



# Economics Conference of the Goetheanum

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

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## **Dear Colleagues,**

Michaelmas greetings everyone.

Six years from now will mark the centennial of Rudolf Steiner's presentation of the economics course in 1922. In seven years, we will live through the centennial of the Re-founding of the Anthroposophical Society at the Christmas Foundation Meeting, 1923-24. With this latter deed Rudolf Steiner, as initiate, wove into the fabric of society for all time, an archetype to make real in economic life the principles described throughout his economics course. Scarce recognition is given within our movement to this critical fact.

Rudolf Steiner's social genius showed the way to living the New Mysteries in the light of day. For economics, if we wish to be linked with the New Mysteries, this means that what we enact on the outside must match our thoughts. We stand at odds with the gods if we, for example, simultaneously condemn hoarding wealth, yet seek to preserve, rather than circulate, capital.

The world today needs deeds enacted such that good may become what we from our hearts would found, what we from our heads would direct in conscious willing.<sup>1</sup> Such deeds need not be famous or obvious and as far as economics is concerned what matters is that capital finds its way to competences, and links itself to their unfolding, rather than to collateral.

Michael awaits our deeds. May we each find the courage to enact them.

Kim Chotzen  
*Editor*

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## **Inner Aspects of Financial Literacy – 15<sup>th</sup> Annual Meeting of the Economics Conference** *Towards a True Understanding of Work: The Riddle of the Nerves.*

*(What follows are excerpts from a detailed account of the proceedings by Meg Freeling, which is available on request. A shorter, pictorial report is also available – Impressions of the 15<sup>th</sup> Annual Meeting – compiled by Arthur Edwards. See Reports link at end.)*

*No one ... can gain a right understanding of man's relation to work who builds his concepts ... upon the misguided distinction between sensory and motor nerves." – Rudolf Steiner*

Twenty-six people gathered in Folkestone, England, for the 15th Annual Meeting of the Economics Conference of the Goetheanum. Eight countries from three continents were represented. Folkestone had served as the gateway between England and Continental Europe through which soldiers and dignitaries passed during the first World War. Throughout the town were public art exhibitions dedicated to the memory of the millions who died. A once bustling harbor town, it is now the scene of economic renewal through many new ventures, a test perhaps of the idea that all boats float on the rising tide?

Adding to the mood of the meeting was the fact that it took place during the Brexit vote. We were joined by several members of the Folkestone community during which Marc Desales gave a poignant introduction of Denis de Rougemont's *The Federalist Attitude*<sup>2</sup>, stating that with the decision for England to leave the European Union, an opportunity had perhaps arisen to re-visit "Europe" (as distinct from the E.U.)

A key goal of this year's meeting was to research a right understanding of the economics of work in relationship to sensory and motor nerves. In the words of anthroposophical physician Dr. James Dyson:

"Every nerve is a sensory nerve. The motor nerve is the facilitator of the action, not its source. Every nerve is two-fold.... The nervous system and the blood system are very deeply related. The blood flow causes the nerve activity. The experience of déjà vu – we sense the future often... In the brain, it's like quantum mechanics where the laws of cause and effect are reversed. The future determines the present. No one knows what to do

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<sup>1</sup> Christmas Conference Proceedings, excerpt from the Foundation Stone Meditation.

<sup>2</sup> *The Federalist Attitude*, Denis de Rougemont. This eloquent speech, given at the Montreux Congress of the Union of European Federalists in 1947, was an important reference at the recent annual meeting. It is available here along with an introduction given by Marc Desales in 2012. We feel it is an important text, no less now than in 1947. Please send inquiries to [contact@aubier.ch](mailto:contact@aubier.ch).

with it. The same laws seem to apply to the nervous system." "What are called the 'motor nerves' are sensory to the intention behind the action that was already imprinted in the ether - the periphery - not to the point yet of a mental image; let go of the mental image. This blocks what wants to happen. The periphery imprint comes first."

In elaboration and almost as an echo of the words from de Rougemont in 1947 – "I think it is futile to speak of political problems if one does not first have a certain conception of man. Any policy implies a certain idea of man, and promotes a certain type of humanity" – came the point made by Marc Desaules when he said:

"A new picture of the social organism can arise with a new understanding of the so-called 'motor' nerves image... We can't understand the 'motor nerves' without first establishing the 'world conception' that lives behind it. Three dimensions of understanding are needed: (1) world conception, (2) image of man and (3) work. Work can only take place in the right way if we have the right image of man. We work differently."

