

**Rudolf Steiner and Thomas Greco - Two Monetary Minds**

**A comparative review of Tom Greco’s book *The End of Money and The Future of Civilisation*<sup>1</sup>**

**Arthur Edwards March 2009**

mail@arthuredwards.net

For anyone who has studied Rudolf Steiner’s economic thinking, Tom Greco’s monetary analysis will strike a chord. On key questions such as the need for separation of money and state and the logic of a differentiated idea of money, their analyses converge. Steiner’s many distinctive observations are seconded in Greco’s account, providing independent corroboration thereby of the logic of his thinking. The fact that the overlap is not complete, that the language used and the emphasis differs, suggests that an objective truth may be described from diverse perspectives.

Greco, like Steiner, emphasises exchange as the archetypal economic act, drawing his argument from this concrete phenomenon rather than the abstraction of institutional analysis. He proposes ‘solutions that are entrepreneurial and innovative, based on bottom-up organization and voluntary association.’ Moreover such solutions should incorporate lessons learned about what works. Change is premised upon proper understanding and how effective design can transform existing arrangements. This article highlights significant areas of overlap in the following area:

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**a) *The Metamorphosis of Society***

Greco brings together 3 key ideas that have correspondences with Steiner’s social thinking, namely: 1) The organic nature of the social process 2) The further evolution of human society as a consciously undertaken choice 3) The need to recreate social forms out of core ideas and values. He pays heed to the principle of metamorphosis not as an inevitable concomitant of human evolution but as a conscious aim: ‘the caterpillar’s metamorphosis into the butterfly might offer us an apt analogy for our changing civilization. I believe that the ‘caterpillar’ stage of human evolution is now coming to an end. The disintegrating caterpillar body cannot be sustained or reconstructed, it can only proceed with the metamorphic process, which means a complete disintegration as it becomes a resource ‘soup’ that feeds the emergent butterfly. We are on the verge of a complete redesign and rebuilding of all our political, economic, social, and cultural structures—the things that are hard-wired through our, laws,

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institutions, and social norms. The structures we need to create must be consistent with the values we espouse and the outcomes we wish to produce. These both determine and are determined by who we are, how we behave, and how we interact. If we are fortunate, we will succeed in emerging as the new creature that I think humanity was always destined to become.’

**b) Economics Rather Than Politics**

While acknowledging the existence of countervailing established interests, Greco disassociates himself from ‘coercion or the forced redistribution of wealth’ and warns against a politically enacted monetary reform agenda, preferring instead to follow the example of Dee Hock in attempting ‘to reconceive, in the most fundamental sense, the very ideas of bank, money, and credit card’ and Buckminster Fuller in shifting ‘efforts from the political arena to participate in the design revolution.’

**c) The Threefold Nature of Social Life**

Steiner and Greco belong to the small group of monetary thinkers who see a separation of money and state as an aspect of humanity’s evolution toward true democracy. Steiner describes the threefold nature of social life, meaning the need for economic life to subsist in its own arrangements as an independent element within the social order, rather than one that is fused together with cultural norms or the political process. Greco follows Riegel and other thinkers with libertarian leanings in wanting to liberate ‘the exchange process from the dominance of political and banking interests’, for it is this unholy alliance that holds together the status quo. On this question Greco comes close to identifying some of the distinctions that Steiner holds as fundamental. Namely, he argues for the introduction of a principle analogous to the now widely accepted separation of church and state: the separation of money and state.

Three Realms of Society	
Greco	Steiner
Church – Religious Freedom	Spiritual / Cultural Life – Individual Liberty
State – Civil Government	Rights Life – Equality in Community
Money – Voluntary Exchange	Economic Life – Fraternity among Humanity

Greco’s interest in and analysis of the American Constitution, founded upon the principles of freedom of thought and equality of rights lead one to ask whether one might add an independently managed economic life based on the principle of initiative and voluntary cooperation to constitute an apt trinity.

