



Julius Rosenwald: A Worthy Harbinger?

Study material published as a contribution to public debates.
Comments to the publisher [c/o economics\[at\]goetheanum.ch](mailto:economics[at]goetheanum.ch) always welcome.
Part of any sale proceeds goes to finance research into associative economics.
Please respect copyrights, otherwise how will authors live.

© ***Meg Freeling***

Julius Rosenwald: A Worthy Harbinger?

Meg Freeling

This paper is linked to an earlier one on spend-down foundations: "Spend-down Foundations and Waldorf Education in the Light of Rudolf Steiner's Economics", A Research Project, Phase I. Meg Freeling, Columbus, Ohio, 2013.



"All the other pleasures of life seem to wear out, but the pleasure of helping others in distress never does." – Julius Rosenwald

Tis a gift to be human
'Tis a gift to be free
'Tis a gift to see
what other people see.
And when we find ourselves
In the economic life
'Twill be in the midst
Of accounts done right.

When true transparency is gained
To spend and to lend
We shan't be ashamed.
To serve, to serve
Will be our delight
Till by serving and funding
We come 'round right.

Adapted from "Simple Gifts" by Joseph Brackett.
New lyrics by Stephen Vallus (2011)

Introduction

Julius Rosenwald (1862-1932), the man who built Sears, Roebuck, has recently been called “the greatest philanthropist you’ve never heard of” in a 2015 documentary film about his school-building efforts for African-Americans in the South. Backed by his own deeds, his statement, “Give while you live”, was a clarion call to spend out wealth in service to others rather than lock it away in perpetuity.

In studying the life of Julius Rosenwald, I have come to wonder if this man might also have been given to the world in 1917, the era of World War I followed by the Great Depression, as a harbinger of hope for what human beings need to do now, a hundred years hence. Beyond the legacy of self-expiring foundations that can set capital free to serve others and stimulate new good work, do we have here a man whose life itself was a seed planted into the darkness of economic materialism so that, as seed, its spirit, its substance and its wisdom would be ready to flower now in 2018, to become that which will take us out of and beyond the economic materialism that he planted himself into – but rose above? Perhaps we can read his life for clues as to what comes next.

Part 1 of this paper offers descriptions of key elements in the life of Julius Rosenwald that give evidence for this intuition. **Part 2** relates these events in Rosenwald’s life to insights and challenges growing out of an economics spearheaded by a contemporary of Rosenwald’s, the Austrian author, lecturer, scientist, researcher, educator, creative thinker and economist living in Germany and Switzerland named Rudolf Steiner (1861-1925). Though they didn’t know each other, both men were trying to penetrate deeply into the crucial questions of their time, asking, “What can I do to bring about the most good in this time of great trial for the world?” Though little known as yet, Rudolf Steiner’s course of lectures given to economics students in 1922 contain the seeds of thought that, if nourished, have the potential to join with Julius Rosenwald’s deeds to open up a path for the actions that can be most fruitful now. To that end, the second part of this paper ties elements of Rosenwald’s life to some of the economic principles put forward by Steiner that, in this author’s view, hold out the most promise for strategic action in our day.

Part 1. Glimpses into the Life of Julius Rosenwald

A: An ‘Apocryphal’ Moment

As a still-aspiring young man in the mid-1890s, Julius Rosenwald, known to all as JR, told a friend: “The aim of my life is to have an income of \$15,000 a year – \$5,000 for my personal expense, \$5,000 to be laid aside, and \$5,000 to go to charity.” (Ascoli, p.54.) This youthful insight proved to have real staying power as a guide for JR’s ongoing management of his great wealth.

B: Two Jewish Principles

JR’s Chicago mentor, Reformed Rabbi Emil Hirsch, made it clear that the Jewish principle of *tsedakah*, often translated as charity and justice, has a further step. Hirsch said, “Property entails duties, which establish its rights. Charity is not a voluntary concession on the part of the well-situated. It is a right to which the less fortunate are entitled in justice.” (Ascoli, p.54.) The other principle, *tikkun olam*, urges actions toward repairing, healing and harmonizing the world. JR took both these principles to heart.

