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Capital Consumption, Money Creation and shaping of Economic Associations

From the Structural Composition of »The Economics Course« (3)

Translated by Philippe Lheureux

Old conflicts tend to reappear within tense situations. So pops up again, in the wake of the ongoing efforts to save Europe, in a rather unconcealed fashion the economic antagonism existing between England and Germany. Here, the purely organizing spirit doesn't seem able to master the situation. Within this backdrop, Stephan Eisenhut shows based upon ›The Economics Course‹ held 90 years ago, the actuality of the thoughts developed back then specifically for today's monetary and credit systems. Hereby he reactualizes the »way to resolution« proposed by Steiner not fully grasped back then, consisting first and foremost in freeing thinking from an all too confined and limited capacity to envision reality. This »resolution«, which can also be seen as a dissolution, represents at the same time the »opening« of a space out of which the Economic Associations often discussed within Social Three-folding circles can appropriately be shaped.

The Euro-crisis can strongly be reduced by the following simplified question: Should the debts of Europeans be financed by printing more money, or should, so that the amount of circulating money doesn't grow too much, the needed capital be found on free capital markets?

The investors from London City or from New-York's Wall-Street tend rather towards the first option. The German State prefers the second option. The problem however is that increasingly Euro-countries encounter difficulties in finding money -on capital markets- with acceptable interests. And by choosing to renounce printing money, money should then somehow result from capital markets. This could happen through Euro-bonds or through rescue funds.

The actual problem concerning the Euro crisis is seen by investors as well as by political decision-makers from economically strong EU states, not in indebtedness itself, but in the actual European decision-making structures. Investors want securities for their investments; political decision-makers don't want to

Europe in Crisis

1 That England, during the coordinated efforts to save the Euro, has put up a veto doesn't mean that the City's investors have no interest in a European unified State. To integrate oneself into the European unitary State however would contradict the English people's character deeply. While when continental Europe does so, this is within the English interests -when England finds ways and means to influence political decisions towards its own interests.

be liable for debt creation they can't control. Would it therefore succeed to force the economically weaker EU States under a stronger EU treaty, than both interests would be served. Factually speaking, the organizing spirit drives Europe into a unitary State. This unitary State then becomes further an instrument for a financial elite¹, on whose side financial assets become concentrated and who, as if driven by demons, seek to augment their wealth ever more.

»The Financial sector«, so does the American professor of economics Michael Hudson write aptly in a Frankfurt newspaper, has »arrived at a new form of warfare -apparently less bloody, but with the exact same goals as with the Viking invasions more than a thousand years ago or as in the approach of European colonial powers, who appropriated land and natural resources, infrastructure and other profitable sources of revenue.«² As a resolution to this problem, nothing particularly occurs to him, other than a kind of nationalization of the money supply. The organizing spirit can out of itself not come up with a resolution for such problems.

The question of Allocation of Capital: the Reality of Demand

In the preceding considerations it was shown, how Rudolf Steiner developed in the fourth lecture of the Economics Course an inner view of the process of capital formation, while in the first lecture he treats the economic problematic still more from an outer perspective. Throughout the compositional build-up of the fourteen lectures, what is expounded there moves within the tension between health and illness. So it is in the first lecture, where the First World War is characterized as a result of a kind of thinking, which exhausts itself within purely outer, abstract intellectual considerations and which through this very fact is unable to produce a real workable view of a world economic process. The question as to a healthy shaping of the socioeconomic process was presented in the fourth lecture, as being the right relationship between capital's capacity of dividing up labour and as the material workload needed to satisfy the existing consumption demands.

This present third consideration is specifically dedicated to the fifth lecture of the Economics Course. There Rudolf Steiner puts the question forward as to the right consumption of value. Just as in a healthy human organism nutrients need to be used up, or this organism falls ill when unused-up substances start to be stored somewhere, so should also in socioeconomic organisms

