

Societal Finance: Rethinking Economics

by Arthur Edwards

“The truth is that the economic life of a particular time, and the spiritual life of a particular time (the times are not quite identical), hold the same relation as a nut to its shell; the economic life is invariably the shell which the spiritual life has thrown out. It takes its cast from the spiritual life. Today’s abstract economic life is, therefore, the product of an abstract spiritual life.”

-Rudolf Steiner, *Economist*. New Economy Publications, Canterbury 1996, p. 83.

The above quotation indicates that if humanity has an issue with the economic circumstances by which it is faced today then it need look no further than its thinking about those circumstances, for they offer us a reflection of our spiritual selves. If we would have different circumstances, then the first and most direct approach one can take is to think differently about them. Economic thinking, in this respect, implies not a divorce from spiritual life but a relation to it. Moreover, the future economic life of humanity will depend on little more than the quality of economic thinking that is brought towards it.



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Can Rudolf Steiner’s approach have a role to play in fostering a truer understanding of economics, one that is fit for life in both a practical and an academic sense?

When contemplating Steiner’s idea of money, one is immediately challenged by his view that money itself does not exist, only the three kinds of money (this includes purchase money, that is linked to goods; loan money, linked to capacities and gift money, linked to research and unfolding potential). A practical approach to grasping the true nature of money, and thereby not falling prey to the illusions upon which current concepts are based, is to adopt an accounting approach to financial literacy.

Increasingly we are told that we must become financially literate, but this is almost always meant in the sense of ‘personal’ finance. ‘Societal’ finance asks first how people are economically active and then how this activity becomes visible in terms of finance; by contrast personal finance directs people toward ‘money-as-an-object’, a pre-existing thing to be owned and then goes on to show how it can be increased by ‘saving’ this thing with one of any number of ‘financial service

providers.' The starting point of personal finance is not only subtly egotistical, it also bases itself on a false idea of money that could not withstand the most basic of questions.

With societal finance, individuals can be given the opportunity to arrive inside an understanding of economics through their experience of the finances of a project or experience that they themselves plan or undertake.

It is something of a rite of passage when a person becomes aware of what a balance sheet is, and is able, through the double-entry technique, to make the correct closing entries over a period. Moreover, one soon learns, in the income and expenditure account, that a true sale can never be generated by egoism and that the starting point of all economic life consists in how one pays attention to the needs of others.

Along with the nuts and bolts of technique, the financial literacy approach requires a certain background to be present that offers a narrative of humanity's economic journey. This can all be offered in factual manner, drawing on Steiner's indications about the progress spanning from local agricultural to global cultural economy, corroborated from other sources and with no need for a moralising tone that can otherwise enter where dissatisfaction with today's economic modus operandi is present.

What the process of becoming truly financially literate involves should not be underestimated. It belongs to the journey of becoming an adult and demands that a person take charge of life and wake up to wider circumstances. It invokes a culture of knowing how things stand and feeling responsible for them, rather than thinking that there is a certain dimension in life that is left to the experts, and about which one is content not to know.

Financial literacy is a life-skill and we are inherently awake to its relevance. This gives a real world atmosphere to a realm that otherwise tends to the abstract. It encourages a hands-on engagement rather than a merely reflective one and fosters the skills needed for business management. Most importantly an interface is created that allows one not only to understand the world as it is (accounting is the language of business), but also to bring to bear upon it the insights which derive from Rudolf Steiner's economics course, such as the idea of money as bookkeeping.

An education that enables a person not only to identify his own path in life but to have all the confidence and skills to be walking it already, will attract the community that belongs to the path. The whole ethos of one's culture becomes permeated with a certain financial consciousness, right into its detailed arrangements: for we need to take on board the discipline of managing our own circumstances.

By contrast, today's culture directs us to external measurable criteria while conditional funding ensures that organisations focus not on how the individuals might unfold but on what society imposes. To make matters worse, we are infected by an understanding of 'financial capacity' derived from a banking perspective, teaching people to look after their own money and have little interest in a wider comprehension of the way things work.

The task of bringing literacy in economics, business and finance into the culture of the education is a great one. The content of the curriculum itself needs to be developed in such a way that an awareness of it becomes part of the teacher training. Courses need to be taught by those who are competent in the subject; ongoing professional development in such competence is required via a circle of teachers who feel responsible and work in an appropriate scientific way.

Where a descriptive methodology is employed and accounting is made the basis of the analysis, the dichotomy between market economics and Steiner's approach need not arise. The proof of the economics will be in the subsequent ability of the students to get to grips with life rather than simply to be grabbed by the jobs market or university system. Young adults can learn skills for life at college, skills which enable them to create a foundation for their vocational destiny and develop their character so as not to be steered off-course by all the distractions that 21st century culture launches at the human being.

The Waldorf School movement was born of Rudolf Steiner's movement for threefold social renewal. In 1919, Steiner said "today's pressing demands of the social movement are primarily economic concerns." How much truer those words sound today, leading one to wonder whether Steiner's economic thinking might not after all hold the key that unlocks today's most uneconomic of mind-sets.

Arthur Edwards is a Director of the Centre for Associative Economics, gives courses in financial literacy and has recently completed a research thesis at Buckingham University entitled 'Three Kinds of Money – Rudolf Steiner in The Development of Monetary Economics'.

He will be in the US this Spring giving workshops on an associative approach to finance.

March 30/May 1st New York and

May 7 -9th Washington DC) and a curriculum development meeting with teachers. For more information on Arthur's upcoming events, please visit <http://www.anthromedia.com/articles/economics/events>.

