



Associate!

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Newsletter of the Economics Conference of the Goetheanum *Part of the Social Sciences Section of the School of Spiritual Science*

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Dear Colleagues,

With this issue, our newsletter has returned to its original name, *Associate!* It has also been tweaked in one other respect.

After many years of trying to maintain a distinction between 'in-house' anthroposophical lore and what one can say in public, this distinction has metamorphosed into a twin editorial policy. On the one hand, it hopes to ensure that whatever is published is attuned to common sense and moral tact. On the other, the style will aim to be interrogative, as befits scientific research without offending the modern mind – sharing the process of enquiry, rather than making premature statements about 'facts'.

There is a quality about the projects reported on in this issue, something to do with this art of presenting. Perhaps reminiscent of Rudolf Steiner's distinction between pupil and member when he re-founded the Anthroposophical Society, a modern teacher will embody the material – walk the talk, live the principles – such that the listener's own insights are elicited through a process more akin to accompanying than teaching. The modern path of knowledge brings our thoughts and deeds together.

In a year that will surely bring more complications worldwide, in which more and more discrepancy between thought and deed will occur, we hope that the growing work of the Economics Conference will present a path for individuals seeking ways to allow the light of their insights to shine into the world.

Best wishes,

Kim Chotzen
Administrator

16th Annual Meeting: Accounting and the Threshold

21-25 June 2017, Folkestone, England

This year's annual meeting will have a slightly different approach. Rather than having a few key presenters, we would like to start the first evening as a circle of colleagues who share what they have been concretely doing in the light of work of the Economics Conference. We would like to create an image together of our various activities. Part of the program will then be built on the content shared. Another part will pick up from where we finished last time. We would especially like to see who has been doing what in widening our shared understanding of the accounting process – from single entries, to double entries, to closing and the balance sheet. It never hurts to return to the basics and this regular revisiting is as much a spiritual exercise as a practical one. In addition, we would like to give space to prepared presentations should anyone wish to make one – max. 15 minutes (preferably with hand-outs sent prior or available on the day, so that we maximise conversation and discussion time. If you have something you would like to share or present over the course of our time together, please send a notice to economics@goetheanum.ch.

As last time, lodging will be organized at The Grand Hotel on the Leas in Folkestone, where we also plan to stay for all our sessions. The meeting will take place from 4pm on Wednesday 21st through to lunchtime on Sunday 25th, but the lodging will be available the nights of 20th to 26th inclusive (Tuesday to Tuesday). Towards a provisional total of 30 participants, 19 people have already indicated they will attend. For this reason early booking is advisable and we will provide an early booking reduction of 5% for payment received on or before 10th May 2017.

The program will be sent out by separate mailing.

Travel Fund

Thoughts

Regarding travel assistance, this question has been considered over the years. Generally it is assumed that those who wish to attend the annual meeting will budget for this as an annual cost of doing business. It is then also possible for those who wish to share the information of their costs, pool the numbers to arrive at a total to which they can freely contribute. Experience shows that this process can result in an equalizing of costs and a generation of surplus. It also requires someone to take on the management of the process.

A Bookkeeper's Ponderings

Stephen Vallus

Pondering the EC Fund's bookkeeping, reminded me of the third financial statement that one can prepare, in addition to Income Statement (IS) and Balance Sheet (BS), namely, the Statement of Changes in Financial Position or Cash Flow Statement (CF). This originated in Britain in 1863 when the Dowlais Iron Company's manager created what he called a "comparison balance sheet" to analyze why the company could not afford to invest in a new blast furnace despite Dowlais' profitability. He was able then to see that the company had over-invested in inventory.

We know that the Income Statement's values cover a particular *period* of time (flow) and they will be reset to zero at the end of the accounting period. The Balance Sheet, on the other hand, shows values at a particular *point* in time (stock). The Cash Flow Statement shows the *changes* in balance sheet values as well as the end of period balance in the Net Income (or Expense) account to show the change in cash over the period in question. For example, if the balance owed to the company by its customers (Accounts Receivable) has *increased* during the period, this is shown as a *Use of Cash* whereas if the AR balance has *decreased* this amount is shown as a *Source of Cash*.

