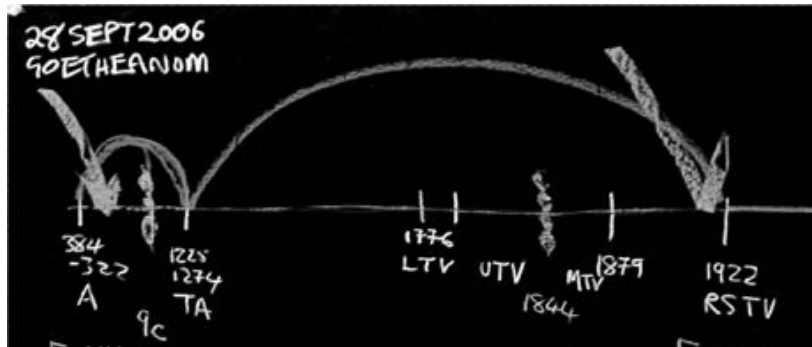


Introduction



I have been prompted to bring these essays together in one place by the fact that in the aftermath of the global financial crisis Aristotle seems to be on many people's lips, reminding one of the re-appearance of his works in the Middle Ages, especially in Italy and especially through the life and work of Thomas Aquinas. In *Keynes, the Return of the Master*¹, for example, Robert Skidelsky makes such frequent reference to Aristotle that one wonders if it is not Aristotle who is the true returning master.

This anthology begins by considering the relationship between Aristotle and Rudolf Steiner as economists. This has been a guiding theme throughout my professional life, marked by an essay that I have not felt any need to change ever since I first wrote it in 1972. It highlighted the significance of Aristotle as an economist by comparing his conception of exchange (and economics more generally) to that outlined in the course on economics given by Rudolf Steiner in 1922².

While Aristotle needs no introduction, Rudolf Steiner (1861-1925) is not well-known, at least not for his contribution to the science of economics. Born in Kraljevic, at that time in Austro-Hungary

¹ *Keynes, The Return of the Master*. Robert Skidelsky, Allen Lane, 2009.

² *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 1996 [1922]. (GA 340)

but now in Croatia, he regarded human experience as straddling two realities – the physical world and a universe of experience, ranging from worries to questions of destiny and the meaning of life, that physical knowledge alone cannot explain. Steiner saw the development of the scientific method as the means to comprehend this dual experience. In his view, the scientific method first arose in connection with humanity's preoccupation with the physical world – especially the time after the Enlightenment – an event closely connected with the rise of industrial society with its strong emphasis on individualism and production-based economics.

For Steiner, however, the scientific method is not peculiar to and should not be captured by humanity's fascination with the physical world. The discovery of truth through observation transcends our preoccupation with physical life. It is in some ways easier to achieve in the physical realm because the physical world provides immutable reference points, anchors, which enable us to orient our consciousness. But the scientific method can equally be applied without any loss of reality or scientificity to that part of human experience that is not physical.

This aspect of scientific enquiry was variously described by Steiner as 'spiritual science', a 'science of the invisible', or just precise thinking. The name is not as important as the reality to which it points – namely, that the scientific method enables human beings to understand the totality of their experience, not just the physical part of it and not by trying to explain all experience in terms of the physical paradigm alone.

Steiner is well-known for his contributions to the fields of agriculture, education and medicine, the outcome of many lectures and courses through which he sought to deepen humanity's understanding of life and thus to enrich and ennoble its practical conduct. Less known is the earlier mentioned course of lectures on modern economic life that he gave in 1922, the content of which displays a profound conceptual and practical awareness of the subject. His aim was to show that economic phenomena – values, prices, money, inflation, etc. – are not physical. If they are to be understood scientifically, therefore, they need to be approached in terms of invisible or spiritual science, not by analogy to the physical sciences.

Because economic phenomena are non-physical they provide no clear bearings for our ordinary consciousness. Everything becomes

relative and there is no clear starting point. This is especially true of finance and of the, now elapsed, use of the gold standard. For Steiner, therefore, the key was reciprocity; everything finding its meaning reflected in everything else. Thus, economics cannot model itself on physical science but needs instead to be a theorem grounded in itself – an exercise, in fact, in persistently precise thinking.

This radical approach and the conceptual and practical conclusions it leads to account for Steiner's absence from the field of economics generally. His seminal and far-reaching contribution to the discipline has lost none of its relevance, however. Indeed, we now live in a time when economic life increasingly defies physical explanation. In this sense, associative economics seeks to give expression to the wider reality Steiner had in mind but in terms of current events – the better to understand them and thus to contribute to practical resolutions of the problems they entail.