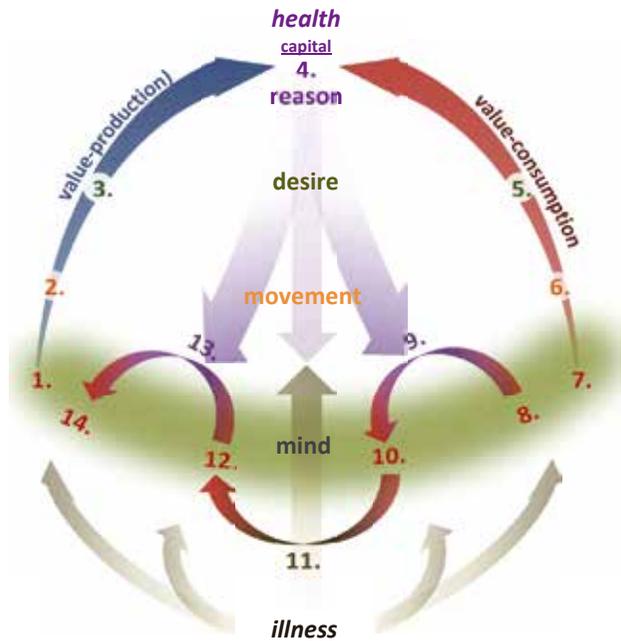
2 Michael Hudson: *Der Krieg der Banken gegen das Volk (The War of Banks against People)*, in: *Frankfurter Allgemeine Sonntagszeitung*, 4.12.2011 (Nr. 48), S. 28

value- production be followed by value-consumption. Socioeconomic processes should therefore not only be considered from the point of view of value creation, but a real consideration of the consumption of values should follow as well.

Concerning the creation of value Rudolf Steiner has described three forms of value creation: »Values come about through applying Labour to Nature; Values come about through applying Human Spirit to Labour; Values come about through applying Human Spirit to Capital. And everything is in a constant forward movement.«³ Such a value creating movement is halted, when the demands of consumers are confronting it. Consumers want naturally to consume values, and precisely therefore, that the consumer puts himself in front of the value creating movement, a new form of value development takes place (by creating demand).

Rudolf Steiner calls this, in reference to picturing the theory of Potential Energy in physics, the value creating tension. Through unsatisfied demands, a tension energy is built up -comparable to the tension that comes about when a ball lies on a slanted surface while being held back by a wedge. Such a tension generates a new form of value, through the fact that hereby meaning is provided to the value creating movement. If it becomes possible to create within the economic life an organ, through which such tension relationships can properly be evaluated, then over-production and its waste of labour force and of natural resources could be extensively avoided. In the world economic process the producer is largely dependent on his productions also being needed. The tension produced by demand is the basis for producing, while this leads to a double gain: the gain by the consumers, who can satisfy his or her own need for products, and the gain by the producer, who can satisfy his or her need of income.⁴

The fact that Steiner puts at the beginning of the fifth Lecture the aspect of demand which leads to the value creating tension, has to do with the particular position this lecture takes in within the general composition. While the fourth lecture puts the



3 Rudolf Steiner: World Economy (1922; GA 340), in German version Dornach 2002 (From now on: WE), 5th Lecture, P. 69f.

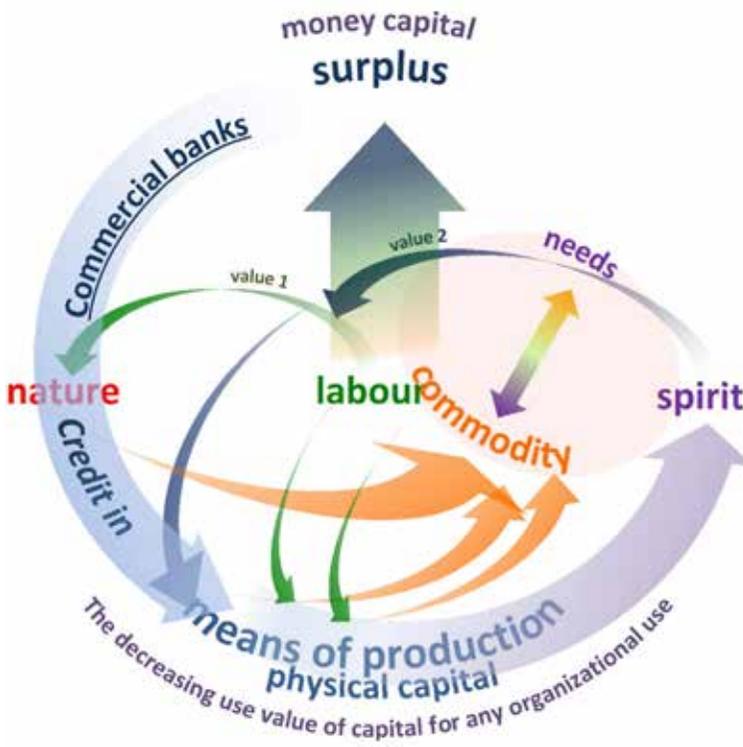
4 See Rethinking Economics, 10th Lecture, p. 118: »We have therefore this peculiar phenomenon. Two people make an exchange, and -at any rate in the normal process of purchase and sale- each one of them must make a profit. For practical economics it is far more important to consider this than is generally realized. Let us suppose that I sell something and receive money for it. I must desire the money more than I do the commodity. The buyer on the other hand, must desire the commodity more than the money.«

