

1917-2017 A Second Chance

A View from the West

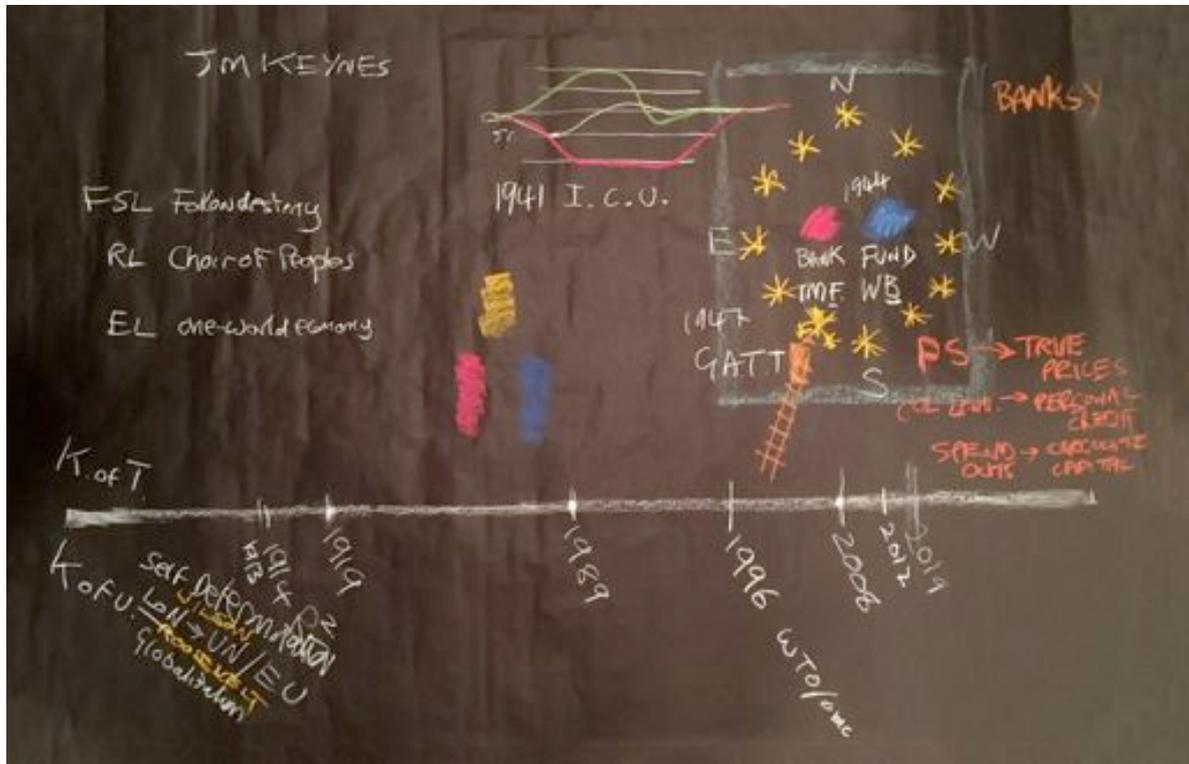
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A View from the West

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Thank you all for coming. I want to share some thoughts and images, on the eve of tomorrow's Swiss-based 'Economics of Brotherhood' conference.² I thought I would jump in at the beginning and share some ideas from the West, which is where I come from. What I want to share is quite condensed and intense – and hopefully controversial.

I'm going to speak with four hats on. The first hat is a professional assessment of where humanity is and where we might be going from the point of view of an economic and monetary historian. The second layer or second hat will be sharing my understanding of Rudolf Steiner's sense of where we're heading. Then, I'm also speaking in my capacity as the convener of the Economics Conference of the Goetheanum, a group of colleagues from around the world who have been meeting for maybe 15-16 years. Quite a lot of what I'm going to share is a synthesis of what we've been working on. Some of you are in the room, so if you don't agree with my synthesis, can I ask you to be very quiet! We can discuss

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² Organised by Confoedora in Switzerland, the first 'Economics of Brotherhood' conference took place at the Goetheanum in November 2015, with a second one in November 2017.

things later. My translator, Fionn Meier³, is such a colleague. I'm very happy to be working with Fionn because he belongs to a new younger generation.