C: Black Education in the American South

In 1911, JR introduced his guest of honor, Booker T. Washington, black president of Tuskegee Institute, to a group of Chicago business leaders. He called Washington “a wise, statesmanlike leader,” saying, “He is helping his own race to attain the high art of self-help and self-dependence, and he is helping the white race to learn that opportunity and obligation go hand in hand, and that there is no enduring superiority save that which comes as the result of serving.” (Ascoli, p.87.)

Julius Rosenwald and Booker T. Washington developed a strong bond of friendship and collegiality in their work to build schools for black children in the South. By one count, 5,357 schools in 16 southern states called themselves Rosenwald Schools, though he tried to avoid using his name on projects he supported. Washington and Rosenwald went on to provide for teacher training centers, support of other black colleges beyond Tuskegee, and a fellowship program for promising black artists and intellectuals during the worst years of the Jim Crow South.¹

D: The Rosenwald Fund Fellowship Program

Maya Angelou (poet, *I Know Why The Caged Bird Sings*) and Julian Bond (Civil Rights leader and state senator in Georgia) are two of the more well-known recipients of the Rosenwald Fund Fellowship Program. “The fellowship program provided money and recognition to almost every significant black artist and thinker of the 1930s and 1940s. A partial list of the best known reveals the astonishing breadth of this program: Marian Anderson, Augusta Savage, Catherine Dunham, John Hope Franklin, Jacob Lawrence, Zora

¹ Jim Crow South: 'Jim Crow' was the name given to the systematic practice of discriminating against and suppressing Black people, e.g., Jim Crow laws, a Jim Crow town. A derogatory name for a Black person, as used in a 19th century minstrel song. (The American Heritage Dictionary)

Neale Hurston, Ralph Bunche, Langston Hughes, W. E. B. DuBois, and Ralph Ellison. Southern whites were also aided by Rosenwald fellowships, notably C. Vann Woodward and Ralph McGill. This fellowship program was truly unique in its day... Not every Rosenwald fellow became famous, but the number of people who used the award to embark on their careers is remarkable.” (Ascoli, p.399.)

E: Self-Expiring Foundations

“The Rosenwald Fund was the first foundation to go out of existence voluntarily in accordance with the expressed wishes of its founder.” (It existed from 1917 to 1948.)

“The Rosenwald Family Association lasted until around 1950... In 1944, the five children each decided to form their own foundation and to spend the Rosenwald Family Association out of existence, a concept of which JR would have highly approved... It is interesting to note that each of the five foundations of JR’s children was also self-liquidating, which was precisely what JR had envisioned.” (Ascoli, p.390.)

“Rather than constructing eternal monuments, the new philanthropy was to be ‘of a disappearing nature,’ experimenting with untried techniques, promoting the passage of socially-oriented laws, and subsequently passing on to new causes.” Kathleen McCarthy, *Noblesse Oblige*, quoted in Ascoli, p.402.)

JR’s dislike of perpetual named foundations does not merely stem from his Progressive beliefs – it is more deeply rooted and more carefully developed.” (Ascoli, p.405.): “...McCarthy sums up JR’s ‘philanthropic credo’ as ‘prevention, deinstitutionalization, and flexibility’. Examples of all three words are not hard to find. An instance of prevention would be the Rosenwald schools, designed to prevent Southern black children in rural areas from being deprived of an education; the crusade against orphanages on behalf of the Home Finding Society is a perfect example of deinstitutionalization; and the extreme flexibility of JR’s programs can be seen in his gift to the University of Chicago, the ‘Suspense Account,’ where the only stipulation was that principal as well as interest be spent in a given year.” (Ascoli, p.405.)

