



Economic Life at the Threshold

Associative Economics in the 21st Century

ECONOMICS CONFERENCE
Report of the 8th Annual Meeting

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This meeting was held at L'Aubier, Montézillon (Neuchâtel), Switzerland, 27–30 September 2009.

The 8th annual meeting of the Economics Conference of the Goetheanum was attended by members of the School of Spiritual Science under the theme of ‘Economic Life at the Threshold’. Presentations and subsequent discussion of the pre-distributed papers on true price, separating income and labor, basic income and the associative principle took place over the course of two full days just outside Neuchatel, Switzerland. We generally spoke in English, mindful to speak deliberately and concisely for those German, French and Spanish speakers participating.

New Faculties of Knowledge

In the first lecture of his 1922 Economics Course, Rudolf Steiner points to a world in which economic life has to be seriously rethought. The call is made to lift the thinking to a level above what we are used to in natural science, clearly pointing to the faculties of Imagination, Inspiration and Intuition. These are needed to comprehend fully the true nature of commodities, labour and capital.

In this mood, we started and ended the meeting by an approach to the contents of the 15th lesson of the First Class of the School of Spiritual Science. How can we re-find a ground for our three soul forces – thinking, feeling and willing – in the spiritual world?

Articles for Research and Review

Six papers were distributed among the participants in advance of the meeting so that all could be familiar with them when they were presented. The ensuing dialogue and critique among peers provided a great opportunity to deepen our understanding and will result in a published revised conference document.¹ The following is a partial review. A special thanks and appreciation are due to: Arthur Edwards, Marc Desaulles, Marc Theurillat, Christopher Houghton Budd and Anita Grandjean.

True Price

The twin theory of value, the associative principle and true price are axiomatic ideas from the Economics Course of 1922. True pricing points to the question of labor and income that are at the center of today’s financial crisis. The universal practice of searching for the ‘lowest price’ seems efficient at first glance, but has resulted in the rise of indebtedness and the chronic reduction of incomes worldwide. The way out: “Capitalizing the balance sheets of the countless individuals whose initiative is thwarted merely for the want of credit.” This means connecting income to human creative intelligence as it manifests through what we do for one another – the division of labor. In practice, this will also require the capitalization of the initiatives and related intuitions of individuals instead of putting capital into land. When individuals are

¹ *Towards True Pricing and True Income, Proceedings of the 2009 Gathering of Economics Conference,*
<http://economics.goetheanum.org/literature/>

properly remunerated (Income/Expense Statement) and capitalized (Balance Sheet) a new paradigm can come to expression. We can free ourselves from the financial system the more we realize and comprehend that money is accounting and accounting is money.

A true price is not absolute and cannot be determined in advance, but needs to be 'sensed', as prices are in constant flux. Price is derived from the future interplay of values that are ever fluctuating and difficult to define. "When you exchange value for value, price which arises in the process of exchange is a fluctuating thing raised to the second power." (Lecture II, Economics Course, July 25, 1922)

Egoism: Separating Income & Labor

"The important point is that working for one's fellowmen and the object of obtaining so much income must be kept apart." – R. Steiner.

To separate income from labor requires that egoism be taken out of the field of economic life, which then leads to true pricing, not a basic income. 'Labor' is not something one does for oneself, but the field where one finds one's mission. 'Labor' is really about unfolding one's own karma and becoming oneself in doing what one is called to do in meeting the world's and people's needs: Fulfilling our destiny in meeting human needs. In this way we enter the mystery of the will, a central aspect of human incarnation. In the long run, freeing people from labor through an institutionalized state wide unconditional basic income risks undermining the will forces and dignity of the human being.

Instead of buying and selling labor, it is possible to contract with each other in a way that everyone becomes a co-entrepreneur. This is not piece-wages, but a contractual sharing system agreed too by all. Income is then derived contractually from price. This separates direct labor and income. How to enable that each has enough income? Pay the true price – pay enough so that a like product or service can be provided again. Can we take into account the other side of the transaction as well as our own?

