

Economics Conference of the Goetheanum

Part of the Social Sciences Section of the School of Spiritual Science

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Dear Colleagues,

The relationship to the work of the Economics Conference and Rudolf Steiner's lecture series concerning the Incarnation of Ahriman has recently struck me. Concerning the coming incarnation of Ahriman, Steiner clearly states that it is the human being who must stand in equipoise between the Luciferic and Ahrimanic forces and by doing so, can render them both in high service to humanity. He also states in these lectures that we can only make sense of the universe if we consider it in a context of three rather than the duality that a two-fold image yields.

Three events took place in Montreal this summer which, in my mind, form a kind of whole in terms of understanding the mighty legacy given to us by Rudolf Steiner – Marc Desaulles's workshop on the Christmas Conference (in French), the Financial Literacy Day workshop, and the 14th Annual Meeting of the Economics Conference.

Stephan Vallus's poetic depiction of 'turning' (at the end of this issue) evokes another image for me. If only the anthroposophical movement could turn towards the research of the Economics Conference, it would find guidance for the way ahead. What, as members of the Economics Conference, is our task in this regard? As Daniel Osmer suggests concerning the Society in America, there may be an opportunity to open a dialogue for re-examining the foundations of the Society and School and agree on a path toward a financially viable Society by 2023. Do we carry on quietly building up research and wait to share it when asked? How best to move forward?



As we come one year closer to the 100th anniversary of the Christmas Conference, and, in my experience, closer to the being of Rudolf Steiner through the research of the Economics Conference, a constant question is with me: How do we make this research more accessible? Are there ears out there longing to hear it but that just can't find it? Or is it meant to be that just a small group of dedicated people works together on behalf of the time when it will be visible and, indeed, more obviously needed?

Sincerely,

Kim (Chotzen)
Administrator

15th Annual Meeting, 23 to 26 June 2016

Various venues had been suggested: Brazil, Folkestone, England and even Athens, Greece. In discussion between Lucia and Christopher, Sao Paulo seems unrealistic at this juncture, so he suggests that we take up Tessa Houghton Budd's offer of organising it in Folkestone, a seaside resort in southern England, where she and Christopher now reside. She would undertake the logistics, having already had experience of doing this in the past. Please note the dates in your diary; more details will be provided in due course.

Report on 14th Annual Meeting, Montreal, Canada

As long as we are faithful to true price

Christopher gave a short history of the Economics Conference. In Kimberton, Pennsylvania, USA, in the autumn of 2001, Christopher asked Paul Mackay: Isn't it time for an economics section? This unfolded a series of events which led to the first Economics Conference meeting in June, 2003. In 2022, the centennial of Rudolf Steiner's *World As One Economy* course, the Economics Conference will come of age at 21. How will we mark this event?

Two worlds and their laws

Marc's presentation in light of the 14th Class Lesson took us into the experience that Rudolf Steiner intended people to have, both in walking into the First Goetheanum and then, after it burned, in the refounded Anthroposophical Society. He explained the purpose of the physical Goetheanum building as well as the social architecture of the refounded Society was to learn to have two distinct experiences and to develop an awareness of the dangers of the space between them – the threshold.

The First Goetheanum was designed with a large space with columns that increased in height as they approached the stage. This perspective – the opposite of a cathedral in which one is led forward by the architecture and light – provided freedom for the individual, requiring an act of will to proceed. The smaller space, the stage, marked where one would turn, face the assembly, and deliver a presentation based on one's expertise, whether it be music,

eurythmy or a lecture. The moment before coming on stage – where the two cupolas came together – Marc spoke of as a decisive and awakening, one with which anyone who has stood to represent something is familiar! For those on stage, Steiner intended that the Representative of Humanity would be standing right behind them... (One can only wonder where this Statue should now be.)

Steiner explained that the same two experiences were inherent in the architecture of the refounded Society. Members of the Anthroposophical Society are there to learn in freedom with no pressure to engage, even with the dues they pay. Some may choose, after learning and preparing adequately, to take another step to *represent* anthroposophy in the world, to become members of the School of Spiritual Science. The threshold between these two experiences involves a decision to turn and face the world to represent anthroposophy no matter the challenges. The *only* condition, albeit a mighty one, that distinguishes between the two experiences, is being a *representative* of anthroposophy.