F: October 29, 1929: The Economic Crash and the Great Depression

“[JR] ... had been ill; nevertheless, he was at the office promptly at 8:30 on that memorable Blue Thursday of late October. As thunders and lightnings [*sic*] began to threaten the financial structure of America, he placed two telephones before him, squared himself at his desk, opened the three doors to his office and began to ‘do business’... He sold many securities and also bought thousands of shares. In the course of one attempt to get an order through to a broker, the report came back that the telephone exchange for the whole LaSalle Street (Chicago’s financial district) section had suddenly gone out of order; he burst into a gale of laughter at the absurdity of such an accident on such a day. He made not less than a hundred separate decisions in this one day, many of them of momentous implication... He saved hundreds of persons from immediate bankruptcy. He saw his own fortune in the collapse that culminated this day reduced by a hundred million dollars. He saw his business and his personal affairs plunging inevitably into the most troubled waters. It was one of the happiest days of his life.”

“In a nation desperate for good news, word of what JR was doing was broken by the *Chicago Herald Examiner*. Its headline read, ‘Rosenwald Aids Workers Caught in Stock Market; Sears Roebuck Head Arranges to Furnish Collateral for Brokers.’ The story was picked up by the Associated Press and reported across the country. Soon scattered executives ... were following JR’s example... Letters of support and appreciation poured in from all sides... Henrietta Szold wrote: ‘Such acts demonstrate that moral heights can be reached in our condemned commercial era as in the eras glorified by historians. When I read of it, I was proud of the right to call myself your friend.’ “...JR was slightly embarrassed by what he considered adulation.” He later told the reporter, “...I do think this, however – that judging by what countless people have told me, the publicity did help to establish confidence. Whether this is true or not can never be proven.” (Ascoli, p.360.)

G: Cooperative Individualism

“...in Herbert Hoover, JR found not only a presidential candidate he could support, but a friend. There was much in Hoover’s ideas about American government and society that must have appealed to JR... Both men believed in what Joan Huff Wilson calls ‘cooperative individualism,’ that individuals working together, starting at the grassroots level, could accomplish more and be more effective than a strong centralized government. Hoover also believed that business should work more closely with government and that businessmen should be enlightened through education to become advocates of social responsibility. In this sense, JR must have been almost a paradigm of Hoover’s vision of an American capitalist.” (Ascoli, p.352.)

JR made a speech on behalf of Hoover, who had been nominated as the Republican presidential candidate in 1928, in which he said: “From this personal acquaintance, and from my observation of his activities, I have come to know his deep sympathies for those in distress, and his ability to meet and solve great national problems. His record as an administrator in relief work during the dark days of the World War is a story of humanitarian achievement known the world over...”

Hoover was elected president, but the onset of the Depression in October 1929 put such a pall over his presidency that he became a scapegoat for the Depression and his own strengths were largely overshadowed.

When Julius Rosenwald died in March 1932 President Hoover gave a memorial speech that was broadcast nationwide. He praised JR for his Russian colonies project (the resettlement of Russian Jews to the ‘breadbasket’ of Russia in the Crimea and Ukraine where they could buy farmlands and learn to farm) as a great work of ‘social engineering’, but added, speaking of JR, “I remember how, guided by his keen intellect and great heart, he directed his wealth into those channels which inspiration and study convinced him were for the best service of his fellow men. I further recall that where there were no channels, he surveyed and dug them, recognizing no barriers of creed or race.” This was Hoover the civil engineer speaking. (Ascoli, p.385.)

H: The Standstill Agreement

“The months immediately following Julius Rosenwald’s death saw the depths of the Great Depression, and that economic cataclysm had a significant impact on both the settlement of JR’s estate and the fate of the Rosenwald Fund.

Two of JR’s children, Lessing and Marion, were named executors of the estate, “but Marion dropped out of this role in May, leaving Lessing as the sole executor. He faced a daunting task.... Lessing’s first action was to engage a large group of assistants...” Approximately two-thirds of the ... liabilities were owed to six institutions:

First National Bank of Chicago
Continental Illinois National Bank and Trust Company
Chase National Bank
Museum of Science and Industry
University of Chicago
Sangamon Corporation (an investment company owned by JR’s three oldest children)

“The percentage of the estate’s assets in Sears stock lost 70 percent of its value from the time of JR’s death (January 6, 1932) to the end of June 1932. That portion of the estate in diversified stocks also continued to decline. Two facts became clear to Lessing and his advisors. One was that, if the downward economic spiral continued, the estate would be insolvent and many groups and individuals would get nothing. The other was that if there were an attempt to liquidate the estate, the effect of selling such a large amount of Sears stock would further depress the price of that stock.”