gaze on the activity of the human spirit, so does the fifth lecture direct the attention to the activity of actual desire and demand. As long as human desire is interwoven within an overall context, it will form the basis for human development. Only when human desire loosens itself from these interrelationships and the demand becomes independent of these, does it become an inhibitory and ill making force.

The decreasing use value of capital for any organizational use

Steiner doesn't apply the thought of »value creating tension« solely on the consumption of goods, but equally to money capital. We have described in the first of these considerations how the organizing human spirit divides labour above all because this spirit invents technical means aiding labour which, massively applied, create hereby much more efficient ways of producing. Through this there appears on the one side real capital (means of production) and on the other money capital. Money capital is, factually speaking, the excess, that remains, when all those who have participated at the production of goods come to be in such a position that they are themselves capable of satisfying their needs accordingly, till they will have produced another

corresponding production performance.⁵ When money capital isn't only the result of the one taking something from the other, then it becomes in fact an image for a societal free space. This is because less work has to be done to meet the existing needs. This free space can only be used to develop further the production potential of a national economy. It could however be used to satisfy purely spiritual, non-physical needs. When the production potential of a national economy isn't very well developed, then money capital has a very high va-



value when it is loaned to somebody who drives the economic development further. Somebody like that will then lead the value creating movement further, in such a way that yet again more labour is saved as well as surpluses created.

Now, it is possible to envision a further step, where these surpluses can not be managed by the single enterprises themselves. This leads institutions (Commercial Banks) to come about, which gather the money capital and loan it out at those, who again have new ideas, to develop the production potential further. It is easy to grasp, that such a value creating movement can not eternally be continued. While the more the production potential is developed, the more the surpluses would grow. At the same time, hereby do the real possibilities, to develop the production potential further, get increasingly smaller. It would of course be possible to resort to developing ever new kinds of products and with adequate marketing methods to make sure, that such new products find a market; but over time this possibility too to revalue capital will exhaust itself. Steiner mentions within the concomitant seminars to the Economics Course (known as World Economy) that » money will not have a lower purchase value but a lower value for any organizational use.«⁶ This exploitation power of capital diminishes with the increasing level of development of a national economy. The decrease in the exploitation power is reflected in the differentiation of the production potential.

Capital has the tendency to call forth ever new industry sectors which play a special function within a labour dividing economy. In the measure in which such industry sectors only serve to create and to satisfy »imaginary demands«, does the process become pathological. What, however, happens when the production process can no longer absorb the excess capital while nothing else confronts such capital which could bring about the necessary tension?

Now it has been customary since Antiquity, that the borrower had to give the lender a deposit as collateral. The word »hypothek« (mortgage) comes from the Greek ὑποθήκη = »pledge«. In Roman jurisprudence, pledging or mortgaging was from the beginning customary. Out of the experience of the unreliability of people, it is quite comprehensible, that the creditor would provide himself with legal means, securing hereby a counter-value, in case the debtor couldn't afford repayment of his debt.

5 Com. Hereby the »Formula of the true Price«, which Rudolf Steiner develops in the 6th Lecture of Rethinking Economics.

6 Rudolf Steiner: Rethinking Economics (1922; GA 340 - 341), Dornach, p. 253: »In actual economic circulation such money will not have a lower purchase value but a lower value for any organizational use.«