The example of the tailor making his own suit, mentioned in the economics lectures by Rudolf Steiner, demonstrates the importance of mobile imaginative thinking for clearly perceiving that the tailor, unwittingly, works against a healthy economy by insisting on making a suit for himself. This is the acid test for understanding why egoism needs to be extirpated from economic life.

Reciprocally Related Prices

The effect of each price, each local exchange, goes beyond the immediate circumstances of the transaction to which it relates and into the balance of the whole economy. Prices cannot be considered in isolation from one another because they are reciprocally related on a global level. Long ago Rudolf Steiner described this by saying that "local tram fares are affected by events in America."

The current market paradigm and approach has set out the entire economic language in which debate occurs. The associative economic image of the concept of pricing is one

of prices being behavior driven, whereas in the market concept of pricing, behavior is price-driven. “It simply will not do in economics to think ... near at hand. Such thinking will lead to disaster if you let your thoughts be guided only by what lies in the immediate neighborhood.” This far-reaching thinking is also the secret to understanding the subtle, but economically powerful, effect of the tailor making his own suit.

Rudolf Steiner describes price as the cardinal question of economic life (as does modern economics) and gives the image of mercury in a thermometer to explain price: i.e. price is an indicator (like mercury is of temperature), not a cause. The idea of true pricing is a much wider conception than it first appears. To work associatively, individuals need an instrument through which prices can be ‘perceived’. As an organ of perception, double entry accounting has the potential to educate us to our economic circumstances in a precise common language. The balance sheet makes the ‘life of rights between us’ visible to all who can understand, read, and write in this language.

Associative Principle

The rationale for our competitive economy comes from an idea of Adam Smith. Where two people meet, they will collude to make an economic gain, so if they are made to compete instead it will negate this possibility. On the other hand, it is possible to meet on the street in order to cooperate for the benefit of the whole, without collusion. Cooperation without collusion.

From Bernard Behrens elaboration of the 1948 edition of *The Social Future* lectures (1918): “In accordance with other numerous expositions given by Rudolf Steiner on this subject of capital accumulation, transfer and administration, without government interference, it can be said that the ‘company principle’ means a maintenance of an artificial, lifeless separation of finance-capital from the human being in his true social relationships, whereas the ‘associative principle’ in the economic sphere starts with human beings with all their capacities and abilities, working by means of capital placed at their disposal for really productive purposes for the common benefit of all.” Gift money as an economic category, is a corollary to true pricing that can act as a counter balance to the ‘damming of capital into land’.

Does the method of capitalization allow the share company to be an expression and instrument of the associative principle rather than the company principle? The share company that Rudolf Steiner headed was called *Der Kommende Tag*, a collection of economic activities, commercial and cultural, where the idea seems to have been to devote the profits of the first to benefit the latter, the cultural activities.

The Right-On Corporation is a modern attempt to continue this effort to transform the share company into a form that aids the initiative and intuition of the human being towards a balanced and healthy social life.

Michaelmas with the Local Branch

Marc Desaulles and Anita Grandjean, founders of L’Aubier biohotel/restaurant/farm, arranged for a Michaelmas outing to the town of Neuchâtel where we viewed a magnificent work of art completed in 1885 by local painter, Paul Robert. The local

society branch made sack lunches and even drove us to the center of town. Together we all listened as Anita described some of the outstanding detail of the painting and the riveting story of the painter.² The entire life of the area can be seen through three two-story murals featuring a magnificent depiction of the Archangel Michael and hosts. We gathered again at Hotel Neuchâtel for a late night snack and drink, as we all appreciated the good will, warmth and hospitality of the members of the branch. Thank you for this special event.

30th Anniversary

L'AUBIER (www.aubier.ch) celebrated its 30th Anniversary the day before the conference, where hundreds of shareholders and friends gathered to sow seeds for the future over a very large tilled field. Strengths in both inner and outer aspects of maintaining a growing enterprise could be felt over the entire premises through a consistent experience of its elegant simplicity, beauty and attention to detail. After sharing food together, the new 'green' apartment complex/wellness center for seniors and young families was dedicated, followed by a tour of the well thought-out building.

² For more details about Paul Robert and his paintings, see *Towards True Pricing and True Income Proceedings from 2009*, <http://economics.goetheanum.org/literature/>.