I first encountered Cash Flow Statements when I had a corporate client in bankruptcy. The US Trustee who administers bankruptcies for the court system, devised an excel spreadsheet which included all three financial statements. Conventional accounting divides the Statement into three activities: Operating, Investing, and Financing, but I find the Trustee's 'Sources and Uses' method to be more accessible to my small business clients.

As I work on the Economics Conference Fund accounts for 2016, I wonder if it might technically be more accurate to show Donations as simply changes in cash balances on a Cash Flow Statement rather than as Revenue on the Income Statement. We have used the phrase "balance sheet transfers" in the past and if we decide that this accurately describes certain transactions, then the Cash Flow Statement might be appropriate.

Building a Nucleus for Associative Economics in Germany

Leif Sonstenes

A superficial glance at Germany might suggest that we have three capital cities, not one: a political capital in Berlin (Chancellor, Parliament), a financial capital in Frankfurt (banks), and a judicial capital in Karlsruhe (Supreme and lesser Courts). Karlsruhe has many layers however, and the mysteries surrounding the "Child of Europe" (Kaspar Hauser) reach deep into the present day and beyond, bound up as they are with the question of the true identity of the human being and the impulse of spiritual renewal articulated and practiced by Rudolf Steiner.

How appropriate that a small but growing group of Karlsruhe individuals is working together to bring various aspects of this economic work into wider circles. A first blossom was the intensive study two Monday evenings per month of Dr. Steiner's works on the Threefold Social Order and his Economics Course which culminated in a first weekend seminar with Christopher Houghton Budd in November 2015 entitled: *Rudolf Steiner's Relationship to Neoliberalism*. Using the backdrop of the financial crisis, Christopher gave an introduction to associative economics with many practical ideas that could help individual and group initiatives blaze a path out of the crisis.

Inspired to get on with concrete trailblazing, a dozen people began to meet on the two other Monday evenings each month to learn and practice double-entry bookkeeping in their own lives. We run the group as an independent enterprise with completely transparent accounting. This enables us to develop our relationship to various aspects of accounting as differentiated organs of perception. Our goal is to learn how to work associatively together in the various entrepreneurial endeavors these individuals are involved in, or which they will develop in order to realize and fund their missions in life.

"Das Ich und das Geld" ("The I and Money") drew 25 participants to Karlsruhe for Christopher's weekend seminar in November 2016. We explored the idea that the I-awakened human being is the entrepreneur of his own life with a public set of accounts documenting his relationship to the rest of humanity (my income streams as a profile of my capacities as perceived by the rest of the world: what I offer mankind and whether it is accepted) and a private set of accounts which reflect the more subjective or personal side of my Karma. Two

public lectures, treating the topics of a threefold European Federation as alternative to the monolithic European Union and the metamorphosis of the Templar impulse in our time, developed themes that coursed through the sessions on Saturday and Sunday.

For the future, we would like to have the various streams of our work in Karlsruhe increasingly take on the character of sharing research results, meaning articulating the attempts to live and practice associative economics as we understand it today, and as our efforts will lead us to understand and practice it tomorrow. This will be our way of uniting with the spiritual and cultural impulses implied in the mission of Kaspar Hauser, in which Karlsruhe may yet play a role.

Goetheanum Fund

Recent issue on economics

Of note is the current issue of the Goetheanum Fund, <http://www.fondsgoetheanum.ch/en/campaigns/der-irrglaube-vom-grenzenlosen-wachstum.html> The article *The Misconception of Boundless Growth* is particularly salient in describing the underlying causes of current world conditions.

Associative Economics at L'Aubier

Joint research by peers

Individuals who are practitioners of associative economics in various ways have convened on an invitational basis since 2015 at L'Aubier near Neuchatel, Switzerland for research meetings concerning Rudolf Steiner's concepts of money, credit and accounting. The upcoming event, *True Money, Growth and Accounting*, will be held 17-19 February 2017. It is backgrounded by the previous topic, evidence that the link between Steiner's ideas and today's problems in economics, especially as mediated through accounting, is both fruitful and finding wider acceptance.