Capital Jam in Nature

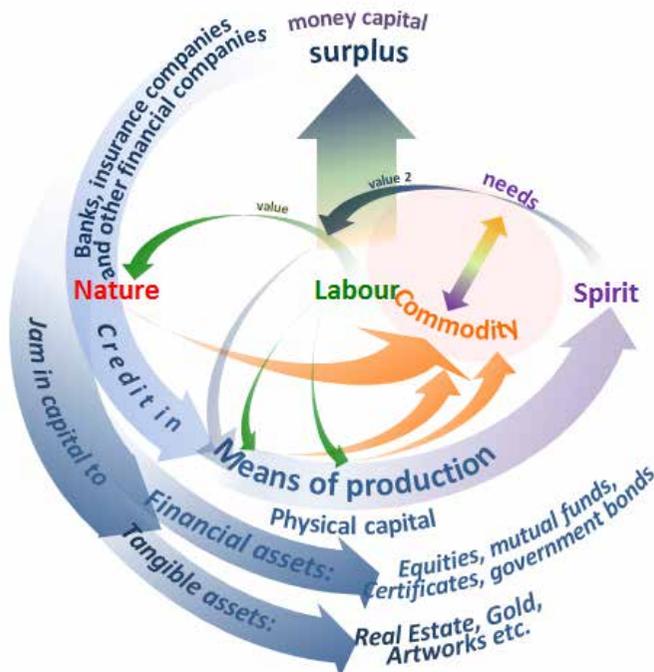
7 Rudolf Steiner points to the difference between the English mortgage legislation and that of the Central European countries (comp. WE, p. 76 in German version) Until the reform of the law of real property by the Law of Property Act 1925 and the Land Registration Act 1925, this was designed in such a way that the capital value of the Land and Soil could not be driven up any way. Disposing of pieces of land was made difficult by the fact that the rights of use could be transferred to several successive people (legal estates) and all these people had to agree to the right of use. In addition, the marketability of land was further restricted by the fact that the legal relationships to a property could not be identified by a public register (see Carsten Hofmann: Mortgage and Charge: Design Options in English Credit Insurance Law, Berlin 2002, p. 31 f.).

While land or real estate property always stood for great value, the possibility through optimal legal conditions were created in modern times for the mortgaging of those.

In modern economic life based on division of labour a previously unknown problem appears: Capital, that is available, is, due to the above described processes, available in excess. Comes to that the fact that each single capital owner as a rule seeks to augment his capital, through appropriate investments. While however the revaluation capacity of capital has been exhausted, no real sensible economic investment opportunity offers itself. In developed economies, soil and land becomes therefore a fictitious value-conservation means. This not only meets the Bank's credit requirements exceedingly, but at the same time opens up new fields of business opportunities. Land and Soil can take on a monetary value, while through the elaboration of property rights they have become »marketable«. ⁷

The excess in money capital is therefore used to drive the prices upwards for such financial assets. Capital builds-up within Land and Soil. It doesn't go back to Nature, but connects itself falsely with her. In the measure in which capital loosens itself from real economic production, industry sectors come about, namely the so called financial industry, whose only concern it

is, to direct the assets of its customers towards ever more »secure« or »profitable« investments, and which then further specialize in bringing about ever more sophisticated and creative forms of investments. A distinction is made between investment-type forms such as savings deposits or securities (shares, certificates, government bonds) and asset values, such as Property. The latter are held rather long-term because of the higher expenditure on acquisition or disposal. In the case of asset values, profits can be achieved exclusively by value increases, while in securities and savings deposits the deciding factor is the interest rate reference.



The development of the path taken by capital as shown above is not a historical but one of a mental thought process. Historically, the development has not simply been carried out in such a way that through inventiveness real capital has been formed, and that on this basis industrialization would have arisen, but the capital basis for larger industrial projects was rather first created by means of powerful appropriation.

Thus, the conditions of English industrialization were laid down in 1757 by the Battle of Plassey, by which the British gained the supremacy over Bengal (now Bangladesh and a sub-region of India), which had become prosperous by its cotton processing. According to the American historian Brooks Adams (1848-1927), the plundering of India laid the capital basis for the »commercial adventurer«, which, by its high risk exposure, made it possible for inventions such as the steam engine to mature technically, so that a profitable industrial production became possible.

Many inventions had often been unused for hundreds of years because of the lack of energy otherwise brought about by capital through which they could be put in motion.⁸

Adams then drew attention to an interesting upheaval that took place between 1810 and 1815. Until then, his observations were lead onto the domination of the capitalist class, the capitalist type, who, through the use of capital, made the inventions fruitful for the real economy. Now, however, the wealth that had thus newly been won led to the victory over all forms of power. Through this wealth »... a new type came to power: the modern banker«.⁹

