

# **The People who Dance**

Brazil in the light of Keynes's Unspoken Mission



Drawing is from a workshop 'What Future Brazil?', held in Mone Azul Sao Paulo, Brazil in 1997

**Christopher Houghton Budd**

## Publication Note

Published in this format on the occasion of Brazil's 200<sup>th</sup> Independence Anniversary in both English and Portuguese, this paper has also been published in *Steiner, Dunlop and Keynes – Brothers in World Economy* – available from aeBookstore.com.<sup>1</sup> Its content is more amply explained in the author's book, *Finance at the Threshold – Rethinking the Real and Financial Economies*.<sup>2</sup>

---

<sup>1</sup> <https://aebookstore.com/publications/chb-collected-works/full-chb-list/steiner-dunlop-and-keynes/>

<sup>2</sup> <https://www.routledge.com/Finance-at-the-Threshold-Rethinking-the-Real-and-Financial-Economies/Budd/p/book/9781138094628>

## Preface to the Brazilian Edition

In his work *De Vulgari Eloquentia* (1302–1305), Dante Alighieri describes, in the form of an allegory about the construction of the Tower of Babel, the hypothesis that the differentiation of human language was not just a divine punishment, but a consequence of the division and specialization of labor. For the author, the search for reaching the heavens through technology would have required a tower so high and complex that engineers, stone carriers, painters, etc., began to speak each one in their own language.

Curiously, the text states that the more elaborate the task, the more rudimentary the language that fell to each group. And these professional categories would have gradually given rise to tribes and peoples separated by language and customs. For Dante, this situation led to the need for the creation of grammar in order to avoid an even greater division.

Dr. Houghton Budd brings a similar hypothesis to the current world economy, but perhaps in the opposite direction. That there may be a way of thinking and acting micro- and macro-economically that emancipates each individual or people, with their capacities and talents, from the external and internal circumstances that prevent them from finding their own light, their own place in the renewed division of labour of a single world economy. At the same time, he suggests accounting as the foundation, common language and guiding tool for such auspices.

This publication on the occasion of the 200<sup>th</sup> anniversary of the symbolic declaration of independence of Brazil is an invitation to a structural, historical and epistemological analysis that may bring relevant reflections to the situation we experience as Brazilian people. The Cry of Ipiranga<sup>1</sup> was not given in the midst of parties and dances by a people who follow their own path, for it marked instead the transition from Portuguese colonial control to British rule via the balance of payments. And perhaps it is still this cry of national self-affirmation that prevents us from listening to our true music and dancing.

Daniel Havro da Silva  
Curitiba, 7 September 2022

## Author's Preface

The paper published here is the transcript of a lecture given in Brazil in 2012 at Rudolf Steiner House in Sao Paulo. Why publish it now, ten years later? An early advocate of associative economics, Daniel Dunlop, would say because of timing. The moment one speaks may not be the moment one is heard – neither on earth nor in heaven, not by human beings or gods. Timing is also a matter of alignment. One has to find the moment when everything is aligned.

Perhaps 2022 is such a moment as regards the theme of this paper at least. We have entered the 100<sup>th</sup> year since Rudolf Steiner and Maynard Keynes, who never met, were each formulating their seminal ideas on how to overcome our dependence on the gold standard – a challenge we still face. In Keynes's words, as regards economic life, how are we to become "deliberate and scientific"? In Steiner's phrase, through "the formation of a true science of economics."

There is another reason why now, namely, to test a thesis that I take very seriously but for which I have no hard evidence as yet. Namely, that one can look to a country like Brazil for a new beginning. Not a reworked paradigm from Europe, i.e. Portugal, of course, but also not from Britain any longer, nor from Washington. But one that emerges out of Brazil's own destiny.

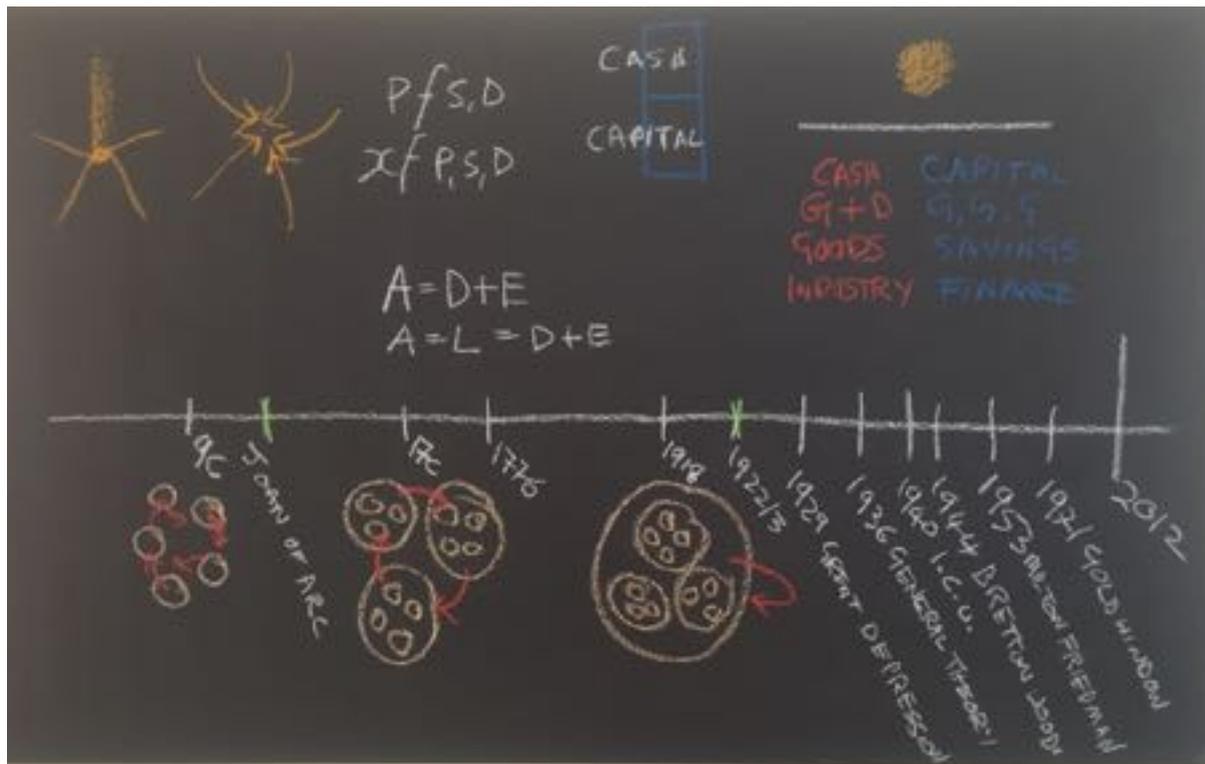
I have no idea what that would look like, or even if it is possible. But I ask the question first posed in 1997 – What Future Brazil? – because, as it were, it might be a case of third time lucky! I repeat the question through this paper because the story it tells and the argument I make have not varied over 25 years. This may be because I am a stuck record, but the ground I cover maps the historical, epistemological and technical challenges that are still with us. My formulation of them may be flawed in some details, but I think it is fairly faithful to facts. My aim on all three occasions is to deconstruct the external influences informing Brazilian economic life to date in order that these influences do not blind you to your own description of the contribution Brazil can make once it gives up the notion of being a national economy, for which, like every other nation, it has to make clear to itself and the rest of the world what its particular 'light' is all about.

Published on the occasion of Brazil's 200<sup>th</sup> anniversary of independence, the paper has two main themes. It asks how the world would be if, after World War One, the British Empire had given way to a worldwide commonwealth of all nations, instead of becoming divided into East and West, capitalism and communism.