"Imagine your 'muscle being' (the 'motor nerves') saying, 'I am another man (within you) who is linked to the world in a way that lets us approach work differently.' ...labor is not something we do for ourselves. Traditionally, we have thought there is a work leader and a work do-er, an employer and an employee, one who gives work and one who receives work to do. Rudolf Steiner says there is no employer, no human being we work for. **We work for the World Spirit.** It is me organizing **and** doing the work (self-employed). It's not the subject of class analysis."

And in connection to the trace – described by James as ash – left behind from the nerve activity, Christopher Houghton Budd said, "Money is the result of human activity. Ash is a result of fire. In both cases, you're dealing with a dying substance. First, the activity. Second, the effect in our body: the trace of the activity is dying out. This is the nerve... We wrongly think that money enables us to be human. Money is only the ashes of the fire. It does not give us our ground. Fire is our spirit. Money is nothing; it is an illusion. Money does not give us our human-ness. Get rid of that image. There can be no accounting if there is no human activity. The accounting reflects what I intend to do or what I did. You can't take those numbers off the wall – off the financials – and start buying and selling with them."

Speaking further about accounting as a tool of perception which allows us to see and know what we are here in this life to do, Christopher said "If you think of money as a thing in itself, then it's like having a cataract in the eye. You can't see through it to the reality. You must be able to see *through* the money to whatever it is you want to understand. Money is an instrument of perception. But when you trade IN money, you've complicated it further... if we get caught in matter, we lose the ability to see.

Stop lending and borrowing capital/credit against real estate. When others see you doing what you're here to do, the capital to do it will flow. If we collateralize credit through real estate, we can't see – or will – what we're here to do. The building – the 'envelope' for the right activity needs to match the value the business can generate. Collateralizing credit pulls us down, encumbers us. When not pulled down, we are buoyed up to get on with the activity. We can't do that when the real estate arrangements contradict it."

A profound session on the inner and outer details of accounting revealed the direct links between motor and sensory nerves, income-expense and balance sheet accounts, and ultimately to an understanding of the Hibernian initiation experiences. Close examination of the process of closing entries in this context led to the possibility to understand Rudolf Steiner's axioms that land, labor and capital are outside, across the threshold, as it were, of economic life. Pulling them into economics, as commodities to be traded, etc., is analogous to creating a cataract which prevents true perception.



Participants presented their projects as summarized below.

Fionn Meier, Switzerland – explained how the campaign for a referendum in Switzerland for unconditional basic income came about. He reported that the campaign has found a platform at the Goetheanum although his website describes in detail how the campaign's tenets oppose those of Steiner's economics. (See <http://grundeinkommen-nein.ch/author/fionn-meier/>.)

Mauricio Garay, Argentina – "We used 3 years of our Waldorf school's (Estrella Andinas, 'Star of the Andes,') financial cash flow accounts as 'collateral' – *instead of* our building. The moment we have a budget, we say to each other, 'Here is what we need.' There is no campaign. Nothing is spent on fundraising. The word just gets around. So far we have received all we need."

Anita Grandjean, Switzerland – described "Dare to be Independent!" as a 9-month, live-in, work-study program at L'Aubier to help young people become independent. French-speaking young adults will learn financial literacy in the context of a new image of the world and of the human being so they can take hold of their work lives and chart a life course for themselves that they can direct.

Leif Sonstanes, Canadian living in Germany – started an ongoing group in Karlsruhe for creative, low-income adults to use financial literacy to set up their accounts, share their financial statements with each other, and run the group as an enterprise to discover for themselves what it means to re-direct cash flows.

Meg Freeling, USA and Arthur Edwards, England – described a process of developing a financial literacy curriculum for Waldorf teachers.

Susan Gravelle, USA – described the process of developing research funding protocols for the Economics Conference Fund which require the moral technique of an associative view of the human being.

Stephen Vallus, USA – presented accounting research of the origin and evolution of *equity* as a term of moral conscience in English law as compared with how it is used today, as a term of egotism.

