

Chapter 5

The Fundamental Social Law: A New Foundation for Economic Life

Steiner's economic ideas can in one way or another be related to what he referred to as the Fundamental Social Law. We will now consider this Law not only as a theoretical concept but also as a spiritual tenet that needs to be practically applied in all aspects of business and commerce in order to attain true social responsibility in economic life.



Ants and bees instinctively live by it; indigenous peoples still refer to it; great spiritual leaders have always known it. And modern humanity needs to learn it anew. The Fundamental Social Law asserts that cooperation, mutual aid, and a concern for others benefit society more than self-interested behavior, competition, and the desire for personal gain.⁴⁰ This Law is in stunning contrast to the assumption that reigns in market economic theory and practice, that the more people are enabled to operate out of self-interest and competition, and to accumulate personal profit, the more society as a whole will prosper.⁴¹

Steiner began speaking and writing about this social maxim as early as 1905. He refers to it in various ways throughout his work, calling it “a fundamental principle taken from the spiritual world that underlies social science and social life on a large scale,” “an ancient tenet of spiritual science,” “the most ancient theme of every esotericist,” and “a law that works as surely as the laws of nature.”⁴²

We can express the Fundamental Social Law in contemporary terms as follows:

The more that individuals work for the benefit of society or the needs of others, and the more that each person is supported by others to lead a dignified existence, the greater the well-being and overall prosperity of a society will be.

As individuals we can try to apply this Law in our daily life and work, but application of this idea on a broad scale will lead to the transformation of virtually all of our social institutions. Such changes would affect our educational system from kindergarten to graduate school, legal forms of corporate ownership, economic markets, financial institutions, and government. Some examples of working in this direction will be given in this section.

Our dominant social institutions aid and abet competitive self-interest and the desire for personal profit. They thwart individual and group efforts to work out of inner ideals and altruism to a degree that prevents the Fundamental Social Law from becoming effective in social life on a large scale.⁴³ There are many examples of major institutions in all three spheres that thwart the development of altruism in economic life. Publicly-traded stock companies, in which management has the fiduciary obligation to maximize shareholder profits; political parties that are beholden to economic interests; and government education insofar that it promotes self-interest and competition, are examples of major institutions that thwart the development and application of altruism.

Despite these phenomena, an astonishing number of socially, civically, and environmentally responsible initiatives have sprung up over the last few decades worldwide with relatively little public notice. This radical shift in human consciousness and intention is documented in notable works such as *The Great Turning: From Empire to Earth Community* by David Korten and *Blessed Unrest: How the Largest Movement in the World Came into Being and Why No One Saw It Coming* by Paul Hawken.⁴⁴

Although he makes no reference to the Fundamental Social Law, Daniel Pink in his most recent book: *Drive: The Surprising Truth of What Motivates Us*, has uncovered scientific data that supports the idea that people naturally want to work for a cause greater than self-interest and that they are often more productive when they do so. Pink describes three levels of human motivation: biological (thirst, hunger, and so on), responding to rewards and punishments, and intrinsic motivation. Intrinsic motivation has three aspects. “(1) *Autonomy*—the desire to direct our own lives, (2) *Mastery*—the urge to get better and better at something that matters, and (3) *Purpose*—the yearning to do what we do in the service of something larger than ourselves.”⁴⁵ Furthermore, Pink concludes that human beings “by nature, seek purpose—a cause greater and more enduring than themselves” and that it is important to maximize the possibility for people to work out of a greater purpose in order to “rejuvenate businesses and remake our world.”⁴⁶

Rudolf Steiner maintains that the Fundamental Social Law should be viewed not merely as an ethical aphorism but, more importantly, as a law of human interaction and a necessary foundation for building a new economy based on associative cooperation and caring for others. We will consider some corollaries to the Fundamental Social Law referred to in his writings, particularly those concerned with economic life.⁴⁷ They are presented here as propositions to be considered in relation to the reader’s own experiences in the context of the present financial, environmental, cultural, and democratic crises that humanity faces today.

Poverty, want, and suffering caused by economic arrangements are the result of self-interest or egoism.

The more that people in a given society or community work out of self-interest or personal egoism, the more poverty, want, and suffering will become manifest, even if this connection between them is not readily apparent. Those who are directly involved in a given exchange may not be immediately affected. However, the shirt or the food that I buy so cheaply today may have

been produced under conditions of human and environmental exploitation in a distant developing country, and the cost of the environmental damage that occurred in producing it may be passed on to future generations. Today, we can say with some surety that excessive egoism and greed are major contributing factors to environmental and human exploitation and the resultant environmental crisis we are facing.

Social institutions and communities are a reflection of the attitudes, thoughts, and feelings of the people who created and inhabit them.