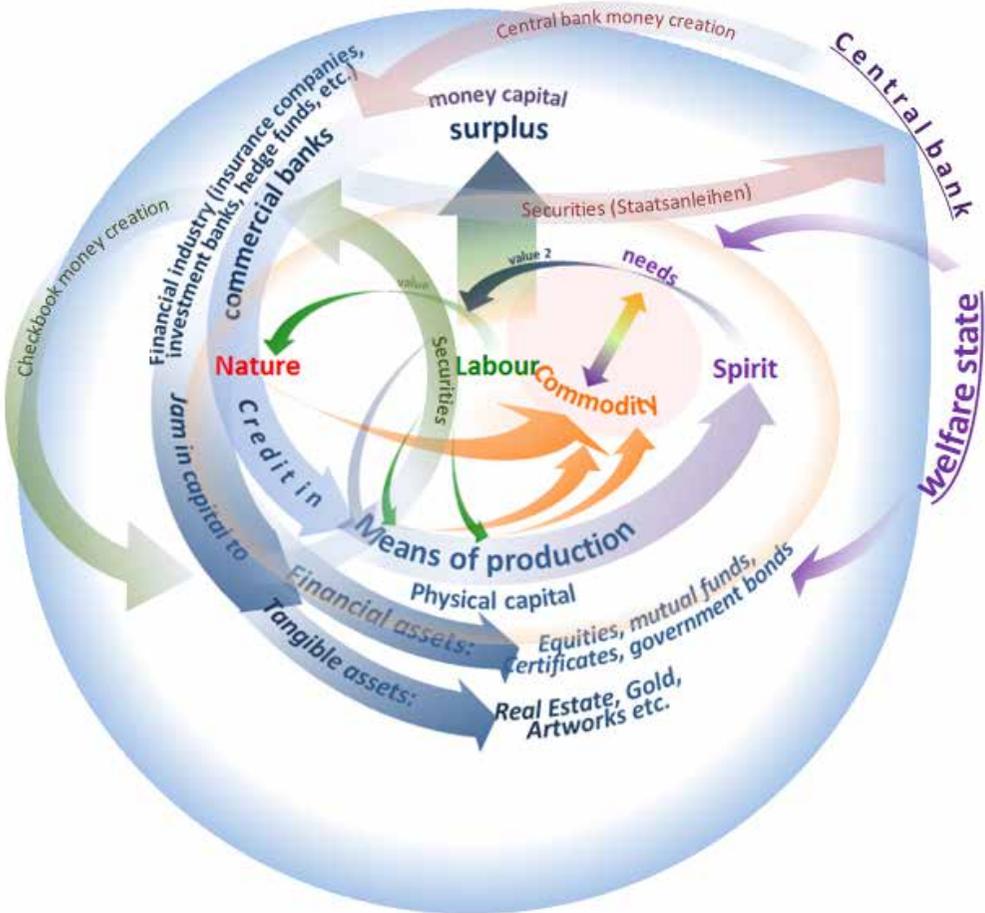
For this type, it was only a question of making money by means of money itself, without regard for the development of the real economy. Influential bankers took control of the money supply. Through the scarcity or the expansion of these, they succeeded in establishing conditions which they themselves were particularly well able to exploit. Adams shows beautifully how by linking money management with the credit business, a manipulative element enters the economic life, which is still effective in a transformed form today and which gives influential groups the opportunity to create conditions which serve their interests.¹⁰

But the monetary masses and money-creation problem is not to be analyzed here in historical terms, but only followed through thoughtfully and analyzed in their basic motions. What is the significance for the commodity markets when more and more money is used to acquire property rights and not goods? If new money is not always put into circulation, then the money that is

The Problematic of Monetary Creation

8 See. Brooks Adams: ›Das Gesetz der Zivilisation und des Verfalls,‹ dt. Translation Wien/Leipzig 1907, p. 378f. 9 A.a.O., p. 385f.

10 See also Rudolf Steiner: ›Social Ideas - Social Reality - Social Practice.‹ Question and study evenings from the Confederation for the Three-folding of the Social Organism in Stuttgart between 25 May 1919 and 15 September 1929 (GA 337a), Dornach 1999, p. 146 ff. und p. 274 ff. Steiner refers to Brooks Adams in both places without mentioning him. Unfortunately the publisher has not made any comment on this.



available for the purchase of goods becomes scarce. Prices of goods fall and income of producers decrease accordingly. The economic situation is stalling and unemployment is created. In the twentieth century, a »grandiose« idea has now appeared. If the economy fails because of a lack of demand, the State has to endebt itself and hereby develop additional demand. The producers are then able to sell their goods again at reasonable prices and the economy is starting up again. The only problem is that the State is hereby piling up a mountain of debt. But government debts, so was the thought, are only tax revenues that have been postponed into the future, and when the economy grows again, the State is also given more taxes which it can use to pay off its debts. This calculation has never been known to be true. It can not be true because in modern monetary systems the supply of money to the economy is linked with the issuing of credit.¹¹

The politicians in this money regime are almost forced to continue indebtedness. Such a debt repayment is also countered to the capital appreciation interests of the investors. After all, government bonds, especially those of the leading industrialized nations, were till recently still considered to be particularly secure. You could park there money without worry. Sovereign bonds have been particularly comfortable for the credit banks, as these were mainly paid by scriptural money created in the banking sector. When buying a new government bond issued by a bank, the bank simply writes a credit onto the State's current account.

