet poorly known, interlude in the recent history of Europe. The story was that Germany had united fast, indeed too fast, under the aegis of the Prussian kingdom in 1871. The new German reich (the second, that is) that came into being as a result appeared to be a strange, unstable social compound in which martial rigor and chauvinistic bluster were uncouthly blended with philosophical idealism, romantic music, superb scholarship, and state-of-the-art technology. Thus, the Second Reich expanded for forty years while the world witnessed an expansion the likes of which were unprecedented. This inchoate reich grew blindly until it was, even more blindly, dragged into war (World War I, 1914–1918). Possessing in fact no political leadership worthy of the name, Germany came to be governed in war by two generals. When it lost, the old reich crumbled, and out the gaping chasm of Germanhood, before the Allies set up their puppet republic of Weimar, came a number of things. One of these was the councils' republic, a sudden mushrooming of communal constituencies informed to a variety of degrees by a congenital aspiration to autonomy. Thousands of such councils emerged overnight all across Germany. Munich saw its proclaimed in April 1919 by a group of pacifist anarchists. It lasted five days, it accomplished nothing, and the extravagant

evolution of the revolutionary cabinet in its public display of impotence was possibly taken by the township to be a half-mad fanfare improvised by a troop of baroque thespians rather than a trial at responsible administration. Two important lead characters of this theatrical fiasco, its finance and education ministers, respectively, were the aforementioned ex-businessman Silvio Gesell and literary critic Gustav Landauer, whose vision, as will be shown hereafter, bore many affinities to that of another, somewhat different, exponent of this German intellectual oddity: the Austrian Christian mystic Rudolf Steiner.

Improbable revolutionary, and a figure seldom classed among the disquieting “anarchists,” Steiner is generally associated with metaphysical investigation and imaginative pedagogy:¹¹ a quiet thinker working in the shadow of enlightened magnates. He had been indeed the spiritual teacher of Elisa von Moltke and her husband, Helmuth, the chief of Germany’s general staff, the general who lost Germany on the river Marne (in August 1914). In spite of such elitist connections, Steiner’s social thinking remained indisputably grounded in the principles of anarchism. A lover of the poetry of Mackay (Riley 1973: 7, 73) and an admirer of Stirner, Steiner composed his philosophical magnum opus *Intuitive Thinking as a Spiritual Path: A Philosophy of Freedom* (Steiner 1995) precisely with the intent of affording a spiritual foundation to Stirner’s ego. The mystic was a knower and teacher whose investigative glance spared nothing. Between 1919 and 1922, he elaborated a respectable corpus of reflections on social and economic themes, which he ardently believed could be enacted without much delay or administrative friction within the ramshackle confines of what used to be the glorious realm of the central powers. In the feverish vigil to the German capitulation (November 11, 1918) and before the outbreak of the counciliar wave, Steiner managed to submit his social proposals to the attention of the last imperial chancellor, Max von Baden, and wrested from the latter a semicommitted assurance to include them in a forthcoming political program of the government. Nothing came of it. Von Baden vanished as swiftly as he had arisen, closing the door on the catastrophic epic of the Second Reich, and the Socialists enthroned themselves under the vigilant eye of Woodrow Wilson and the allied forces to govern the no less catastrophic Weimar Republic, whose sole memorable legacy was to be the incubation of Nazism. Allegedly, Steiner suffered bitter disappointment from what he perceived as a missed opportunity of great momentum. Yet, as will become apparent from the subsequent discussion, nothing could have been more out of kilter with the times than Steiner’s reforms. Indeed, they still ring hopelessly visionary to this day, possibly because our time suspiciously resembles the Belle Epoque. Uncompromising and stubbornly opposed to some of the defining institutions and supporting pillars of latter-day financial capitalism, these ideas drift the further away from conventional economics the more they seek to approach it by means of similar formulations and common language.

As Steiner himself impatiently noted, his audience repeatedly accused him of wishfulness and utopianism, to which critique he always rejoined that human beings, if placed within the system he advocated, would be educated to think along different lines and thus change themselves. Unsurprisingly, the answer was generally thought unconvincing; it was the customary impassioned defense of a defeated heretic who had not reconciled himself

11. The pedagogical imprint of the Waldorf school system is indeed Steiner’s; the Austrian teacher had won over the philanthropic trust of the homonymous wealthy cigarette industrialist for launching this still successful educational project.

to the adversity of the gods. And the times are no less hostile today than they were eighty years ago.

A reflection on the economics of Rudolf Steiner is presented here as an invitation to draw from a diverse source of ideas in dire need of elaboration. From such ideas, it is to be hoped that a comprehensive plan of reconstruction will be erected on the rubble and ashes of a system that, as Steiner and many others, anarchists or otherwise, foresaw several generations ago, is running maddeningly toward self-annihilation.

2. The Threefold Commonwealth

In real life a person today knows little about what a human being is. . . . It is ridiculous to believe that a healthy human being could possibly not have a divine origin. A feeling for “*ex deo nascimur*” is something that a healthy human being takes for granted in the course of social life.

Rudolf Steiner ([1919] 2001: 12, 59)

By way of analogy: just as the human organism comprises three tightly interrelated but functionally independent “systems” (the metabolic system of digestion, the “head” system of brain and nerves, and the circulatory system of blood and lungs), society, likewise, may be construed as a composite body consisting of three conjoined spheres of activity (a triarticulation of economics, politics, and spiritual dissipation).

Contemporaries struggle with such a conception, said Steiner, for by habituation they can only suffer to contemplate aggregate life through the facile perception of a onefold entity. Applying this simple conceptual lens to the late developments of the West, we may see that a century ago, when patriotic affections ran high, the *state* was, especially for the German-speaking public, the encompassing whole through which collective interactions could be conceived. Today, after national passion has suffered exhaustion through repeated world clashing, the *corporate lobby* has come to fulfill in the resigned eyes of the common man the institutional role of sovereign caretaker of society. The encroachment of economics on the other two spheres is a process that was already underway at the time Steiner was compiling his observations.

The source of social evil, Steiner believed, comes from the trespassing of one particular sphere on the purview of the others. It is as if society becomes transmogrified by developing in excess one particular system at the expense of the other two, so much so that the overswollen organ comes, by tumorous obstinacy, to colonize and assimilate the other vital centers, and thus creates imbalances leading to a variety of more or less virulent reactions and maladies. The body economic can be expected to function properly only if these spheres can be assured of individual independence within the network of mutual interdependence that they naturally compose.

The three kernels of the social body are as follows: (1) economics should concern itself exclusively with production, circulation, and consumption of commodities (Steiner [1919] 1923: 39); (2) the “rights-state,” however, strives to establish a code of law to shield the dignity of individuals; whereas (3) the domain of the “arts and sciences” embraces all those faculties gathered to “nurture the spirit” (religion, research, and inspired creation). Economics is society’s stomach, in that it procures the necessary sustenance for the perpetuation of the

great social hive; laws and rights manage the dynamics of interrelationship; and the spiritual sphere sustains the power of the ego: the innovative “I.”

Because the economic engine of society has come to be driven by the mechanics of the division of labor, its proper tending seems to intimate that it may function optimally by burning the fuel of *brotherhood*; whereas the principle animating the legal realm, engrossed as it should be with protecting the rights of individuals, must be that of *equality*; and, finally, a blossoming of artistic and scientific expression may proceed unhampered so long as the spiritual sphere is ruled by *freedom* (Steiner [1919] 1923: 70).

Steiner reaffirmed the anarchist belief in self-government and free association of men along lines of purposeful affinity. In other words, the catalysts of human union and association must possess a functional aim: craftsmen unite in guilds; engineers may assemble in “societies”; consumers, tradesmen, and entrepreneurs form “interest groups” to weigh on the quality of the commodities they have a mind to purchase; productive and farming nuclei should amalgamate on the basis of territorial, climactic, and geographical likeness; and so on. These natural “attractions” Steiner proceeded to absorb within the three broad groups of his basic articulation: again, economics, rights, and arts. This is a novelty. His predecessors in the tradition of free thought (Bakunin, Kropotkin, and Landauer) had juggled uncomfortably with the desire of upholding freedom and the necessitous concession that some form of *archè* (rule, order) is inescapable in the common drift of things. They granted that, in the community, “order” must be established in some form.

[Gustav Landauer] evolved a decentralist and antiauthoritarian critique of Marxism . . . calling for the replacement of the State with a federation of autonomous communes organized from below. . . . Blending the federalist principle of Kropotkin and Proudhon, Landauer called for a society based on voluntary cooperation and mutual aid, “a society of equalitarian exchange based on regional communities which combine agriculture and industry.” . . . He called for people to create a free society “outside” and “alongside” the existing one; he urged them to “step outside capitalism” . . . to create what we would now call an alternative society in the form of libertarian enclaves with the established order that would serve as an inspiration and a model for others to follow. (Avrich 1988: 250–51)

The “old guard” of anarchism often spoke of “institutions” devoted to guaranteeing the fluidity of free association among the members of the community. The sphere of rights in the threefold commonwealth achieves, in theory, precisely this aim.