I want to say a number of things and then eventually draw some images on the board. To begin with, and to locate us in time, I'm going to start with the First World War. In particular, I want to mention that during that period – so from the 1914-18, when the war was raging – the building before this one we are now in, the first Goetheanum, was being built by people from 14 different nationalities or maybe more. I think it's an important if little known historical fact that while the world was at war, 14 different countries were building the first Goetheanum during that time. I also have this idea that during that time, there was a second Renaissance which nobody noticed. So that's my first controversial statement – that there was a second Renaissance but nobody noticed it. But I think it's interesting to imagine away the First World War and look at the building of the first Goetheanum and everything that was going on then as a kind of step-change in consciousness at that time. That's going to be part of my theme – what historians call a counter-factual story. What might have happened in contrast to what did happen?

Now an important thing I also want to say about this is that on the 20th September 1913 the Foundation Stone was laid for the first Goetheanum. And I think it's another little unspoken story in history, that the first Goetheanum was not up to events, so it was replaced by a second one – it wasn't strong enough for the onslaught that came. But the second one uses the Foundation Stone of the first one. And the second one has a story to tell. It has a big square back to the East and it opens so-to-speak to the West. And its message to the West is that the whole of mankind has crossed the threshold and we need to understand what this means. That's part of the story I want to tell or the thesis I want to rehearse. What is the real relationship with the West?

For me, the second Renaissance is a kind of fulcrum and the most important thing that happened then is what happened here in Dornach. And I'd like to think that a future mankind will look back and confirm my thoughts; that this will become part of known history. Something happened here 100 years ago that the world eventually will recognise.

And now to dive straight into modern or outer history, which turns on the events at the end of the First World War. At the end of the First World War, putting it in a nutshell, the Germans were held responsible for the war and a series of treaties were created – the treaties of Versailles – the result of which was that the dominion of and therefore responsibility for the world passed to the Anglo-Americans for 100 years.⁴ That's two years away. So, what I want to explore is what that was all about and where in fact are we. We're in fact in 2017, so we're not quite there yet.

³ Fionn Meier is an economist living in Zurich. He recently gained his Masters with a study of bookkeeping and a comparison between associative economics and quantum macro economics.

⁴ The reference to Anglo-American responsibility is in *The Mysteries of Light, of Space, and of the Earth*, lecture given 14.12.1919. Anthroposophic Press, New York 1945, but upon editing the source of the 100 years idea could not be verified. However, the unravelling nature of current events, many of them dating from Versailles, lends plausibility and even probability to this possibility.

I want to explore a number of themes to tell this story. The first one is to remind us that what we're involved in today in history is the challenge of economic materialism. This, in my view, is the particular destiny of the English-speaking people, maybe only the ones in England. So in my view, it's the destiny of the English to take us into economic materialism but also to take us out. I'm not going to say anything substantial about that, but I do want to make a couple of comments. About this point in time – the 2008 Global Financial Crisis – one could say many things, but one thing a very famous economic historian called Niall Ferguson, a darling of the right but a brilliant researcher, said of the financial markets is that, “they are but a mirror of mankind and you can't blame the markets for our behaviour.”⁵ I think he meant this and I also think it's true. The financial markets are a mirror of mankind – all the nice parts and all the nasty parts at the same time.

The second controversial thing I want to say about modern economics and maybe the financial markets in particular is that they're a brilliant mirror of human egoism. Yes, they are a mirror of mankind but what they mirror most is our egotistical behaviour. Though I mean it neutrally, it's my view that modern economics is a carefully crafted subject, it's been carefully worked out and it's been made to look like a universal science even though it's in English. So for example, last Saturday I was in the Academy of Economic Studies in Bucharest giving a talk. It was an awkward situation because everything they said or thought or was written in their books or was on the internet, was all drenched in western economics – there was nothing that I would regard as Roumanian in what they were doing. So one way you could describe this science is as an incredibly precise description and technique of egoism. By that I mean that I don't have an a priori problem with economics so long as I remind myself it's just a perfection of egoism.

My anthroposophical colleague who set up this meeting was disappointed because the professors were on their mobiles throughout the whole lecture. But I'm perfectly used to this in universities and central banks and so on, because what are they going to do with any economics which isn't about egoism? And it's always the case that the professors wish they weren't in the room and the students gradually come closer and closer. So, I talk to the students. There was one time I was doing a similar talk in Budapest in the School of Economics and the professor who was my host introduced me by reading something from my website. So, I knew he had zero interest in me and was rude enough to read from my website, which I knew perfectly well. So, I decided to do the session in 20 minute chunks. And after each 20 minutes, I said, “OK, cigarette break, everyone do what you like and come back in 5-10 minutes.” When they returned, some of the students sat in the back, but a lot of them came towards the front. But the teacher, every time I did this, he was further and further away from me. And so then I had the measure of this man. And eventually, he signalled me to stop from the back of the room. This wasn't for me a problem. What I'm more interested in is whether one can speak about modern economics in a way which calls, not on the egoism of people, but on their deeper sense of purpose and especially, whether one can do that with students?

