

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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Being a Representative of Associative Economics

Taking the first step

At this year's annual meeting in Folkestone an important step was taken towards putting the research of the last 15 years into practice. Reading the newly published booklet entitled *Economics Conference Anthology - 15 years of Work*, a chronicle of research done since 2002, one can experience the achievement of quite a substantial body of research regarding the inner and outer path of economics in strict reference to Rudolf Steiner's 1922 *Economics* course.

When faced with the chaotic and tragic circumstances of modern social life, one must earnestly wonder what deeds can in fact contribute to a more human future? What essence will cut to the chase, like some potent remedy that, when administered, will harmonize the forces of the social organism? What trim tab¹ will re-set the course of events?

1917 was a year 'that changed the world' with events such as the US decision to enter WWI, the Balfour Declaration that initiated the independent Jewish state of Israel and the Russian Revolution. One can consider Rudolf Steiner's response - his attempts to ignite the threefold impulse in Central Europe - as just such a potent remedy that could have altered history. Yet it seems not to have been successful.

In 1989, 200 years after the French Revolution, Jürgen Smit, then-leader of the Youth Section of the School of Spiritual Science, speaking at a conference called *Putting Social Ideals into Practice² - Freedom, Equality, Fraternity* to a large gathering of young people, recalled these slogans which had led to a blood bath in France in 1789. Speaking about the ability to discern between rhetoric and reality, he hoped his presentations would stir into activity the inner lives of his youthful listeners. The need is all the more pressing in today's world - rife as it is with slogans that are empty of real content capable of furthering social ideals.

This year, 2017, we wondered if dedicated efforts toward organizing Youth Bonds - whereby young people become financially literate and fully funded - could have an equivalent yet modern effect on the world situation, to give the world a second chance. In an age where one must not rely on teachers and 'experts', how is one to know the path or to have a mirror of one's own relevance or effectiveness? Curiously, accounting can be such an instrument in economics, a powerful tool by which one can discern if one's thinking and actions are in coherence. Financial literacy enables one to organize, unfold and stay true to one's life vision. Were Youth Bonds to take hold, for example, perhaps an enlightened generation, emboldened to act, might take a first step toward the redemption of last century's 'lost generation'.

May good come of all your own steps.

With best wishes,

Kim (Chotzen)

¹ Trim tab: a small but powerfully redirecting mechanism on airplanes and ships. The engineer Buckminster Fuller often used the term of trim tabs as a metaphor for leadership and personal empowerment.

² *Personal and Social Transformation*, Jürgen Smit, Hawthorne Press, 1992.

2017 Economics Conference Annual Meeting Report

A report by Arthur Edwards of this year's 16th annual meeting can be found on our website: <http://economics.goetheanum.org/annual-meeting-reports/>. Meg Freeling has also compiled a full record of the proceedings of the 2017 annual meeting. Her notes will be made available to those who took part in Folkestone.

Some of its main themes are commented on below, but we also look at various financial literacy projects and generally took stock of where the Economics Conference is in its journey. In this connection, one of them struck a particular chord – the idea that youth bonds could be developed as a specific contribution of the anthroposophical movement to today's economics challenges for young people.

Next year's Annual Meeting of the Economics Conference will again take place in Folkestone, England 20-24 June 2018.