Secondly, it wonders how Brazil in particular might have looked, and might still look, in such a context – a hugely important country collaborating with, rather than competing against all other countries. Would she then find an identity in a way that is no longer caught on today's false dichotomy between right and left?

Brazil is not alone in today's unravelling world. But the unravelling takes us back to the early 1920s. We only need to go back to then and start over, and the landscape we find ourselves in would look very different. More hopeful. Brazil, along with every other country, may yet identify its true light and shine brightly as a star among stars in the constellation that such a thing as a commonwealth of countries would represent.

Christopher Houghton Budd  
*Sao Paulo, Brazil. 28 August 2022*



## The People who Dance

### Brazil in the light of Keynes's Unspoken Mission

The idea today is to share some thoughts about the current global situation. To begin, I will bring a wide historical image reaching up to 2012 and in the process, ask: What has this to do with Brazil?

When I first arrived in Brazil in 1997, I had only been here six hours and I was already giving a lecture with the theme, "What future Brazil?" For me, the theme in English was very subtle. What I wanted to know as an English economist was what Brazil *itself* thought its future would be. It was not for me to tell Brazil what its future would be.

I did this because I am well aware that the way things are organized in the world comes from us, the English. I understand that this is happening, but I don't think it is a valid basis for the future. So, I'm going to revisit the ideas that were developed at that time (1997) in order, with you, to feel what is the future of Brazil. And the way to feel that is to see what you tell me and how you react to what I'm going to say. First, I will present some material that will provide a background for what will be presented in the course of the day.

Referring to the sketch, this is the history line and along that line I want to introduce key events. I will start with the history of economic life from the perspective of Rudolf Steiner and I will use the colour yellow. This is a way of showing that up to that point, 1918, I will explain what modern economic life is according to Rudolf Steiner. It is not important that you agree with what I am saying. The most important thing is that you feel whether what Rudolf Steiner says (in as far as I am able to represent it) has any explanatory power.

Rudolf Steiner says that if you go back to the ninth century, you see in that period, in Europe, that economic life was made up of several private economies: you can imagine a feudal lord with his vassals, his own army and his own currency. At that time, you have what Rudolf Steiner calls several 'private economies'. And there are hundreds of these feudal lords, their vassals and armies. The point that Rudolf Steiner makes is that these cannot be closed economies; they have to interact, carry out

transactions with other private economies. Then, gradually these private economies begin to interact and create what emerged in the seventeenth century as national economies. A country like France, for example, is made up of several private economies combined into France's national economy. This has to do with the development of nations in human history. If we read Adam Smith's book,<sup>3</sup> he speaks of the wealth of nations. These national economies always interact, economically speaking, with the economies of other nations. This trade between nations makes them converge into a single world economy. This is the primary condition in the early twentieth century. The question then becomes, with whom does this world economy trade?

Rudolf Steiner's point of view is that since there is no one with whom the world economy can do business, everything we have thought in terms of techniques, structures of thought, arrangements with the outside – for example, the balance of payments – everything disappears. And it is no longer possible, technically speaking, to continue with the thinking that was behind all this. As a consequence, there is no way to continue the movement of doing business with another economy. This becomes metamorphosed into an internal dynamic. We will discuss this later.

*Question:* What happens to the balance of payments?

This disappears into three kinds of money. This is something very concrete: the balance of payments between nations can no longer exist. There is a single world economy and within it the concept of a single currency, but divided into three kinds of money.

This brings us to a key moment, which is the Treaty of Versailles, signed shortly after the end of the First World War, when the technique of a global economy was already in place. This worked through the gold standard, which was a universal currency. It started when Britain, the first power in the world economy, defined its currency by the gold standard and all other nations referred to this. At the beginning of the First World War, the relationship between the US dollar and the British pound was 4.86:1. But with the First World War, this arrangement experienced a sudden collapse. And then the future of the world economy began with the Treaty of Versailles.

This Treaty is very important. Through it, 'peace' was decided between the Allies and the Germans. This treaty was not fair and through it a principle was introduced into the economy that was not true. This came through the American President, Woodrow Wilson – the principle of national self-determination. At that moment, what should have happened is that each nation, each people, like the Brazilian people, had to find its identity elsewhere than in its economy. You have to ask yourself this question: What can the Brazilian people bring to the world economy that no other people can bring? The answer to that is not to make Coca-Cola cheaper than Argentina or sell your forests at a cheaper price than Indonesians sell theirs. It is not having your own source of oil. This is not peculiar to Brazil. We will return to this, but it is a very important issue: In a global economy how does each nation identify itself?

## 1923 – 1946

I would now like to outline what Rudolf Steiner says is *already* happening, even if we are not so aware of it. In 1922, when Steiner gave his lectures on economics,<sup>4</sup> which I am now illustrating, in England an economist called Maynard Keynes wrote a book called *A Tract on Monetary Reform*.<sup>5</sup> This sits back-to-back with Steiner's lectures, so I would like to continue my story using Keynes's terms, telling it from his point of view. I am going to describe only the main stepping-stones along that path. If you don't know Keynes well, I'm going to make some remarks about him.

---

<sup>3</sup> *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1776.

<sup>4</sup> *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. (CW 340) Search aebookstore.com.

<sup>5</sup> *A Tract on Monetary Reform*, J M Keynes, Macmillan, London 1923.

Keynes was born before the end of the nineteenth century (in the year Marx died) and died in 1946. He was a very significant economist in theoretical terms, but most importantly he was the great architect of the vast majority of the twentieth century. He had a very particular biography, a particular destiny: to accompany and bring valuable insights for the first half of the twentieth century.

As early as 1919, he was in Versailles and was part of the group of people who drafted the Treaty of Versailles. He was then with Woodrow Wilson, the American President, David Lloyd George, the English Prime Minister, Georges Clemenceau, the French Prime Minister, and also the Italian President, Vittorio Orlando. These four presidents were there to discuss what to do with Germany, on which they placed the responsibility for the war. They calculated how much Germany should pay for the cost of the war. During these negotiations, Keynes wrote a book and, in order to write it, he resigned from his duties in the British government. Because, he said, that this whole way of approaching things was unfair and the amount of money that the Allies wanted to ask Germany for was totally impossible to pay. This would ruin Germany. This is a small book called *The Economic Consequences of the Peace*.<sup>6</sup> Keynes calculated how much could be demanded of Germany without ruining her.

By 1929, the 'Allies' had recognized that he was right. Through the plans developed by Dawes and Young, the reparations gradually decreased until they reached the level recommended by Keynes, but by that time Germany was already completely broken.

In 1922, Keynes described at the same time as Rudolf Steiner, that one could not continue with the gold standard. "We have to change that." Instead of having a single country that controls the gold standard through all other currencies using it as a reference, all nations must be just as important as each other. They must work in such a way that this fixed point becomes a moving point.<sup>7</sup>



This is my picture of what Keynes described. It means, in geopolitical terms, that a step must be taken from the economy controlled by England to a situation for which the global situation must become a partnership between all nations of the world. I call this 'Keynes's unspoken mission'; that's what he wanted to bring to the world. In fact, this is still possible, but the immediate answer at that time was totally different. The answer from the Americans was: "It may well be that England can no longer control the world and create partnerships with all its domains, all its colonies, but what will happen now is that the dollar will take control of gold and the United States will take control of the world economy as the most powerful economy." And so, we moved from one fixed point directly to another.