The Bridge Between

Fionn Meier

On the 10th November, Christopher Houghton Budd visited Zürich to give a seminar on double entry and a lecture about the old and the new mysteries. The event was co-hosted by the Christian Community Zürich and Confoedera and took place in the rooms of the Christian Community Zürich.*



Calling to mind that for Rudolf Steiner it was equally important to understand how the tram to Dornach works, as it was to visit artistic performances at the Goetheanum, Houghton Budd opened the seminar by pointing out that the same is to be said about arts and how they are financed. The focus then was on double-entry bookkeeping as a bridge between modern finance and the economics of Rudolf Steiner. In particular, Houghton Budd presented the thesis that as one can link the *three functions of money*, means of exchange, store of value and unit of account, of which modern finance speaks, to the *three aspects of accounting*, income and expenditure, balance sheet and closing entries, so one can link the *three kinds of money*, purchase money, loan money and gift money, of which Steiner speaks, to these three aspects of accounting.

The ideas were new for most of the participants (who included priests, entrepreneurs and bankers), and there was hardly time to expand into the manifold aspects of money and accounting. Nonetheless, the content was enlightening and thought-provoking. So, for example, one participant said after the seminar, that "he has now realised that only money which is 'in flow' is purchase money, and that all money which is 'at rest' is loan money". And further, in the subsequent meeting of the active Confoedera members someone wished to understand what actually double-entry bookkeeping is. This question resulted in the rest of the meeting spent looking at double-entry, trying to understand all its various aspects. A work that has just begun and will certainly be continued.

In the evening lecture Houghton Budd opened up a wide horizon, from the Adam of the Old Testament up to the current Michael epoch we are now living in. Having this overview in the background, the 'peak' in 2008 appeared as a unique moment in history. It also became clearer, what the deeper aspect of this 'financial crisis' was about. In a few words: In the old mysteries, spiritual life, rights life and economic life were governed by a few initiated priests. Today, if we want to become free, independent and able to take self-initiative, we have to take up responsibility and learn how to organise the economy from the other side of the threshold by ourselves. So to speak, we all have to become priests. And 2008 was a sign, a 'wake up call', that we have not yet achieved that goal.

* Confoedera is a new association that came about a few years ago out of an initiative of the Christian Community. As a first step it organised the conference "Ökonomie der Brüderlichkeit / Economics of Fraternity" which took place in November 2015 in the Schreinerei at the Goetheanum. The name Confoedera was chosen to keep in mind the spirit of "The Federalist Attitude", a talk given by Denis de Rougemont 1947 in Montreux.

Economics Conference Seminar in São Paulo, Brazil

Lúcia Sígolo and Daniel Havro da Silva

From 17th to 20th November 2016, we were very pleased to hold the seminar "Revisitando a Contribuição de Rudolf Steiner à Economia" (Revisiting Rudolf Steiner's Contribution to Economics) with Dr. Christopher Houghton Budd at the São Paulo home of the Anthroposophical Society in Brazil (SAB). The event was promoted by Economics Conference in partnership with SAB, Elo Institute for Associative Economics, Via Solis Consulting and EcoSocial Institute. The seminar was structured in three blocks: *Finance at Threshold, Economics and Accounting* and *Financial Aspects on Rudolf Steiner's Work*, each one composed of an evening introductory lecture followed by a full day deepening workshop.



The organization team and partners were very glad and encouraged as all the vacancies were filled one week in advance by, among others, SAB members, consultants, Waldorf school parents, teachers and administrators. 75 people attended the lectures, of which 40 have also joined the workshop. This could be possible after a joint mobilization of the organization team, the partners and a group of people who carry the AE impulse in Brazil in their organizations, study groups, research and events. We owe special thanks to Xavier Andrillon, who bravely provided simultaneous translation throughout the seminar for what at many times was challenging and complex content.

At the suggestion of Dr. Houghton Budd, the organization team managed to find a group of underwriters to support the event financially. Formed by sympathizers of associative economics, a group that wanted also to 'walk their talk', placed money to cover any needs in advance. These people also agreed to cover any loss should that be the case. Fortunately, there was no need for that and the event was also a monetary success. It was able to pay all costs, to hire and pay professionals to do their work, leaving money behind, part of which was donated to the EC Fund for further research. Besides that, thanks to donors and to the surplus cash of the event itself, everyone that wished to take part in the seminar and conferences was able to do so according to their possibilities.