My next controversial statement is that, I think that in human history, at least at the moment, you get a second chance. This started out as a crazy idea, but I've become more and more

⁵ See *The Ascent of Money: A Financial History of the World*. The Penguin Press HC, 2008.

convinced that concerning everything that happened a hundred years ago, we're now going to get a second chance to get it right. I will just skate over this, but this will have to do with giving up the dichotomy between the Anglo-Saxons and the Germans. There have been many times – for example, in 1989 – when it was thought that the West had backed off and it was time for Central Europe to reassert itself. I was always doubtful of that for a number of reasons, but one was when, in 1990, I went to Dresden Station, which was a beautiful experience because the station was filthy and all the trains were sort of dirty green or brown or something. But there was a beautiful red train that had just arrived from Berlin courtesy of Coca Cola. A bright red foil from the West against an immensity of Soviet drabness.

So, the big question is, when the Anglo-Americans became responsible for world history, what then happened and where are we now? And my feeling is that we've gone somewhere universal. If Anglo-American dominion is really to be given up in these times, it will have to be in favour of something universal, by which I mean East, West, North, South. That's an echo of what was said when the Goetheanum's Foundation Stone was laid, but it's also an echo of the Christmas Conference. So, I'm just drawing these points of the compass (see N, S, E, W on the image) to remind us that I think this is the key for the future.

Next, I want to touch on some epistemological problems. In my view, in English, the expression 'social threefolding' is ghastly. First of all, it's horrible grammar in English. But my main problem is that it obscures what Rudolf Steiner was really talking about. My understanding of what he was talking about was the threefold nature of the human being and of society as something you can perceive, with the latter perceptible in the history and institutions of your own country. But if you just take the slogan 'social threefolding', you're not perceiving anything. More importantly, you're not perceiving what is there to be perceived.

None of this I'm going to offer any proof for, but I just want to mention four examples of how with 'social threefolding' we do not really perceive what Steiner means about spiritual life, rights life and economic life. We don't really see land, labour and capital as a threefold phenomenon in economic life. We don't see what a normal economist would call the three functions of money – unit of account, means of exchange and store of value. We don't see the threefold financial architecture of central banks, world trade and world capital. And we don't see the threefold structure of accounting – which is income and expense account, balance sheet and closing entries.

In my understanding of 'social threefolding' hardly any of those things are really discussed or understood. To give one example, if you represent Rudolf Steiner's work in modern finance, if you talk about three kinds of money, you can have a very interesting conversation with those who know about the three functions of money but not its three qualities.

So that's one of my concerns – that we're kind of developing a vocabulary which the world doesn't understand and if it did understand it, it's not really referring to anything. We're risking inventing a parallel universe rather than nuancing or nudging the world as it is in the direction of Steiner's analysis.

I could make many more and give you chapter and verse, but I just wanted to list my issues. If we start to evaluate where are we and how to do we understand mankind's situation today and maybe our contribution to it, I have a list of five things I would look at to do this. First, where do we stand with regards, for example, to *The Coming Day* and corporations like Nestlé? What concretely are we doing or have we done that is stopping multi-national corporations taking over the world?

Second, in 1913, the Federal Reserve Act did a number of things, but one of them was to reinforce the role of income taxation. Per Rudolf Steiner, this is a serious problem. We should be going beyond income tax, not reinforcing it. So that's for me a very important question: Where are we – humanity and the anthroposophical movement – when it comes to taxation?

Then, third, linked to that is what I call the For-Profit/Not-for-Profit divide; that somehow we make money in one part of the world and transfer it to another part of the world. I understand this divide is there, but I don't understand why it's continuing or why we haven't gotten beyond it. In a world where we could be ethical individuals already a hundred years ago,⁶ especially in Not-for-Profit organizations, you have supervisors above the people taking initiative and this I don't understand. I understand it in the non-anthroposophical world, but not in our movement where I like to think ethical individualism is the norm.

Fourth, in the realm of contracts, my understanding of Steiner is that land is not, never has been, and never will be in the market. So no one ever has bought or sold land. What they've bought and sold are the right to use the land. But I don't understand rights to be commodities, so I don't understand why we're buying and selling rights. So that's a big question area.