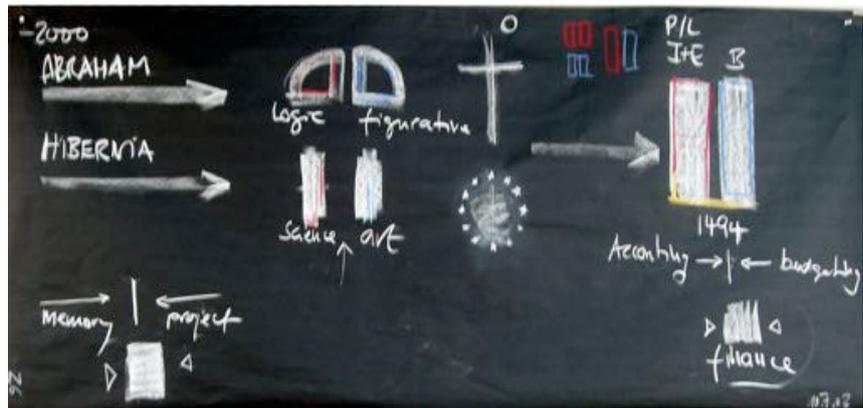
Accounting as Guardian

Representing associative economics

We reviewed past themes this year with an emphasis on how to practice, walk the talk. A theme from 2003, *Finance as Guardian*, was restated as *Accounting as Guardian*. In order to be a representative of associative economics, one must be financially literate. Representing anthroposophy in the world means fully engaging one's will in activity informed by the spirit. In order to be effective and modern, this must be capable of being tracked in financial terms. The challenge, if one would contribute to a positive evolution for humanity, is to make spiritual perceptions visible in worldly activity.

Each Section of the School of Spiritual Science exists in order to bring about the realities of the spirit that belong to its respective discipline, thereby informing society at large with ever renewed insights. Research as a member of the Economics Conference, part of the Social Sciences Section, is concerned with how an activity is structured, financially and legally such that the entrepreneur is left free.

Right legal structure is key to an endeavour being able to express itself freely. Accounting as an instrument of perception allows one to recognize the true effect of one's endeavours, the positive aspects and the shortcomings. Because of the Guardian-like nature of accounting, just the commitment to take responsibility for these things can shine light on a dark and lonely path.



Hibernia

Economics Conference Fund

The Economics Conference Fund was presented in Folkestone as an image of what is needed to metamorphose foreign exchange markets to a world of cultures meeting needs above the fray of exchange rate competition. The required universal currency is the Hibernia, rated at 1:1 to the Swiss Franc, the Goetheanum currency. This is a way for the Anthroposophical Society in Ireland to create coherent accounts with members both in the euro zone and in the United Kingdom with British pounds. The idea then grew to report all Economics Conference Fund accounts in Hibernias. There are currently 12 countries that manage a fund on behalf of the Economics Conference, most of them held within the Anthroposophical Society of the respective country. The Economics Conference Fund is for the purpose of furthering research and publications in the field of economics with reference to Rudolf Steiner. As such, it offers a working model for financing any Section activity of the School of Spiritual Science.



'Doing your Bit' – an Upcoming Article

Meg Freeling

A research report by Meg Freeling on her financial literacy project *Doing Your 'Bit' – Because You Can!* is published in the September 2017 issue of *Learning for Well-Being Magazine* (see link below). This is a new online magazine published by the Learning for Well-Being Consortium of Foundations in Europe (formerly Universal Education Foundation). Writing to Meg, Linda O'Toole, magazine co-editor, said: "I would love to include your article in the next issue of the L4WB magazine [because it belongs to] our theme as described on our website: "Unique potential refers to the vital energy and qualities that provide meaning, purpose and direction to an individual's life. The unfolding of every person's unique potential requires us to encourage self-discovery and the expression of each one's particular gifts and contributions... By acknowledging the importance of meaning and purpose in every life, we give priority to processes that contribute to the well-being of individuals as well as whole communities and societies."

<https://www.l4wb-magazine.org/mag04-art02>

Forthcoming Events

In Switzerland

An *Economy of Brotherhood* event will take place at the Goetheanum, 17-19 November 2017. It will be in German with translations offered according to registrants' requests. Here's the link:

<https://www.anthroposophie.ch/de/wirtschaft-gesellschaft/veranstaltungen/artikel/oekonomie-der-bruederlichkeit.html>

There will be a one-day workshop on *Nationalism and Community* in Basel, Switzerland on 28 October 2017 concerning the future of Europe. Details to be announced.

Following on from the first course, completed by 8 people, the L'Aubier training for young people will be held from 2 October 2017 to 30 June 2018: <https://www.aubier.ch/en/education.html> There are currently 7 out of a possible 10 registered.