The watchful eye of the state was contemplated by Steiner only in so far as it affords protection of workers’ rights in the face of economic prevarication. Although, on one hand, it is understood that politics and governmental meddling should be, as a rule, excluded from all economic action (the libertarian proviso), it is no less evident, on the other, that pressure brought to bear on labor remuneration (to reduce it to bare, “iron” minimum) must be repulsed by an agreed charter drafted by the community under the tutelage of the sphere of rights, whose foundation, guiding impulse, and function are, as mentioned, that of establishing *equality* for all men and preserving their dignity in the workplace. In the economic domain, workman and entrepreneur produce commodities. Anarchists, including Steiner, reject the classic theory of value, whereby wages are computed by way of an arithmetic factoring of spent exertion (this theme shall be developed in the following section); commodities, which are the collective fruit of manifold expenditure of physical, mental, and spiritual effort, bring in proceeds whose partitioning ought to represent the

critical moment of reward for work. Employer and employed should divide the monetary counterpart of their good (the remitted price) between themselves, instead of the latter contenting himself with the hourly minimum wage and the former arrogating the sum total shorn of overhead (I shall return to this point below). In the traditional capitalist framework, in fact, labor itself becomes a commodity, paid by the hour. This is the first strident distortion acknowledged by Steiner, occasioned by the intrusion of economics into the preserve of human rights; it is one of the most conspicuous instances of institutional trespassing, followed, as it customarily is, by concomitant aggrievances and the spiritual spoliation of the individual-employee.

“In the old days, there were slaves. The entire man was sold as commodity. . . . Today, capitalism is the power through which still a remnant of the human being—his labor power—is stamped with the character of a commodity” (Steiner [1919] 1923: 29). Thus, compensation ought to be encoded in the sphere of rights and enforced at all times in the other realms, which, by law, indeed always remain entitled to exercise autonomous decision (e.g., all children have a right to education; married working individuals with familial responsibilities, the elderly, the ill, impaired citizens, and so on are recognized as having a right to draw a social dividend from communal production higher than that issued to a single man in good health).

The economy should operate on the premises of free interaction among multifarious and pervasive *associations*: associations of traders, middlemen, producers, and consumers, possibly subdivided by field, product, and competence. Steiner was confident that only the expert judgment of the parties themselves involved in the very activities of production, distribution, and consumption can lead to rational management of the economic system. The state should do no more than enforce the standards of equality and labor integrity, whereas the arts and sciences are expected to respond to the beckoning of industry to participate in the technical amelioration of the productive processes by contributing theory and method, both devised and developed in full autonomy (guaranteed freedom of art and research).

Whereas democracy must perforce animate the proceeding of the rights-state, Steiner remarked that economic direction cannot abide by democratic standards (Steiner [1919-1920] 1985: 92). Free initiative should not suffer bureaucratic infringement, and entrepreneurial decision, provided labor is shielded and duly introduced in the management of industrial enterprise. It will evolve in keeping with the exigencies of the other associations, which deal with one another on a *contractual* footing. The crucial implication of this consideration is that, within the associative texture of the economic realm, production will definitely cease to respond to the spasmodic pangs of supply and demand, but will be canvassed, instead, according to the dictates of the several associations whose task will henceforth consist of signaling the punctually arising needs of the economic system to the coordinated ensemble of its constituent organs. This position is an uncompromising reversal or, better still, a yearning to redress the imbalance wrought by the economic pollution of rights and spiritual activity.

Steiner detected no “magic” agency in the formation of prices on any particular market place. Fluctuations, shocks, arbitrage, profiteering, and systemic instability are clear symptoms of an organism running amok, disanchored from the regular rhythm of the neighboring organs. In the modern system, complete collapse, although perennially courted, is skirted and regularly avoided by maintaining a semblance of coordination among the three spheres, which can never be systematic but is indeed chaotic (hence, the

existence of chronic volatility), and whose cyclical pattern is a reflection of the rudderless tenure of economic affairs whenever they are left to their own devices.

The further evolution of economics does require the elimination of profits, but for the following reason: because they make the production of articles dependent on accidents of the market, which the spirit of the age demands be abolished. . . . What is necessary for economic life is that profits as indicators should be replaced by groups tasked with establishing rational correspondence between production and consumption that will abolish accidents of the market. The change from profit-indicator to a rational coordination of production and consumption, if correctly understood, will result in the elimination of the motives that have hitherto clouded judgment on the issue by removing them to the legal and cultural spheres. (Steiner [1919-1920] 1985: 97)

Steiner was envisaging a world free of advertising, marketing, and speculation. What needs to be crafted will be communicated to the producers' corporative associations by their counterparts in the consumer circles via the counsel of the traders' agencies—all steeped in the teachings of the arts and sciences—and the sphere of rights and laws will ensure that the expressed desire is ministered to in a righteous manner. "Production will be considered from the viewpoint of human needs; it will no longer be governed by processes that obscure concrete needs through an abstract scale of capital and wages" (Steiner [1919-1920] 1985: 46). For, indeed, capital and employment opportunities appear to be blindly channeled whenever there emerges the wild opportunity of a "profitable spread." In this nervous scramble for "returns," the particular nature of the funded endeavor is a matter of utter indifference (consider today, for instance, Asian currencies, Bulgarian telecom shares, phosphate, airlines, maize . . . anything goes; the *yield* is the goal of the investing mania).

"Ever more numerous were the people who, as capitalists, no longer knew why they were amassing capital; ever more numerous, too, were wage earners who did not know why they were working" (Steiner [1919-1920] 1985: 77). It turns into a game of chance or cunning foreboding: spot the dearth of vital resources in a certain area, and provide them before all rivals at the highest prices (what the market will bear); or turn the rat race into a game of psychological manipulation by digging in the recesses of buried desire and unwitting appetites, "hooking" consumers, and thus dashing once more to sneak through the spread before it closes on all Johnnies-come-lately. None of this should come to pass in the threefold commonwealth.

Capital, per se, said Steiner, is not harmful. We must resign ourselves, he continued, to the fact that mankind can no longer escape the strictures of its discipline; the division of labor imposes it, and there is no going back. But the commodification of labor, to begin with, and all the ensuing ills encountered in the domains of capital expansion and operation stem not from the quality of capital production but rather from private ownership thereof. Unlike the early Marxian socialists, Steiner did not propose the formation of giant people's cooperatives designed to take over the management of the community's heavy means of production. As conceded by all anarchist thinkers, this would amount to replacing corporate oppression with bureaucratic slavery, admittedly a defeat of the rebellion's noble purpose. What Steiner recommended, instead, is communal ownership tempered by private stewardship. Plants, machinery, and capital equipment broadly defined belong to the community; they are built with its savings. The state's duty is to guarantee that the use of such sophisticated implements passes into the hands of individuals, or groups thereof,

most suited to using such tools to the greatest benefit of the collectivity. The recommendation and identification of such capable subjects should not, however, be forthcoming from governmental quarters but should originate, instead, within the confines of the free associations of the arts and sciences (Steiner [1919] 1923: 95).

Hence, for the appointed stewards, two streams of income would be obtainable from the exercise of capital thus administered: (1) proceeds arising from the mere use of the means of production (regular yield of industrial capital), and (2) "sums accumulated through the earnings of personalized labor, spiritual or physical," that is, extraordinary monetary gains yielded by the personal exertions of the steward-entrepreneur (Steiner [1919] 1923: 100). All or part of this second source of income, depending on the attending regulations established by the rights sphere (according to a logic that is by no means invariable but may be shaped to adhere to the customs and ways of any particular community), may be appropriated by the originators of the technical-organizational innovation accounting for the improved performance of the capital entrusted to them. The proceeds accumulated under the first heading amount in essence to public money that will go to defray communal expenses and sustain, in general, the life of the other two spheres. This conception of economic operation thus contemplates *disparity of income*. The overall benefit (greater affluence) enjoyed by the community as a result of the entrepreneurs' personal contribution to the productive process was adduced by Steiner as legitimate grounds for these individuals' higher remuneration (Steiner [1919] 1923: 95, 97, 99).