Fifth, and linked to that, I don't understand why, if, let's say, someone in San Francisco makes half a million in the financial markets as a Christmas bonus – I'm telling a true story now – and then goes to northern California and with a lot of people like him, pushes the price of farmland up beyond the reach of any farmer in Northern California... I don't understand why he should have been pleased with himself when he told me he'd found a biodynamic farmer to whom he had rented his farm. I said, well, I hope it's a negative rent that you're charging. Because that land you bought, while you're in your office it is growing over with weeds, and trees are coming in and wild animals and that's making a mess of your juicy little asset. So, I hope you've employed someone to look after your juicy little asset so that the animals don't come in and the weeds and trees don't take it over. In short, I don't understand why we charge farmers positive rents. We should charge negative rents. We should pay them to manage our land assets because the price of farm products can never cover the cost of speculation.

Now I want to add an element. This counterfactual story that I'm playing with is about the karma of truthfulness. Not untruthfulness, that we have below the line in my sketch. I'm playing because we know or some of us know of the karma of untruthfulness, but more important is the karma of truthfulness. What would the karma of truthfulness look like, bearing in mind that the whole of mankind has crossed the threshold and we have now to wake up to this fact?

⁶ See Individualist Anarchism: An Opponent of the 'Propaganda of the Deed'. In response to John Henry Mackay. *Editor of the Magazine for Literature*, 1898; GA 31; Bn 31.2.30 and 31.2.31.

So, I want to give some examples of truth. Not truth as a moral comment. Truth in the sense that if you plane a piece of wood, in English you say you plane it true:

- Are prices today true? What is the truth about prices?
- Is supply and demand theory true? Everyone is taught it, either directly in school or indirectly just by living in the modern economy. But is it true? Is it telling us anything truthful?
- Is price stability – that is to say, low inflation – true for everybody?
- Can assets really be in play? Can you buy and sell assets?
- Are land, labour, capital and money commodities? Because if they are not, then there can't be any markets in land, labour, capital or money. So what's the truth about these things which we happily call land, labour, capital and money markets? What are they hiding from us by our misdescription of them?
- Is it true to expect western democracy to be universal?

So that's my way of coming into this topic of the karma of truthfulness out of economics, out of the way that modern society has been described, recreated and conducted for the last one hundred years.

Now I want to kind of make an image which works with these ideas and takes them a bit further. I'm not trying to be polemical or to say things are the way I'm going to draw them. But I do want to wonder out loud about where we are.

So if I go back to this period here – up to 1919 – the counterfactual thing, at this point, is that we follow our destiny, so we have a free spiritual life. Then we have a rights life which would take the form of a choir of peoples, and we have a one-world economy, to use a compound word. I don't mean we have a single world economy because Nestlé also thinks that. I mean we have a one-world economy. And because this has taken place, the shadow of it appears in the world.

That's the next part of my story, though it may sound a bit strange. The free spiritual life appears as self-determination for every country. The rights life appears as the League of Nations. It goes on to become the United Nations and then there is another version called the European Union. And one-world economics is known by its shadow, globalization.

What I mean to do by this is to wrong-foot all of this shadowing of the karma of truthfulness. Most of us know the history. Woodrow Wilson appeared as the saviour of Europe in 1917. He gave the foundation for the treaties of Versailles and the whole world was constructed in 1919 on that basis. But it's a shadow of what was really possible. It's very difficult for anybody or any people to follow their destiny today. Wilson was also instrumental with the League of Nations, which went on to become the United Nations. So now we have two people – Wilson and Roosevelt. As some of you may know, when Teddy

Roosevelt was awarded the Nobel Peace Prize in 1906, he couldn't accept it until 5th May 1910, when he gave the speech to which Rudolf Steiner responded with the *Mission of Folk Souls*.⁷ I know Rudolf Steiner was responding to Roosevelt, but you can reverse that: counterfactually, Roosevelt completely shadowed and reversed what Rudolf Steiner had in mind.

If we make an active image of these things, not necessarily what Rudolf Steiner said but just using our own imagination, we can start to see something behind the scenes in modern history which is there to see, instead of what we think happened or we think is happening. To take one example, the Treaty of Versailles enshrined the idea that Germany was responsible for the First World War. This idea still drives the thinking of many people today although officially it's no longer accepted. But something thereby came into history which you can't stop or overcome unless you go back and say that was never true in the first place.

So that's the kind of story I wanted to tell you – that we can make a positive image and in light of this image we can better understand what happened and that it's a shadow of what's really going on.

I want to focus on two things in particular, but there's one little detail that I just need to throw in. A little experiment that ran from 1919 until 1989. What would happen if Lenin was allowed to get back to Russia in a sealed train, I wonder? We have the historical fact that that's what did happen, but you can find books which wonder why that was going on?⁸ So I'm just wondering why Lenin got back to Russia in a sealed train? It could have been just so that we don't really see what's happening in history.