These results in a liability on the liabilities side of the bank balance sheet and on the assets side a claim against the State. Such a balance sheet extension does not require that depositors invest the same amount at the bank. This would only be necessary if through cash disbursements too much liquidity would be required from the banking sector and the refinancing possibilities at the central banks were severely restricted. Looking back on the past decade, it becomes clear that it has generally been very easy for the banking sector to refinance themselves with central banks. In addition, less liquidity flows out of the banking sector, as more and more payments are cashless.¹² In this respect, banks were able to expand their holdings of government bonds almost at will, without having to limit their lending activities in other areas.¹³ If they quickly needed central bank money, then the government bonds were accepted as collateral at the central bank.¹⁴ Critics of banks' net cash inflow are therefore of the opinion that it would be better for the central bank to finance government debt directly instead of detouring through the banks, since it can not be understood that the State is paying interest on money that the banks simply create.¹⁵

As a result of the debt, more and more money is getting into circulation. However, the central banks of the industrialized countries did not have to fear, for three reasons, that this additional money would not inflate the prices of consumer goods: 1. If, through a strong competition and a maximized production capacity, prices would be under pressure, 2. if the western industrial countries could be able to buy imported goods, mainly from Asia, cheaply, and 3. if the rising assets value could absorb the additional liquidity. Speculation on the growth of assets is then a major business area of the financial industry, which themselves ensures that these markets are very volatile. In this

11 The technique of the creation of the money supply of the credit banks and the banknote creation of the banknotes has been extensively examined by me in: ›The Double Source of Money‹ - PART 1, Die Drei 1/2009, p. 19ff.

12 As banks normally adjust their liquidity positions through the inter-bank market, the money transfer system can be viewed as a single system. If the inter-bank market interrupts because of a crisis of confidence, the possibility of generating money is suddenly reduced. However, this is usually offset by the creation of banknotes (›flooding of the money markets‹)

13 Government bonds had not yet to be deposited with equity, as they are allegedly fail-safe!

14 This is generally done by way of secured repurchase agreements. The central banks buy the government bonds from the credit banks and arrange for a repurchase date. With a loose monetary policy, the credit bank can almost always convert the government bond into liquidity.¹

15 See Joseph Huber: ›Monetary Monetization‹, Marburg 2010, p. 86. Huber calculates a net banking gain for banks in 2008 of 1623 billion Euro.

16 See. WE, p. 75.

way, the real economy (red ellipse in Fig. 4) is increasingly overburdened and damaged by the financial economy (blue bubble in Fig. 4).

In the current monetary system, in which money is created from credit, money does not reflect the economic output capacity, but actual legal and power relations. After all, credit is only granted to those who can pledge collateral, and only in exceptional cases is the person who has meaningful ideas and the abilities to implement them granted unsecured capital. From the perspective of the investor, there really is no difference between tangible assets and money. Tangible assets are then only money in a less liquid form, ie, a money substitute or a form of monetary value storage. If money is created in this form through applying Rights, it is then detached from true economic reality instead of connecting it with it.

Rudolf Steiner, in his fifth lecture, points to this illusory world created in this way: »It is not economically important to know whether I am spending money, say, somewhere, which is not founded in any reality at first, but only by simply augmenting banknotes, or whether I grant capital value to land and soil. In both cases, however, I am creating illusion values.«¹⁶ But since both are still common practice, a world economy has emerged, characterized by constantly changing bubble formations, making fear and greed into the main driving forces of man.