If one person appears to have more income than another, it will only be because his individual abilities make this more, this "surplus," of advantage to the community. (Steiner [1919] 1923: 112)

To not constrain the organic development of social interaction with semiarbitrary provisions, Steiner did not wish to prescribe a maximum ratio of surplus income to average compensation (whereby an entrepreneur could not earn more than four times the wages of a common worker, as was enjoined, for instance, in Plato's *Laws*), although it is clear, as will be argued in the next section, that allowance of remunerative inequality can by no reason translate, as the hagiographers of the United States' captains of industry have relentlessly suggested for more than a century, into the consequent exoneration of its beneficiaries from social "responsibility." To ancient Greeks, great wealth signified heavy engagements. Large patrimonies were naturally subjected to the obligatory commitment to arm warships and honor the city's liturgical duties (finance public ceremonies and theatrical performances). Evidently, greater wealth entails greater collective obligations. This fundamental office is discharged through the act of *giving*, a pivot of the Steinerian analysis that will be duly analyzed hereafter.

No moneyed, or hereditary, dynasty will ever be permitted to thrive and perpetuate endlessly its cobwebs of privilege within the threefold commonwealth. Surplus proceeds associated with industrial innovation will be remitted to their lawful contributor until his death or possibly be permitted to be passed on to an immediate heir. Such transfers are to cease immediately thereafter and be counted thenceforward as the regular yield of the upgraded means of production, which, at this juncture, will find themselves in need of new custodians. The new legitimate successors may be nominated by the former stewards. Should the incumbent managers fail to designate a competent follower, the rights-state will solicit the intervention of "spiritual corporations" for assigning the custody of capital to suitable candidates (Steiner [1919] 1923: 103).

The anarchist's concern is to see to it that no private owner may come to control means of production to the injury of the general public. Although it is necessary that natural and human resources be shared and kept in perennial circulation, such a transfer would ipso facto require "proper compensation" (*gebührende Entschädigung*, to use Landauer's expression) to the remainder of the population (Landauer 1976: 13). Hence, Steiner's twofold distinction of capital income.

By this means, the injustices wrought by the transmission of bloated inheritances, the clipping of coupons, the accumulation of compound interest, and the legal remittance of all forms of unearned income will not be allowed to fester in a freely tri-articulated social body.

The harmfulness of the non-working recipient of dividends is not that to a small degree they diminish the working man's earnings, but that the sheer possibility of someone being able to have income without working for it lends an anti-social aspect to the whole economic body. The economic body that blocks the possibility to derive income from dividends differs from the one that cannot block it just as human organisms, too, differ—the one is healthy and impervious in all areas to invasion of a tumor, the other, through the accumulation of unhealthy elements, is beset by tumorous growth. (Steiner [1919-1920] 1985: 11)

Modern times are tragic and defiant. They are tragic in that a certain degree of dehumanization must be suffered through the discipline of the machine. As mentioned above, there is no turning back. Steiner conceded that hardly any resistance may be mustered at this stage of human evolution against the "weakening of one's immediate interest in one's work" (Steiner [1919-1920] 1985: 42). Men have grown progressively disjoined from the essence of daily toil: drudgery. The nine-to-five routine is appropriately "hated," and escape is sought. The only foreseeable remedy, said Steiner, can come from a more intense involvement of the workforce in the doings of the spiritual sphere, and from a heightened protection by the rights-state. Modern times are defiant in that they constantly strive to provoke everybody's wish to remain *whole* in a never-ending tug-of-war. Vast segments of the world have, indeed, already let go of the rope and surrendered (liberals, free marketeers, methodological individualists, Keynesians, Darwinian nihilists, and agnostic socialists). They have already given in to the economic imperative and crowned it as the legitimate organizing principle of all social manifestations, thereby aggravating further the atrophy of the artistic and legal spheres. It appears today that the masses have switched allegiance from one form of kingship (state) to another (corporate leadership); they are no less monarchist today than were those of the ancien régime. Economic battles settled by profit and blood have enthroned corporate raiders as sovereigns.

The unabashed critique of "economism," namely, the trusting conviction that economic factors alone spawn the institutions of collective life and that only an alteration of such aboriginal economic relations can be expected to effect decisive variations in the "cultural" sphere(s) of the social body, is a defining trait of anarchist thought. Liberals and Marxists, otherwise at daggers drawn over the issue of bureaucratic interference, nevertheless profess with a comparable degree of ardor their credence in the preeminence of economic action over everything else within the tangle of social affairs.

People fail to see the real truth: . . . it is [the] dependence of spiritual and legal life upon economics that drove humanity into disaster—they yield to the superstition that one needs only a different variety of legal and spiritual life. They want simply to change the

economic system, instead of recognizing that it is necessary to end the dependence of the spiritual and legal sphere upon economic forms. (Steiner [1919-1920] 1985: 55)

We may thus interpret the message of Steiner, applying it to our contemporary world: if economics is offered a permanent seat in the legislative assembly, it will admittedly be expected to bend regulation in directions detrimental to labor and the environment. Indeed, the business drive to “buy cheap and sell dear”—equally practiced by producers, traders, and consumers—by nature does not acknowledge the differing rhythms of spheres that are functionally alien to it (Mother Nature, rights, and culture), *unless, that is, the law carefully delimits its radius of operation* by accomplishing, at the same time, a harmonious resolution of all three social components. Similarly, should culture be surrendered to the “corporate ethos,” spiritual energy and artistic talent would find themselves irretrievably harnessed to commercial expediency, and thereby mutate progressively into marketing and advertising, a mutation to which our era has borne ample witness.

Just think for a moment of the kind of relation we have to the world through the economic sphere. You will easily understand what the relation is if you make yourselves imagine the possibility of our becoming totally submerged in purely external social life. If that were to happen, what should we be like? We should be nothing else but thinking animals. What prevents us from this is that apart from economic life we have a life or rights—a political life, a sphere of the state—and a knowledge of the spirit, an earthly spiritual/cultural life. Economic life pushes us more or less down on to a subhuman level. But precisely through being pushed down into the subhuman we can at this level cultivate interests that are fraternal in the true sense of the word. (Steiner [1919] 2001: 50–51)

If economic usurpation ends with the gestation of subhumans (an outcome that is sufficiently discomfoting), the fall of mankind, however, does not cease with economic usurpation, or the legal sphere may itself violate the other two, thus “robbing democracy of its real foundations” (Steiner [1919-1920] 1985: 14). This it has successfully done for millennia, in a variety of forms from the early barbarian kingdoms to the fairly recent European instances of nationalist and authoritarian regimentation of capitalism. It may thus happen that negative forces within society could have recourse to a shifting, and mutually subservient, colonization of the cultural sphere, alternatively by corporations (economics) and the state, or by a combination of both (*viz.*, the current bellicose effort against Islam waged by the hybrid industrial-military complex, an interfusion of mutually contaminated spheres—the state by economics, and economics by the state—holding the spirit hostage in wielding the “war on terror”), to achieve a variety of pernicious ends.

Does Steiner’s imaginary construction resonate with faint Platonic echoes? Is there room in the anarchist order for Cretan *nomophylakes* (“custodians of the law”)? Although Plato might have logically claimed the purview of the “rights-state” (the platonic *politeia* proper) for his “kings,” in Steiner’s tri-articulated commune, these, presumably, would have peacefully retreated to the free sphere of the arts and sciences, and set out therefrom to codify laws and diffuse initiate knowledge, which in turn stewards of the state and chief representatives of the free associations would have had the task to introduce, apply, and implement in the customary practices of the commonwealth.

Socrates “went to show,” Xenophon recalls, “that on a ship the one who knows, rules, and the owner [of the ship] and all the others [on board] obey the one who knows.” Similarly,

Socrates argues, “in farming the landowners, in illness the patients” and “in training” the athletes send for experts, “those who know,” that “they may obey them and do the right thing.” (Stone 1980: 12–13)

The “right thing” will be found only through all three independent branches of the body social, conjointly, in working together for a social end. (Steiner [1919] 1923: 114)

In the threefold order, the judicial function will be removed from the state institutions, whose sole task is to legislate but not administer justice itself. The passing of judgment should come instead from the inhabitants of spiritual organizations; select panels of justices could be drawn from “the range of spiritual professions” to serve for a variable term (to be decided collegially by the three systems; Steiner [1919] 1923: 125).