The lectures were opened and closed with a wonderful performance of some pieces for guitar by one of the participants, Fernando Ávila. This brought the audience into a mood suited to the themes of the lectures – about the role of finance in the transition between the old and the new mysteries, how to give economics a foundation in accounting instead of the one that failed in 2008 (the efficient markets hypothesis), and the so called "Anthroposophical Corporation" (see Chapter 5 in *El Yo y la Economía Moderna*, available from <http://www.editorialrudolfsteiner.com/la-economia-moderna-el-yo-y-la-economia.html>, but not available in English) as a way towards spiritual and financial sovereignty.

Afterwards, the deepening workshops took place on a round table of questions and practical cases brought up by the participants. Christopher emphasized the accounting-based economics and financial literacy and the need to overcome the 'non-profit' mindset of many anthroposophical initiatives when dealing with today's problems. He showed a few examples like *Der Kommende Tag*, *L'Aubier* and a threefold governance model for Waldorf schools in order to illustrate how these changes could take place. On the last day, *Instituto Anchieta Grajaú* team presented their project for youth financial literacy as case study.

The seminar closed with a challenge: we must put into practice the suggestions given by Dr. Houghton Budd before inviting him to address further topics. We hope this impulse now lives in the local initiatives, stronger than ever!

Sketches

For the future

A physical archive of over several hundred black paper drawings is currently stored in Folkestone, UK, with the thought that they might be useful to archivists researching the evolution of associative economics. Most have also been photographed and are held on computer, and there are surely others in other parts of the world. Representing 30 years of collaborative research in many settings around the globe, they have been created in many workshops where the simple medium of coloured chalks on black paper has been used to understand today's many social and economic problems.



English Composition meets Accounting *Because You Can...*

Meg Freeling recently reported on an impressive and comprehensive project with 23 high school students who enrolled in her college-level English Composition class in Columbus, Ohio, USA. Little did they know that Ms. Freeling would lead them through uncharted waters in writing assignments to describe themselves, identifying their 'bit' to do

in life, to create an entrepreneurial activity that could be unfolded in a financial plan as well as actualized within their personal networks, and to do all this in association with one another in one semester! Students' responses revealed remarkable insights into their sense of responsibility and freedom gleaned through these 'simple' experiences in economic life. One student remarked after reading the preparatory material from *Human Response to Globalisation* by Marc Desaulles, "I agree with Desaulles' position on human involvement in the market. Human beings have a keen sense of perception and can therefore use this sense to solve problems. In doing so, we can approach problems from a new angle which can lead to the creation of solutions that were not considered before in economics. If we also put economics in the context of human beings, it can lead to a greater understanding of how the economic system works. With more people understanding the way the system works, we can formulate more ideas to better our lives and the lives of people in our communities." (Beruk Metiku)

Meg has been asked if she would rework her paper for publication in the world at large, at which point we plan to upload it on the EC website.

Other Economics Conference Activities

Daniel Osmer (taken from Social Sciences Section of North America Newsletter, 2014)

With this newsletter's name change and focus on the practical work of the Economics Conference, we thought it would be interesting to reprint some of what was compiled in 2014 by Daniel Osmer. In response to an enquiry, Daniel wrote:

The Economics Conference is a standing conference within the Section for the Social Sciences of the School for Spiritual Science that had its first gathering at the Goetheanum in Dornach, Switzerland in 2002. With an aim to form as an Economics Section in the future, we meet in order to understand economics, business, finance and entrepreneurial activity in the light of spiritual scientific research and based on Rudolf Steiner's economics course. In order to join in the work of the Economics Conference confirmation of membership in the School of Spiritual Science is needed along with a commitment to self-fund conference activities and finally, to provide a short description of your practical connection to today's economic questions in the light of Rudolf Steiner's economics course. The work of the Economics Conference is carried by various individuals around the world.

The following are three essential undertakings of the Economics Conference.

True Price – In Thought and Deed: The aim of this project is to focus Rudolf Steiner's work in economics on the idea and practical expression of his 'true price' theorem and the related concepts of true income and profit.

Financial Literacy and Teaching Economics: The future development of economic life depends on how money and finance are understood by the current generation and then taught to the next, for they are the future policy makers. How can we make a contribution to the teaching of economics and finance in Waldorf schools?