Capital Management and Money Management

It is interesting that Rudolf Steiner makes the problem of modern money management clear, based on the contrast between secured credit and unsecured credit. Thus he succeeds in condensing a whole series of aspects of the development the modern money management in a few statements. With the analysis of the secured loan, which is given against material collateral, he points to the problems of modern property rights and their connection with the money system. Here the past continues, in which man first had to learn to connect himself with the external world and in which the external material law was more decisive, than the mostly still very hidden human individuality with its often even more hidden personal capabilities. While Steiner confronts secured loans with unsecured loans, which is given solely on the basis of the debtor's good personal credit rating, he looks to the future: the ability and capacities of an individual person, which should be ever more the sole real reason in a world-wide economic organism on which allowing credit

is most profitable. Basing credit on the material collateral must drag the modern, labor-intensive economy into the abyss, while basing it on a man's abilities corresponds to addressing the actual building forces in the social organism. There however where in social life a man is considering individual human beings with their particular capacities, Rudolf Steiner speaks of a spiritual life. The institutions that manage money capital in the future, he envisions them therefore as institutions of spiritual life and not of economic life.¹⁷

Another aspect, which Steiner is putting in the spotlight with this kind of contrast, is that of »cheap money«. If a secured loan is given and the central bank's interest rate is very low, then assets such as real estate and shares are rising. This, because banks can easily provide themselves with liquidity and thus extend their lending. The current crisis has been decisively impacted by a policy of cheap money. And the approach to a solution that today is or will be enforced by the financial industry is to keep money cheap by the permanent increase of the money supply.¹⁸ But this really serves only the interests of those who want to maintain their assets which they have stocked up to unbelievable amounts. The majority of these assets are held globally by a small, influential group of people closely connected with the financial industry.¹⁹

The way in which the two-tiered monetary system is operated through the central banks (credit note creation) and credit banks (scriptural money generation) corresponds in its form to that which is absolutely necessary for the institutions of spiritual life. While it would be in the nature of such institutions to deal with the individual needs of specific groups of people. Institutionalized spiritual life, however, becomes a harmful force when it develops techniques through which it can enrich itself at the expense of others. For Rudolf Steiner, therefore, money management is neither a task of the intellectual life nor of the legal life, but it belongs to economic life.²⁰ This, of course, does not mean that money management itself is to become a private economic organization. The institutions of economic life are primarily to be concerned with the processes of production, of distribution and consumption. Money management therefore has to ensure that monetary processes correctly reflect the goods and services' movements. This is only possible when organs are formed, - Rudolf Steiner calls these »associations« -, which can assess the economic output capacities on the ground.

17 See. Rudolf Steiner: »The social question as a question of consciousness« (1919; GA 189), Dornach 1980, p. 129ff.

18 Vgl. z.B. den Kommentar der London-Korrespondentin der FAZ vom 2.12.2011, S. 11: *Notrufe der City*.

19 In a study by researchers at the Swiss Federal Institute of Technology in Zurich, it was recently shown that a very high concentration of power towards a very small elite has been created by way mutual investments of international groups. Thus, a highly networked core group of 147 companies alone would control almost 40 percent of the world market. »The small network,« one of the authors remarked in an interview, »consists almost exclusively of British and American banks and financial holdings.« See Stefania Vitali, James B. Glattfelder, Stefano Battiston: The network of global corporate control, http://arxiv.org/PS_cache/arxiv/pdf/1107/1107.5728v2.pdf and James Glattfelder in an interview with the Basel Newspaper of 29.10.2011: <http://bazonline.ch/wissen/natur/Too-connected-to-fail/story/21929302>

20 See. a.a.O.

Economic Associations

At the end of the fifth lecture, while Steiner describes the tasks of associations, somehow unexpectedly there drops a critical remark against Silvio Gesell's (1862-1930) free-money theory. At the same time, Gesell's ideas seem to be very close to Steiner's approach. So indeed did Gesell sought ways to prevent speculation with land and soil, and developed a form of aging money. The problem Steiner wants to make clear, however, does not lie primarily in the content, but in the way of thinking. When, as in the case of the free-money theory, the nominal value of a circulating banknote is to be reduced only by means of a technical and organizational measure, then a kind of thinking is hereby used, which can only confront reality externally. However, such a mindset can only try to cure the symptoms. It lacks the ability to interfere with reality. There is nothing that can be done against these forces, which dominate the world today through the financial markets, with such »good« technical measures. The technical measure can always only be the end point of a process of change, but not the beginning. Steiner's concern therefore is about the fact that one learns to develop a new approach to reality through a change in thinking. Instead of being merely external to reality, can, through thinking, the ability be developed, to dive into reality so as to experience it. And he relied on the fact that, when a sufficiently large number of people develop this new way of thinking, a force is created which is capable of restraining the above-described forces acting on the basis of group negativism. Only on this as a background at the end of the fifth lecture can he speak for the first time of associations.