If we have a sense of that, we can look at today's economy by comparing what could have happened to what actually happened and have a feeling that what could have happened is happening now. I will mention some key events in the history of the world economy in which Keynes participated and for which he was an architect of solutions. The conduct of the world economy after the First World War led the world economy into the Great Depression. The Great Depression had consequences. How can such economic problems be solved? Until then, it was not the government's role to resolve these problems. Then, Keynes said in his book *The General Theory*,<sup>8</sup> about unemployment and interest, that the only way to solve this problem was for governments to create demand. As received by history, the main point of this book was that we have to use governments deliberately to create demand in the economy. This is called Keynesianism. At first people were against the idea, but after a few years it became the policy of most Western governments. It is classic that well after his conception, Keynes's insights became policy. Just as he had an insight into the reparations and it later became policy. Too late, perhaps, but it became policy.

<sup>6</sup> *The Economic Consequences of the Peace*, J M Keynes, Macmillan, London 1919.

<sup>7</sup> "...the point about which the exchanges fluctuate, and at which they must ultimately come to rest ... is not itself a fixed point..." *A Tract on Monetary Reform*, op. cit., p.89.

<sup>8</sup> *The General Theory of Employment, Interest and Money*, J M Keynes, Macmillan, London 1936.

Now we arrive in 1940, the Second World War. At that time, we had another problem: the global capital markets started to live independently. Keynes said that if capital markets had a life of their own they would break the real economy.<sup>9</sup> Then he developed the International Clearing Union. The idea is that you have trade between countries, and when one of them is in deficit it pays interest to encourage it to return to a positive balance. This is normal. If you have debt, you have to pay interest to encourage you to get out of debt. However, credit balances normally have no such constraints.

Keynes said, “No, we will not do that: we will introduce a credit amount, beyond which you will be penalized.” So, if you have too much credit, you will have to pay interest as well. The idea of ‘penalising’ those who have excess credit was to make the balances between nations zero. Through this arrangement, you control capital markets without regulations. You use an international currency, the Bancor, and create a stream of income through that interest, with which you can pay for humanitarian crises. That means you don’t need the United Nations. You need countries that trade to zero, and in doing so create a global surplus that can be used for everything that belongs to the planet as a whole. By doing this, you stabilize the capital markets. That was 1940 and in 2012 we still have this problem.

I’m going to give you one last insight into how Keynes saw the economy. At that time, the Bretton Woods Conference in the United States at the end of the Second World War dealt with how to organize the world economy after the War. This happened in 1944 and Keynes’s idea was: In a global economy, you have to imagine global liquidity and have a way of perceiving and organizing where liquidity is needed in the overall economy. This is the question of global capital and how it should be allocated.

For Keynes, you need a Fund to organize world capital and you need a Bank to manage global liquidity. These are the twin organs of a global economy. In fact, his proposal was very similar to that of the American, Harry Dexter White. But what happened was not what Keynes had in mind. What he had in mind was a global partnership, with nobody connected to gold. It was no longer necessary to use gold because after the end of the First World War there is no one economy that rules the world. We need these two bodies to *perceive* capital and *perceive* liquidity. The first is a fund and the second is a bank. What happened is that the first became the International Bank for Reconstruction and Development, now known as the World Bank. And that which should have been a bank became a fund, the International Monetary Fund. Worse, if we look at the IMF we can count 190 members, but if the US doesn’t agree nothing happens. The IMF is also not on wheels; it does not move around the world. It’s in Washington, with the World Bank across the street.

After that, and perhaps because of that, because of the refusal of his proposal, some say that Keynes died with a broken heart. He died in 1946, after which, obviously, he was unable to do anything. But the question is, was there anything left for him to do? Don’t we just need to unscramble all of this and start from scratch?

Now, I will end with that external story and go on to tell another one... as strange as it is true.

## **The Strangest of Tales**

In July 1991, an old man came to visit me in England. He came from Germany and died about a year later. I’m not going to tell you all the details, but he came to my house and said, “I’m coming to tell the English something about Maynard Keynes that the English have to know.” This brought up an entire discussion and showed me clearly that this man had a real connection with Keynes. I said: “Well, it’s a little inconvenient for you to visit me today, because I have to go out with my young son.” But, by coincidence, that day I had decided to visit the house next to where Keynes lived.

---

<sup>9</sup> Per Keynes ‘[the day will come when] loose funds may sweep around the world disorganising all steady business. Nothing is more certain than that movement of capital funds must be regulated.’ In ‘Post-War Currency Policy,’ a British Treasury memorandum dated September 1941, reprinted in Moggridge 1980:31. Per Rudolf Steiner, ‘the emancipation of the money-market from the goods-market, dating roughly from the period 1810 to 1815.’ In ‘The Abstract Nature of Modern Economic Life’, in *Rudolf Steiner, Economist*, New Economy Publications, Canterbury, England 1996. Search aebookstore.com.

Keynes was part of the ‘Bloomsbury’ group of writers, artists and poets. They had a house called Charleston in Sussex. Keynes had a room in that house where he wrote his book *The Economic Consequences of Peace*, after which he leased the neighbouring house. The first house had been turned into a great museum and I was going there with my son and our *au pair*. I told the German man that if he wanted, he could go with us on that tour and visit Keynes’s house before he died. (He was 88.) He was very happy. So, we arrived and parked the car outside the house, as it is a private house. Above that house is a hill where Keynes went for inspiration. And that old German man – we have to remember that it was in the middle of the summer – went up the hill. I said I would not accompany him, since my son was only one year old. He disappeared and returned almost an hour later and said: “It is true.” And I asked, “What is true?”

To understand this, we have to go back to Joan of Arc, the patron saint of France in the fourteenth century, a little girl who, as described by Rudolf Steiner, heard voices that gave her her purpose in history – namely, to separate England from France forever.

Before that, England and France were not separate countries as they are now. Indeed, ‘England’ occupied a large part of ‘France’. Conversely, the France of then in the form of Normans and Angevins occupied much of England. Rudolf Steiner says that Joan of Arc’s mission was to separate England from France, forever, so that the attention of the British could be turned away from continental Europe towards the world as a whole, in order to create what became a proto global economy, the British Empire.

This gentleman said that what “is true” is that Keynes then appears, to separate the English from themselves, as it were. To prevent the British from continuing their own empire and to become the architects or proponents of a global partnership between all nations of the world, a partnership created out of the British Empire, but which the English had to stop using for their own interests. This man then said that this was the mission of Maynard Keynes.

As far as I know, Keynes never said anything like that.<sup>10</sup> His home was eventually leased by his biographer, Lord Skidelsky, who I subsequently met. I had contact with him some time after and when I told him the story I just told you he said: “I have no evidence of that, but I wish I had had that idea.”

### **Some Questions**

*In the second part of the morning, participants put questions, which served as representative of Brazilian experience. The responses were in effect an elaboration of the morning lecture.*

Can you predict China’s role in this way of forecasting the economy?

How do you see zero growth ideas?

I would like to understand how in this global economy, where each nation has a mission, we would not fall into imbalance.

How to regularize capital flows, which have sometimes been very fast between one country and another.

How to manage the ego or politics of the people in power in relation to what should be done.

How is one to understand the light and shadow aspects of money?

---

<sup>10</sup> I have since discovered otherwise. – CHB 2022.

What is the future? How do you see what may happen to the capital markets?

What is the role of financing large companies, where people invest in funds?

What is the future of the capital markets?

What mechanisms are there to decouple finance and power?

What is the future of capitalism?

How do you view Brazil under IMF guidelines and post IMF guidelines?

I would like to understand the difference between Fund and Bank that you dealt with and what is the distinction that Keynes made?

You said that there is a difference between what should have happened and what actually happened. What is the weight of politics in these episodes?

The issue of global governance and the environment or sustainability. Whether the path is to strengthen the UN or local politics.

Do companies have a vision of “growing so as not to die” (not to be swallowed up)? And another question: Is there hope?

What could be done to prevent new crises?

How will donation money work in the future from the perspective of the threefold social organization, given that the world today talks a lot about sustainability focused on the third sector?