Daniel Osmer, USA – reported on his research linking concepts of double-entry bookkeeping at its inception during the Renaissance to Rudolf Steiner's economics course and to practical approaches for learning accounting.

Sebastian Bilbao, Belgium – reported on his interest in linking the bitcoin technology to Rudolf Steiner's lectures.

Lucia Sigolo, Brazil – described her work in associative economics with various groups and how it could become grounded with basic T-account accounting.

Marc Desaulles, Switzerland – described an event at the 'Schreinerei' at the Goetheanum called *The Economics of Brotherhood*, a meeting of varied groups active in Swiss economic life. Rudolf Steiner's blackboard drawings from the economics course were on show, as well as two of the Economics Conference/L'Aubier exhibitions, *True Price, True Income* and *Rudolf Steiner, Economist*. 250 to 300 people attended.

A book entitled *Ökonomie der Brüderlichkeit, Zur Aktualität der sozialen Dreigliederung* is now available based on the content of two lectures given at this event. The first lecture, by Peter Selg on the first evening, gave an overview of Rudolf Steiner's striving at the end of WWI from 1917 to 1919, considering also the key aspects of what Steiner awaited from the impulse to reform social and economic relationships. The second lecture, given by Marc Desaulles, considered the meaning of Steiner's impulse for today and in the future.

To order: <http://www.wegmaninstitut.ch/buecher/oekonomie-der-bruederlichkeit/> and <http://www.denieuweboekerij.nl/okonomie-der-bruderlichkeit>

Christopher Houghton Budd, England – showed several case studies in Folkestone of cultural regeneration based on capitalizing initiative instead of real estate. His office, 42 High Street, displayed exhibitions, extensive documents and spreadsheet calculations of urban plans for rejuvenating the town and welcomed interested visitors with interactive games and literature to stimulate creative thinking about the future possibilities of Folkestone.

### **New Members**

*Welcome Aboard!*

David Brown, USA.

### **EC Web Links**

We are gradually improving the functionality of the website. For Newsletters and Reports please go to this link (<http://economics.goetheanum.org/newsletter-reports/>) then follow the dots. We are also planning a page for events put on by members around the world.

## Activity of Members

### EC Members in the USA

Following the annual meeting, a number of Economics Conference members in the USA have met to continue the momentum of the June gathering.

Daniel Osmer, Kim Chotzen and Susan Gravelle met for three days in August at a lake cabin in northern Wisconsin. Anne-Marie Fryer joined in for one day. Our discussions were punctuated by meals and time to swim, rest, and socialize. Each evening was warmed by a crackling fire in the light of candles and kerosene lanterns.

The leading research question in considering the Society's financial statements was how does the body – the Anthroposophical Society – support/make visible the soul, i.e. School of Spiritual Science – especially as regards Section research? And how could this distinction be seen in the structure of the finances? We read the mission of the Society in America, as stated on the 2014 tax form 990, an official document used to itemize details of an organization – its purpose, activities, use of funds, etc. As stated – *The Society seeks to support individuals working on their inner development to benefit the world* – the mission was surprising to us given our understanding that Rudolf Steiner re-founded the Society in 1923-24 to bring both inner work and outer activity together in one earthly organization. The topic brought to mind the continuing relevance of the talk given by Marc Desaulles in 2014, *Open Society, Open School* (see <http://economics.goetheanum.org/towards-2023/>).

Carrying on with our research, we compared finances of the Anthroposophical Society of Ireland with those of America. Christopher Houghton Budd, treasurer of the Irish Society, related a few defining points about the Irish Society:

- Legally, it is an association of free human beings.
- As such, it has no real assets and aims to use its funds to further the work and name of Rudolf Steiner in Ireland.
- Society and School activity are kept distinct in the accounts through the *Quickbooks* Class function.
- It encourages members to work to budgets, to seek their own resources rather than see the Society as a bank or foundation, and to take responsibility for the funding of their initiatives; but it also provides liquidity, for example, so that an event can be organized.

Furthermore, the Economics Conference Fund held within the Anthroposophical Society was discussed as an instrument of joint endeavor through which, via accounting, associative economics can become operative.