Socially responsible institutions result only from the thoughts and actions of socially-minded people who exhibit social sensitivity and social skills. Antisocial institutions are the result of antisocial thoughts and feelings. Overcoming the antisocial features of an organization or a community requires more than simply making external changes in governance or administration or improving outer conditions for workers. Equally important is that the people who work in, manage, and even invest in organizations and communities must continually strive to overcome their own antisocial tendencies by purposefully ennobling their thinking and feelings.

Interest in others is the foundation of social life.

Progress toward an economy permeated with social responsibility is dependent on people's cultivation of increased interest in others in all aspects of economic life. Consumers need to develop interest in those producing and delivering their goods and services; producers need to be concerned with the real needs of their consumers; and investors need to be interested in the well-being of workers. The dynamics of a competitive market inhibit individuals from extending ever more interest in other people, whereas such interest can be continually fostered in associations comprised of producers, distributors, and consumers in a given industry, and in regional and international associative networks.

Developing a greater interest in others requires the ability to think in pictures.

We need to picture the effects of economic transactions on people and nature, and not think about them abstractly. That means as consumers, for example, being able to picture the situation of those who produce goods and services on our behalf—their work conditions, and their level of income. We also need to picture the effects of our purchases on nature, including our water reserves and animal life. For example, a different picture arises when purchasing milk from an organic or biodynamic farm as compared to a large-scale industrial operation.⁴⁸ Such imaginative thinking brings us closer to other people, while abstract economic thinking tends to make us insensitive and indifferent to the conditions and needs of others.

An associative economic life based on the Fundamental Social Law requires an educational system and cultural life that foster imaginative or pictorial thinking rather than focusing exclusively on abstract or indifferent thinking. It is important to note here that the development of imaginative thinking is an essential aspect of Waldorf education.

In order to overcome self-interest or egoism, a person needs a comprehensive spiritual worldview.

Neither a fragmented materialistic worldview nor religious dogma can engender sufficient inner power to overcome egoism and greed in economic life. Economic necessity, the struggle for existence, and brutal competition can only be countered with the power generated by a spiritual worldview that illumines the complete nature of the human being, the origin and evolution of the universe, the interconnectedness of all beings and activities in the world, and the role that economic life has and will play in earthly evolution. A comprehensive spiritual worldview can provide a sense of meaning for each individual's destiny and can support people in understanding how to make the best of the circumstances in which they have been placed.

Organizations and communities need a spiritual mission that can be experienced by all participants.

Abstract ideals and theoretical mission and vision statements provide little motivation for an individual to overcome self-interest. All tasks need to relate to a spiritual mission in a concrete way.

Workers and community members need to feel and know the part they are playing in the progress of humanity, whatever their task may be. People can overcome personal ambition and competitive instincts only through freely engaging in a great cause of their own choosing embodied by an initiative or community of which they are a part. As Booker T. Washington, a former slave and founder of the Tuskegee Institute, said in his autobiography:

In order to be successful in any kind of undertaking, I think the main thing is for one to grow to the point where he completely forgets himself, that is, to lose himself in a great cause. ...In this way in the same degree does he get the highest happiness out of his work.⁴⁹

The spirit of an organization or community needs to be felt by all participants. To the degree it is not, egoistic antisocial forces will prevail.

Fruitful cooperation and effective group collaboration depend on the attitude with which people meet and interact.

Every human gathering or association is an opportunity to express and manifest spiritual ideals. However, the more people are divided by prejudices, self-interest, personal ambition, or competition, the less this is possible.

The spirit of a community can become a living reality for its members when they can experience human fellowship. In this sense, economic life can provide countless opportunities for the forming of human associations that can help accelerate the re-spiritualization of the earth and human institutions. Working in harmony with the Fundamental Social Law and the principle of cooperation in economic life will require a new art and science

of conversation and human interaction. In turn, this will require attentive listening with the soul and speaking out of spiritual insight, truthfulness, and sensitivity. Over the last few decades there has been an impressive amount of research and development in this direction, including various techniques such as *Appreciative Inquiry*, *Focused Conversations*, *Non-Violent Communication*, *Theory U*, *World Café*, and *Goethean Conversation*.⁵⁰

Antisocial forces need to be counterbalanced by the continual fostering of social forces within the human being.

Both social and antisocial forces reside in the human soul. However, as ever-increasing individualism becomes part of modern human evolution, the natural consequence is that egoism and the antisocial forces have grown ever stronger. These forces need to be counterbalanced by strengthened social forces. Social forces can be fostered in three ways: (1) through an appropriate education of children that strengthens not only a child's individuality but also social understanding, social sensitivity, and social skills,⁵¹ (2) through adults' taking up specific inner exercises,⁵² and (3) through the creation of outer social forms and structures that encourage social responsibility.⁵³

If people are to work for society instead of for themselves, they will need to feel that they are equal and worthy members.