How do you see the role of technology as an instrument of change?

Hearing a lot about economics, a new awareness is generated from all this. How can we put this awareness that is arising in ourselves to use? How to reduce selfishness?

How can I contribute to all the things you have shown? What is my role?

### **The Need for Clear Understanding**

We need to find a way to work with these questions that will allow us to engage in conversation and not just look like I’m answering questions. This is not so easy in a workshop like this. Many things depend on epistemology. Meaning, the way we understand world events is critical if we want to understand them correctly. Many of your questions have to do with how we understand global events, so the first thing we need to check is whether our thoughts are true about events. This will take us in two different directions. First, in relation to the framework we have when interpreting the events. Is it according to reality? For example, are there really three sectors? The other direction has to do with our volitional life. Every issue that has to do with cash flow, for example, depends a lot on how we behave with respect to money. The way we explain events to ourselves often prevents us from seeing the way we relate to money ourselves. The main problem we have, therefore, is an epistemological one.

Several people asked questions related to awareness and the crisis. Can we find a way to manage this economic life that does not require us to go through crisis after crisis? I think the answer to that is simple. A crisis in the market, for example, is a crisis in epistemology (our way of thinking). For example, we say there is a crisis in the financial markets, but where are these markets? We have an idea that we have a crisis in the financial markets, but where are they, what are they? I don't want to be rude, but who here knows what a financial market is? We could go to the Santo Amaro food market. There is a building, people, goods. At the end of the day everyone leaves and everything is empty. But what is a financial market? Who has ever been to a financial market?

(A participant says that he was on a trading floor, but that everything has now become electronic.)

Just so, the problem is that we are working with abstract thoughts all the time, which are always plausible. But do they help us to understand anything? Otherwise, we will not be able to create a relationship with this vast world.

Crisis in Greek, if I remember correctly, means getting to the point where you start to understand something. A financial crisis, for example, in particular the current financial crisis, is not a financial crisis. It is a crisis in our understanding of finance. A financial crisis is an epistemological event, it is not a financial event: it depends on the way we think about finances. And if the way we think about finances comes from an abstraction and is not connected to our will life, then we become cut off from reality.

Regarding the question of how we get out of this economy that goes from crisis to crisis, in part this has to do with revisiting the way we understand the economic issue. I will try to give a very concrete example. This is an example of how to understand that some things we think should come into the world are in fact already in the world. It is the language we use that often prevents us from seeing that things are already in the world.

Consider the question of three sectors. It is a very powerful idea that there are three sectors, but in my opinion there is nothing that can be called a sector, let alone three sectors. So, we have a problem of the current times. You can have a thought about economic life, which can lead to developing policies and institutions, which are fictitious. This is epistemology as it shades into ontology – the way we behave. Are there three sectors? Who said they existed? Where's the evidence?<sup>11</sup>

When we started to have a single global economy, because there is no outside entity with which you can do business, all the policies, all the arrangements, all the thoughts that are based on the idea that you have an external entity, no longer operate. In this perspective, where there is only one economy in the world and it does not do business with any other economy, there is no balance of payments.

If we continue to say that there is a balance of payments, we are deluding ourselves. We say this because we believe that the world economy is made up of several separate economies – which is the way the 'Brazilian' economy is conceived. But there is no Brazilian economy in my image. There is no oil that belongs to Brazil. There is oil all around the world. It should be managed through a type of commission that manages the resources common to humanity. Some resources are in the subsoil of Brazil, some resources are said to belong to Brazil because they are within 200 miles of its shores, according to maritime laws. But this does not really belong to Brazil. A simple example like this can disturb you. It means your oil company, Petrobrás, does not really exist. We are in a situation where the way we organize things is complete illusion.

If we follow the logic of finance, there is no known border like the borders of Brazil. The problem with the current financial crisis is that the thinking linked to national economies was already anachronistic a hundred years ago and is even more so today. The financial markets do not recognize national frontiers.

---

<sup>11</sup> It is worth considering how the idea of three sectors and, indeed, three worlds steals the thunder from Rudolf Steiner's image of three spheres.

I am giving macro examples. I hope you have the feeling: “What is he talking about?”, because it will start to move your thinking. I’m not just here to share an insight or explain how I see the world. I want you to feel something in your stomach: Petrobrás doesn’t exist. So, it cannot advertise on Formula One racing cars, it cannot influence markets, it cannot be a state organization, because it does not exist. What exists is oil geologically linked to a country called Brazil.

I don’t know if this is creating an experience of “What is he talking about?” I am using oil for a specific reason. At the time of the Treaty of Versailles, the victorious allies created red lines in the desert. And using the principle of self-determination of peoples, the Sheik, who was the tribal leader of that people at that time in what is now ‘Kuwait’, suddenly became the leader of a country. There is no country that is Kuwait. That is a part of the Arabian desert allocated by the French, English, Americans. Through Versailles, the resources of the Arabian Desert have been allocated to countries, which are really sheikdoms, but they actually belong to the major oil companies of the world. Look at the history of these companies throughout the twentieth century; study the book *Seven Sisters*, written by Anthony Sampson.<sup>12</sup> He is a journalist and describes in that book how the deserts were divided by Westerners, with the fictitious basis of creating countries that are not countries, but only the kingdoms of the sheiks they favoured. The oil was then allocated by the West to seven large companies. When he describes this very accurately, he keeps saying that what should have happened was something else. What should have happened at that moment is a global organization that would inventory all the oil in the world and then begin to have a sense that all this is the oil of the world, of humanity, and should be distributed as such.<sup>13</sup>

I am giving this example as a specific illustration of a current problem. When one is an accurate observer, that is, when one connects one’s thoughts and one’s will to the facts, then one starts to realize something that should be in place. If you imagine how this situation could be after almost a century, if we had organized the world’s oil on that basis, what would Petrobrás be? Would we need a Rio+20? A 1992 Rio? Would we have a peak oil crisis? Would China be trying to capture oil? Would the West be in Afghanistan trying to stop this from happening? Would Saddam Hussein have been executed because he sold ‘his’ oil in euros? I am throwing several things out through this one example, so that you have a sense of how one can see the evolution of the world. If you engage your thoughts and your will and through this get closer to the facts, you can begin to sense what is already in the world, and then you can see its distortion. But also its truer direction.

If I make a strange image, that would be the real story of humanity, the true evolution of economic life, but it would have a false parallel. Then you can ask yourself, what should be happening in the world. And then you can understand what *is* happening in the world.

What I mean is that if you understand the idea of the oil of the world and what the nature of the problem is, you would not see a company like Petrobrás as a national company of Brazil, but as the allocator of world oil in Brazil. And you would not have exports. The oil that leaves Brazil thanks to Petrobrás is not an export from Brazil. It is not something you can use to blackmail the rest of the world, it is not a resource you can use to ignore your internal problems, or solve those problems in a false way, as Hugo Chavez does in Venezuela.

I hope you understand what I’m saying – there is the world as we think we understand it, and there is the actual world, which can be felt, then seen. It is not that one day society will be threefold and the economy a single global affair; that is already the case.

## **Beyond Geopolitics**

Now I’m going to say something weird: if you follow that path, a main problem that you will encounter has two dimensions. First, an external dimension. If you’re in a professional world that

---

<sup>12</sup> Sampson, Antony. *Seven Sisters: The Great Oil Companies and the World they made*. 1974.

<sup>13</sup> It is interesting that Sampson describes all this but he never refers to the World Power Conference or the global inventory work of Daniel Dunlop, whose legacy still exists as the World Energy Council in London.

deals with these issues, people will say that you're changing the political structure of the world. You are messing with the power arrangements that govern the world and that are designed in a very precise way. One needs to know of this because it touches on geopolitical themes.