In light of these things, we discussed the idea of creating an experience of the entire proceedings of the Christmas Conference as an immersive nine-day event, in order to 'come up within that experience in our own right' and so began to plan for such an event. The need for this was corroborated by the independent decision on the part of another group of EC members to organize something similar.

We were also led to wonder about the possibility of forming an Economics Group of the Anthroposophical Society in America. This would be a group based on subject matter, and in particular, the content of the Economics Conference.

Daniel Osmer presented a detailed and engaging account of his work on the subject of financial literacy. We discussed developing a curriculum in light of Waldorf pedagogy and the optimal ages for presenting aspects of economics and the practice of double-entry bookkeeping. It was suggested that a research forum could be established of those who wish to teach financial literacy. The concept of intellectual property was debated in response to questions about copyright and patents and how to protect the value of this work.

As a follow-up, Daniel reports that a day-long 'Accounting in a Nutshell' event took place on September 24 at the Sebastopol (CA) Entrepreneurs Project seminar room. For the first time, Powerpoint was used to present a series of initial transactions that were then taken through the accounting process by entering the figures as appropriate. Despite a couple bumps along the way, it was well received.

Stephen Vallus, Lorene Allen, Lucas Plumb and Jane Johnson, have also been having regular conference call meetings. They completed a review of "Human Movement and the Nervous System," an article by anthroposophical physician Dr. James Dyson, and are now studying *Towards Christmas 2023*.<sup>3</sup> The group is considering studying *World History in the Light of Anthroposophy* and hopes to supplement this study with a look at the Statutes and other documentation regarding the Christmas Conference. Their joint activity has led to an inner deepening and broadening of their work as individuals.

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<sup>3</sup> See <http://economics.goetheanum.org/towards-2023/>

## On Taxation

Richard Rettig

*This piece (for some possibly controversial, and slightly abridged for reasons of space ) has been submitted by a long-standing student of Steiner's ideas on taxation. We include it as an example of a much-needed debate. Until we grasp the nettle of the tax system, our efforts with regard to the threefold social order and associative economics will always become snagged on today's for-profit/not-for-profit divide. – CHB. Responses welcome!*

In 1913, the United States amended its constitution to allow the federal government to tax income. Six years later, in 1919, and three years before giving his Economic Course, Rudolf Steiner declared unequivocally that taxing income was disastrous for society, saying there should be only "a tax on expenditure, but never on income."<sup>4</sup>

The disastrous consequences in the U.S of taxing income are manifest:

- The tax code of over 70,000 pages is so complex that even the director of Internal Revenue (IRS) admits he cannot understand it.
- The IRS acknowledges that it cannot collect annually nearly half a trillion dollars of unpaid taxes.
- Huge amounts of money are paid to accountants and attorneys to enable businesses and individuals to pay the lowest possible taxes.
- Untold potentially productive hours by both businesses and individuals are wasted annually keeping tax records and filing returns.

Large numbers of citizens and their political representatives recognize that the tax system is broken. However, the presidential candidates and their political parties continue to vie for ways to "reform" the income tax, having no inkling that the system is unredeemable and can only be replaced.

Nevertheless, a small, but growing number of citizens, together with a relatively few members of the U.S. Congress, are working to bring attention to the Fair Tax Act which replaces the income tax with a consumption tax on new goods and services and, along with accompanying legislation, would abolish the 16<sup>th</sup> Amendment that instituted income taxing.

The first version of the Fair Tax Act was introduced in 1999, after extensive research by more than 80 leading economists, including Nobel Laureate Vernon L. Smith. The Fair Tax Act of 1999 had more Democratic Party co-sponsors in the House of Representatives than Republicans. The current Fair Tax Act of 2015 has 72 Republican co-sponsors but no Democratic co-sponsors. Because membership of the House of Representatives changes every two years, the legislation will have to be reintroduced in 2017.

The Fair Tax, when it becomes a reality, will totally transform the lives of all citizens and businesses. Funds needed to fund the federal government – as well as to fund Social Security and Medicare – will no longer be drawn from the incomes of wage earners or from the profits of businesses. Instead, funds will come from a tax on purchases made by everyone on new products and on services. All lives will change from a forcible tax on incomes to a more voluntary tax paid only if and when choosing to buy something taxable!