Because linked to that is the whole concept under which we suffer – to divide the world into two. What the actual two is doesn't matter; what matters is that we're constantly having to choose this or that. And this is the main signature of this whole period of history, from 1919 to today. It's important that mankind at the threshold doesn't find itself, and therefore it always has to decide, is it on the left or is it on the right? Is it in the East or the West? Is it socialist or capitalist? Do we go with the State or with the markets? Are we with the West or are we with Islam? Which side of the wall do you want to be on? The Mexican side or the American side? The East German side or the West German side? Walls, I'm talking about – built walls. The Bangladeshi side or the Indian side of the fence around Bangladesh? The Gaza side or the Israeli side of the 8 metre wall that separates Gaza from Israel. (The Berlin wall was 3.5 metres.) Do you want to be in North or South Viet Nam? North or South Sudan? North or South Korea? Our whole history is based on having to be one or the other – you cannot be yourself in today's paradigm. It's the same with the illusion of bi-party democracy. Are you a Republican or are you a Democrat? Labour or Conservative? There's nothing else. You can't be a Green Party – that doesn't have any meaning. This constant bi-party tennis game that goes on.

Or do we want to take our cues from a number of things extant in modern history which are there to be seen if we'd just open our eyes? For example, a choir of peoples – it comes from

⁷ *The Mission of the Folk Souls*. Rudolf Steiner, June, 1910. (GA 121)

⁸ For example, *Lenin in Zurich*, Alexander Solzhenitsyn, Godley 1976.

the Apocalypse. This circle of stars is *Europa*.⁹ It comes from the Apocalypse. Europa is an image of the whole of humanity in its twelve houses. If we really understood this story we would know that Europe in its evolution is simply representative of the whole of humanity. For example, it's understandable to talk about the folk soul of Spain, but it's not so easy to talk about the folk soul of Argentina. And part of my thesis is that Argentina belongs to Spain, folk-soul wise. So this image is saying, the idea of Europa, of Europe in twelve houses, is actually a picture of the whole of humanity, although it first appears in Europe.

Secondly, by now, in my view, there should be a European Confederation. This would include Russia, at least as far as the Urals. And it would include Britain, despite what happens in 16 months' time.

So that's one thing I wanted to share. I think there is in the world this possibility of understanding Europe and forming it as a confederation. This would make a mess of most people's understanding of modern circumstances. But it would make a lot of sense of a choir of peoples and the mission of folk souls. That's one very important consideration: If there were a European Confederation, would this be a way of folk souls starting to be our reference point?

And then I want to draw inside the circle of stars something which happened in the first half of the 1940s – so 1941 to 1944. If one takes seriously what Rudolf Steiner says, that if you look at the evolution of economics we've come to a point where there is only one economy and it's worldwide, then you would find certain things in the world by now because we are now nearly one hundred years later. You'd find some kind of image that between different countries, they would trade together, staying neither in debt nor in credit. Here's a country (purple line) and it's got into debt so it trades out of debt – goes a little bit into credit but it's trying to get to the zero point by trading with other countries. Normally what happens if you get into debt, you get charged a percentage, say 5%. But when you go into credit, you're not charged anything. And now here's a country (green line), which goes into big credit. And here's one (red line), which goes deeply into debt. So what I'm trying to describe is different countries. And normally in finance, you'd be charged a normal rate of interest at one level, and a penalty rate if you go below that or you extend beyond your due date, and so on. Like Greece recently. So when you're in a worse position, it's just made worse. But you don't expect anything to happen when you go into credit, this is fine. But what we need is something which says, if you go too much into credit, you will be penalized, being in credit is as antisocial as being in debt. And that was conceived in 1941 by John Maynard Keynes as the International Clearing Union. It never came into being but it was designed. It's kind of in being.

Now, let's go on to the next thing that happened. In 1944, there was a need for an organ for worldwide liquidity. That would be a kind of bank. And there was a need for an organ for worldwide capital movements – a fund. So, if what Steiner's talking about is true, if he wasn't just inventing it, then if you go forward in history, the institutions that belong to a one-world economy must have appeared, otherwise what was he talking about? And this idea was created by John Maynard Keynes for Bretton Woods in 1944. But the Americans didn't like his version of things so they changed it and the liquidity organ became the IMF –

⁹ The image is borrowed from *Europe: A Cosmic Picture*, Maria Schindler, New Knowledge Books, East Grinstead, 1975.

a fund, not a bank. And the capital organ is what we know as the World Bank, which is a bank but it should be a fund. And then in 1947, the General Agreement of Tariffs and Trades was created – a set of multilateral agreements between all the countries as to what their tariffs would be concerning trade. But this was got rid of, between the French and the Americans, primarily, and became the World Trade Organization in 1996.