Finally, the transition to an international league of commonwealths is a foregone matter; the economic associations of a given regional unit will weave connections to those of a neighboring zone, thus forming a growing aggregation of free independent bodies conducted along the lines of brotherly understanding. National barriers have become devoid of significance. And, borrowing Gottfried Keller’s imagery, we realize that jingoism, tribal allegiance, clannish rivalry, “unreflecting patriotic flurry,” national jealousies, and racial neuroses will eventually stand by the riverbank of history frittering away like many salt statues or meaningless idols. International trade is neither meant to be used as a tool of political blackmail, that is, afforded by opening markets to exporting countries and holding them to ransom by threatening to close such markets on a whim, nor should it become a source of cheap imports and exports, whose impact is a twofold disruption of the native economies. Imported necessities should be subsidized by those sectors of the economy provisionally yielding more than is demanded by their basic requirements (Steiner [1919-1920] 1985: 63). Dumping and similar trade hostilities would be naturally forbidden by the concerted effort of the associated interests. And all matters of international controversy affecting the economic health of the various communities ought to be resolved in a fashion identical to that used in untangling similar difficulties that might arise, at the nuclear level, among associations of the same threefold commonwealth. Likewise in the other social realms: legal bodies of the world would foster ententes and codify laws in unison, whereas spiritual organizations would spread and map out alliances across language barriers, along patterns of cooperation and affinity freely developed in the independence of their own sphere. Such “expansion of national economies,” said Steiner, “cannot become a reality unless the economy is separated from cultural life on the one hand and from political life on the other” (Steiner [1919-1920] 1985: 19). Hiding rebuff behind ostensible smirks, the champions of pragmatism, buttressed by the current drift of the times, have always (then and now) sneered at all such ideal elucubrations: “Impossible fantasies!” they jeer. And paying homage to that eternal tenet of conservatism—misanthropy—they forever rebuke, “Human nature being what it is . . .”

But the Austrian mystic would not desist.

[The] desire for profit is *not* a fundamental aspect of human nature. It is this mistake that makes people say constantly, “to realize the threefold social order, human beings must be different from what they are now.” No! Through the threefold order, people will be educated in such a way that they will grow up to be different from what they were previously under the economic state. . . . Social thinking cannot reckon with external conditions alone, it must take into account what man is and what he may become. (Steiner [1919-1920] 1985: 82–83)

3. Monetary Economics

Anarchism has no other task than that of putting an end to the battle of man against man, whatever form it may take, so that mankind can bloom, and every individual, within associations of the human race, can assume a position, which he, by virtue of his natural talent, is enabled to bring to fruition.

Gustav Landauer (1976: 9)

The economic offensive of anarchism begins with neither compassion nor love, but with the utter disgust (*der Ekel*) that may be instinctively felt in the face of tremendous misery and affliction, which are the results of tenacious adherence to and defense of *privilege*. Anarchists find it inexplicable that men, as undifferentiated from one another as eggs, are yet riven apart since birth and cast by social lot to either breathe the brisk air of affluence or suffer the miasma of brutishness. Not by liquidating the bourgeois or uprooting the elite can change be brought about; it is renaissance that is wished, a rebirth of human will within the “greater community” (Landauer 1976: 11, 13).

Division of labor, indeed, said Steiner, is the unmistakable sign that economics is in essence a *cooperative* venture. Ours is not an animals’ economy; human beings form a whole in which self-interest is, at best, an incongruity. We all labor for one another and are helpless in our wish for autarky. The range of economic possibilities runs from the infrared end of the spectrum, which is the sphere of a basic animal economy of subsistence, to the ultraviolet region of high-tech capital, in which human inventiveness is visibly embodied: from natural sustenance to complex mastery of nature itself, from bestial instinct to human creation (ill or good; Steiner [1922] 1971: 20). Anyone who wishes to sever his cord from the economic community and produce in isolation is in fact sustaining *higher costs*. That is why, Steiner asserted, the tailor never cuts his own clothes. If he were to do so abruptly and withdraw from circulation, say, half of his customary order, the retailer, who nevertheless wishes to retain a standard of living comparable to that enjoyed before the withdrawal, will seldom be able to recoup his usual share from the market by raising prices steeply (when quantity offered diminishes). Therefore, on one hand, he shall augment price slightly and, on the other hand, pay the tailor less per suit. This implies that the tailor, by cutting his own clothes, has shut himself off from the *monetary network*, which affords him access to materials, resources, and, implicitly, leisure (Steiner [1922] 1971: 40 ff., 187–88). Traders, retailers, consumers, and producers—that is, the whole of the community in its economic capacity—cannot, in short, live without one another.

Even though prices are indeed the collective outcome of all such forces arising in the business sector of society, the prime mover of the sector as a whole is always *money*. Prices are the expression of the impact of a monetary system on the sphere of production, retailing, and consumption. For instance, in the case of labor, price is the wage rate; and the tendency, always discernible on the part of employers, is to put the job candidate at a disadvantage or, as Silvio Gesell would say, to “embarrass” him. To “embarrass” the counterpart is to deprive it of its due; in other words, the business drive of basic economic dealing tends, *as a rule, to falsify prices*. The price remitted is seldom “just.” A just price to Steiner is a price that (1) affords sustenance to the craftsman (including household and dependents), and (2) enables the recipient to produce another unit of the good in question for the next productive cycle (Steiner [1922] 1971: 72). And how can prices be falsified?

By an artificial curtailment of production such that the willingly created “scarcity” may afford *rents*, that is, proceeds *above* the just remuneration.

Modern instances of this fundamental process are numberless and mark indeed the essential functioning of capitalist society, for example, enclosure of public space and concomitant charging of rent (parking fees and rental space), and the cornering of the means of production with a view to force minimum wage on a hapless, helpless workforce; and contain the free diffusion of ideas by chaining them with patents, trademarks, and copyrights, all forms of quasi-rent and “proprietary interest” so to speak.

3.1 With Gesell toward an Understanding of Perishable Money

What is, then, the origin of this rent-creating appetite inhabiting the economic realm? When and where does the falsification of prices begin? It begins—and here the answer is Gesell’s—with the issuance and traditional management of the medium of exchange, that is, money (Gesell 1920). The first economic evil identified by Steiner is the commodification of labor; the individual capacity (physical and spiritual) of the human being ought never to be bought and sold like a ware. But such a perverse development is indeed rooted in a far more noxious imbalance: *the transformation of money into merchandise*. This is the economic root of all evil, so to speak. And all socioeconomic aberrations are kindred to this aboriginal violation.

Gesell’s intuition allows us to comprehend that since time immemorial, a mere sign, a symbol, has been packaged into an economic good, and the provision thereof subjected to the monopolistic practices customarily contrived in the marketplace. How could that happen? How is it that traditional economics identifies money’s “value” in its “naturally limited quantity?” How can the production of simple symbols, ciphers, be naturally *limited*?

The clue lies in the customary tripartition of money’s functions: (1) medium of exchange, (2) unit of measurement, and (3) store of value. The material that could satisfy historically all three requirements was in fact gold, or any other noble metal, which, by nature, *keeps*. Thus, Gesell revealed, this uncouth equivalence between money and gold has come to pass, and inserted thereby in the body social a perennial seed of cancerous disturbance, for an imperishable metal can never accompany the workings of a realm in which all involved components are subject to death and decay. Here is the beginning, the spark, of the rent-generating process. Having been himself intensely active in business for many years before turning to intellectual speculation, Gesell clearly understood that all *economic endeavors begin in the banker’s office*. Bankers are the business custodians of precious metals, which they loan out to enterprising individuals in need of capital; because the latter (producers) cannot afford to wait (they have employees to pay and resources to order), whereas the former (moneylenders) can, bankers have generally taken to charging a “plus” for the extra privilege that the possession of gold afforded them in their dealings with entrepreneurs. This “plus,” averred Gesell, is what we call *interest*. The deduction of such interest (in the form of either a discount for cash advances or cumulated interest for capitalized sums) is, in truth, the first exaction of rent in the economic sphere; it is the anchor of the whole rent-generating process. Thence, all producers, who have been lent the precious metals (and their paper derivatives, that is, bank money) and charged interest therefor (the rent), will seek to foist on others (customers, employees, and other business partners) the “plus” they owe to the banks. Money interest, said Gesell, imposes its logic

on physical capital: once the aboriginal money rent is levied, businesses will scramble to recoup this “plus” from customers (by marking up the retail price accordingly). Thus is initiated the savage game of business deception played by a few at the expense of everybody else. This is, in brief, Gesell’s theory of interest, which bears similarity to the monetary analysis of Steiner to which we now return.¹²

3.2 Steiner and the Ages of Money

Although the mystic did not fully grasp the effects and original distortion wrought by interest, he reached identical conclusions as far as the “unfair advantages” of money over other goods are concerned. Steiner in this connection introduced (in a series of lectures delivered in 1922, which form the core of his economic *aperçus*) a tri-articulated understanding of money. To begin, he distinguishes between (1) *purchase money*, that is, “the money we use to buy anything which serves for consumption”; and (2) *loan money*, the surplus funds (saved) that are channeled to entrepreneurs for investing possibilities.

The difficulty, said Steiner, arises from the fact that we tend to think of all money in terms of purchase money, that is, ready cash whose immediate expenditure affords instant consumption. It appears indeed that money never decays. But that is not the case. Behind every seemingly imperishable note, there lurks a basket of wares, which irremediably depreciate in time. Thus, money is an “unfair competitor” (Steiner [1922] 1971: 153). Gesell would add that of all wares, gold (money) is the one universally sought, for it defies the erosion of time; hence, once more, the origin of money’s rent-creating “virtue.”