On the other hand, you need to find a place that is not connected to geopolitics. That's not so easy. It may sound strange what I'm talking about, but one of the questions that has been asked is how to deal with selfishness in modern economic life. All the examples I've given should touch your understanding of this issue. Today's geopolitical construct is a great appeal to selfishness. My experience in these situations, for example, is that when you touch on an issue like the international humanitarian institutions, people will say that you are changing the basis of power. Just saying that the Bank and the Fund are different things can be a straightforward technical issue for someone inside this room, but inside the IMF this would be very alarming. People will say: You're challenging the geopolitics of the world.

So, you need to find within you a place where you are not affected by this. When you start to talk about these things, people's first reaction is to say, "But then who's going to run the world?" My answer is always: "What is geopolitics? Why did you bring this up? I didn't mention it?" The only thing I said is why do you call them Bank and Fund? That's an epistemological question.

I'm giving that example to show that at the epistemological level you have a basis that allows you to understand differently the way the world is organized. It can be very difficult to understand the IMF by trying to change the way it operates. But if you base the discussion on inescapable epistemological questions, nobody can touch you.

If I bring this example to the most local level, you may have an organization that realizes it needs to change policy. And you can say, if that policy needs to change its current president can't be in that place. You can push the policy, push the president, and ask him how long before he (or she) dies or leaves the place, but then the timing of history becomes important. If I take again the example of the IMF and the World Bank, epistemologically speaking, it's not important to know that the Fund is a Bank and the Bank is a Fund; the important thing is that if you use that understanding of economics you realize that there is liquidity and there is capital and that in a global economy they have to have their organs. It's not even so relevant that I call them liquidity and capital. These are just words that describe very different categories. I can call them A and B. The important thing is that they are not the same, no matter what their names are.

For then one can ask: Is liquidity a banking function or a fund function? For Keynes, liquidity is a banking function and capital is a fund function. He may be wrong, but in his mind he is naming these functions correctly. In the end, the name has to be correct, because already, of course, at this level if the name is correct you have an explanation of the world that is true in relation to reality. In Keynes's mind, the true function of liquidity is a banking function and the true function of capital is a fund function. If that is the case, one can see immediately the consequence of today's mistransposition. It disorients the whole of humanity. And that's just one example.

One of Rudolf Steiner's most important epistemological comments is that in a world where you can't see things, and the only way to see them is by naming them, where thoughts are things, be careful what you think, how you name things.

The next thing is that if the real names are Bank and Fund, why were they reversed? But it then doesn't matter why, the important thing is to re-reverse them. Storms will fall on you if you do that. Not just geopolitical storms. Professionals have built their reputations on the idea that the IMF is a fund, students have read entire books with this idea. So you begin to experience pressure on you not to make this reversal.

I gave a seminar recently in Hungary to students at a business school in Budapest.<sup>14</sup> As I spoke, the students got closer and closer, coming to the front of the class. Each time we came back from a break they were closer to me, and in the third session the teacher, who had stayed in the background, made a

---

<sup>14</sup> Corvinus University.

move with his hand chopping of his head: “Stop!” You’ll find this at universities. On several levels, there is antagonism because such ideas will disturb the students. Professors say, “What do I do with those questions when you leave?” In that world that is the kind of experience you can expect to have. The important thing is that the soil you grow out of is not connected to geopolitics. If you say there are not three sectors, you have to be able to demonstrate that. And if you say that the IMF is a bank and the World Bank is a fund you have to know what you are saying and the consequences for your correspondents if they agree with you.

In this sense, with the work of Rudolf Steiner and Keynes, you begin to take control of the conceptual environment and generate influences in it. All I’ve said so far is epistemology. If we go further along the path I am describing, we would have to discuss the topics one at a time and almost one-to-one: “How do *you* understand the IMF?” The good things, the bad things. Do all the countries that are members of the IMF work equally or do any of them have more power? Is the IMF peripatetic? All those things.

How we relate to these things depends on how we think. In my view, with Steiner and Keynes, because of their good epistemology, you can use their thoughts to name correctly the things you can’t see, so that the policies are also correct, in line with reality. Ultimately, you can then create institutions that are in accordance with these thoughts. This is important because for most people today, they cannot understand the world because the way they see the world is through today’s institutions and the behaviour that corresponds to them. But with people like Rudolf Steiner and Maynard Keynes, because of their epistemology, because of what they said, they’ve given us insights, tools for understanding. What Keynes might have called ‘muscles of intuition’.<sup>15</sup>

If your epistemology is correct you can see what brings false elements into the world and because of that you begin to have a sense of what is true. So then you can take one step further. You *prefer* what is real and then you show that you are already in and part of the world as it ‘should’ be. This is my hypothesis.

### Key Conceptual Points

Concerning capital and liquidity, let me answer that in a particular way. One of the questions asked was: How the individual relates to the economic world. My answer to that is always, “By looking at how accounting is structured”, because for me the way accounting is built and organised is an example of how macro organisation matches micro organisation. And then we have to make a step where you have to try to bring the logic of accounting into your own world. You’ll see what I mean through a drawing of the balance sheet of a particular individual who is active in economic life. What would happen on his or her balance sheet? One would have to quantify how much capital one needs to



do what one wants. Whether it’s a bakery or a large corporation, one needs to be capitalized. That capital comes from outside and turns into cash. For example, if you say you need a million to do what you want, that million in the form of capital arrives, in my understanding as a fund and goes straight to cash (in English we say, ‘cash at bank’) and now you have to decide what you will do with that cash. To be economically active, you need the Fund on this side and the Bank on that side. What

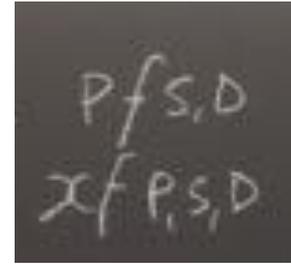
I mean is that this image is already in the accounts that way. But to experience what I’m talking about you have to be active and know it out of your *own* accounts. This is a central problem: to understand economics you have to come at it out of your own activity.

Many of the questions here cannot be answered through your own experience unless you start looking at your own accounts. For example, if you want to be active as a human being in economic life, you will tell yourself that you are connected to the vast world of capital, and part of it is allocated to you. You are connected to the world of liquidity and some part of it is in your bank account. I would say that unless you are actively connected to your accounting, and you understand economic

---

<sup>15</sup> The allusion is to Keynes’s posthumous Royal Society lecture July 1946, *Newton the Man*.

matters through that, you will not have a language that allows you to understand what I am talking about. Because if I tell you that you need an agency to realize liquidity in economic life, how do you know what I'm saying? What is this world of liquidity?



One of Steiner's interesting points is that the epistemology that is no longer possible once world economy arrives looks like this: price is a function of supply and demand ( $p = f(s, d)$ ). In the period from Adam Smith to the twentieth century one could perhaps think like this (market theory), but not since the First World War. After that point, the only epistemology that can work is the one that recognises that in a single global economy one has to do with the fact that price, supply and demand are all independent variables.

- $P = f(S, D)$  Trader's equation.
- $S = f(P, D)$  Consumer's equation.
- $D = f(S, P)$  Producer's equation.

giving rise to something new:

$$X = f(S, D, P).^{16}$$

For economists and for those in this room who want to be economists, without understanding this epistemology you cannot understand the global economy. A single interest rate, for example, cannot operate in one-world conditions. And equilibrium theory makes no sense in financial markets.