Sustainable Development

Xavier Andrillon

Xavier presented an update on his doctoral thesis at the recent annual meeting. He endeavors to establish specific ways of measuring business compliance with Rudolf Steiner's true price formula. The Brundtland Report defines sustainable development as '*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*' With principles of true price in the background and working in the context of businesses that seek to become sustainable in the forestry business in the rainforests of South America, he has identified an intervention approach that would give 'sustainability' more concrete meaning. He argues that the success of such sustainability would take the form of businesses ceasing to rely on passive income, cost avoidance, compression of expenses and speculative investment – all of them measurable outcomes, but not achievable if one does not in fact change one's behaviour.

Lessons on Imperialism

Foreign Exchange Rate Theory for Beginners – Kim Chotzen

This past June, 9 students gathered under the KRAN³ program for a spontaneous lesson in the basics of foreign exchange rate theory. As an observer of this event, I noted with poignancy the irony that a British economic historian – Christopher Houghton Budd – was instructing these young men about how modern market conditions are linked to the suffering undergone by them (and untold others). In a simple and transparent way, the lesson unfolded to show how 'reigning supreme' in global markets has been achieved on the backs and blood of those in the room who represented vanquished nations with nowhere to turn but to the 'vanquishers' themselves. What follows is an account of the lesson.

The dates 1914-1919 were written on the board. Students were asked, "What do these dates represent?" Astonishingly they did not seem to know, yet both telling and understandable since their countries were 'created' after these years.

The lesson continued. Before that time, nations balanced trade amongst themselves with gold, a universally accepted currency with which all nations traded. So if my country bought more goods from your country than yours did from mine, my country would have a balance that was handled by a transfer of gold to yours. Gold was a constant, belonging to everyone.

³ Kent Refugee Action Network in Folkestone, England. These were students from Syria, Sudan, and Viet Nam seeking asylum in England.

But then, came the question, "What happened when one person got hold of it – this gold doesn't belong to everyone anymore, only to me, and I determine the price?" In the early 18th century, Britain had become GREAT Britain (by grabbing everyone else's land and resources) and Sir Isaac Newton, master of the Royal Mint, created the gold standard. All other currencies then calculated their value in terms of the British pound. Thereafter, trade became a question of 'who is the strongest?'

After WWI, the United States took its turn and the US dollar became the primary currency from 1919–1971⁴ when it could no longer act as the world's reserve currency because of the Viet Nam War.

At this point, what is needed is not a new supreme currency but one that reflects the needs of all cultures, in terms of which we'd all be equally important and we wouldn't grab, we'd share.

This is not some kind of utopian economics. It can easily be seen in accounting, a language used by all countries and owned by no one. In trading, fairness is achieved when both trading partners are happy. No one would buy something unless they valued it more than what they paid as price (unless, of course, coercion was a factor). Consider two people, A and B, trading. Which equation is correct here?

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1. One wins. The other loses. Net of 0. This never happens. No one buys unless there is benefit.

2. Both make a gain. Net is a surplus.

In order to bring about such conditions, we can start now, by being fair in all our transactions. In this way, one can be a first-mover and create a world as one economy.

Trim Tabs in Accounting and Taxation

Leverage toward an associative economy?

Precipitated by efforts to develop effective approaches in accounting that make visible the error of land (rent), labor (wages, salaries) and capital (finance income/expense) being treated as commodities in modern finance, Economics Conference colleagues recently had an informal discussion about accounting and taxation. Ideas such as paying salaries at the beginning of the month (to decouple income from performance), calculating the ordinary profit or loss before allocating these costs, and the overriding theme that taxation is only a reality because of a lack of true pricing, led to the thought that a research event devoted to taxation alone would be beneficial. And perhaps by creating ways of presenting this that does not affect current taxation treatments,⁵ what is beginning as a serious endeavour to find an associative structure in accounting could possibly lead to change in taxation, without which there can never be a truly associative economy.