Money undergoes metamorphoses. When the community has saved a certain amount of resources, to which corresponds an equivalent sum of cash, and entrepreneurs are entrusted with such cash, the money ceases to be “purchase money” and is gradually transformed into “loan money.” Orthodox economics acknowledges this mutation and, in fact, distinguishes between cash (purchase money) and investments (loan money). Loan money is money that is now immobilized in some endeavor predicated on human ingenuity, which will eventually (if the money has been properly “invested”) yield goods that are *qualitatively* different from those fueling the enterprise (e.g., food, bricks, tools, and construction materials, which will be turned into a “house”). When purchase money, said Steiner, is poured into long-term projects to become loan money, it, in truth, starts to age. This, indeed, is a crucial metamorphosis that occurs by economic necessity but that, owing to the veiled practice of traditional money issuance, is at all times concealed behind the eternal

12. Gesell’s theory of interest, and the accompanying plan for reform in the key of perishability, had been the butt of professional economists for more than a decade after their circulation in the late 1910s until Keynes, overcoming initial prejudice, came round and strangely “embraced” Gesell’s theory in chapter 24 of his *General Theory* (1935). What Gesell’s legacy came to be after Keynes’s embrace is recounted elsewhere (Preparata 2003). What is of pressing concern in this relation, however, is that, in truth, there was nothing risible or outlandish in the vision and prescriptions of Gesell (or else Keynes would not have bothered to look into them in some depth). To the contrary, such interest on the part of the establishment via Keynes betrayed a deeper, far subtler apprehension with regard to the highly subversive nature of the anarchist’s theory; subversive, that is, of the constituted financial order. Hence, the establishment’s need to neutralize the charge of Gesell’s input, which was done in the *General Theory*. Keynes’s polite yet condescending appreciation of Gesell eventually leveled the path for relegating the German anarchist’s testimony to the graveyard of economics’ theoretical fiascoes. But the file here and elsewhere is being reopened. In fact, this highly sensitive matter needs to be entirely reappraised.

face value of the notes, or the nominal amount of our cash balances. As money ages, the productive cycle nears completion, and generally, if the process has been a fruitful one, much will be left in the form of “surplus,” excess produce of all kinds. A note approaching its death (say, one year before expiration) stands little chance of remaining further involved in the investment cycle; in all likelihood, that dying bill represents by definition a good somewhat obsolete, which therefore will “drop out of the loan” and find its way to that giant pool of livening streams that come under the designation of *gift*.

This type of note is Steiner’s third characterization of money; a pool of dying notes, which are tokens of abundance, Steiner called *gift money*. That it comes last in the exposition is by no means a suggestion of gift money’s secondary importance but rather the result of that particular theory of economic life, shared by Steiner and others, which sees the emergence of the gift from the elementary relations of production and acknowledges it, in truth, as the most important determinant of a community’s spiritual condition. This I shall elaborate shortly.

Thus, Steiner intimated that money, being at the first remove the immediate reflection of economic activity, has a life span of its own. At the origin, when it is linked to the earth (agriculture), money is purchase money; goods are produced and consumed instantaneously, and the cycle repeats itself identically. When the goods of the earth are subsequently conveyed toward an artisanal (i.e., industrial) venture, they abandon the sphere of a subsistence economy and become “engaged”; the money representing them has been “saved.” Saving is still a form of consumption: *a deferred consumption of durables*. Finally, when all this aging money, staggered by the various enterprises in which it was engaged, flows in ever-swelling rivulets to the community’s saving accounts, much of it, as we said, is the specular expression of excess; therefore, it may be willingly given away.

Who shall receive it? Its legitimate recipients, in a pure economic sense, are those segments of the community not directly involved in productive work: state officialdom and the spiritual sector. Here, again, we rediscover the threefold commonwealth. To recapitulate, the youth of money is the beginning of agriculture, its maturity is industrial expansion, and its death is spiritual emancipation (growth of the arts and sciences). When agricultural staples in the form of purchase money are “saved,” with a view to entrusting the food and raw materials to a nascent entrepreneurial caste, the notes gradually age, whereas the bank holding the “savings” in custody is bound by contract to guarantee the nominal amount of the funds deposited (zero percent interest). Thus, the bank comes to hire artisans, engineers, and carpenters to fight depreciation on behalf of the savers (this is Gesell’s characterization, to which Steiner would not have objected). If carried out sensibly, this investment process will yield a surplus, which shall be dissipated in the form of income boosts and hence donations, after the savers have been reimbursed, the bankers and craftsmen paid an income (not interest), and the (former) borrowers taken possession of their newly erected homes (the durable, investment good).

Like Gesell, Steiner understood that the only way out of the debilitating excrescence of compound interest is afforded by the communal establishment of a perishable currency. How can money age? Both reformers were never dogmatic as to the peculiar ways in which the means of money could be made to lose value in time; they thought it a matter of administrative and bureaucratic detail, and thus left the door ajar for improvements and innovations. There are a variety of possibilities for achieving this purpose. It can be achieved with paper bills stamped with an expiration date (Steiner’s initial suggestion, also

endorsed by Gesell) or with scrip that may be affixed with stamps, which would be sold by communal offices (as a form of taxation; this was one of Gesell's recommendations). Such scrip could only be legitimately used in payment so long as it bore the weekly stamps, the purpose being that of forcing its circulation and preventing hoarding, which is notoriously the concrete device accounting for economic paralysis.

In the 1930s, at the height of the world crisis, several emergency issues of local scrip patterned after the Gesellian scheme were spontaneously created within communities gripped by financial paralysis. To bypass the private notes of the banking systems, which were hoarded in the banks' vaults because of low expected returns, the native economies resorted to trading with regional, perishable notes and thus managed to keep their various activities in motion. The classic examples of this peculiar reform are those of Wörgl in Austria (1932) and Schwanenkirchen in Bavaria (1931). In these two towns, the bridging use of such certificates in times of pecuniary dearth was so successful that when these notes eventually reached the district branches of the respective central banks, they immediately alerted the disobedient townships, prohibiting them in most resolute fashion from continuing the "experiment" (see, e.g., Greco 2001: 64–69). In the United States, Irving Fisher was exhilarated by such experiments; although he rejected Gesell's theory of interest, he enthusiastically promoted the issuance of regional scrip, perishable (preferably) or otherwise (Fisher 1933). Several municipalities in the United States issued scrip during the Great Depression, although the phenomenon never succeeded in spreading too far. Presently, the might of the Federal Reserve and the derivative powers of "persuasion" of its myriad acolytes in academia and the media, be they Friedmanites, neo-Austrians, Randian libertarians, gold bugs, or post-Keynesians (the appellation matters little), have literally extirpated from the mind of the United States any residual trace of this bold play of economic insubordination.

3.3 *Forms of Money Reform*

Nowadays, these monetary prototypes of the German anarchists can be easily superseded by technically swifter debit cards, which could be charged a monthly depreciation fee (an average indicator of the aggregate output's rate of decay) that is a negative rate of interest, which is precisely what Gesell's theory of interest **AU: PLS. BRIEFLY DEFINE.** preconized for a fluid distribution and use of money.

Now, proceeding from the contemporary perspective and bearing in mind the possibilities afforded by electronic cash, it becomes clear that Steiner's tri-articulated metaphor of money's life cycle, especially the notion of purchase money (and Gesell's stamp scrip), can be dismissed, and the whole scheme of perishable money cast in a more familiar arrangement. It is indeed more convenient to think that all money always ages (there is one note per good or service, and decay gnaws at the roots of both) and that all members of the community are entitled to two accounts: a checking account for immediate purchases, which is then subject by law to a monthly deduction reflecting average depreciation, and a savings account yielding a null rate of interest. Here, as hinted previously, the responsibility to preserve the amounts originally laid in rests with the banker; it is indeed his task to individuate a competent entrepreneur to whom he may confide the saver's funds. It is as if, again, the producers, with the cooperation of banking, were fighting depreciation in the consumer/saver's stead. In such a model, depreciation is represented by the negative

charge on the checking account, and all savings balances are “loan money,” which is immediately liquidated, that is, *converted*, into purchase money when the saver wishes to use his savings to purchase the durable good that has finally become available.