Returning to Aristotle, the second chapter, coming some 20 years later, makes the claim that he, the true master, is also the true father of economics – not Adam Smith, speaking for the Right, as it were, or Karl Marx for the Left. The distinction between 'use value' and 'exchange value' is but one example of how Aristotle marks himself out for this role, something keenly observed by the late British economic historian Eric Roll, in his authoritative survey of economic history.³

In the light of these considerations, the next two essays link the Aristotle-Steiner thesis also to Thomas Aquinas through the work of the Association of Social Economics⁴, whose scholarly treatment of Aristotle and Aquinas is perhaps second to none. It is also well established in academia.

The first piece is a paper delivered in Albertville in June 2004 at an ASE conference, in which, albeit indirectly, I sought to add Rudolf Steiner to their purview. Entitled *Money, Bookkeeping and the Inherent Ethics of Accounting*, the paper could be described as em-

³ *A History of Economic Thought*, Eric Roll. Faber and Faber, London 1992. See also the discussion in chapter 5 of this book.

⁴ <https://socialeconomics.org/>

bedded Aristotelianism, in that it weaves Aristotelian considerations of ethics into the very ‘fabric’ of modern finance.⁵

The second piece grew out of the first, being a review I was asked to write of a book by Mark Cheffers and Michael Pakaluk concerning the need to reground the ethical basis of the auditing and accounting profession. Their main idea – that ‘character’ is needed if accountants are to resist too close a relationship to their clients – is surely one that has relevance also as regards modern finance in general, especially when addressing the ethical challenges implied by the global financial crisis.

The ‘justification’ for including both these texts in this volume is a double one. Firstly, they belong to a growing literature concerning the need to rebase economics on accounting. Though it does not originate then, this literature was quickened in the early 1990s⁶ by people like McCloskey, Sangster, Soll and others, all of whom argue this case, and all of whom, in doing so, find themselves linking back, way beyond Adam Smith, to Aristotle.⁷ Secondly, Rudolf Steiner’s economics course culminates in observations concerning the bookkeeping nature of money. Indeed, per Steiner, money has only ever been and can only ever be bookkeeping, notwithstanding the different forms this has taken in the long course of history.⁸

These essays are followed by a deepening of the book’s main idea through a more detailed and indeed complex consideration, not only of Aristotle and Rudolf Steiner, but also Thomas Aquinas. In this essay, the attempt is made to identify and make good the deficiency of modern economics that resulted from Aristotle’s myopia – the one-sidedness of his worldview, at least as regards economics. The essay was originally written in two versions – one for academia, the

⁵ A decade later, in 2015, when working on a project at Technical University Delft, I also wrote a paper with a colleague, Ro Naastepad, called ‘Aristotelian Economics and Modern Finance, A consideration of the true counterpart to today’s financial markets’. See <https://www.sbs.ox.ac.uk/research/centres-and-initiatives/skoll-centre-social-entrepreneurship/creating-economic-space>.

⁶ That is to say, long before the global financial crisis of 2007/8, an event that has only served to endorse and enhance the relevance of such research.

⁷ One could also mention that much of Keynes’s work is grounded in Aristotelianism, albeit as interpreted by G.E. Moore. Likewise, the critique of Amartya Sen’s ‘capability approach’, at least as advocated by Martha Nussbaum.

⁸ See lecture 14 in *Economics*, op. cit.

other for a more in-house Steiner readership. Here the two are combined, hopefully with a successful outcome. That said, the exercise is something of a *tour de force* because it is not easy to examine Aristotle's mind, let alone suggest ways in which his understanding may have fallen short of his challenge.

The anthology concludes with a final consideration of the contribution of Rudolf Steiner, more especially his work in what is known as associative economics. The argument is put forward that this approach alone is able to lead humanity out of the valley of neo-liberalism in which it is currently sojourning. Not for nothing, presumably, does the idea of liberalism have its naissance with Aristotle.

In all this, there is no pretence of doing anything particularly revolutionary or original. My simple aim is to provide a fresh focus on Aristotle through a tentative and preliminary exploration of the link between his ideas, their updating at the time by Thomas Aquinas, and their arguably most recent iteration through the work of Rudolf Steiner qua economist.⁹

— *Agistri, Greece, June 2013; revised Porquerolles, France 2019.*

⁹ Note: because the concept of egotism plays such a key role in this book, as the problem above all to be overcome, mention should be made here of the use of *egotism* rather than *egoism*. The distinction is subtle. As used here, egoism is the necessary use of one's own forces to accomplish anything of value to others; egotism is the use of those forces to one's own ends, rather than to serve others.