Associative Economics Intensive

In the Spring of 2017, Anna Chotzen took a self-directed intensive course in associative economics. She has kindly made her report of this experience available to the Economics Conference. It can be found here:

http://economics.goetheanum.org/fileadmin/economics/ECN_Archive_Topic_Mtgs/2017_Topic_AE_Intensive_A_Chotzen.pdf

Creating Economic Space for Social Innovation

Christopher Houghton Budd

Creating Economic Space for Social Innovation (CrESSI) is the name of an EU-funded project concerned with empowering marginalised people. Having become one of the team, on behalf of Technical University of Delft, July marked the end of my four-year contract, during which, with our Dutch colleague, Ro Naastepad, I wrote various papers which had as their aim to create a bridge between today's general discourse and Steiner's economic ideas. Our content sought to place Aristotle centre-stage as a way of underpinning the idea of 'open access credit' – in essence that capital needs to pass from preservation to circulation, from being used on terms

⁴ Of importance is the fact that at this critical juncture in economic history, Rudolf Steiner delivered his *Economics* course (1922). His was the only voice at that time (and for the most part since) to describe economic boundaries as global and no longer national. Additionally, John Maynard Keynes, after resigning his post at the British Treasury because of the nationalistic deliberations in Versailles, 1919, went on to both predict future European devastation and to propose a world financial structure – The International Clearing Union – that was intended to go beyond national interests but was ultimately 'captured' by the United States.

⁵ For example, could the 'Other Expense' account in Quickbooks be used to report Rent (Land), Remuneration (Labor) and Finance (Capital) *after* Ordinary Profit or Loss is calculated, thus identifying that which should not enter as values into economic life?

set by the provider to those born of its use. My contribution to the project culminated in designing a financial literacy seminar targeted on young people, social entrepreneurs and 'the marginalised'. Something of a challenge for all concerned, my idea became that insofar as none of those groups can access credit on terms set by them – the prospective users of capital – and thus, dependent on their capacities, not on any real collateral they would normally be expected to provide, they are all credit-marginalised. It remains to be seen what my colleagues make of my work now that I am off the project and unable to clarify, elaborate or defend my ideas. On the other hand, I chose as case studies two projects in Folkestone, through which I hope to continue this work on a practical basis. These will be teaching financial literacy to asylum seekers and in a local college for 16-18 year olds. If anyone is interested to read what Ro and I have written, please search for our names here:

<https://www.sbs.ox.ac.uk/faculty-research/research-projects/creating-economic-space-social-innovation-cressi/cressi-publications>

Convenor's Closing Remarks

Christopher Houghton Budd

In my professional life, when asking what is the state of economics, meaning the way we understand and conduct economic life, I have to admit to deep concerns that few people have any concrete idea how to transcend the neo-liberalism that now holds sway, and that within neo-liberalism there is no real image that it will be superseded, still less of what will come next. So convinced are its protagonists that their approach is the destination, not a staging post.

But what does come next? For me that has to be associative economics, once made general, once embedded in 'normal' conduct. By which I mean that, while associative economics may well have its roots in an anthroposophical understanding of life, its outward progress cannot be made conditional on that view becoming adopted by humanity in general. In the so-called 'mainstream', the one development that gives me heart is the growing recognition that economics needs to be re-grounded on accounting, for in accounting we have a kind of no-man's land. For all that one could say about its esoteric dimensions and sacred origins, it exists in moral neutrality, waiting to be recognised as an instrument for the perception of karma, as this unfolds through what we otherwise call economic behaviour.

For this reason I am also heartened by and thankful for the work done in the context of the Economics Conference these past 15 or more years. If one reads the reports (now all on the website) one can get a sense of the scale and scope of the contribution associative economics could make to the field of economics. It has not yet done so because the ground of accounting is not yet there in the way it needs to be. But this could quicken through the agency of financial literacy and its corollary of 'youth bonds'. Whatever form they eventually take, it is urgent that young people know from what they are taught and what they experience that capital is looking to them to take initiative, to become entrepreneurs in a non-egotistical sense. Writing this as I nudge 70, I realise it has been something of a stuck record my whole life long: How to place capital at the service of human capacities, especially as they unfold in young people and on into their maturing biographies? But for this *idée fixe* I make no excuse. And I am glad to see that gradually a worldwide community is appearing that, with luck, seems able to make kinetic what is still largely still potential. When we look back on 2017 I hope that we will see how in that year our work began to sprout its first true leaves.