At this time, there is a whole universe of autonomous economic initiatives that have sprouted the world over; all of them rely in one form or another on ideas germane to the German anarchist tradition. All regional currencies and networks of exchange in their basic structure are in fact an expression of *associative economics*; in numerous instances, the promoting and issuing body of “communal credits” (or of any other similarly denominated type of local money) is either an association of businesses or a component of the arts and sciences (e.g., foundations, schools, or houses for the elderly). The idea, as known, is to outflank banking debt (loans to put *privately owned money* into circulation) by linking individuals through a chain of relationships, whereby they may barter services that are denominated in a particular unit of account, generally a symbolic unit equivalent to the hourly minimum wage prevalent in the given community. To mention but a few: Local Exchange Trading System (LETS) in Canada, Hureai Kippu in Japan, Systèmes d’Échange Local (SEL) in France, Red Global de Trueque in Latin America, Tiangus Tlaloc in Mexico, or Interser in Venezuela. Germany, however, not surprisingly, has been at the vanguard of reform and experimentation with perishable means of exchange, which are themselves designed to travel along communal networks of exchange. The Chiemgauer, issued by a Steiner school in Chiemgau, is a pure Gesellian specimen of stamped scrip, whereas a potent reaction of local businesses against the ongoing slump has most recently surfaced in Giessen, Hamburg, Bremen, and Düsseldorf in the form of authentic expiring certificates à la Steiner, respectively named Justus, Hafensilber, Lilientaler, and Rheingold. Similarly, in North America, the pioneering efforts behind Ithaca Hours, Time Dollars (both of which are reeditions of old-time “labor notes”), and, say, Toronto Dollars (which are secured on official Canadian dollars yet bear an expiration date) have been widely acknowledged for some time among reformers, professional practitioners of monetary alternatives, and students of regional currencies—a rich group that is not yet a full member of academic economic heterodoxy, a lamentable affair that needs to be remedied rapidly.¹³

3.4 Inflation and Deflation

According to Steiner’s model, *inflation* occurs when balances from the savings account (i.e., loan money) are prematurely converted into cash (i.e., purchase money); inflationary fever is created by exercising monetary pressure on a market that has still not received the goods symbolized by the saved money (now unduly liquidated). Indeed, said Steiner, the more an employer has to pay employees with *cash*, the less he can give, that is, the lower the salary, because ready cash symbolizes fresh goods capable of initiating a lengthy investment process. Thus conceived, cash appears “more precious” than investment paper, that is, financial securities (Steiner [1922] 1971: 156). Conversely, the more the same employer is allowed to remunerate labor in *money already transformed* (e.g., company stock, coupons, options, frequent flier miles, and event tickets), the higher will be the employee’s nominal wages. Money already transformed is money immobilized in

13. For further information on the various monetary alternatives and reform proposals, their mutual differences, and their common traits, see Kennedy (1995), Greco (2001), Boyle (2001), and Lietaer (2001).

industrial construction (tangible or intangible); it is aging (loan) money, and in some instances it is in fact “moribund” (gift) money. In other words, it represents excess goods glutting inventories (coupons, deal packages, and “freebies” of all shapes and forms). The employer pays “less,” for aging money is, by definition, less “valuable” (less durable) than cash (young money). Thus, for instance, the fairly recent introduction of employee shareholding plans (ESOPs), much extolled by the organs of conservatism for being capitalism’s resilient response to Marxist critique (in that they have supposedly allowed employees to become owners of the means of production),¹⁴ amount to little more than rhetorical diversion; there appears to have been no significant change in the business structure of decision making after the introduction of such plans. Their true motive could never have been the conscious and pervasive engagement of the workforce in shaping the life of the company. Rather, such innovation in payroll management conceals nothing more than a systematic “watering” of the paycheck. In principle, no economic harm should arise in remitting a (modest) portion of a worker’s retribution in the form of a variable stake in the concern. The agreement is waterproof, so to speak, so long as real wealth stands behind the shares remitted in payment to the worker.

Common stock of contemporary corporations is, however, seldom backed by tangible wealth but is only a privilege token to “share” in the putative power of the company to *extract rents from the rest of the economy*. Posited thus, this form of remuneration is a further form of gambling on the “good luck” of what is generally a vacillating enterprise (as attested by the recent collapse of United Airlines, in which such a scheme had been introduced with much fanfare): a gamble, in that capital is being further diluted by a growing and periodical issuance of shares.

Deflation, instead, in Steinerian terms, may be construed as a *deceleration* of the investment process. When purchase money is “frozen” (or hoarded), no loans are extended, and the system is thereby paralyzed: anemia. Unemployment rises, production decreases, goods remain unsold, and prices decline in a self-reinforcing recessionary spiral. The chief impediment to the “thaw,” as was mentioned above, is indeed the price dynamics. Gesell reiterated that a declining price level is bound to condemn the productive apparatus to immobility as soon as it approaches, and eventually falls below, a threshold value for which the profit margin can no longer cover basic interest.

In truth, money dies every moment; it perishes with the death of the goods it has accompanied since birth. What brings closure to the cycle is the *gift*. Every economic system of the world hinges on this final passage and is thoroughly shaped by it. Steiner condensed his observations in a synthetic diagram that depicts the circular nature of the economic process and its unfolding through the successive metamorphoses of money (see figure 1; Steiner [1922] 1971: 84–95).

3.5 Steiner’s Composite Cycle of Production

The cycle comprises two circles (processes). The inner circle is a dynamic (and historical) illustration of the elementary production cycle in a primitive industrial system. The cycle begins from the agricultural realm, that is, from the land. When human labor is applied to the raw materials of the earth, basic goods are being created; these goods are

14. “A Capital Idea” (2003: 70).

The Economic Cycle of Rudolf Steiner

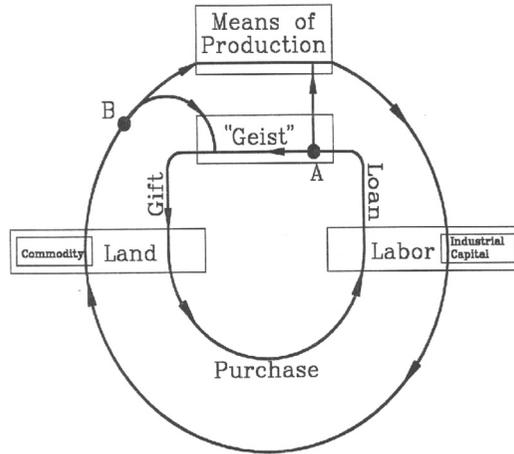


Figure 1.
The Economic Cycle of Rudolf Steiner

exchanged with *purchase* money, which reflects the vicinity of the “good”—as an elaborated expression of the soil—to nature. Purchase money is the token that accompanies the trading of these primitive processes of nature’s resources. The elaboration of these goods, given their simplicity, is short; therefore, the money representing them appears to be devoid of a *time* component.¹⁵ In fact, Steiner said that purchase money keeps its value at all times; it is meant to facilitate immediate consumption. When “intelligence” (or, to use the richer and not easily translatable German word *geist*, or “spirit,” used by Steiner) takes hold of labor and the subsumed elements of nature, a venture is born. The purchase money issued vis-à-vis the products of land and labor now enters an altogether different process, which is subject to a *longer* period of gestation. The money becomes capital money; it is *loan* money. The entrepreneur—an individual of *credit*—is willing to borrow the goods of the community and organize these in such a way that the fruit of intelligence and exertion will bring forth new productive schemes and the overall simplification of the living condition. Such credit operations, when crowned by success, are bound to lead to sizable expansions of output. To close the first circle, capital has to return to the land; part of it shall be poured back in the soil to enrich it (i.e., as seed), and the remainder shall be “decumulated” in the form of a gift, that is to say, not to “petrify” acquired wealth by means of ingenuity into the land (whose sole result would be to immobilize capital into land and lead to an

15. Again, this is an aspect that may be safely ignored and modified in a modern reinterpretation of Steiner’s monetary economics. Above, it is suggested that the notion of “purchase money” is unnecessary in the construction of a system in which cash balances are managed electronically and drawn on by means of debit cards. In such a framework, *all* money perishes (immediate liquidity on checking accounts subject to a monthly depreciation fee), and only money transferred to a savings account should be guaranteed a *null* (rather than negative) rate of interest (the Gesellian clause); in other words, savings are preserved at face value (in an economy that has now become inflation free).

inflation of real estate values).¹⁶ Capital, after thrift has been recompensed and the loan repaid, should be given to the arts, intellectual exertion, and education. Capital requires consumption; it also requires destruction, an implosion of artistic donation.¹⁷

As the industrial arts evolved, the organizing and inventive powers of the *geist* have given rise to a new cycle of economic endeavor. The bifurcation occurs at the nodal point *A*. When intelligence “absorbs” the joint product of land and labor, it is conceiving “factors of production.” The industrial opportunity constitutes a cycle of its own, which, unlike the fundamental course of production (the inner circle), runs clockwise. The means of production enter into the new cycle (follow the outer circle) and take the shape of *industrial capital* as they are apprehended by labor. When land comes in to be treated by means of production marshaled by laborers, the outcome is the so-called (industrial) *commodity*. This outer cycle can feed on itself and start anew from a rejuvenation and renovation of the factors of production. Simultaneously, part of the increased industrial capital and the attending commodities may return to the land by branching off in another avenue of the gift. This is shown by the nodal point *B*. The dosages of self-feeding and gift are to be decided in accordance with the natural endowments and aspirations of each community.