“Thus, the estate’s lawyers, with the consent of the six major creditors, negotiated a historic ‘Standstill Agreement’, which was signed on May 11, 1932, and bound the parties not to press the estate for payment. A party could opt out after giving ninety days’ notice, but it was clearly in the interest of all the parties to sit tight. It was assumed that eventually the bottom of the market decline would be reached, and then the stock would begin increasing in value. Lessing and the lawyers guaranteed that a payment plan would be worked out once the stock did rise. This agreement was accepted by the probate court, presided over by Judge (and future Illinois governor) Henry Horner, who had known JR and was probably sympathetic to the plight of the estate, though there is no implication that he did anything unethical in concurring with the Standstill Agreement. ”

“For the next four years, payments were worked out with the six parties to the agreement, beginning with the University of Chicago... It took somewhat longer to deal with the banks, but by 1936, when the price of Sears stock had risen to around \$44 a share, arrangements were worked out with all of them.”

“....The fact that the Standstill Agreement was worked out and adhered to without a problem is remarkable.... The other fascinating aspect of the settlement of the estate is that it took place in broad daylight. Random articles would appear occasionally in the *New York Times* or the *Chicago Tribune* containing the latest news of what was happening with the estate of Julius Rosenwald. This is probably what [Judge] Henry Horner wanted, and Lessing was only too happy to comply. The estate had nothing to hide.” (Ascoli, p.388-9.)

I: Legacy

Toward the end of his life, Julius Rosenwald received this letter from Edwin Embree, President of the Julius Rosenwald Fund, who knew him well (bold text added):

“You have done so much already, not only in individual gifts, but in the principles of giving you have established... The conspicuous and important ideas for which you have stood seem to be these. 1. **A personal interest by the donor in all the activities to which he contributes.** The old saying, ‘The gift without the giver is bare’ has been applied to certain wealthy philanthropists. It has certainly never applied to you. 2. **Helping to give a start to new ideas.** This seems to me to be the essence of all real philanthropy... The creative thing is to give new projects and new social forces a chance to prove themselves. This takes imagination and courage. One of the things I have always admired most in you has been your willingness to sponsor new things, to take criticism and even abuse for supporting them. Rich men too often become timid and conventional... 3. **The theory that trust funds should not be held in perpetuity, but should be currently used as they are needed.**”

“...You are the least timid rich man I have ever known. This makes it easy for all of us to keep plunging ahead and trying to do things – because we know that you are not afraid to stand by even if it means taking criticism from stupid or selfishly interested persons.” – Edwin Embree to Julius Rosenwald, 11/27/31 (Ascoli, p.376.)

What is Julius Rosenwald’s legacy, and what meaning does his life have for our era? According to Peter Ascoli, the author of the biography from which I quote extensively for this paper, “In terms of business, his probity and concern for his employees... In philanthropy... JR was interested in funding projects not because they were popular or risk-free but because he believed in them... Moreover, [despite the fact that most large foundations still think in terms of preserving capital,] more philanthropists today are [starting to think] not of perpetuating their names with foundations that will last forever but of donating their money while they are still alive... The concept that each generation should give away its own money speaks to the differences that clearly do exist between generations... It was one of JR’s favorite aphorisms that it is far more difficult to contribute money wisely than to make it in the first place. Nevertheless, if Julius Rosenwald’s ideas on philanthropy can stimulate greater numbers of wealthy young people to donate their funds to the causes they believe in, that will be one more reason why Julius Rosenwald’s life, his example, and his ideas are still valuable today.” (Ascoli, p.409.)

Peter M. Ascoli was a grandson of Julius Rosenwald, through JR’s 3rd daughter and 4th child, Marion. As one of the “future generations” in which Julius Rosenwald placed such great faith, Mr. Ascoli has created a scholarly and objective contribution to preserve the memory of his grandfather’s life. And he reflects an understandable perspective, given his own heritage as one of the “wealthy young people” referred to above. However, a broader perspective can be taken: as JR surmised, each generation recognizes best its own issues, needs and resources.