I hope you get the sense of what I'm trying to say here. We have a lot of very clear suggestions, insights or whatever, from Rudolf Steiner. We have a terrible history of the last one hundred years, really terrible. And yet in the world there are, at least in the realm of governance and the realm of economics, there are these things. And that's my question about the second chance – can we so understand these things that we rescue history? For example, is it possible to think of a European Confederation instead of the European Union and instead of Brexit? Can we rescue these two institutions, the IMF and the World Bank, so that they become peripatetic; so they don't belong to any one country and are no longer rooted in Washington across the street from each other?

Those are my big macro questions. But I'd like to end with maybe two micro ways whereby we can start to touch this. I'm just going to describe them. They're not my ideas, they're at best a synthesis, more specifically contributed by people also in this room. One (see yellow, red and blue 'boxes' at centre of image) has a certain validity in that you can see the threefold nature of finance, such as world trade, world capital and the central banks, or the three functions of money – unit of account, means of exchange, store of value. Or the threefold structure of accounting – income and expense account, balance sheet and closing entries. That's a very simple image, I'm just putting it there, but it's the tip of a huge iceberg of research with far-reaching consequences. This shows the threefold nature of today's financial architecture, *as known in the world*, not as known by Rudolf Steiner necessarily. Or the threefold structure of accounting *as known in the world*.

So that's one question: Can the threefold nature of economic life be activated? But from there one can go further. For example, in 2010 in the course of discussions at the Goetheanum, a group of us identified three related recommendations, which we thought Rudolf Steiner would make to modern finance:

- Stop price stability as the goal of all monetary policy and aim for true prices instead.
- End collateralized lending in favour of 'Personal Credit'.
- Stop preserving capital in foundations by creating spend-outs, foundations which, to begin with, put their capital in the markets and then gradually not only give the interest away but their capital also until they have nothing left. Thereby capital can circulate and not get trapped.

So that's what I wanted to share. In sum: Is what I have shown above the line true? Is this what's really going on? In which case, what we know as modern history is just a shadow of it. It has no reality except as a shadow. So when we start to come to one hundred years of

‘dreigliederung’, do we start above or below? My increasing belief is that, because we have a second chance and because the upper story is true, we can start there and, so to speak, forget about the rest of it. We can look forward, not back, and so move on to our true potential, humanity’s true potential.

Discussion

Q: My single biggest question is why a hundred years?

CHB: Because Rudolf Steiner said so! But, of course, he had a reason for saying so. At the end of 1919, he talks about the *Mysteries of Light, of Space, and of the Earth*.¹⁰ Towards the end of those lectures, he talks about the situation then and, because of the Treaty of Versailles, of all the untruth that was surrounding the end of the First World War. He speaks of the machinations from ‘the West’, saying the Anglo-Americans became responsible for world history for one hundred years.¹¹ Because they’ve taken over, they get the responsibility. The hundred years, I think, must be some kind of law in history.

But there are two different phenomena or things one can also point to, I think. People of spiritual significance revisit their deeds one hundred years later. This is where my idea of a second chance comes in. The other thing is that today everything is going back to Versailles. Because of this, I think two things are happening. First of all, I assume it’s a law of history that if you bring something into the world, the opposite will make it’s appearance because it doesn’t know its own false words until you’ve uttered the true words. I’ve always been sure that Rudolf Steiner knew exactly what was going on, that everything he said about the way society was organized and many other things would beget the opposite, but he could count on time being on his side. Because there’s something important about modern history – with Versailles everything that has happened since originated then. We like to think modern life has deep historical origins, but it doesn’t. Our whole existence today was created out of nowhere in 1919. And you can get the idea that it was given one hundred years’ worth of fuel and then it would just run out – it has no real ground to itself. And I think that’s behind all the things like Brexit and Trump and all these things that are going on today – it’s just that this construct has now run out of energy and no one really knows where they are, so they’re quietly going back to Versailles. But they have no concept, they don’t know what to do. They know what they don’t like; but they don’t know what to put in its place actually.

Q: How do you think things like a revised IMF or a European Confederation could be given reality?