People's sense of dignity and self worth, along with the quality of their relationships within their community, depend to a large degree on whether they can feel in some way that they are equal and worthy members, regardless of their position, title, or responsibilities. This fact leads us to the sphere of rights and highlights the significance of democratic equality. The experience of human equality, a feeling that one's essential worth is equal at some level to everyone else's, is a vital prerequisite for enabling a person to work altruistically, out of a concern for others, in a community.

Labor is a rights issue, not an economic issue. All workers have a right to receive a living wage.

Even if individuals live out of a spiritual worldview, and the organization or community of which they are a part has a spiritual mission, they can still be forced into the egoistic struggle for existence if they do not receive sufficient income to meet their basic needs.

In a threefold social organism, the support of workers would not be subject to the forces of supply and demand of the market. Ultimately individuals would work for society rather than simply working for money. The ideal is to not to sell one's labor for the highest possible price, but to remove human labor from the commodity market altogether.

All workers who labor on behalf of society to meet expressed needs, regardless of position or title, have a right to a decent income, an income sufficient to meet the basic necessities of life and to lead a dignified existence in keeping with the general standard of living of a given society. In a healthy society, this would be a fundamental democratic right that all economic enterprises take as a given just as they take as a given the availability of natural resources. However, this right should not be construed as a guaranteed wage for capable people who are unwilling to work even though they consume goods and services produced by others.

In order to ensure human dignity for all concerned, to encourage cooperation, and to foster motivation consistent with the Fundamental Social Law, workers and management alike would be treated as co-producers and share in the overall proceeds of production. In so doing, they will both need to share appropriate responsibility for the efficiency of production and the quality of goods and services produced. Productivity and efficiency in the future will need to become ethical responsibilities freely carried by all workers and management for the common good.

Vocation and socially responsible ideals need to unite.

The desire to do something meaningful in life is a significant inner experience that wells up when a person develops a sincere interest in current events and the plight of fellow human beings and the environment. In the future it will become increasingly important for people to feel harmony between their inner and social ideals and their outer work. This harmony will be undermined if, through social circumstances or economic necessity, a person is compelled to work solely (and soullessly) for money. Henry David Thoreau spoke eloquently on the issue of meaningful work and appropriate income in the following way in the essay, "Life Without Principle":

The ways by which you get money almost without exception lead downward. To have done anything by which you earned money merely is to have been truly idle or worse. ...

The aim of the laborer should be, not to get his living, to get "a good job," but to perform well a certain work; and even in a pecuniary sense, it would be economy for a town to pay its laborers so well that they would not feel that they were working for low ends, as for livelihood merely, but for scientific, or even moral ends. Do not hire a man who does your work for money, but him who does it for love of it.⁵⁴

Human labor has evolved over time from tribute and slavery to serfdom, and currently to paid labor for many people. Looking to the future, Rudolf Steiner foretells that to the degree that people are able to unite their vocation with inner ideals on the one hand, and receive an adequate income on the other, work will become freely given and develop into a sacred service done on behalf of humanity in response to genuine needs.

The love of work and a concern for humanity and social life are essential learning goals in an educational system working in harmony with the Fundamental Social Law.

From a cultural perspective, it is a legitimate form of self-interest or egoism to want to fully develop one's individual capacities. Furthermore,

the people who can best serve humanity are those who do develop their capacities to the maximum. Therefore, enabling students to actualize their full potential, giving scope and direction to all their individual gifts and talents, is an essential task of education. At the same time, the development of a love of work and of sensibility for the needs of others also must be a focus of a modern educational curriculum. It is a healthy social instinct, even a moral responsibility, to feel an obligation to give back to society at least in proportion to what we have received. Those who are more capable should give more, and those who are less capable will give less.

Training, whether in farming, business, education, art, religion, research, or other vocations, needs to illumine why and how a particular work serves humanity, to encourage character development, and to develop an understanding of the Fundamental Social Law and the threefold nature of social life.

In general, the fostering of social forces in the human soul will require an educational system independent of economic and political influence, one that supports the development of spiritual, ethical, moral, and artistic capacities in addition to academic skills.

Working for others is inherent in the division of labor.

The division of labor that necessarily prevails in a modern economy means that it is not possible to simply work for oneself in an outer sense. The results of the work we do are not our own but are given over to the total production process. Through the division of labor we become part of a united effort to create a complete product or service. Inherent in the application of the division of labor in any economic activity is a kind of outer altruism. Even so, workers act against this altruism insofar as they are working for personal gain out of economic necessity or personal ambition.

The organizing principle for an economy working in harmony with the Fundamental Social Law will be neither impersonal competitive markets nor a centralized state, but a new third way of organizing economic activity: associations of producers, distributors, and consumers collaborating together.