Today, the need is not just for ‘wealthy young people to donate their funds to the causes they believe in,’ but beyond that there is a need for the next generations of young people to learn to take initiative themselves, obtain the tools and resources they need, and start doing what they have come to do on behalf of the world they have chosen to serve. In the one-world economy that they have inherited, young people from all walks of life, from all races, languages and

regions of the world are faced with a new and urgent need to be given opportunities to create their own work, generate their own wealth, and circulate it so that it gives health to the whole economic process. Social healing now starts with economics, and it awakens within each person one at a time.

In light of this, the next section focuses on recent research that offers tools and insights to further such an effort on behalf of all of today's aspiring young people.

Part 2. Two Contemporaries: Julius Rosenwald and Rudolf Steiner

My goal in this section is to match each life experience of Julius Rosenwald highlighted in Part 1 with economic insights taken from Rudolf Steiner's economic and social perspectives. These are offered as glimpses out of a body of work that would bear further exploration through the available literature if one wanted to penetrate it further. (See www.economics.goetheanum.ch)

A: An 'Apocryphal' Moment

As a young man, Julius Rosenwald decided: "The aim of my life is to have an income of \$15,000 a year – \$5,000 for my personal expense, \$5,000 to be laid aside, and \$5,000 to go to charity."

In the language of accounting, this would show up in Rosenwald's bookkeeping as follows:

| | |
|------------------|------------------------------|
| Personal expense | Income and Expense Statement |
| Laid aside | Balance Sheet |
| Charity | Closing |

These Rudolf Steiner refers to as Purchase Money, Loan Money and Gift Money respectively.

Both Steiner and Rosenwald recognized that these are three different kinds of money that have three distinct qualities; all three flow into and out of each other in different quantities and at different rates of time, and this flow needs to be managed wisely. Through double-entry bookkeeping, the necessary information can be recorded and tracked with such exactitude that it is possible, both individually and as larger social entities, to (1) know one's own present situation, (2) see the status of each of the myriad relationships that connect one to the world, and (3) have a basis for deciding what to do next, given current realities. Both Rosenwald and Steiner recognized that accounting provided a foundation for decision-making and that it was becoming essential to survival in the modern world. Steiner took this a step further: he maintained that accounting – bookkeeping – was, itself, the new money that would be used exclusively once people realized that we all now live in a single, one-world economy.

B: Two Jewish Principles

The Hebrew word, tzedakah, often translated as charity and justice, has a further step. Rabbi Hirsch taught, 'Property entails duties, which establish its rights. Charity is not a voluntary concession on the part of the well-situated. It is a right to which the less fortunate are entitled in justice.' The other principle, tikkun olam, urges actions toward repairing, healing and harmonizing the world.

Christopher Houghton Budd, economic historian and convener of the Economics Conference, a standing conference of those interested in researching Steiner's approach to economics, recently wrote a paper called, "1917 – 2017: A Second Chance: A View from the West". In it he included the famous British economic historian Niall Ferguson's statement about the financial markets right after the 2008 Global Financial Crisis: "they are but a mirror of mankind and you can't blame the markets for our behavior." Houghton Budd continues,

“...modern economics and maybe the financial markets in particular... are a brilliant mirror of human egoism... So one way you could describe this science [of economics] is as an incredibly precise description and technique of egoism. ...I don't have an *a priori* problem with modern economics so long as I remind myself it's just a perfection of egoism... 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?”

In a similar way, the principles of *tsedakah* and *tikkun olam* invite persons such as Julius Rosenwald to expand their outlook beyond the egoism inherent in modern economics and get to work on the repairing and healing of the world.

C: Black Education in the American South

After the American Civil War (1861-65), blacks in the United States became legally free but far from equal. Through the work and friendship of Booker T. Washington, Julius Rosenwald became convinced that he could focus his efforts to help repair and heal the world by providing for the education of black children in the South. In the early 20th century, this was a strategic priority.