Rudolf Steiner said that in 1922; it was obvious to him. I mention Steiner's algebra because if one enters economic life, out of one's *own individuality* one will be able to understand this epistemology. That means that in one's individual actions one will represent the global economy. You will know what I am speaking of non-theoretically and enter into colleagueship with Rudolf Steiner, no longer dependent on him. Everything I'm describing is macro. If all people begin to perceive their economic life via their accounting they will enter into this problem, and after that, into a global economy.

One of the questions was how to relate 'gift money' to the idea of balance of payments. This is in fact touched on in *Die Kernpunkte der sozialen Frage*<sup>17</sup> when, in 1919, Rudolf Steiner introduced the subject of the threefold nature of social life. Not as an idea that the world would become like this one day, but as a reality that one should be able to perceive. He then goes on to say: "Because I can see that the world is structured in a threefold way, I can also see three kinds of money – purchase, loan and gift." Not three kinds of money that would one day be here, but three kinds of money that you will 'see' if you abandon balance of payments. Not a theory, but a perception you have if you remove your false perceptions.

If you think of money in terms of the threefold nature of social life, the question is how does that appear in Brazil *today*? Not, how will it be in the future?

The idea of three kinds of money is already known in the world. But now we have a problem, if I may put it that way, because we have a layman's understanding of what Steiner means. And because that understanding is lay and not technically accurate we look for solutions out in the world, when in reality they should be looked for in the way one behaves.

My point is that one needs to start in the field of accounting linked to the three kinds of money – applying that to one's own activity. We won't be able to do that here today, but I want to make it clear that this is the only way human beings can become connected to the world's currency problems.

<sup>16</sup> *Economics – The world as one economy*. Rudolf Steiner, op. cit., Lecture 8.

<sup>17</sup> Perhaps best translated as *The Threefold Nature of Social Life*. Published as *Towards Social Renewal*. Rudolf Steiner. Rudolf Steiner Press, London 1977 [1919].

For example, when I think of the Bank of England, I always have the image of running through a labyrinth, half lost. Not looking for the minotaur, but for a concrete place where you are not lost anymore. That's the new minotaur. You need to find a place where the will-life of one's ego stops, recognises its limits. That's a weird place in today's financial world. Because at that point all the explanations you have of the world up to that point are of no use.

So now I'm in the maze using Ariadne's thread. And people are a little confused: "What's he talking about?" He speaks of the archetypal organisation of accounting and that is irrefutable. That's not a theory a person cooked up. Luckily, Rudolf Steiner talked very little about it, so, you can't get there thanks to him. You have to get there out of your own experience. And then someone at the Central Bank says, we already knew that, we just didn't think in those terms. We call it something else. So, now you can make your way out of the labyrinth of modern finance. Ariadne's thread is the threefold nature of accounting.

### **The People who Dance**

That's what I want to do next. If we look at your situation in Brazil today we can update what I am saying to reach the centre of the maze, which is a universal point in modern evolution.

No country, not even England or the USA, can appropriate or put a trade-mark on the idea of accounting. It's not intellectual property that someone can own. Accounting is universal and works in Brazil as well. What is universal – in this case, finances, accounting – will appear with a Brazilian colour, of course, depending on whether Brazil has to do with agriculture, tourism, art, etc. In Brasilia, when I was researching the central bank, I learned that Brazil has to do with 'the people who dance'.

You may wonder why I said that. As an image, when you reach the point of having a single global economy and not several economies, the identity of a people cannot be linked to economic life. You have to have the image that in order to have this single global economy you can no longer have a Brazilian economy. You can have a Brazil, an Argentina, a France, but they do not have an economy. All peoples in the world need to find their identities elsewhere. They need to have some light, something that they can connect with and connect their identity with. That's an image I call the "Choir of Peoples".<sup>18</sup> I mean that when you have a unique global economy you have a circle of the peoples of the world. In Rudolf Steiner's terms, the folk souls of the world. In his terms, when the single global economy emerges, we have to provide *institutionally* for the folk souls so that they can dialogue with one another.

This is a gigantic subject, I know that, but I am introducing it for very specific reasons. This image was blocked in the history of the world by Theodore Roosevelt in Oslo in 1910 in his delayed Nobel Prize acceptance speech and then by Woodrow Wilson who created the League of Nations in 1920 instead of a people's choir. The League of Nations prevented us from seeing the 'folk souls of the world'. And then if you move a little further forward... Eleanor Roosevelt, you have the United Nations, which also prevents us from seeing the folk souls. But if you forget the League of Nations and the United Nations, you can imagine instead a world of folk souls, that can then talk to one another, only they don't identify economically. We think that didn't happen or isn't happening, but it was and is lost behind the constructs of the League of Nations and the United Nations.

This whole episode is led by the concept of growth, growth, growth. And where has that ended? Zero growth! This is important from Rudolf Steiner's point of view: he already said in 1922 that there are two currents of value that result in price:

*Value 1* has to do with manufacturing *things*, that is the world of growth *and* decay. (A wheel wears out.)

---

<sup>18</sup> See *Finance at the Threshold – Rethinking the real and financial economies*, Christopher Houghton Budd. Gower 2011.

*Value 2* has to do with innovation and development: growth, growth, growth. Growth *without* decay. (The idea of a wheel will never go away.)

From Rudolf Steiner's point of view, you need to have both understandings not just one. The world of growth and decay (which does not mean zero growth) and the world of growth, growth, growth.

You need both – the economics of the finite world of nature and the economics of ever-growing capacities. If you don't have both, if the world of perpetual growth prevails everywhere, for example, it will result, in its own terms, in zero growth. That is the essence of twentieth century economic history.

I am saying this because I know that we have economics students in the room and all of this needs to be rethought nowadays. If you go back to the theoretical foundations of everything I criticized, the whole theory of growth, growth, growth, you get to people like Milton Friedman. In 1953, he said something very interesting. In his mind, we are not in a single global economy, but in a world of several economies, that compete to control the world economy. Both Steiner and Friedman are aware of a global economy. The difference is that for Steiner, we will share this economy among the peoples of the world, and for Friedman you can capture as much as you can of this global economy and make it subject to your own interests. But everyone knows there is only one economy. That is our common ground.



At this point (in my drawing), Friedman says, as an image, you should conduct a country's monetary policy according to the one paradigm, in order to depoliticize the way in which we understand economic life. That means, you have to reach central bank independence – in Brazil that has to do with the stabilisation of the Brazilian currency in 1994 by introducing the *Real*. Friedman says that we have to agree on the same understanding. This does not mean that you force this on a country like Brazil, though in today's world if you don't concur, the markets will 'punish' you. Friedman says this because the moment we accept the same paradigm, the monetary world becomes flat, undifferentiated. Zero inflation, everywhere, rendering the foreign exchange markets meaningless and so collapsing anything dependent on exchange rate profiteering. At this point, the only way for the world to move forward is via a monetary policy that is constant around the world but that follows "the light" of each country.

What is the light of a country? In a world that becomes flat, there will be no *monetary* distinction between Brazil and Israel, Israel and Russia. Each country will have to identify and follow its own light, not beggar or be beggared by its neighbours.

So, why do I say that Brazil is the country of people who dance? This expression came when I was in Brasilia when I was in an interesting discussion with someone from the Central Bank. We were discussing why Brazil did not behave like Argentina. My interlocutor<sup>19</sup> told me that if we look at the way Argentina conducts its monetary policy, they link their currency to the dollar, becoming dependent on someone else's light. Brazilians would never do that. They are independent people. That's what he said. So when I talk about dancing – it can mean samba, whatever – when the Brazilians leave the labyrinth, my image is that they will do so dancing.<sup>20</sup>

This is a very strange thought because in the formal accounting world, where there shouldn't be any poetry and in economics where poetry is always eliminated, we follow a path without poetry until we reach a brick wall and then we use poetry. I am talking about the very precise worlds of finance and accounting, the goods market, central bank independence – yet right there the professionals begin talking in poetry: "Follow your own light." When I say that Brazilians are people who dance, I have no idea what I mean (you have to say that for it to have meaning), but it starts to make sense when I

<sup>19</sup> Senor Bussinger, Senior Economist at the Banco Centrao do Brasil, Brasilia.