**d) The End of Money?**

For both thinkers too, there is an urgent need to understand that money is not a kind of thing (whether tangible or intangible). Hence Greco’s title ‘The End of Money...’ and his complaint that ‘banks perpetuate the myth that money is a ‘thing’ to be lent’; Steiner is no less clear when he says ‘money as such does not exist.’ But what then, in place of money, do we have? Again there is a correspondence in

Steiner and Greco's views, each makes a basic differentiation; Greco between the exchange and finance function, Steiner between purchase money and loan money. So for example Greco says: 'there are two basic questions that need to be addressed, one relating to the exchange function, the other relating to the finance function. Both of these involve the use of credit. The exchange function has need of short-term credit that bridges the gap between the delivery of goods to market and the sale of those goods. It is this credit, and only this credit, that should be embodied in modern money. Money, then, becomes a virtual representation of real value in the form of goods and services that is ready to be bought and consumed... The solution for the finance function would seem to lie mainly in making a shift from debt financing to *temporary* equity financing. Whereas debt makes borrowers and lenders antagonistic toward one another, equity (being shared ownership) tends to harmonize the interests of the user of capital with those of the provider of capital in that both the rewards and the risks are shared.' Many other examples could be found.

### **e) Differentiated Money**

There is another aspect of monetary differentiation which Greco discusses in a chapter entitled 'separating the functions of money', when he highlights the fact that the *three* functions of money are contradictory. The elementary contradiction he characterises as follows: 'If money is a medium of exchange, it needs to be spent, but if it is a store of value, it should be held,' before going on to explore the nature of measure of value (or unit of account) and its problematic identification with currency. Greco contends that 'we need is to segregate these three functions in order to optimize and restore honest dealing to the reciprocal exchange process,' much as Steiner says 'the three kinds of money must be treated in different ways.' While it would be tempting to lead this analogy with Rudolf Steiner's three kinds of money, into a correspondence of 'gift money' with Greco's understanding of how value is to be measured, too close an identification would not be warranted. Greco is careful not to be too definitive in this area but does nevertheless point an unequivocal finger at legal tender laws in falsifying economic values.

### **f) Global Economy**

Greco's conception of the economic realm as a public arena becomes clear when he uses phrases such as 'the credit commons.' Nor is his vision only a local one, like Steiner he sees economic life in humanity-wide terms and thinks that 'a global network of independent trade exchanges that could result from such agreements is an attractive one that the industry should work toward establishing.' He envisions 'democratically structured global payment system operated in the interests of the general welfare with membership open to all, in which the exchange medium is abundant and readily available to mediate as much trading as people need to do, and which provides each member with an interest-free line of credit.'

### **g) Money as Accounting**

A further significant area of agreement between Greco and Steiner comes with the former's characterisation of money as an 'accounting system, a way of 'keeping score' in the economic 'game' of give and take'. A consequence of this, described by Greco as the "gunpowder" that makes the

‘castle’ defenses of conventional money and banking obsolete and useless’ is the possibility of direct credit clearing which ‘while ... most commonly associated with banks, ... is an ancient process said to date from at least the middle ages. It is said to have been used among participants in the periodic commercial trading fairs that were common during medieval times. As we will show, clearing is a process that can be used to offset claims among not only groups of banks, but among any entities that have financial claims against one another.’

## ***h) The Future of Civilisation***

If the conclusions that Greco arrives at appear obvious, that is only because when, in retrospect, one considers how an idea came to be adopted, its self-evidence becomes clear. As Arthur Schopenhauer wryly observed: ‘all truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.’ Before such a time, however, much working out is needed. We should be grateful to the select group of monetary thinkers (many of whom Greco cites) for having undertaken this task on our behalf. Only the future can tell to what extent their contribution will bear fruit in more effective monetary arrangements. Whether the logic of the argument will be enough in itself to effect change is a moot point. What makes Greco’s work outstanding is the combination of breadth of analysis, clarity of expression, historical narrative and practical example that he brings to bare. There should be no excuse for anyone who claims an expertise in this arena not to have familiarised themselves with the world Greco describes. The question is far from academic. Indeed the apocalyptic nature of Greco’s title signals the seriousness of what he intends to convey. The book ends with an exhortation to reverse ‘destructive and despotic trends, and prevent our sliding into a modern form of materialistic feudalism.’ In similar vein, Steiner ends his economics course underlining that because society had slid from truth ‘into the empty phrase; from the sense of right into mere convention; and from a practical hold on life into dead routine,’ it was vitally important for those ‘would be economists’ who attended ‘to contribute to the healing and reconstruction of our civilisation’ which they could do only by developing ‘the will to go down into the facts.’