Associations of individuals and groups—the actual stakeholders in the various sectors of production, distribution, and consumption—who share perspectives and information will organize economic activity. Such associations, formed in freedom, will foster conscious collaboration and fellowship rather than instinctual self-interest and competition. Individuals and networks of associations will determine the allocation of resources, the quantity, quality, and types of goods and services to be produced, and the appropriate prices. We can see the beginnings of such associations and activities in the community supported agriculture and fair trade movements. We will consider these and other examples in more detail in Chapter 8.

Appropriate or “true prices” arise when workers receive sufficient income to meet their needs and those of their dependents.

Workers should receive sufficient income to meet their own and their dependents’ needs while they are producing a product or providing a service for society. The price to be charged for the product or service—the true price—will arise through negotiations among producer, distributor, and consumer associations. Factors that affect prices in relation to these sectors are the needs and wants of consumers, the right of workers to an appropriate minimum income, and worker efficiency. These negotiations, in turn, rest on the healthy relations of the three sectors of society: cultural, political, and economic. Chapter 14 will consider true price more extensively.

In reality, it is not money but the work of others that sustains us.

Hidden behind every transaction or exchange is an untold amount of human labor. Failing to recognize that it is the labor of other human beings—not money—that allows us to live indicates a lack of interest in the well-being of others. With every gift, purchase, or loan we participate in we express our interest or lack of interest in our fellow human beings.

Since we live by the labor of others, we can recompense society only through our own labor. In the future, people will need to develop the social

sense to recompense society, to the degree they are able, with products or services of an equivalent value to what they have used. The fact that monetary wealth can increase in the possession of capable individuals who have not contributed an equivalent value to society is an indication of social illness and injustice. Such individuals gain undeserved economic power to command labor for their own needs or selfish desires. We can recognize here the antisocial nature of wealth gained through speculation in real estate, stock, and currencies.

Money should diminish over time and be reissued.

If money is to be a medium of exchange and the basis of an accounting system that accurately represents the circulating values of commodities and services, its life cycle or durability should coincide with the nature of the commodities and services that it represents. Commodities wear out and services are used up over time, unless they have been worked on, refurbished or extended in some way through human labor and ingenuity. If it is to remain true to its nature and purpose, money itself should also wear out or diminish in value over time and be issued anew. This should occur not through a general inflation of prices but through measures such as dated currency and periodic reissues.⁵⁵ The overall amount of money needs to increase or decrease according to the goods and services in circulation or soon to be in circulation.

Some observed effects of time-dated currency are an increase in the circulation rate or velocity of money and a reduction or elimination of hoarding. Christian Gelleri, manager of the popular time-dated regional currency Chiemgauer in Germany, has demonstrated that the Chiemgauer circulates at three times the rate of the Euro.⁵⁶

Land and other means of production should be treated as community assets, not as commodities to be bought and sold for personal gain.

Real economic values and resulting wealth are created through work that meets human needs. Value creation has two aspects: the actual physical labor

involved and how skillfully the labor is directed. Steiner refers to these two forms of value creation as “labor transforms nature” and “spirit [intelligence] directs labor.”⁵⁷ From this perspective, land that has not been improved or worked upon in some way has no economic or commodity value.

Personal wealth gained from buying and selling land is paid for by society as a whole through mortgages and rents. This burden falls most heavily on low-income individuals and businesses who can't afford to purchase land and benefit from rising land prices.

The right to exclusive use of land needs to be considered from both a legal and a cultural perspective. It is a rights issue insofar as everyone requires—and therefore has a right to—access to land, if only to have a home. In addition, capable people who want to use land to produce something of benefit to society ought to have the exclusive right to use it for however long their activities are deemed beneficial. To gain exclusive ownership of land through personal economic power and then to sell it for personal profit turns land rights into land abuses. The escalation of land prices owing to land speculation is a significant contributing factor to the spread of poverty and the uneven distribution of wealth.

The determination of how land is to be used and who is to have use of it should be made through the collective wisdom of the local community, which is a cultural capacity based on knowledge and experience.

What is true for land is equally true for human-made means of production such as work facilities and machinery: Neither should be treated as a commodity or personal property, but rather they should be considered as community assets rather than personal assets. Whereas undeveloped land is “God given,” a human-made means of production arises through complex factors and relationships in the economic process involving the whole of society. This does not mean that land and other means of production should be owned or controlled by the government. Rather, they should be held in trust for a community by a non-profit corporate entity. Community land

trusts are an example of a legal vehicle that can remove land, structures, and capital equipment from commodity circulation and make them available to capable people for productive use through lease-type arrangements.⁵⁸ Another legal structure that secures property and means of production on behalf of a local community are community-owned department stores.⁵⁹