<sup>20</sup> The actual image came from a commercial banker in Sao Paulo.

say that London is the place of liquidity because through recognition of my own light, I recognise the idea of a country having a light. And so I can begin to ask, what are the lights of countries other than my own? When the English begin to understand that in that sense their role is to be the centre of global liquidity, it will make sense to think of the Brazilians as the people who dance.

I'm trying to say something strange, at least in my judgement. My experience is that this is autobiographical for us today. In order to understand what Brazil brings to the world, the English need to understand what I think Keynes understood. I am talking particularly about the City of London, which is the centre of global liquidity. This is what the English bring to the global economy. But it does not belong to them. Liquidity is, or should be, an instrument of economic perception, not a tool of economic domination dressed up in exotic supposedly scientific financial science.

In all this, we are trying to understand invisible worlds that have macro socio-economic consequences. I am taking you to a place where the English would normally like to take you – the world of liquidity that they control. But I am also trying to bring an inner picture of what I think Keynes had at the back of his mind. For him, the time had come for the British to give up liquidity control, but that does not mean that London is no longer the centre of liquidity. There is an impressive alchemy here. England cannot give up global liquidity, but Brazil, in this case, shows the English what it means to dance.

### **English with a small 'e'**

Before lunch, several topics were covered and what was interesting to me is that when you Brazilians spoke, you spoke a lot about China and in a language that belongs to the Anglo-Saxon theory of economics. I still don't know what Brazil thinks! I know what you were taught to think. This for me is a normal experience, which happens around the world. The way in which people tend to understand economics is through the Anglo-Saxon language and corresponding mind-set. This is the problem we have to solve.

I mentioned this when I touched on Keynes's mission: How the English need to be separated from the English. Talking to English colleagues, I ask: Can we spell English with a small 'e'? This is important because it has to do with what Steiner calls the consciousness soul and has a specific problem that has to do with the consciousness soul.<sup>21</sup> In all peoples, with the exception of the English people, this has *nothing* to do with economic life, but the fundamental essence of the consciousness soul in the English has *only* to do with economic life, in the sense that the global role of the English is to bring the evolution of humanity into a close relationship with materialism and so permeate the world with this understanding, such that all ancient cultures must then disappear in the face of it.<sup>22</sup> To be reborn out of their future not their past, but also out of themselves, no longer at our behest. Here we find a problem: to do this, for humanity to pass through this stage, we need a universal language, that is to say, a language that nobody can capture. All the old cultures, including Englishness, then have to die into that language. This is how humanity crosses the threshold together, but consciously. (Unlike up until now when we are doing that separately, as it were, and without an awareness of it.<sup>23</sup>)

A specific part of this problem is what we call 'economics' when we understand that as a universal science. Modern economics was designed very carefully to look like a science, but it is not. It is a form of foreign policy. So, this is a problem that we need to solve, because everything you say about economic life was brought to you from the Anglo-Saxons. You have to take another step, which is to

---

<sup>21</sup> For Steiner, consciousness evolves through different stages, even moods. The Consciousness Soul marks the current period, starting with the Renaissance, when humanity develops a strong sense of self-awareness, to begin with at the expense of the world, but leading in due course to a more conscious and responsible relationship.

<sup>22</sup> That English became a world language used by the world is related to this.

<sup>23</sup> One of Rudolf Steiner's most valuable insights is that, as he put it, the whole of humanity has crossed a threshold, as of 1844, but has done so without realising it and without a vocabulary that fits and so explains the experiences that belong to this circumstance.

differentiate between what is universal and what is Anglo-Saxon. I will try to identify this problem and then resolve it.

You will see a lot of images of things that I am against. For example, China. I'm not going to talk about China in depth, but there you have to be careful. Are you talking about what I call 'true China', which is difficult to perceive? It never reveals its secrets. Or are you talking about the China that the West passes its excess dollars through? This is not China. This is the parts of China that are released in order to absorb excess money that has to be invested and keep travelling the world in order to maintain its existence.

If you look at the economic history of the twentieth century, an example that Rudolf Steiner uses and that shows what I am saying: you take all the cultures, the attitudes of the soul that were found in Japan, for example, and then you pass your currency through that country and it becomes a photocopy industry, or they produce Yamaha cars or pianos. Skills that are essentially Japanese – calligraphy, for example – become used by Western currency, in this case to create an economy of replication, copying. So, Japan's economy, especially after the Second World War, is not Japan's economy. It is the Western economy making use of the Japanese people. This is just an example.

One could likewise look at India – which of their soul qualities become converted into software engineering? India is being used; monetised, as it were. The incredible intelligence, which is natural in Indians is harnessed to create software, not to unfold the future culture of India. Such excess capital will in the end tire of India, as it already has of China, and then head, perhaps to Brazil as the next 'emerging market'. But what is the future of Brazil in the real sense compared to such cascades of money? It is not fair to call Brazil an emerging market; that just means it is the next port of call to keep the game going.

This is not about emerging folk souls, independent 'lights' and how to finance them. It could be, but it isn't. In reality it is the way that the people of England, however benignly or ignorantly, capture a universal element for themselves, using finance and 'scientific' economics as accomplices. It doesn't matter where you go around the world, this is the economics you will be taught. So, even if you are going to study at a Marxist university you are going to study western economics. There may be a discussion about who should take the profit, but no one will discuss the paradigm.

I'm making a strong statement. I'm talking about the need to make a change in the way we teach economics. One of the biggest challenges we have in the context of the global economy is exactly this problem.

Part of what we can call the 'New Economy', since someone used that term today, is the series of lectures that Rudolf Steiner gave on economics.<sup>24</sup> But there are at least four other claimants to this title:

- the group in Cambridge in the early mid-twentieth century.
- the New Economics Foundation in London, which deals with the alternative economy but which is not really an alternative at all.
- President Clinton's 'New Economy' when he was president.
- the new capital market economy.

But none of these four really touches the paradigm at all. If you want to change the economic paradigm you need to do something akin to 'hundredth monkey theory', meaning causation and the related epistemology becomes 'all over the place'.<sup>25</sup> It can come from anywhere; and perhaps not at

---

<sup>24</sup> *Economics – The world as one economy*. Rudolf Steiner, op. cit.

<sup>25</sup> This expression is a nod to the oft-stated idea in alternative economics that a new behavior or idea is spread rapidly by

all. There are no prices ‘given’ from outside in finance; they are the result of expectations, guesses, gambles, institutionalised uncertainty. Thinking and behaviour has to be reflexive. And thoughts are things; things are thoughts.

I am trying to describe a phenomenon in the financial markets. It doesn’t matter where this field is touched, if it is unclear, suddenly it can become clear. I do not know how to describe this phenomenon any better at this moment, but it means one can just start with clear thoughts, clear thinking (such as I am trying to do here) and what one describes initially theoretically may be followed by politicians. They begin to describe policies that are true to economic life. In its crassest form, this is what ‘talking up a market’ is all about.

### **Rethinking Entrepreneurship**

Enter the true entrepreneur. This is not someone who makes a fortune at 40, retires and goes to play golf. So, be careful with those entrepreneurship courses out there. They will teach you how to extract cash until you reach 40 and how to get the next idiot to buy your business believing that it has value.