Today in the early 21st century, one strategic priority and a major challenge since the world financial crisis of 2008 is to provide all children and young people with a financial literacy that calls on their deeper sense of purpose to recognize what they can do to repair and heal the world. For example, a concept called Youth Bonds invites cities to divert some of their 'disaffected youth budget' into a fund that would provide the kind of financial literacy that is, in fact, an entrepreneurial training for young people to create a business plan, as a task of capitalizing their own projects and taking initiative to serve others by meeting a genuine need.

D: The Rosenwald Fund Fellowship Program

“The fellowship program provided money and recognition to almost every significant black artist and thinker of the 1930s and 1940s... “This fellowship program was truly unique in its day... Not every Rosenwald fellow became famous, but the number of people who used the award to embark on their careers is remarkable.”

Rudolf Steiner made it clear in his lectures that gifts have an important *economic* role to play. He said that, of the three qualities of money – purchase, loan and gift – economically speaking, gift money is by far the most productive. The fellowship program created by Julius Rosenwald and Booker T. Washington for blacks provides evidence of this. When people are given the opportunity to pursue their talents and aspirations, the contributions they are able to make to society are enhanced immeasurably. An example Steiner gives is the case of Gottfried Wilhelm Leibnitz (1646-1716), the polymath, philosopher and inventor of calculus, who made it possible to build the tunnels and bridges that we use today. The benefits of providing resources for a man like that to do his work go far beyond what one could imagine at the time.

E: Self-Expiring Foundations

“The Rosenwald Fund was the first foundation to go out of existence voluntarily in accordance with the expressed wishes of its founder.” [It existed from 1917 to 1948.]

Rudolf Steiner demonstrated very precisely why it is so important to the economic process for values to keep circulating rather than getting dammed up. When people try to preserve their capital – especially in land – it has the effect of distorting prices.

By creating a philanthropic foundation that spent out not only annual interest but also its capital in a strategic way during the lifetime of the donor, Julius Rosenwald and others who are now following his example, create not only new opportunities for the recipients of the funds, but also new flows of value that have a healing effect on the whole economic process. Thus, self-expiring, spend-down foundations are not only a good way to stimulate new ideas, new businesses, and new opportunities, but by keeping more capital in circulation more of the time, they also have the effect of bringing the different parts of the economy into new energizing relationships.

F: October 29, 1929: The Economic Crash and the Great Depression

A Chicago Herald Examiner headline: ‘Rosenwald Aids Workers Caught in Stock Market; Sears Roebuck Head Arranges to Furnish Collateral for Brokers.’

“He made not less than a hundred separate decisions in this one day, many of them of momentous implication... He saved hundreds of persons from immediate bankruptcy. He saw his own fortune in the collapse which culminated this day reduced by a hundred million dollars. He saw his business and his personal affairs plunging inevitably into the most troubled waters. It was one of the happiest days of his life.”

In “Awakening to Global Bookkeeping” written in 1997, Marc Desaulles, a director of several businesses in Switzerland, including agriculture and pensions, described the uniqueness and function of each of the three primary accounts used in bookkeeping. He first explained the Balance Sheet as a way to see one’s present situation – “what I owe and what I have (am owed)” at a precise moment in time. Then he described the Income and Expense Account as a way, through double-entry bookkeeping, to create “a precise technical relationship that henceforth relates the observer and the world he observes... My activity has consequences in the world and the Income and Expenditure Account shows the importance and the nature of these consequences.” Desaulles summarizes the first two aspects of accounting by saying, “The Balance Sheet expresses a relationship in space. The Income and Expenditure Account measures a current, a flow... It expresses process, a relationship in time.”

Yet there is a third aspect of double-entry bookkeeping: the Closing. It exists only for an instant, so it is outside both space and time. Desaulles said, “By means of the Closing, the Balance Sheet accounts are adjusted, the Income and Expenditure accounts are brought to zero, and the resulting surplus or deficit for the period becomes visible.” At the Closing the resulting surplus or deficit is liberated from its connection to the Income and Expense account and redistributed. The question at this point becomes, ‘To whom does the Result belong?’ Most people assume: ‘It belongs to me!’