Similarly, the 14th Class Lesson gives instruction about the two experiences and teaches how to be a citizen of both worlds with an awareness of the dangers of becoming caught in the space between them. The Guardian is there to awaken the initiate by asking questions. The Lesson reveals specifically how one will have safe passage by following the Christ impulse. Entanglement awaits the one who chooses to follow either Lucifer or Ahriman.

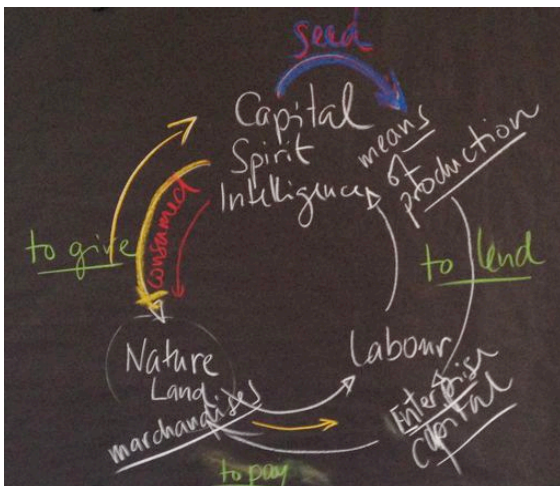
Similarly in economics, there are two realms with distinct laws, requiring different financial responses. Steiner's economics course warns us, in the economics process where capital results from the exchange of values from nature and human intelligence, it must *turn* to disappear into new value rather than proceed into land. Steiner is very clear: Land, labor and capital must not be allowed to enter the economic process. Doing so makes it impossible for human karma to resolve but instead, if human beings fail to recognize economic laws, they will be caught between two worlds.

The seed question

In order that capital not proceed back into land, at this point in the economic process, ways of organizing the consumption of capital are needed, such as financing education. This would lead to the giving away of capital, which goes in one direction in the economic process. In another direction, spirit takes hold of it – that which was meant for consumption – and it goes in a new direction. It makes a turn in the process, and is taken hold of as means of production. For example, a car can be purchased to use – consume – but its consumption quality can also be transformed into means of production if it is used as a taxi driver. When this happens – when spirit takes something meant for consumption and uses it in a productive way – Steiner says in the 7th lecture that it's like the seed that the farmer keeps back for sowing next year's crop. It opens up a new way.

The turning of capital to be taken hold of by an entrepreneur as means of production reflects the turning point of a stage presenter: One must be knowledgeable to take responsibility for an activity in both cases.

Today the impression is that, of the surplus capital generated, too much gets 'saved' in the form of investments in the capital markets, a place to buy and sell capital. This behavior must stop. The attitude that the 1% control 99% of the world's wealth is wrong. The 1% get power from the money saved in pension funds by the 99%! The 2008 'financial crisis' showed the world that preservation of capital is a world lie. In the Montreal gathering it was even suggested that capital markets be outlawed, as the buying and selling of human beings as slaves once was. Instead, associations are needed to determine the amount of capital to be held back for another cycle of production.



We spent considerable time analyzing the direction of movement in the economic process, trying to discern where in accounting the values would be placed – whether as income and expense (on the red side of the circle in image) or on the balance sheet (on the blue side).

Accounting is always an image of exchange between two values that come *from* somewhere *to* somewhere. This is all one needs to know! Accounting as a tool captures the invisible world of values in constant fluctuation. Rudolf Steiner repeats often that in order to develop a new kind of economic thinking, we must regard economics as a realm in which values are in constant movement. Accounting is an instrument that captures these values and makes them visible.

Taking initiative as an entrepreneur is to step into this constant flow of values. The entrepreneur can 'steer' the activity with the tool of accounting, which provides orientation at all times in the changing flow of values.

At a later point, Christopher ventured this analysis regarding the distinctions of capital referred to in the English translation of the economics course¹: The German for 'industrial capital' is *Unternehmerkapital* or enterprising capital. So in fact industrial capital is a misnomer, unless it means the capital used to be industrious. For trade capital, loan capital and enterprising capital, I would also hazard that trade capital is the profit yielded on trade, this can then be lent, and when lent is taken hold of by an entrepreneur.

¹ *Economics, World As One Economy*, Rudolf Steiner, New Economy Publications, Canterbury 1996.