Towards Christmas 2023: Focused on the financial needs of the Anthroposophical Society, this project explores Rudolf Steiner's three main ideas or calls to action from the founding of the Society and School at the Christmas Conference. (more in-depth consideration of these themes can be found on the website: <http://economics.goetheanum.org/home/>)

Some Individuals and Activities of the Economics Conference. (This is an incomplete list but gives a flavor of Economics Conference activity worldwide, much of which remains actual and ongoing.):

- *The Missing Number - Rudolf Steiner's Idea of Aging Money* by Patrick O'Meara. In an article and in presentations Patrick describes the aging aspect of money as a third missing number in economic life that has the potential of complementing and completing the numbers relating to prices and the cost of capital that already permeate all our economic dealings. A new metric instead of a missing number will enable cultural life to be autonomous by revealing which cash flows in the economy are best used to finance it – perhaps even a net worth transfer.

- Swiss pension fund, Coopera, has been operating for decades managing close to a half billion dollars as an associative approach to sustainable investing and retirement.
- Mauricio Garay has been organizing associative economics events in Argentina where the idea is “to provide a setting for those who feel themselves responsible for bringing change in economic life to consider this task in the light of ... themes central to spiritual science.”
- Several Study Groups meet regularly and organize events in Brazil: Diálogos de Economia Associativa São Paulo- Study and practise group of Associative Economics in São Paulo -coordinated by Lucia Sigolo; Diálogos de Economia Associativa Curitiba - Study and practise group in Curitiba coordinated by Daniel Havro; Diálogos de Economia Associativa Botucatu - Study and practise group in Botucatu coordinated by Marco Bertalot-Bay.
- Xavier Andrillon is undertaking a PhD at Campinas University in São Paulo on 'How can accounting and Rudolf Steiner's concept of true price further sustainability in business?'
- Doug Wylie and D'Arcy Mackenzie are both very active in associative economics in the Toronto area.
- Arthur Edwards has researched and led seminars on the themes of financial literacy and Rudolf Steiner's economic thought.
- Susan Gravelle works with entrepreneurs to achieve practical application of associative economics. She is also co-organizer of funding structures for Economics Conference research.
- Meg Freeling has been conducting research into spend-down foundations, a project that could have serious benefits for the Waldorf movement.
- Daniel Osmer hosts *Associative Economics Café* in Sebastopol, CA where he gives presentations on associative economics. He is also active in researching how to integrate economics, money and accounting with projects such as 'Economics From The Ground Up' and 'Accounting-in-a-Nutshell', a hands-on pencil and paper practice.

Dialogues

In the light of associative economics

Following Richard Rettig's contribution on taxation and Rudolf Steiner's concept of expenditure tax in the last issue, a dialogue has ensued concerning the labyrinthine nature of this question. This kind of thing could be replicated in regard to a wider range of topics. If anyone would like to contribute 500 words max on this or any other topic we would welcome this. Please respond to economics@goetheanum.ch. The aim is not to publish the whole of such dialogues, but to draw attention to them.

EC Administration and its Financing

Christopher Houghton Budd

We (Kim and I) are reviewing the logic of our database, which now has three categories, representing degrees of will towards the grounding of modern economic life on spiritual science: *Enquirers*, but often without follow-up; *Attendees* at events carried by EC members; *Participants*, those who acting consciously on behalf of or under the auspices of the Economics Conference (as part of the Social Sciences Section of the School of Spiritual Science). In other words, humanity in general, those who seek the orientation given by the work of the EC, and those who join and become co-responsible for that work.

Reflecting the 'grid' drawing from the 1923 Christmas Conference, the three lists mirror the way 'up' to Michael. On the way 'down', the EC's newsletter (now renamed *Associate!*) is sent to everyone, so that it rays out, as it were, into society in general. (The same spirit is animating the gradual population of the website with downloadable material.)

A further step being considered is to request a donation on the part of all on the list in support of the EC work in general, but specifically to finance its administration (mailings, newsletter, annual meeting, website and bookkeeping). Averaged over the list of 100, if the amount were USD 5,000 per annum, this would be USD 50 per person per year.

Comments welcome!