Desaulles continues, “But this is a flagrant short circuit that neither recognizes the different nature of the Closing nor puts it to profitable use. The possibility for an awakening and freedom provided by this third aspect of double entry bookkeeping is set aside. I think I am the sole author of the Result, thus I never come to the realization that it expresses a relation between me and the world I act within... If I were to realize this, I would see that the values

recorded in the Income and Expenditure Account express my relationship with the world around me. The true purpose of the Closing is to awaken me to the fact that my activity takes place in a social setting. It reveals my interaction with others, whose activities I have helped to make fruitful (or not, as the case may be).”

Julius Rosenwald knew accounting and understood the nature of the Closing. For him, the 1929 Crash forced the question, “To whom does the Result (of my wealth) belong?” He recognized that his own activity was taking place in a social setting. He knew he was not the sole author of the Result of the Closing. He immediately saw how he could put the surplus to profitable use to help make fruitful the activities of others (in this case 300 plus Sears employees) when they could have lost everything they had worked for. In that one day, he gave away huge portions of his own wealth to rescue the livelihoods of others. And because he was awake and free through his understanding of the Closing, he acted quickly to change things. He had often said, “All the other pleasures of life seem to wear out, but the pleasure of helping others in distress never does.” Thus, it was one of the happiest days of his life.

Technically speaking, for Julius Rosenwald, the principle of *tsedakah* expressed itself directly in the Closing of his accounts.

G: Cooperative Individualism

Both Herbert Hoover and Julius Rosenwald “believed in what Joan Huff Wilson calls ‘cooperative individualism,’ that individuals working together, starting at the grassroots level, could accomplish more and be more effective than a strong centralized government.” Both men created wide-ranging projects that successfully engaged other individuals in such cooperative efforts, especially during and after World War I, providing much-needed food, supplies and new work opportunities for displaced and destitute people all over the world.

In his course on economics, Rudolf Steiner described the role of what he called ‘associations’ that worked together in an atmosphere of economic transparency to determine adjustments that could be made to keep bringing the economy into a healthier state. In this setting, independent individuals with expertise in the various areas of the economy comprising production, distribution and consumption share information to help create the all-inclusive picture necessary for wise decisions to be made. In their ambitious humanitarian work during and after World War 1, both Herbert Hoover and Julius Rosenwald may have been laying important groundwork for how Rudolf Steiner’s version of associations could be developed.

H: The Standstill Agreement

“Thus the estate’s lawyers, with the consent of the six major creditors, negotiated a historic ‘Standstill Agreement’, which was signed on May 11, 1932, and it bound the parties not to press the estate for payment. A party could opt out after giving ninety days’ notice, but it was clearly in the interest of all the parties to sit tight. It was assumed that eventually the bottom of the market decline would be reached, and then the stock would begin increasing in value. Lessing and the lawyers guaranteed that a payment plan would be worked out once the stock did rise.”

“...The fact that the Standstill Agreement was worked out and adhered to without a problem is

remarkable.... The other fascinating aspect of the settlement of the estate is that it took place in broad daylight... The estate had nothing to hide.”

The success of Lessing Rosenwald’s Standstill Agreement with his major creditors was based on transparent accounting. The ‘association’ that lived in the background of this agreement was made up of these individuals practicing Rudolf Steiner’s insight that economic decisions need to be based on actual realities and these realities need to be made available to everyone involved through clear and transparent accounting. Because they did this, the Rosenwald Estate had nothing to hide.