The continuing path

As a reminder of our collaboration over the past three years in Montreal, our gracious hostess France Beauce asked us to weave a visible star of words depicting our individual journeys on behalf of the Economics Conference. She was warmly thanked on our last evening, as honored guest of the Chapel of Come Forth (in a scene from *Rare Albion*) where, in a simple dramatic production, the dove of freedom was released. We left knowing we would be back, both in Montreal and on this path of study.

Financial Literacy Day, Montreal

On Sangster's *Genesis of Double-Entry* – Stephen Vallus

The work of accounting historian Alan Sangster has transformed our understanding of both Luca Pacioli's biography and his teaching of double-entry. In 2015 with the publication of *The Genesis of Double Entry Bookkeeping*, he now turns his attention to a problem that has vexed historians for over a century: how did Double-Entry Bookkeeping (DEB) originate? Historians have been combing the archives in Italy looking for the earliest fully formed system of journal entries, trial balance, and financial statements. Laying aside this strategy, Sangster instead asked the question: *which professional group first had the idea?*

Reviewing the scant materials worked over by scholars starting with the early 13th Century, he has concluded that it was *bankers and not merchants who first conceived and used double entry bookkeeping*. A 13th Century bank in Florence consisted of a bench (Italian: *banca*) covered in green cloth in one of the open air public markets. Due to the complexity of dealing in numerous local currencies, it was easier for merchants to change their "foreign" currency with someone who had specialized knowledge of the ever-fluctuating media of exchange and whenever possible, avoiding the use of cash whenever possible. The banks' records were well organized and detailed. Based upon debtors and creditors, their books of account needed to keep running balances available to both customers and auditors. Double Entry arose when, for example, one merchant (customer) asked the bank to repay a loan he owed to another customer. Sangster uses the term "accounting money" to describe these transactions. While it is very interesting to see that DEB arose first from the world of debtor / creditor relations rather than from the bookkeeping for buying and selling, Conference participants noted that bookkeeping from the bank's point of view presents a very real problem in the mind of the new student. Accustomed to receiving monthly bank statements which deem "credits" to be an addition to the customer's bank account, students struggle to "unlearn" this bank-reinforced habit about the meaning of debits and credits—which is the reverse of the entrepreneur's perspective. The credit and clear bookkeeping offered by the early banks of Northern Italy fostered a vibrant and expanding international trade. Today, through a deeper understanding of DEB one learns the banking system and then can replace it with one's understanding.

L'Actualité du Congrès de Noël – The realization of the Christmas Conference

The way to a truly human civilization

On the weekend prior to this year's annual meeting, Marc Desaulles gave a presentation in French on the Christmas Conference. He suggested that revisiting the significance of the Christmas Conference can be compared to the way in which Rudolf Steiner revisited the circumstances of the Essenes and the Mystery of Golgotha as articulated in his *Fifth Gospel*. Marc unfolded the idea that Christ renewed the human body and Rudolf Steiner renewed the social body by inventing a structure in which the ethical individual could live. In order for this new social structure to pave a way for a truly human civilization, human beings must understand and engage it. For Marc, ultimate engagement will be in the form of finance through which the refounded Anthroposophical Society can be made real on earth.

For Marc, the Christmas Conference was a step on the path to actualizing the Mystery of Golgotha and with it Rudolf Steiner overcame the duality put in place by the Council of Constantinople (869 AD) when the threefold nature of the human being was eclipsed by the Church's denial of the existence of the spirit. With the Christmas Conference, Steiner rescued the Christ impulse for all time. He re-established the threefold nature of the cosmos by inventing a social structure which mirrored the double-domed architecture of the first Goetheanum. By placing himself at the center of and bearing full responsibility for it, he became an example of what the statue The Representative of Humanity is meant to portray: in the age in which the gods must leave human beings free, it is only by taking a step, by becoming active, that human beings 'invite' the gods to enter earthly life.

Marc described a cosmic conflict that has existed since the Mystery of Golgotha between the gods who support the Christ impulse, leaving human beings to their freedom, and those who do not but who continue to impose Old Mystery wisdom onto the consciousness of human beings. Anthroposophical knowledge can be relied upon to discern between these two types of beings but the anthroposophical movement retains closed, sect-like ways that were only appropriate *prior* to the Christmas Conference when spiritual knowledge needed protection. Afterwards everything was to be completely open.