16. Indeed, when capitalist society teeters on the brink of bankruptcy and consumer credit (or, broadly speaking, private debt) has already reached a magnitude that is a multiple of GDP (as is the case today in the United States and the rest of the industrialized West), home equity loans—that is, the possibility to borrow cash against the rising value of estate property, which is fueled precisely by inflationary issues of bank money that go to soak the land in search of “good returns” (rent as the yield of capital)—are yet another palliative devised by the financial network to put off the day of reckoning: the wholesale, and potentially catastrophic, liquidation of the economy’s watered assets (see *The Economist* August, 31, 2002: 575–58).

17. Steiner’s cycle is neither a thematic variation on Böhm-Bawerk’s “cycleless” model (1891) of production (although at first it may appear to be so) nor a “postclassical” abstraction. In other words, it is neither the “Austrian” construct that only contemplates labor and land as the immediate factors of production, and therefore conceives intermediate capital goods as a secondary stage of production, which ends up lengthening the whole productive process (in “roundabout” ways; i.e., *Produktionsumwege*); nor is it a schema of production “characterized as a circular flow in which both fixed and intermediate capital goods are involved directly or indirectly in their own production as well as in the production of all other final consumption and fixed capital goods” (Frederic Lee, lecture notes). The latter, in fact, is the (“postclassical”) representation common, for instance, to Marx, Sraffa, and Leontief. All such traditional avenues of economic speculation, which are wholly foreign to Steiner—especially Marx’s, which he, like all anarchists, strongly antagonized—were mostly devised to obtain formulaic results on the relative price movements of products, the dynamics of profits, and, in the case of Böhm-Bawerk, the nature and magnitude of the rate of interest. Steiner’s approach to all these important themes was the polar opposite. For one, he did not believe one could reasonably expect to derive a hard-and-fast generalization on the evolution of economic values (prices); such a proposition was to him senseless because these matters were better left to the evaluation of the market (AU: PLS. ADD TO REFS. 1973: 30 ff.). Moreover, Steiner’s appreciation of production was of an institutionalist, historical sort; it was not posited as a mathematical exercise. In his cycle (see figure 1), one may, yes, detect two stages of production—one (corresponding to the agrarian economy) eventually branching into the other (the later industrial development)—yet this nesting of loops gives rise thereafter to a *continuous* circular flow characterizing both consumption and capital goods, a process in which “everything circulates through everything.” Rather, his simple drawing succeeds in encompassing, impressionistically it is true, all the other scenarios envisaged above. Ultimately, the illustration of the cycle is here emphasized not primarily for its representation of the productive process but rather for bringing into relief the fundamental economic function discharged by the two “valves” of the *gift*, which work through the sphere of the arts and sciences. This is the key element, a point that never figures in the conventional narratives of economics and yet is so vital in the overall physiology of the body economic. (I should like to thank Professor Frederic Lee for sharing with me his lecture notes on production theory, from which I have quoted an excerpt above and borrowed the information that went into making this note—ggp.)

When the money certificate is nearing the terminus of its journey in the guise of either surplus food (node *A*) or “excess” services and commodities (node *B*), the economic sector channels the “free” funds to the spiritual associations,¹⁸ which allocate them in keeping with the directives of its initiates and “nocturnal councils,” to evoke Plato’s imagined institution. As said, when loans are repaid, and donations remitted, the cycle is about to complete its revolution. Thereafter, the money is finally spent and, finding its way back to the bank-issuing source, dies. Then, new money shall be issued to initiate the following round of production, consumption, and creation. Steiner called for a necessary “rejuvenation” of the monetary potential of the community’s economy.

Needless to say, there must be some rejuvenating process. The money must, in fact, have a successor. . . . Money, when it has served its purpose[,] must be collected. And then once more, at the beginning of the process of purchase and sale, it must receive its original value. That is to say, it receives its new date stamp and passes into the hands of those who are dealing once more with those products of nature which are just beginning to pass into the sphere of labour. (Steiner [1922] 1971: 159–60)

It was never true that the economic problem was that of properly allocating sources that are, by nature, scarce. This was a brash, if not wholly mendacious, fallacy erected on inequality, which middle-class savants, themselves the issue of such economic injustice, generally upheld lest they should be denied the perquisites of privilege. To use Thorstein Veblen’s expression, only the “aliens of the intellectual no man’s land,” cranks, and more or less damned heretics of various denominations have at some time or other had the lucidity to turn this oligarchic dogma on its head and acknowledge that the true essence of the economic problem is indeed the exact opposite of what has hitherto been purported by the “classics”: in truth, economics prompts communities to reflect on what to do with a *surplus* of resources, which, as a rule, is systematically bestowed by nature on all waking human hives.

Life, expression, motion, sound, and words are themselves gifts—discoveries, that is. And reality has confronted mankind since the dawn of history with the undeniable *excess* that may be triggered by the applied effort of human faculty to the bounties of the earth. The recorded testimonies of priestly service, monumental architecture, sacrifice, and devastating wars, around the world, are the undifferentiated chronicle of the powers of dissipation. Only through the gift is it possible to discern the true intentions, and thus the spirit, of a human anthill; it is the activities to which a particular collectivity conveys the surplus that reveal the more or less ensconced will of the group. At times, the surplus may be so large and turn into such an encumbrance that its often benighted recipients can conceive of no ways to use it other than pure destruction, mimicking nature, as it were, in its bloodiest manifestations of dynamism (dog eat dog, war, eroticism, conquest, luxurious extravagance, destruction, annihilation, and human sacrifice). Then, abundance may be a *curse* more than a blessing: exploding demographics, pearls, lore, and bumper harvests in the hands of barbarians or modern high-tech savages may spell catastrophe for the world community as a whole. The gift becomes the “accursed share” (*la part maudite*) of the sun’s unrequited

18. In a modern electronic network, the bulk of donations would be made up of the annual sums cumulated through the monthly depreciation fee that is imposed on checking accounts.

radiance: thus Georges Bataille, who coined this vision in its ambivalent treatise by the same title (1967), accounts for Aztec sacrifice and all forms (human or material) of wasteful expenditure in the political economy of the world (“La source et l’essence de notre richesse sont données dans le rayonnement du soleil, qui dispense l’énergie—la richesse—sans contrepartie. Le soleil donne sans jamais recevoir”; Bataille 1967: AU: PLS. ADD PG. REF. .) The gift of heavenly life-heat engenders such tremendous growth (*l’énergie en surcroît*) of humans, crops, and industry that particular collectivities, under the sway of inhumane suggestions, have throughout history and across the planet thought of reciprocating the gift through the more or less conscious and choreographed ritual of the Holocaust. Hence, Bataille’s advertence to the pre-Columbian bloodshed, to which one may naturally add modernity’s unconscious lust to decumulate, as exemplified by Europe’s religious wars, industrial waste, the two world conflicts, and the Nazi and nuclear ravages (Bataille 1967: 62, 66). Sumptuary squander is the economic counterpart to human annihilation. From the era of the pyramids to modern bureaucracy, by way of consumerism, the annals of mankind have become the narratives of “great works” achieved for the glory of suzerains and gods.

Steiner was naturally drawn to the humane use of the surplus. His disquisition on the nature of the gift accorded with the comprehensive pedagogical mission he set about to accomplish in the watershed period of the interwar years. At the vigil of the greatest failure of human civilization, he reminded his audience that a proper arrangement of life’s gifts may itself pave the way for mankind’s redemption—redemption from the barbarian dissipation of “accursed” abundance. The gift ought to be a gift for the work of peace.

It is understood that nature’s copiousness (the gift) is to the group what the household is to the individual, namely, the opportunity to practice the “good” by means of the earth’s resources; it is the material expression of the community’s spiritual appetites. As such—a truth deeply felt by all economic heretics—the fashioning of the gift represents the most significant and revealing economic moment of a community’s life. The mere observation of a society’s models of conspicuous expenditure provides an instant physiognomy of its cohesive spirit-guide (the aggregate drive of the hive at a given point in time). A simple glance at the body economic of the West under Anglo-American guidance, disfigured and debilitated by heavy lumps of bureaucratic fat;¹⁹ its devastated three-tier schooling system (inner-city wastelands flanking the plundered “schools” of the suburban middle class that trail behind millionaire academies selling the “keys” to business, business-gear technology, and jurisprudential chicane); its inordinate and unprecedented commitment of resources to the arts of warfare, electronic, bacteriological, and nuclear annihilation, and the insider recruitment and fostering of sham “terrorists” to “legitimize” the extraordinary expense, whose natural complement is the formation of “globalized” slave work; the systematic leveling of artistic expression, and the disintegration of music and the figurative arts; and an ever growing concentration of wealth:²⁰ a simple glance at all these developments vindicates the diagnostic memoir that Veblen compiled in 1922, as he took the pulse of the United States and concluded that, through exhaustion and febrile restlessness, it was being rapidly consumed by the imbecility and persecutory distemper of dementia praecox (Veblen [1922] 1964b: 423–36).

