



As long as... we are faithful to true price

Report on the 14th Annual Meeting
of the Economics Conference
24–28 June 2015 / Montreal, Canada

Study material published as a contribution to public debates.
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19 participants gathered in Montreal, Canada from 24-28 June 2015 for the 14th Annual Meeting of the Economics Conference. The gathering was preceded by a day-long financial literacy symposium on double entry bookkeeping and its many implications for economic life. On June 24th, there was also a St. John's Tide Celebration organized by the local branch of the Anthroposophical Society. This report captures the essential content of the proceedings.

Christopher Houghton Budd opened the annual meeting with a few highlights of the Economics Conference journey. Its first meeting in 2002 was convened under the name of the *Economics Faculty*. In 2003, it took on the name of *Economics Conference*. This year, 2015, represents its 14th year, a coming of age of sorts. And in 2022 the Economics Conference will turn 21, at which time one hope is to have completed a revised version of Rudolf Steiner's economics lectures.

Marc Desaulles presented content in the light of the Class Lessons of the School of Spiritual Science and how they can be understood in link with Rudolf Steiner's economics course. At the previous meeting in 2013, he had worked with the link of spiritual science to economic life from a *content* point of view. This year, the emphasis was on an inner *attitude*, a Rosicrucian one.

At the Christmas Conference, 1923-24, Rudolf Steiner introduced a new way to link esoteric and exoteric life by making explicit in a social form what had already existed as the physically double-domed building of the first Goetheanum.

The two-domed architecture – and later the new social form introduced at the Christmas Conference of 1923 – was intended to bring one to an awareness, on the one hand, of the complete freedom to explore and learn as one chooses (under the large dome), and on the other, to decide to take responsibility for one's knowledge and to stand for it out of one's own initiative (under the small dome).

In between these two domes with their respective experiences, there was a threshold, where the podium stood. To cross this threshold, one would walk from the larger to the smaller space, turn, stand at the podium and face the audience/world with one's initiative. Then, when finished, one would turn again and walk back to one's seat. Of significance is that Rudolf Steiner intended for *The Representative of Humanity* statue to be on the stage at the very back. Thus, the two experiences – first being in the large dome with one's interest to freely learn, and then going onto the stage, turning around and actively taking responsibility for one's knowledge – are two realities which can also be experienced in economic life.

The Class Lessons 1, 7 and 16 give the context for the one condition for being a member of the School, namely, taking responsibility for anthroposophy in the world. The 14th Lesson describes the reality of being a citizen of two worlds, the world of nature – the kingdoms of minerals, plants, animals and human beings – and the world of spiritual beings. A threshold between these two worlds exists and crossing over it and back again requires two distinct types of consciousness. To help with facing the threshold, the 7th Lesson focuses on the searching self; the 13th Lesson shows that we must hold these two

types of consciousness together; and the 14th Lesson helps us make all this conscious. In the 15th Lesson, we become aware of the Beings all around us.

Similarly, in economics, there are two types of consciousness that do not abide being interchanged, and both need to be kept clearly in our awareness. On the side of nature, the human being can see physical realities, money, etc. On the other side, one can see the spiritual beings working, through karma, behind the physical things, the money, etc. In between, it is one's attitude toward each that brings the two experiences together. There is always a choice. For example, do I organize my finances to enable the needs of others to be met? Or do I only consider my own needs? The pitfalls to be aware of include a one-sidedness and a consequent imbalance in economic life.

The higher, more effective approach with which to enter economic life respects the karma of others and deals with money to the benefit of humanity as a whole. *As long as* one represents and respects the whole of humanity, egotism does not hold sway. This higher approach is found through the practice of discerning and standing in the balance between the physical and the spiritual aspects of existence.

The Economic Process

In his economics lectures 1-7 given in July and August 1922,¹ Rudolf Steiner describes how value arises out of a similar double-reality experience to that described above. What he calls 'the economic process' starts with nature/land. We organise ourselves to work on nature, and in so doing create two kinds of value:

Value 1: Labor acts on nature/land. It is active in the doing (e.g. I pick berries).

Value 2: Spirit/intelligence is active in deciding how labor happens. It organizes a way of working that improves quality and saves labor (e.g. I go where there are lots of berries, not just a few on a bush).

As illustrated in the adjacent sketch, the inside, counter-clockwise stream represents the creation or production of value, and the outside, clockwise stream represents the need to use up (consume) value.

A. *Production Stream*: In the inside circle, the transformation of values moves in a counter-clockwise direction.

- It starts with nature/land from which values are extracted by labor (Value 1)
- The values are exchanged and surplus arises.
- The surplus becomes freed capital which, minus a small amount kept as 'seed', is used up or given away.

B. *Consumption Stream*: In the outside circle, the transformation of values goes in a clockwise direction.

¹ See Rudolf Steiner, *Economics: The World as One Economy*, England, New Economy Publications, 1996.