As a modern Rosicrucian path, in the structure of the Anthroposophical Society, Rudolf Steiner combined complete openness with deepest esotericism for the first time in history. How can this be understood? To illustrate, Marc explained that an individual's outer activity is visible, but the inner life which drives that person, his intentions and so on



or, in other words, that which leads him to take responsibility for the activity, is completely hidden. These two elements are brought together through the I-being of the individual. And the two elements of the refounded Society – the public Anthroposophical Society and the School of Spiritual Science, according to Marc, come together where the I of the human being turns toward humanity to be a Representative of the anthroposophical matter.

At the end of the Christmas Conference, in order to find a way to leave a legacy, to take himself out as the master, so to speak, Rudolf Steiner spoke about three financing aspects to meet the needs of the new Society. 1) Dues per member of the Society were obligatory to sustain the general costs of administration; freedom was given to groups only in determining how to come up with the mandatory amount. 2) The necessary funding urgently needed for research Steiner referred to as a 'very realistic illusion' – 75 million Swiss Francs. In a side comment, Marc suggested a possible interpretation of these words could be that the money could be made available by those assembled in the room (very realistic), but they would not make the step (illusion). 3) A world association for supporting the Goetheanum was proposed, which Steiner agreed once the fruits of anthroposophical work were to be recognized and appreciated by the public at large.

In Marc's view, we must take steps toward 2023, the centennial of the Christmas Conference, by studying the proceedings and concretely applying the principles. One hundred years = $3 \times 33^{1/3}$ – the life of Jesus Christ. We must be ready.

Economics Conference Logo

Discussion of representative image

There was a discussion during the annual meeting concerning whether the current logo used on the EC website is representative of the work or whether a new one is needed. It was noted that most of the Sections of the School of Spiritual Science use unique logos. The question was raised whether the logo of the School of Spiritual Science should be used. This would seem to take the Economics Conference one step closer to becoming an economics section, with all of the questions that entails.

The current logo is part of Christopher's intellectual property and was designed as an image to represent John Maynard Keynes' concept of a world economy which no longer orients itself by the gold standard. Others spoke of the meanings evoked by the image. For Meg, it signifies the cohered wills of multiple individualities who consciously choose to converge on a single point. Correlated is the idea of creating the kind of circle that could draw in higher insights from the spiritual world. This can relate to entrepreneurial initiatives, corporations, and of course, economic associations as these begin to manifest. It represents a relationship that unites individual initiative with the cohered wills of a group of people committed to a single star.

The logo is also used in *Associate!*, an associative economics journal and for other publications. The logo for the Economics Conference would preferably be for its use exclusively, or as a clear reference to its work, where the content, for example, is the result of collaboration between members of the Economics Conference and/or part of any sales are given to the Research Fund.

The current logo was modified for the exhibitions at L'Aubier, with a border and differently oriented arrows. This seemed to be the one preferred by the group gathered. Christopher said he would modify the logo on the EC website.

Research Update

Formation of Committees

Two committees are being formed to consider research proposals seeking funding via the Economics Conference Fund. An editorial committee, consisting of Arthur Edwards, Meg Freeling and Christopher Houghton Budd, will decide on the viability of a proposal in the context of the already established research protocols (http://economics.goetheanum.org/fileadmin/economics/ECF_Protocols/ECF_Protocols_June_2014.pdf). A funding committee, consisting of Mauricio Garay, Susan Gravelle and Lucia Sigolo, will consider funding decisions based on principles of the Refounded Anthroposophical Society/School of Spiritual Science where the Society is seen as the earthly vehicle for the School. Details to be reported in due course.

Money and Credit and the Role of Accounting

Continuing workshop at L'Aubier

The second of a series of events concerning money and credit creation and the role of accounting took place at L'Aubier in Switzerland from the 5-7, June 2015. Fourteen participants from seven countries took part. The event began in the afternoon with a round of introductions and a shared discussion of the content of the 12th Lecture and 6th Seminar from Rudolf Steiner's economics course. Marc Desaulles gave a public talk in the evening entitled "Growth and De-growth." The essence of this talk was the crucial concept that money needs to decay and die like the goods for which it provides the means for exchange. Double entry bookkeeping was used by Christopher Houghton Budd to show how money is created by entrepreneurs. Also Marc gave a brief overview of the structure and financing of L'Aubier based on entrepreneurial responsibility. (Full report by Jesse Osmer can be found on the EC website at <http://economics.goetheanum.org/home.html>)

Fionn Meier, a participant and presenter, is a graduate student doing a thesis on three kinds of money in Fribourg, Switzerland. Of the workshop, Fionn writes: Thanks a lot for the weekend. I think we were able to look at many important topics and raise an awareness of the different views among us of certain aspects of Rudolf Steiner's economic course. I appreciated very much that there was the will not only to look to one's own view but also to take into account the views of others. I think this will provide a background from where further steps can be taken towards a common understanding of economic life.