With no income taxes to pay – and no tax-keeping expenses – businesses will suddenly find opportunities for their new-found money. A business might choose to lower prices to stay competitive, as competitors do the same. Businesses may put some of the money into research and development – to stay ahead of the competition. Still, with present and future employees in mind, a business may want to boost wages and increase benefits.

The Fair Tax not only banishes taxpaying fears and leaves more money in citizens' pockets, it offers opportunities for astute buyers to economize. Since only *new* goods are taxed, buyers can opt out of paying any tax on a host of items by shopping for used clothing, used furnishings, and used automobiles—thus saving significant sums.

With no taxes taken out of their paychecks, the working poor will benefit enormously, because the Fair Tax is the most progressive tax in U.S. history. The economists who developed it devised a way to tax those who are well off at the highest *effective* tax rate (23%) while the poorest have the lowest rate, *effectively* paying little or nothing, or if below the poverty line, actually gaining financially.

The Fair Tax Act accomplishes this "magic" by providing all citizens with a monthly "prebate" based on family size. A family of two adults would receive an annual prebate (paid monthly) of \$5,285. One with two adults plus two children would get an annual sum (paid monthly) of \$7,135.

Under the Fair Tax, some economists estimate that the government may gain even greater revenue than under the current antiquated income tax system. Why? The untold millions not now filing will still have to eat, buy clothing and pay for other taxable items, and whenever they do buy, it will likely be at the 23% rate! This

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<sup>4</sup> *The Social Future*, six lectures given in Zurich, in October 1919, lecture 2, page 45 (Anthroposophic Press, 1945).

group includes those who are illegal, criminal, and deal in drugs. Furthermore, the millions of tourists visiting the U.S. will also be adding to government's coffers buying at the 23% rate when buying within the U.S. borders.

Under the Fair Tax Act, the economy cannot help but prosper as large U.S. businesses with operations abroad will no longer face income taxation and see how much more effectively they can put their money to work at home.

When this happens, other countries, also unaware of Rudolf Steiner's admonition about the deleterious effect of income tax, are likely to emulate the U.S. and introduce their own Fair Tax legislation. What a world we'd live in if nations rid themselves of the deadly combination of income taxes, VAT taxes, and sales taxes and limited taxation to taxing purchases alone!

### **Convenor gets around**

*Forthcoming seminars in Hungary, Switzerland, Germany and Brazil*

In the coming months Christopher Houghton Budd in his capacity as convenor of the Economics Conference will be giving working seminars in various parts of the world (see below). Concerned variously with 'Brexit', events since 2008, the future of finance and the place of associative economics in our time, they will have in common the ground given by the work of the Economics Conference meetings to date concerning accounting, finance and the right on corporation'. Speaking in such diverse contexts as a Waldorf school, the Christian Community, those financing education and associative economic activists in troubled Brazil, the hope is that the practical achievements of the Economics Conference since its inception in 2002 will begin to find wider recognition and application, putting the emphasis on entrepreneurial, real economic change, rather than financial or banking solutions.

*Budapest / 21-23 October 2016:* **Rethinking the financing of education and the prospects for associative economics post neo-liberalism.**

*Zurich / 10 November 2016:* **Seminar: Doppelte Buchführung als Wahrnehmungsorgan und Entwicklungsweg zur Finanziellen Souveränität. Vortrag: Finanzwelt an der Schwelle.**

*Karlsruhe / 11-13 November 2016:* **Das Ich und das Geld. Assoziatives Wirtschaften als Stütze der Eigenen Lebensaufgabe.**

*Sao Paolo / 18-20 November 2016:* **Revisitando a contribuição de Rudolf Steiner à economia.**

*(Please email [economics@goetheanum.ch](mailto:economics@goetheanum.ch) for more information.)*

### **In Closing**



### **Scythianos**

Scythianos  
(behind whom Michael awaits our worthy deeds in economic life)  
having inspired the Hibernia Mysteries  
now breathes into our work.

Those Mysteries, higher than Arthur  
traversed Britain and headed into Europe  
perhaps down the track that became Folkestone's High Street  
to the port through which not only trade but culture also passed.

They live, those twin columns and their synthesis  
in the double entries of modern finance  
whereby the 'I' in economics  
the Higher Adam not the Smith  
stands free  
takes hold  
and puts the world to right.

– chb / April 2016