In the associations, the consumers, traders and producers of an economic area are grouped together to discuss price developments. Too high a price indicates that too little is produced of a certain commodity, which at the same time leads to a too high capital formation; too low a price however indicates overproduction and low income. Consequently, the associations must ensure that the work is directed, in such a way, that it is lead from the branches of the economy that produce too much, to those in which the production has to be increased.²¹

An economic practitioner, who is only accustomed to organize economic processes all too well, must be granted that from his perspective the idea of such an economic control appears as spinning far from reality. While the usual experience is of course, that when people come together based on their sub-

jective occupational motives, they either join forces against the general public (cartel formation), or, if they really want to do something together in the sense of the public good, they fail through their human inadequacies.

In the second sequence of this series, we have shown how Steiner wants to lead his listeners, -or readers of the notes-, by the very construction of the lectures, from an external view gradually to a purely internal consideration. In this way, thinking, when it is possible to develop the corresponding inner activity, can combine with the actual, independent spirit reality. The fourth lecture is a picture for such a connection. While why, in the fifth lecture, can Steiner speak so self-evidently of associations? As if it was easy for people to simply join forces to monitor and advise price developments and, on this basis, direct the work to the right branches of the economy? Well only, because he assumes that these organs of the economic life begin to form at the moment when an intellectual/spiritual life is strengthened, which is based on the suggested further development of thinking.

If thinking is not further developed in this direction, then only the organizational kind of thinking remains. If one tries to organize the associations from out of the usual way of thinking, then resistances are called forth, because it rightly repulses people to let themselves be organized from the outside. In this sense Rudolf Steiner once said: »Associative life is not meant as an organizational one. (...) The word organization (acts on me) as something that is terrible to me. For organizing means: determining something from above, setting up from above, setting up from a center. The economic life can indeed not tolerate that«²² A thing that can not be organized from the outside can only be formed if the corresponding conditions are present. These conditions are of a spiritual nature. Real practice in the sense of Steiner comes about only by creating the conditions under which the spirit can act as a cohesive reality, as a healthy force. This is the secret of the association.

If such a strengthening of spiritual life can not be achieved, then the political solutions will prevail. Indeed Central Europe will hardly be able to hold its own against the West. The West builds upon its ability to assess and utilize the conditions of outer space with instinctive certainty. The central Europeans simply rely on their legal and monetary policy principles.²³ Why do the »capital providers« of the City ask their mouthpiece, David Cameron, for the introduction of a »heavy bazooka operation...

21 See. WE, p. 78ff

22 Rudolf Steiner: »Educational and Educational Methods on an Anthroposophical Basis«, (1921, GA 304), Dornach 1979, p. 59.

23 For many people it is strange, when speaking all too generally of »the West« or of the »Central Europeans«. However, what is meant hereby is quite different a formulation from such notions. Such a formulation here is justified when considering how something which is in fact in this case understood as a naturally conditioned reality, namely the external characteristics of a certain group of peoples, receives an often all too abstracted form in political and economic life, an abstraction in which the infinitely varied and complex workings of the different individuals can not fully express their potential. While, would rather the contrast between England and Germany be considered under a perspective of each of these cultural realities and their productive intellectual forces, it would become clear how much of these forms of free spiritual life produced within a peoples' different external dispositions, can be complementary and mutually enhancing, when they are rightly understood and developed correspondingly.

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to convince the capital markets of the necessary firepower of the Euro-zone in the fight against speculation.«²⁴ Why do they want the ECB, in case of doubt, to buy the government bonds of the factually insolvent EU countries even more than in the past? Because they can play, with the additionally created money, the game of the assets increases further. Why does the Merkel government, with all its force, refuse to provide the Rescue Fund with a banking license? Because the Rescue Fund would hereby become involved in the banking system's monetary creation. In principle is it indeed right that the Merkel government opposes an ever-expanding mass of money. But as long as Germany itself does not see, that its own money capital increases, which are based on real achievements, are also properly being consumed, will the West find means and ways to appropriate, through pretense achievements, these assets. However, for the correct consumption of money capital, it is necessary that a strong intellectual life produces a high value-generating tension. For it is only then that capital can find its way to those that are truly intellectually and spiritually productive.

24 <http://www.stern.de/politik/ausland/britischer-premier-trifft-sarkozy-comeson-fordert-bazooka-einsatz-gegen-krise-1758199.html>.