Exhibitions

The Latest

From Christopher in England:

From 1-22 August, the Mini Money Museum has transferred to the Sassoon Gallery, Folkestone Library, where all seven exhibitions are on view in one magnificent setting. The long-term aim is a finance museum as the home for a new understanding of money, local youth bonds and youth financial literacy in general.



From L'Aubier: 'Rudolf Steiner, Economist' until the end of September 2015.

<http://www.aubier.ch/en/exhibitions.php#>.

From Daniel in California:

Associative Economics Cafe #22 will focus on the history of money and the balancing of the economy. This presentation will be based on the 9-panel exhibit 'Beyond Gold' on loan from the Money Museum in Folkestone, England. The nine wall panels will encircle the banquet room for viewing before and after the presentation.

Membership Update

New members as of this publication

Welcome to these new members who joined in 2014 and 2015!

Sebastian Bilbao, Canada
Anne Marie Fryer, USA
Mauricio Garay, Argentina
Tessa Houghton Budd, England
Jane Johnson, USA
Vivianne Sinclair, USA
Richard Rettig, USA

There are currently 70 members of the Economics Conference from 14 countries.

With this issue, we invite you to be in touch – and especially if it's been awhile since we've heard from you – to re-introduce yourself and perhaps write a bit about your connection to the Economics Conference, what work you may be doing and in what part of the world, for the next publication of Economics Conference News. We look forward to hearing from you!

Around the World

A Choir of Cultures Tunes Up

Argentina – Mauricio Garay: Congratulations to Mauricio for his courageous and professional navigation on behalf of a new primary school. He was able to convince the ministers of education to sign off on the project based on its financial plan, rather than on the real estate collateral initially required. In the words of some EC colleagues, this 'tiny step' represents an "engineering of the government officials into a real human transaction," "an impressive example of the power of truthfulness in walking the talk."

Brazil – Xavier Andrillon: I am doing a part-time doctoral research in development economics at Unicamp university (Campinas, Brazil). I plan to complete the research project by the end of 2017. The project focuses on combining Rudolf Steiner's concept of true price and accounting in order to provide businesses with a practical, here-and-now, tool as well as guidance on how to measure their achievements towards sustainability.

I am building an accounting model which I will test using case study methodology. This model is based on two interrelated propositions: (1) Without true prices, businesses are financially compelled to compress or externalise costs or to make up for the lack of income through indebtedness or overuse of assets, thereby creating all sorts of sustainability issues, and (2) Income & expenditure statements and cash flow statements show if prices are true or otherwise while balance sheets show how assets and liabilities affect prices and record the effects of untrue prices. Accounting can thus inform business interventions that will promote true prices by improving access to the means of production and their financing.

California – Daniel Osmer: In addition to the weekly Science Buzz Cafe events of the Spring 2015 schedule, two Associative Economics Cafe evenings took place in Petaluma and Sebastopol. AE Cafe #20, 'What is Money', featured Ira Glass narrating the story of a whole country that reset their 'trust button' banking on the concept of the 'unit of account'. AE Cafe #21 in Petaluma, "Inside the FED" was a Planet Money team audio production about the U.S. Federal Reserve response to the 2008 financial crisis. Both presentations ignited a rich conversation among the participants. A few continued the dialogue as they adjourned to the bistro.

Greece – A summary of thoughts: The Greek people were at the forefront of our thoughts during this year's annual meeting in Montreal as they suffered the sanctions of the Eurogroup – (an informal body where the ministers of the euro area member states discuss matters relating to their shared responsibilities related to the euro) when their government refused to submit (but was ultimately forced to) to more austerity measures and further impoverishment as 'penalty for late debt payments.'

Prior to the resignation of Yanis Varoufakis, Marc Desaulles posited that in light of three kinds of money, loans without collateral, trusting to the spirit of the individual and accounting as money, Greece could begin to free herself from its current financial knot with a local exchange system based solely on accounting. He hypothesized, that if every person were issued an account *that was allowed to go negative* and with a beginning balance of *zero*, the Greek people could start trading without using euros. The banking system could be used to track the transactions – without taking unto itself – and business could begin again in Greece with money as accounting!