True entrepreneurship is not about getting rich as soon as possible by investing in the market and then going out to play golf! This is not being an entrepreneur, in my view. For me, an entrepreneur is someone who undertakes his or her destiny. Everyone in principle. This means that he or she comes to earth to make a contribution to humanity. This is hidden behind each person’s biography. Nobody arrives on earth without a reason. Seen from the outside, this reason can be very trivial or not important. Or a life spent at rest.<sup>26</sup>

Beware thinking entrepreneurship is celebrity; it is usually something quite unnoticed. In the English language, ‘entrepreneur’ is a word that comes from French, which means to undertake something, to undertake what? It is the I that undertakes its destiny. But the I cannot undertake its destiny in the abstract. It needs finance. The liquidity I need to be active is a call on the liquidity of the world. The capital I need to be active is just assuring myself that ‘my’ part of the capital of the world goes through my biography. If we take this seriously, we can build a different understanding of the economy. If I want to develop my destiny, I need to serve humanity. This is the deep secret behind the division of labour. In principle, the division of labour means that each one must identify his or her own contribution within the whole human family. The family he or she will serve.

How does it work in practice? Here I will make statements that I will not have time to justify. If we understand the entrepreneur as an incarnate soul, it is important that this self meets limits. In this sense, the internet is a big problem if it removes borders before I am ready, willing and able to do so myself. That has the effect of preventing the self from meeting itself, and this becomes a serious problem.



In the world, you can find hidden in finance a type of duality, two things. I already touched on the subject today. It is hidden behind ‘growth and decay’ compared to ‘growth, growth, growth’. I could give other examples of two types of logic that are found in the world. The basic epistemology

---

unexplained means from one group to all related groups once a critical number of members of one group exhibit the new behavior or acknowledge the new idea. Whether this happens in the way it is supposed to happen among monkeys, one can (and should) debate. In reality it is probably a grasping at straws, an attempt to explain what sense-based thinking cannot explain. But economics has as yet failed to devise its own terminology so in this case it goes from the straight-line logic of mechanics and physics to an imagined but not easily proved process. Technically, however, it is a matter of economists learning to think with multiple independent variables, and not with two independent variables or causes giving rise to a third, dependent variable or effect. A primary example of this is found in modern finance in the assignment problem or the standard trilemma, that states countries cannot simultaneously maintain independent monetary policies, fixed exchange rates, and an open capital account. They have to choose two of the three, which will then give them the third one. The same problem is identified by Rudolf Steiner more than once in his economics course, when he critiques the theory that supply and demand determine price and Smithian economic thinking in general.

<sup>26</sup> Much of what is said here reads on reflection as if borrowed from Rudolf Steiner’s 1922 Oxford lectures – *Threefold the Social Order* – only it wasn’t. (New Economy Publications, Canterbury, England 1996. Search aebookstore.com.)

of the modern human being and of the consciousness soul is that it learns to divide the world in two in order to become responsible for the world. It has to understand these two very different realms. The nature of the one realm is not the nature of the other (see drawing).

When I realize through my epistemology that the world has these two realms with different natures, different logics, then I need to let each logic find its place. I need to understand the physical world of growth and decay, this will lead me to the logic of goods and business. Goods and businesses are subject to growth and decay. If I go to the world of endless growth then I just need to realize growth, growth, growth is a reality for the world of capacities as represented by the capital markets. So, part of the problem with the example I'm using is understanding that the world of goods and the world of capital are not connected. If they become connected it is because I enter into both. If we understand this and if we are consistent with its external and internal historical expressions, we can halt the capture of economic life by the Anglo-Saxons. We will come to an understanding of the economy that is truly universal, but that is not captured by the Anglo-Saxons. That is the challenge of modern economic epistemology; in evolution as a whole, we cannot become free, independent and responsible except by first dividing the world in two. Economics and accounting know this 'secret'.

We build consciousness by killing the world and then recreating that world 'correctly'. In *The Riddles of the soul*<sup>27</sup> Steiner describes how the human being can experience when the world invades one and when one extends beyond oneself into the world. And through these two experiences, knowing when one is being invaded and knowing when one extends beyond oneself, one knows oneself to exist. But the self cannot see itself, just as the eye cannot see itself. The self can only be seen through intention and effect. The self knows that when an action did not become effective, then it was not present. So one tries again. And again. And again. This is the point where epistemology becomes ontology, where thought and deed are not separate. I want to make a model of this in modern economics.



In the case of Keynes, in *A Tract on Monetary Reform* – I will bring an image of my own here – in that book he says that we have to distinguish the industrial function from the financial; goods from savings. If we can make this distinction, then we will no longer need the gold standard. External certainty is replaced by the certainty of conscious thinking. It is just an example, but an example that changes the world. Only by making the difference between the world of goods and the world of capital can we get out of our dependence on gold, which is still the global problem. During the global financial crisis, the value of gold keeps rising. We will only come out of this crisis when the value of gold remains stable.

Few of you in this room are in a position of power to do anything about this unless you can relate to rarefied examples of monetary policy. But the same phenomenon you can touch via accounting. I have shown the twin division of the world. In accounting this is income less expenses, which gives a result. The balance sheet, assets less debt is equal to equity. This is the case for all places in the world, including Brazil:

$$A = D + E \quad \text{or} \quad A - D = E$$

On the income and expense account side, at the end of the year, this is zeroed. The difference, whether positive or negative, is transferred to the balance sheet on the capital side. At the end of the year the income and expense account is cleared. Either you increase your capital or you have decreased it through your revenue accounts.

In the structure of accounting, the global financial architecture already exists, but let's go deeper. Accounting is the quintessential tool for overcoming selfishness. But we have to be careful. Rudolf

<sup>27</sup> *Riddles of the soul*, Rudolf Steiner. Mercury Press, Spring Valley, New York, 1919. (CW 21)

Steiner is extremely firm on this point. He speaks from an economic *and* an ethical point of view. Selfishness has to be removed, root and branch. He uses a very strong image, but he speaks from an economic and an ethical point of view. So we have to be careful not to rail against selfishness. This means that my limited selfishness needs to be extended, not for its own sake, but for the sake of humanity as a whole.

For example, if I am a doctor, for sure I will help the patient who arrives at the office, but I want to say something that goes beyond that. I mean that one is really in the presence of humanity when I do what I want to do. For example, I want to build a hospital. For that purpose, I need a lot of capital.

I then go to economic life financially naked, as it were, I don't bring anything except my initiative. But then humanity needs to bring me the ability to carry it out. I need to be clothed, invested in. A patient in need, yes, but the capital also.

When I pay a secretary, I am appreciating what she or he did. But I am also recognising my karmic partner, the person to whom I'm going to deliver my service or product. You can call that person a customer, for example, and in an abstract, disconnected world, you would have to do a lot of advertising to connect with that person, so that that person can find you in a disoriented karmic world. But he or she is still a karmic partner, someone you need to meet, however haphazardly the meeting takes place.

A sale is always an instant karmic event, it has no past and no future. The karma connected with capitalization is the opposite of the instantaneous moment. This will create a bridge from the past to the future. I'm putting it a little bit strangely, because the words are hard to find. But more importantly, none of this contradicts the techniques of accounting or the logic of global financial markets. I am not saying absolutely 'no' to market theory; but I am saying it is no more real than karmic theory. Indeed, it owes its truth to that.

The only thing that is archetypal in this world, truly universal – I am talking about the economy of the world – is this archetypal structure of accounting. This takes us all to a kind of 'no-man's-land', to the limits of our self-experience. This also creates a threshold that all of humanity, including the Anglo-Saxons, must – and can – cross.

On the other side of that threshold the fact of folk souls becomes evident. I hope that somehow in Brazil, through these experiences, some understanding for this develops, so that somewhere in Brazil out of your own thinking and your own behaviour, that is, out of your own conscious will life, you can escape Anglo-Saxon domination.

Thank you for coming.