19. Archiati (1998: 93).

20. See Krugman (For Richer, How the Permissive Capitalism of the Boom Destroyed American Equality, *New Times Review*, October 20, 2002).

In the end, said Steiner, the fundamental calculus of economics should busy itself with finding the proper equilibration between the productive sphere (economic realm) and the other two systems (laws and *geist*). The balance must be struck between positive work (agriculture, industry, and services) and spiritual work (arts and sciences). The question a society faces is how much work its productive sector is willing to contribute to enjoy the fruits of scientific expression, because “a spiritual service is worth the amount of labor which it saves the person who contributes it” (Steiner [1922] 1971: 177). The wider the fallout of agronomic and industrial applications, the larger the “excess share,” the more plentiful the artistic options at society’s disposal: the community is working on behalf of the musician to hear him play and compose. In Steiner’s words, the community *saves labor* for the musician. At work is a self-adjusting process of distribution, which, under the sway of labor-saving inventions, releases naturally a portion of excess and renders it available for consumption. The guiding spirit of the hive will then earmark the surplus’s destination. Thus, the progression from positive work to spiritual activity, shorn of arcane allusions, is unveiled in its essential simplicity:

If you like to suppose a Utopia somewhere, populated solely by newborn children (looked after by angels to begin with), to each of whom you have given his piece of land [in a community of x million people, a healthy distribution perforce corresponds to giving each individual a piece of land amounting to an x -millionth of the entire cultivable area], then, when they are able to begin to work, you will have produced conditions under which the natural exchange values will arise. And if after a time prices are different, it can only mean that one has taken something away from the other. It is this kind of thing which produces the various social discontents. (Steiner [1922] 1971: 181)

Justice ultimately signifies *communism*. This conclusion appears inescapable; this is a constant of Utopian thought. Steiner had come full circle to rejoin his fellow Russian anarchists. Ultimately, each individual must be guaranteed the yield of an equal apportionment of arable land; differences in income, as mentioned above, may be conceivable so long as this universal common denominator is assured for everyone. And when, by virtue of technical advance, only a diminishing fraction of the workforce is actively engaged in positive work, the proposition does not change: “however spiritual a worker may be, [he] will still need so much Saved Labor every year—namely as much as [he] require[s] to maintain [himself] as a human being” (Steiner [1922] 1971: 182). It is as if each “unproductive” laborer (scientist or administrator) should still be entitled to the (growing) yield of the rightful plot of land, which finds expression, if all proceeds aright, in the swelling availability of additional nutrients, commodities, and services. All is rooted in the earth: *from* the agricultural staple, of course, the baked good (fire and elements), the typewriter (metal and plastic), and the bus ticket (steel, fuel, food for the driver, fabric, and so on), *to* the books behind the lecturer’s lectures (ink, paper, trees, and chemicals).

For I shall know, when I paint a picture, that for me to have painted this picture so many workers on the land, for example, have to work for so many months or years on wheat or oats, etc. Think of how transparent the economic process would become. The ordinary way of putting it today would be to call it the substitution of a Nature-currency for a gold-currency. Yes, and that is just what we need. . . . While I am giving my shilling quite thoughtlessly for this or that, there is always a little demon who writes on it how much Labor actually done upon nature, it corresponds to. . . . In effect, all the Labor that can be done must come from the given population, and, on the other hand, all that this Labor can

unite with must come from the given land. Everyone needs what this Labor brings about and, as to those who can save themselves the labor on account of their spiritual services, the others must perform it for them in addition to their own. Thus we arrive at the actual basis of economic life. (Steiner [1922] 1971: 182, 184)

To sum up, with land distributed fairly and a perishable currency, just exchange values emerge spontaneously, and ever more refined cultivation methods free a billowing stream of human ingenuity that may be channeled to the other spheres: so much positive work will amount to “saved labor” and thereby support artistic and civil effort. Fewer men on the land and in the factories, and more in science and stewardship, but the duty to remit to each his own remains. Issues of import/export are handled cooperatively by the associative network of all commonwealths implicated. Internally, Nature and society properly administered will regulate aggregate life by their own accord; in such a state of natural balance, the mere notion of *overpopulation* naturally lapses from the bedrock of common thought, and no less inconceivable would be that of *poverty line* or *frictional unemployment*. Nature and sound economics would coherently determine the sustainable level of inhabitants on a given zone of the earth. It is something of a puzzle that there could ever be such a thing as demographic pressure on societies—primitive or otherwise—which are (and have been) indeed marked by affluent castes, sacerdotal authority, agricultural exports, monumental display, and powerful armies. Are not these the unmistakable and screaming evidence of the (mostly perverted) gift? It so seems that, beyond all official appearances and indignant assurances to the contrary, the world is still spun by a peculiar logic that wishes to intimate, not so covertly, that a sizable chunk of humanity is, by chance and innate endowment, unfit, unworthy, and undeserving of the gift.

4. Summary and Conclusion

I have claimed that Rudolf Steiner’s main contribution to the field of social economics consists of two kernels: (1) the necessity of reconstructing society from the bottom up in the form of a tri-articulated and free region-city, and (2) the suggestion that the abolition of the profit motive ought to be replaced with associative interaction, accompanied by the issuance of a perishable means of exchange.

Society may thus be construed as an aggregation of free independent communes, linked to each other by associative bonds, which are woven independently by the groupings of the three different spheres; in other words, bridges are thrown from the guilds inhabiting one sphere to their counterparts in the neighboring borough. This process of social imbrication is repeated ad libitum until it crosses over national boundaries and eventually erases them completely in the unification of the human race into one brotherly league. Such a union, which may be characterized by the greater or lesser cultural influence of any one community over several others, can only be conducted in a peaceful way; the animus of international rivalry and aggression will be naturally given so little breathing space that in due time, it will wither in complete atrophy.

Economic activity is not to be regulated by the state but by the joint action of its representative “corporations” (in the medieval acceptance of the term); the laws delimit the radius of economic activity according to the acknowledged universal rights of human equality and dignity. No economic or business interference is tolerated in shaping the drafting of such laws; no untoward influence, either governmental or economic, can be exercised on the

sphere of the arts and sciences. Contact and exchange on the part of government and economics with the realm of the *geist* are allowed so long as they take the form of cooperative consultation. This will develop of its own accord and initiate a fully coordinated and oiled system of liturgy and donation from the productive sector to the two other “kept” systems.

No unrestrained profit and no savage business drive are in the threefold commonwealth. No hereditary dynasties and, least of all, no monetary eugenics (the propagation of moneyed interest through “high-finance endogamy”). The seed of all economic imbalance is the commodification of money. German anarchists alone have recognized this fundamental truth and have given it a full-bodied exposition. The antidote to the usurious malady of conventional money is straightforward: let the sign mimic the object, let the money die. It is time that the world, scholarly and otherwise, ceases to revere the usual self-styled “progressives” of the mainstream—whose proclamations are trite at best or just disguisedly conservative at worst—and resolves to pay careful heed to this essential intuition. Its significance is of the greatest import.

Doubtless, such a blueprint is utopian. Given the actual state of world affairs, only catastrophic change could make room for experimentation along the lines envisaged by Steiner and like-minded thinkers. The present system is erected on an anational banking network, whose living core is indeed imperishability, that is, the eternalness of magnetic impulses sold (at interest) in a proprietary enclave, which is jealously guarded by a taciturn brethren of bankers. The ramifications of such a network are not easily fathomed, all the more so because an extended subset thereof is devoted to “underground” dealings (cash transactions for dope, arms, tax evasion, and world prostitution). Politically, the situation is rendered even more daunting by the fact that the banking network operates in collusion with lobbyists and professional warriors (thus forming the mutually polluting union of imperial-corporate interests), and such an alliance must be buttressed by “popular support” (for the necessary provision of cannon fodder), which is obtained by means of the opportunistic and manipulative use of patriotic truculence to achieve political ends of remarkable magnitude. The arts and sciences are for the most part vandalized; artistic talent is now mercenarily attracted to showbiz and commercial publicity, and the remaining bastions of classic education are besieged everywhere and appropriately verging on the accounting zone of “nonrenewal.”

In such a world, Steiner is a foreigner, an outcast. His ideas shall reacquire spiritual citizenship only after social tumult will have run its course on a global scale in years to come. Meanwhile, heterodoxy can do no better than prepare for the challenge of the future by predisposing the intellectual terrain for the rethinking of social life; to such an end, the intuitions of Steiner may provide valuable input.

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