In response Christopher has provided the following characterisation, based on having lived there twice and been there over fifty times:

Greece has long been caught on a left-right divide, two main parties with patronage for jobs, etc., and a strong communist party ready to exploit any situation; not to mention the 'Far Right'. The young in Athens either don't care or are anarchistic, with their own quarter into which the police do not go. Then there are the geo-political constraints. Greece is the barrier to the east, beginning with Turkey, which has been trying to join the EU for 20 years. It is kept on the leash so as to protect NATO. Plus Greece takes the brunt of immigrants fleeing the bombing of the Arab states by Britain, France and the US (directly or indirectly through arms sales, etc.) Then there is the outright intention to create a US of Europe (the ultimate goal of the EU) and the perennial shifting of ground so as to achieve this regardless of any thoughts to the contrary. The interview with Yanis makes very clear how this works. And there is the falsity of the IMF as an institution, its use as a geopolitical instrument (nothing like what Keynes has in mind). Then in the background are forces that oppose Rudolf Steiner's ideas about the threefold social order, a single world economy, and a society based on ethical individualism (in the sense meant in the Philosophy of Freedom, not in normal social sciences). To this one has to add the on-going Arabism into the mix and the continuing untruthfulness of karma in nearly all of today's societal relationships ... the austerity is not to be condoned, let alone the battering by bond markets and banks; or the duplicitous acts of the EU and ECB... where does one begin to make any difference?

In my mind, one does that through the kind of understanding that we have developed in our brand of associative economics...The only pathway I see is to metamorphose existing financial theory and practice so that it comes off banking and on to economics, associative economics in particular.

If Greece creates a new drachma, this will allow it the freedom to start over, but then it has to build new habits. Give up on patronage, refuse pensions at a young age, take individual responsibility for economic behaviour. And the financial system needs to be a match for this - so the kind of thing Marc Desaulles posits.

Switzerland – Anita Grandjean: We meet many young people at L'Aubier who, as students, are unhappy with the education they receive and feel their time is wasted in irrelevant study.

As we reflected on our own experience, we realized that the possibility to fulfil our destinies has come from being able to develop our individual faculties. The idea arose to create a school, based on our experience and on anthroposophy, to help students develop their unique skills through doing, one which would foster confidence, self-knowledge and financial literacy.

The program will be designed for students to foster capacities to change the world in accordance with their unique path in life, rather than through a job. Courses will include outdoor equestrian experiences and work in various aspects of the restaurant at L'Aubier. Space is limited to 8 students and fluency in French is necessary. Exact beginning date is to be determined but may be as early as mid-October 2015 through June 2016. All are welcome to contact www.aubier.ch and then agrandjean@aubier.ch.

United Kingdom – Arthur Edwards:

Arthur gave two public talks in Edinburgh, Scotland for the Christian Community, September 4-6, entitled *Mysterious Money, Lifting the Veil on Finance* and *Profits and Prophets: Angels in Economic Life*. He also gave a day-long workshop on Rudolf Steiner's economics lectures.

Closing

To turn, to turn...

On returning from Montreal, Stephen Vallus wrote: Upon reflection, I see a number of "turnings". Marc talked of the speaker 'turning' toward the audience in the first Goetheanum; then we had the turning of capital in the economic process, allowing the seed capital to go on in the right way... And then, the gesture of Christopher, as convenor, pulling back was, for me, also a 'turning'. Not merely leaving a space behind, however, but stretching ourselves into adolescence with organized inwardness and wider activity in the world.

Meg Freeling's opening thoughts at the meeting also considered recapitulation: A step in any new unfolding is a review or reminder of what experiences we have had along the way that have brought us to where we are.

Finally, there were several other recapitulations: Rudolf Steiner's review of the Mysteries of the Christ Event in the *Fifth Gospel*, Marc's in depth review of the Christmas Conference proceedings, Stephen's recap of the foundation of accounting in banking, Anita's exhortation (in her 'fairy tale' on the last evening) to read and read and read again the economics course. This is a path that we create by travelling it, by taking a step, not knowing until we do if it is the right step or not. But trusting, having confidence in ourselves and in others. Perhaps by doing so, we may indeed give the gods reason to have confidence in us.