CHB: I would start in the realm of finance. I would start in your own finances. In the *Mysteries of Light, of Space, and of the Earth* Steiner says something very subtle. He describes the economic life governed by the West as crawling on the surface and not able to stand upright because (this is me interpreting) the German people didn’t meet their mission. So the kind of free spiritual life that would have been there if Germany had met its mission

¹⁰ *The Mysteries of Light, of Space, and of the Earth*, op. cit., with the same proviso as in Footnote 4.

¹¹ Again, see Footnote 4. On the other hand, according to British historian, Terry Boardman, Steiner did speak of the threefold impulse being withdrawn for 100 years if it were not taken up when initially brought.

wasn't there.¹² We can have a long discussion about that, but I think what can happen now is that the free spiritual life will appear wherever people decide this is my destiny and that finance is going to follow my destiny, come hell or high water.¹³ And what that will mean – I'm putting this very simply – is that you will plot how much you need in order to do whatever you think your destiny requires and that will be a call on world liquidity and a call on world capital. Today, you think if you need some of the world's liquidity you have to go to the IMF, or you want some of the world's capital, you have to go to the World Bank. But I think you can make your own balance sheet the kind of active agent in all this. You can show in your own finances how much liquidity you need and how much capital, and then you just have the question how you get them *on your terms*. I'm saying this very simply, but we normally think that we all start out there.

The IMF is 189 countries run by some of them¹⁴. This is not real. And it also doesn't run according to proper financial rules. If you run by proper financial rules, you can self-allocate liquidity to yourself, you can self-allocate capital in today's world. I'm kind of stating it from experience, but in June 2014 Christine Lagarde gave a lecture at London School of Economics. She's the head of the IMF. It was interesting because she was giving the Amartya Sen annual lecture. Amartya Sen is a famous Indian economist who created the Capability Approach, a worldwide movement based on his critique that capitalism fails because it doesn't allow people to follow their 'capabilities'. So Christine Lagarde, who was then and still is, the head of the IMF, gave this Amartya Sen lecture, and one of the things she spoke about was how the allocation of credit is starting to be done by the *users* of credit and not the *issuers* of credit. So that's why I would begin in that area with your own finances. It's not as simple as I'm making it out to be because we're not taught bookkeeping, for example, in school, or liquidity management, or any of the things I'm assuming we now need to know how to do. Instead, we're taught that capital comes from outside. Everything comes from an organization, an institution. You're not expected to create your own capital or to be capital; not in any textbook I know about.

And for the other one, the European Confederation, this won't be a satisfactory response, I don't think. But I think it has to do with, first of all, letting go this East-West thing, to stop designing institutions based on this idea. One can't have a European Union without NATO or you can't understand the European Union without NATO, for example, which has nothing to do with *Europa*. Roumania, for example, has the biggest US base in eastern Europe for strategic reasons, so her accession to the European Union was fairly easy. But Turkey's been trying for 30 years now, since 1987. But the problem of Turkey coming into the European Union is a problem of NATO. As long as you've got that sort of thing going on, the European Union isn't really what it seems, in my opinion.

¹² Entitled, 'The Mystery of Economic Life – Surplus Value and the Mission of Daniel Dunlop' and 'Rudolf Steiner / Maynard Keynes – Brothers in Spirit; Builders of World Economy', the speaker gave lectures on this topic at the Goetheanum, 25-27 May 2012.

¹³ This is evocative of the store Steiner sets in entrepreneurs as the true 'spiritual workers' when describing 'loan money' in the sixth lecture of his *Economics Course*, GA 340.

¹⁴ The IMF's 24-member Executive Board takes care of the daily business of the IMF. Together, these 24 board members represent all 189 countries. Large economies, such as the United States and China, have their own seat at the table but most countries are grouped in constituencies representing 4 or more countries. The largest constituency includes 24 countries.

And then just one other interference in this whole understanding of Europe. There's a concept in economics called 'optimal currency area'. That means within the area a currency is operating you have all the raw materials and all the markets for the finished products. And it's interesting, because if we go back to this point in history, the start of the First World War, the proto-optimal currency area was sterling because the British Empire included all the resources and all the markets in which it sold things.

That's why the pound had the strength it had. And when Steiner begins his karma of untruthfulness lectures, he says this is about the British seeing that the Germans already had 25% of their markets and that's really what that was all about. So he begins this series of lectures by noting that the Germans already have 25% of British markets, which is one of the reasons he says we have to go to a world economy. We can't continue with all these empires of the 19th century – it's a single world economy. But now we have a big problem on our hands. Already then we needed to identify, if it's no longer the British Empire and sterling, what is the optimal currency area and what is its currency? Clearly, at this point in time, the optimal currency area has to be the world as a whole, not bits of it, and we have to find, instead of the pound and the gold standard, we have to find something which is not the dollar, or gold, but nor can it be the Chinese currency. For Steiner, it's quite simple, the world's currency is accounting, money-as-bookkeeping. So an optimal currency area from here onwards has to be the world as a whole and bookkeeping will be its currency.