Both the faith in **Cooperative Individualism** exhibited by Hoover and Rosenwald (G) and the success of the **Standstill Agreement** (H) worked out regarding Julius Rosenwald’s estate in the midst of the Depression include elements that point to what Rudolf Steiner and modern researchers working out of his insights refer to as ‘associations’. The associations Steiner had in mind have little to do with the ways the term is commonly used today. Yet the descriptions of the economic understanding required, the wakefulness of the individuals involved, and the financial transparency that was maintained in both situations suggest that, again, we might be witnessing potent seed-forces planted in dark times by men such as Herbert Hoover and Julius Rosenwald that are awaiting the light that new generations can bring to them in order to flourish.²

Conclusion

If Julius Rosenwald’s life was indeed a harbinger foreshadowing ways to meet the current challenges and possibilities the world is now facing one hundred years – and three generations – later, what can we learn from his experience that could help put air beneath the wings of the fourth and fifth generations who are the young people in the world today? And what do we make of the coherence that we find in both intent and deed between the two contemporaries, Rudolf Steiner and Julius Rosenwald? We might find a clue in the following.

As a modern advocate of Steiner’s economic insights, Christopher Houghton Budd recently wrote about his (Steiner’s) insight that, in a one-world economy, bookkeeping itself becomes money; money is bookkeeping. Houghton Budd said this theme “is in itself pivotal, being an idea that places those who grasp it at the threshold in the deepest but also most general sense. [It is] a point at which the fact of one’s ‘I’ becomes palpable... The point where, like it or not, understand it or not, everyone experiences that economic life is born, not of market forces but of karmic relationships. [It is] also the point where all monetary conceptions meet the test of reality.” He continues, “...the overall idea [is] to rerun history... in order to remind us of the journey since Aristotle’s times, into the period of the Consciousness Soul with its struggle with egoism, and then on into, or out of, the future, whence our higher or nobler selves beckon us.” (Letter to participants, Economics Conference of the Goetheanum, June 14, 2018.)

This paper on Julius Rosenwald also offers a brief ‘rerun of history’. As the head of Sears, Roebuck and Company, Julius Rosenwald had a keen mind for how to work with market forces, but he was also very conscious of his own ‘I’ and made sure that his economic decisions were born out of a clear understanding of the social relationships involved. One point where “all monetary conceptions meet reality” was experienced by Rosenwald on that

² Similar can probably be said of Richard Eells. – see his 1967 book, "The Corporation and the Arts".

‘Blue Thursday’ right after the economic Crash on October 29, 1929, when he re-structured all of his finances, letting go of a large portion of his wealth so that he could give hundreds of people new ground to stand on in the economic crisis they were confronting. He had struggled with his egoism earlier in his life, so that he was ready and totally free to act out of his own nobler self to make the hundred plus decisions he made on that day to rescue others. He thereby serves as a living example that this higher self that is beckoning to us out of the future can be met, embraced and set to work to meet the present dilemmas with clear-sighted courage, commitment and compassion.

Meanwhile, Rudolf Steiner was courageously teaching people how to recognize the threshold between the material and the spiritual both in themselves and in the world, in his own efforts to enable the necessary transformations in economics, social life and the manifestations of stewardship in its many varieties to be taken up.

Bibliography

Ascoli, Peter M. *Julius Rosenwald: The Man Who Built Sears, Roebuck and Advanced the Cause of Black Education in the American South*, Indiana University Press, Bloomington, IN, 2006.

Desaules, Marc. *Awakening to Global Bookkeeping*, 1997, 2018.
www.economics.goetheanum.org

Eells, Richard, □□ *The Corporation and the Arts*. Macmillan, 1967□

Houghton Budd, Christopher. “1917 – 2017: A Second Chance: A View from the West” 2017.
www.economics.goetheanum.org

Houghton Budd, Christopher. [Youth Bonds - www.simplesite.com/Rare-Albion](http://www.simplesite.com/Rare-Albion)

Kemper, Aviva, film producer of “Rosenwald: The Greatest Philanthropist You’ve Never Heard Of”. NPR interview, Robert Siegel, All Things Considered, August 19, 2015.

Kemper, Aviva. Rosenwald: The Greatest Philanthropist You’ve Never Heard Of. See <http://www.jewishfilm.org/Catalogue/films/rosenwald.htm>.

Steiner, Rudolf. *Economics: The World as One Economy*, Lectures and Discourses given by Rudolf Steiner in 1922 in Dornach, Switzerland to a gathering of economics students and others. New Economy Publications, 1996.