- It starts by reversing the flow of values from production to consumption, by transferring capital as a seed to entrepreneurs who will then use it to create new value.
- Seed capital is then used to purchase the means of production needed for the new enterprise.
- In this sense, enterprise capital (in German, *Unternehmenskapital*) leads to the creation of new commodities, which, when used up, return to nature/land.



(Drawing by Marc Desaulles, 2015 Montreal, Canada)

Re-imagining Modern-day Greece²

If we look at Greece today and imagine ourselves living there right now in their current dilemma, we can ask, “If we understand that money is bookkeeping, how can its use be grounded on accounting?”

Typically, to be able to pay out of my bank account, I must put some money in. The bank account is backed by the Central Bank, and as long as I have money in the account, I am able to use my credit cards. But what if Greece gave everyone a bank account and a credit card, but they did *not* require there to be a deposit in the account before the person could use it? Everyone could start trading with each other and keep their accounts the same way, but would be allowed to let the account go below zero. This would be countrywide and would apply to everyone. You could still buy and sell, but there would be no currency in the old sense. The currency would be accounting itself. In this scenario, you could leave out the Central Bank. Money would be accounting. Essentially, debit cards would take care of economic dealings in the sphere of purchase.³

² Referring to the 2015 Greek debt crisis.

³ This is how Local Exchange Systems work when not based on a float.

The next step would be how to enable loans. Along the lines of peer-to-peer lending, banks would not be needed. Lending would be done out of confidence in each other. If negative interest rates were charged on credit balances, this would keep lenders from hoarding. To move in these directions, we would really need to see each others' accounts around the room. We wouldn't solve the social problems through this, but it would be a start toward a human-centered economy.

The 'I' and the Economic Process

Rudolf Steiner is the only one who talks about *the* economic process. When the entrepreneurs make decisions they must not just act out of themselves but also take responsibility for the economic process itself as a whole. This is the third element, but it is not called Value 3 (V3) because it is the link, the meeting of the two circles, the almond-shaped space where the two circles overlap, known as the mandorla,⁴ or *vesica piscis*.

Going back to the image of the first Goetheanum building, in the audience space, one is listening, receiving for oneself. But on the stage, responsibility is taken for representing one's initiative to and for the world. The stepping forward with consciousness is the turning, seen also in the image of the economic process when the direction of the flow of values shifts.

In the current Anglo-Saxon world dominated by economic materialism, people identify the I-being with net worth. This is a case of the 'I' finding its identity in a fallacy. It creates an existential dilemma. The solution is not complicated. In our present system, we transfer capital to the highest bidder or against future income. The goal is the preservation of capital. To change, we need to switch from the preservation of capital to the circulation of capital by providing personal credit to other individuals who have the competences to meet a genuine need in the world. The preservation of capital is an illusion that has no place in the on-going dynamics of the economic process. The circulation of capital, on the other hand, can be begun immediately by those (lenders) who are ready to go forward positively, trusting to those (borrowers) who want to engage with this.

Eliminate Collateral Lending

Collateral lending is based on the assumption that something in the physical world (land, a house, a car) has more value than a striving, competent, good-hearted human being. The idea is, if the borrower does not come through, you still have his/her stuff. Starting with borrowing/lending, therefore, eliminating collateral lending will mean the lender asks the question: Do I lend my money to the bank or do I lend it to a private person – even if I lose it? On the other side, the borrower has to ask: Do I have the forces to hold fast to and realise my initiative?

⁴ Mandorla: to commit to one's charge, entrusted. (Cassell's Latin dictionary.)

Collateral lending gives rise to value that is not connected to human capacities. What's real is the incarnating spirit who has the will to undertake an activity. The value is there as long as the spirit is there.

Capital must not be consumed by buying land. If one thinks land has a value and creates a market for it, an adverse 'giant' will appear. Land is a non-value, like air. It cannot be bought or sold. One can only buy a right to use it. Money put in land becomes an excuse not to give. Instead, go to the right to use the land. Transfer it without capital. Put a rent on it. Real value comes from what a renter can pay, based on his/her capacities. Putting more money than that into it means over-investing. The rent levels will go to the level the renters – as creative people – can pay. As long as there is over-investing in land, there can be no true price.

Abolish collateral lending. Let ethics take over like it did with the abolition of slavery. Let ethics also make a law that outlaws collateral lending.

Toolkit for a Soft Landing

In his economics course, Rudolf Steiner described tools that, if understood and implemented, would create a soft landing, avoiding the crash humanity now seems to be heading toward.

1. Three Kinds of Money
2. Money as Bookkeeping
3. The Economic Process
4. The True Price Formula

Imagine the back of a dollar bill that, instead of "In God we trust", says "In the 'I' of the other we trust." We could then imagine coming out of the Old Mystery reliance on blood lines, nationalities and so forth into the New Mystery landscape of reliance on the competence of the 'I', the spirit in every human being.