The reason I'm saying that is because the European Union, so-called, is a project to create the United States of Europe. That's its aim, but this is a crazy idea because those who push it think, "OK, first we create a currency union and this will create the United States of Europe." So you have to take the idea of the European currency out of the equation, and then ask how the countries of Europe would come together *without* this perturbation. And then I think they would be led to what I'm calling a confederation. What else is there? It sounds like I'm putting all my eggs in the basket of finance – but so I am, quite consciously.

Q: I'm very interested in the confederation of Europe. I'm Basque and as you know, what with Spain and the whole Catalonia thing, we are having other kinds of conversations and we've been talking for a long time about belonging to a Europe that is not based on nation states such as the UK. We want to get rid of the notion of states, it's a Renaissance concept of forced alliances. How do you see a European Confederation in these terms?

CHB: I use the expression 'Choir of Peoples' because I'm playing with an idea. In Great Britain, we have the English, the Welsh, the Scots, and the Irish, so these I call peoples – British is not a people in that sense. Just as the Spanish are not a people because you have the Catalonians, the Basques, and so on. And so if I was to play with this a little bit, there's a famous picture in England of the European Union with twelve stars, by the street artist Banksy. I don't know if you know this picture by Banksy, it's on the side of a building in Dover, England.¹⁵ He came in the night and drew on the building. It's all blue and has the twelve stars, and then he has a man on a ladder with a hammer chipping the star representing Britain into little pieces. But my response to you would be, in the one star let's find the little stars that are in the one star – but it gets complicated because the economics will always be interfering if your national identity is economic. If you have to have a central bank and a

¹⁵ See <http://www.bbc.co.uk/news/uk-england-kent-39872211>.

currency, this isn't going to happen because you're going to have to be better than the national currency or the one next door – that's the first problem.

And then I think you have a subtler problem. On the plane today, I was talking to someone about why I don't like giving lectures in the United States in public places. Because there's always a big flag of the United States standing beside you. And they sing every morning in school, they sing their allegiance to a flag! Also, in Catalonia, they have the *estalada*. The point I'm making is that you first have to take the national economic dimension out of this and let the economy be a *world* economy. Then I think you have to take your own identity out of the equation. So, for example, where did the Basque people come from? But people are afraid to go there, to go beyond the unitary state. And yet, when peoples devolve, actually in the end they start talking back to the people from whom they have separated. So, if you have four people and you devolve them, as in the UK, in the end they will speak to each other. I think you can rely on this as long as it's not about economics and as long as your individual destiny is not linked to being Scottish or Basque in any nationalistic sense.

But maybe we can end with a couple of other examples, both of them unexplored territory. Just two examples of what we could be researching, but that we haven't researched to my knowledge. If we trust to the idea of folk souls, then we have to get into the question of which of them are linked to angels, which to archangels and which to archai. The relationship between the peoples of the world is not a 'flat' concept; at least for me it's not a flat concept. But apart from Maria Schindler's book, *Europe: A Cosmic Picture*,¹⁶ I don't know anyone who has even thought about this.

The other example is that when the whole of mankind enters the consciousness soul period, we all, so to speak, have a chance to renew our identity. Not to prolong our histories into the future, but to say, "OK, from now onwards, what is the contribution of France to humanity as a whole?" And in this picture of a choir of peoples, there's one you have to be careful of, which is the English. Because when we came into the consciousness soul period, we thought, "What have we got to renew? We *are* the people of the consciousness soul!" I don't mean this in the wrong sense. Many, many people want to speak English because it's the language of the consciousness soul. So we have to be really careful when this becomes replaced by Mandarin. What kind of consciousness can you have by speaking English? It's not the same as Mandarin. But this gives to the English a huge power because they automatically speak the words of the consciousness soul itself, so to speak. So they think that the lifestyle that they lead, the sense of values they have, are those of consciousness soul as such, so everybody should simply just share this set of values. How can that be a question? I often say to colleagues, we need to learn to spell English with a small 'e' because we also lost our mission in the First World War, which was, so to speak, to share a world that we otherwise thought was ours.

Thank you.

¹⁶ *Europe: A Cosmic Picture*, op. cit..