

# **True Money, Growth and Accounting**

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# True Money, Growth and Accounting

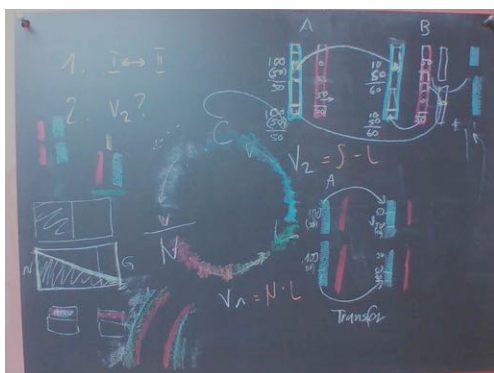
*This was the fifth in a series of Economics Conference research events held at L'Aubier in Montézillon (Neuchâtel), Switzerland, 17–19 February 2017.*

With the background of Rudolf Steiner's Economics Course on the one hand, and today's economic circumstances on the other, this event set out to explore 3 primary themes:

1. The impossibility of mere growth in a closed economy.
2. The problem of fake values caused by collateralised lending.
3. The cause and effects of today's excess of loan money.

These problems were introduced by Marc Desales, treasurer and General Secretary of the Swiss Society, with a presentation that identified 'mere growth, fake values, excess loan money' as distinct phenomena requiring their own remedial solutions in the form of the equilibrating function of 3 kinds of money, an end to collateralised lending and a mechanism for monetary depreciation.

Christopher Houghton Budd offered a perspective on the use of accounting as a bridge between an understanding of economics gleaned from Steiner's analysis and conventional explanations, from which notions such as capital devaluation or three kinds of money may be missing.



A further element that ran through the meeting was provided by Fionn Meier in re-examining Steiner's use of colour and references to the light spectrum in the Economics Course, in particular how and whether one's understanding of the phenomenon of colour derives from Goethe or Newton. Depending on which starting point one adopts, one is led into a methodology of 'experience and observation' or premature yet plausible 'definition and theory' respectively.

We are in the midst of the centenary of the First World War and with it the development of Rudolf Steiner's analysis of society as composed of 3 distinct but not separate aspects, often described as the 3-fold nature of social life. Since then, much has taken place outwardly, but little that Steiner described as necessary; the world, by contrast, has matched its arrangements to a paradigm born of economic materialism. 100 years on, there is now an opportunity to bring forward insights derived from Steiner's economic and monetary analysis which offer an understanding of the true nature of the economic process as organic.

Unlike environmental issues, economic problems do not present themselves directly as physical phenomena. They exist, surely enough, but it is not through a physical investigation that one can take hold of them. This creates two issues. In the first place, because there is no physical check, errors may go unnoticed for as long as our economic thinking is not apt to the phenomena at hand; it is only through one's ability to think clearly that corrective measures can be found. Secondly, in order to orient oneself in economic space, one is reliant on the imagery one uses. The work of the Economics Conference consists both in testing our understanding of economic phenomena and so too in seeing whether the imagery provided in Rudolf Steiner's economics course gives us a foundation upon which we can stand. The methodology is not one of definitions and theories but of lived experience and observation – 'seeing for oneself'.



*All value created has to be used up*

The central proposition that we explored consisted in asking whether the process of value creation (envaluation) necessarily requires a process of devaluation. Innocuous though such an idea might sound, it flies in the faces of current thinking which insists on preservation (and augmentation) of economic values in the form of capital growth. It is no exaggeration to state that this thought drives modern economic circumstances. But if the economic process is organic,

how is a life without digestion to be conceived? What is the effect of basing arrangements on the idea of permanent values? Many current ailments stem from this fallacy.

To address such matters is not a question of providing proof or testing a theory. It is experience that allows one to concur when a truth is self-evident. It is by observing (and indeed participating in) the value creation process, as also its equitable use, and at the same time tracking it by consequent double-entry bookkeeping that enables one to prove to oneself, that, for example, the process of collateralising loans introduces counterfeit values into the circulation of capital: accounting can then also be the means whereby remedies can be applied (such as depreciation which gives rise to a decrease in balance sheets). When such propositions are not only self-evident but also verifiable in conceptual and bookkeeping terms, one can expect a new economics to emerge.

On this occasion the research group was joined by several younger members, including school pupils and recent leavers, who were able to make intuitive sense of the issues discussed and ask interesting questions. What coming generations are taught and how they subsequently think and act is the issue upon which the economic health of the future rests.