

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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Speaking of human evolution, in the lecture given on 25 December 1916, Rudolf Steiner described the belief in war as the belief in the 'duel', in the fight between the two.¹ Historically, the validity of war between two sides derived from the assumption that the vanquisher would be divinely ordained. But during WW1, nationalism had further – and historically inappropriately – inculcated duality at a time when, as a one-world economy, we should have gone beyond nationalism – and the consequent fighting between nations.

In this issue, the attempt is to show the unequivocal overcoming of dualism found in Rudolf Steiner's image of the threefold order of social life. Having held on to the wrong image since 1917, are we now witnessing the last gasps of a material consciousness that would have us find our 'proofs' in the sense-perceptible world alone? Have we indeed run out of gas for the paradigm of nationalism given to us by Woodrow Wilson in 1919, as postulated in the counter-factual account of history in the lecture *1917-2017 A Second Chance? – A View from the West*. If, as Stephen Vallus's piece *1917 – Seeds for the Future* suggests, seeds are sown today, what will ripen in 33 years from now? If there is hope in the darkest hour, surely it lies in the awakening of each and every soul who recognizes the choice of freedom – to act on behalf of all instead of oneself. In order to do this, to be socially innovative on behalf of all, as a young person from Folkestone put it, one 'needs autonomy, space and financial backing for one's dreams -' freedom, right (of use) and capital.²

"For we may even say, paradoxical as it may sound: the more full of pain and suffering this present is, the greater the fruits it can bear for the future... Full of pain is our Time, yet great it can be; and in a certain sense, it must find the men who can think greatly. But they will not be the Wilsonians!"³

With best wishes for a Christmas season filled with inspiration and hope,

Kim (Chotzen)

Thoughts concerning Next Annual Meeting

20 – 24 June 2018, Folkestone, England

In keeping with the decision to hold annual meetings at the same location for three years, this will be the final meeting planned in Folkestone. Some participants from last year have made suggestions for the content of the upcoming meeting. Topics suggested include youth bonds and teaching financial literacy, an associative view of taxation, accounting as a way of understanding false rent values, investments, financing education, etc, especially as experienced in case studies of live projects. Consideration of the general direction of the Economics Conference as well as criteria for attendance of the meetings were also suggested themes. Further discussion will take place in February 2018 as part of the L'Aubier research gathering (see next item) and a provisional program will be available by Easter. **Rooms have been provisionally reserved at the Grand Hotel, as in previous years. Please let us know as soon as possible if you intend to take part. c/o economics@goetheanum.ch.**

L'Aubier Meeting, February 2018

The next in the series of on-going research meetings held at L'Aubier, Montézillon, Switzerland will take place from 23-25 February 2018. Please contact chb@christopherhoughtonbudd.com if you are interested in taking part.

¹ *The Karma of Untruthfulness*, Vol. 1, Rudolf Steiner, lecture 10, p. 211.

² From *The Big Ideas Show* with students from East Kent College, Folkestone, England:
<https://www.youtube.com/watch?v=PDJtH2Zh-t8>

³ *The Mysteries of Ancient and Modern Times*, Rudolf Steiner, 26 December 1917.

1917-2017 A Second Chance?

A View from the West, report by Jesse Osmer

On November 16th 2017, Dr. Christopher Houghton Budd gave his most controversial lecture to date. The lecture took place in the Conference room at the Goetheanum the evening before the Economics of Brotherhood conference began (see report below). Attended by 28 people and translated into German by Fionn Meier, the lecture was highly condensed and very provocative.

Christopher began his lecture by stating that there was a 2nd Renaissance that took place at the beginning of the 20th century that no one noticed but that future humanity would look back at that time, specifically at the Goetheanum, as a world changing event. He continued by saying that the message of the 2nd Goetheanum building to humanity was that the whole of mankind has crossed the threshold and needs to understand what this means.

Christopher then moved on to describe outward history in what he called a counter factual story. That is, to imagine past events as if they had happened in light of what Rudolf Steiner had observed. This turned on the events just after the First World War and specifically on the Treaty of Versailles where the Germans were made responsible for the war and dominion for the world passed onto the Anglo-Americans for the next 100 years. The whole of the rest of Christopher's presentation revolved around this significant event and looked critically at where humanity is today in regards to it. Throughout his presentation, Christopher used his trademark black paper and coloured chalk to express these ideas in colourful images.

The big question arising after the Treaty of Versailles is: when the Anglo-Americans became responsible for world history what then happened and where are we now? In this counter-factual history, the Anglo-Americans have followed their destiny and we've gone universal: east, west, north, south. And this is an echo of when the foundation stone was laid for the first Goetheanum as well as an echo of the Christmas Conference in 1923. Christopher then began to wonder out loud about where we are today in this counter-factual history: We would now have a free spiritual life (follow one's destiny), a rights life (a choir of peoples), and a one-world economy. Because these things exist as potential, their shadows appear in the world: spiritual life appears as self-determination of every country, the rights life as the League of Nations leading to the United Nations, and the one-world economy as globalisation. So the appearance of Woodrow Wilson, contrary to historical belief, was the very opposite of the saviour he was proclaimed to be.



The second controversial statement Christopher made was that in human history we always get a second chance to make things right and in regards to the First World War, that time is near. A key image was that what humanity has experienced since the First World War has been the shadow of the true history taking place. The forms and institutions we experience today such as the World Bank, the International Monetary Fund and the World Trade Organisation, are shadows of what truly exist as pillars of a one-world economy. Christopher called this counter-factual perspective the "Karma of Truthfulness". If humanity truly crossed the threshold at the beginning of the 20th Century, then it would be this new reality of "Truthfulness" humanity must wake up to and experience and put into practice, not the shadow cast from it. Perhaps the more this begins to take place, the sooner the dichotomy of the shadow experience will fade and give rise to a choir of peoples, as Christopher put it, rather than its shadow of a United Nations and its brother, the European Union.

Another controversial idea was that of a European Confederation as a solution to the European Union experiment and the resulting consequence of Brexit. Such a Confederation would include Russia up to the Ural Mountains. On the face of it, regardless of its controversial nature, such an idea seems obvious and relatively easy to implement. Perhaps it could provide the necessary fuel to fire the continuation of the 2nd Renaissance Christopher began the lecture with.

And this is all just a taste of what Christopher spoke about in this lecture: A Second Chance. The ideas shared about farmers receiving negative rents, that land is, was and never will be sold, that interest should be charged on debt as well as credit, are all fascinating and important concepts needed to challenge the inadequate thinking of modern times in regards to these subjects. I encourage everyone to read the full transcript of the lecture which is available on the Economics Conference (an Economics Section by any other name) website at the Goetheanum (economics.goetheanum.org).

Full transcript of lecture available here (also in German):

http://economics.goetheanum.org/fileadmin/economics/Events/2017_A_Second_Chance.pdf





1917 – Seeds for the Future

Stephen Vallus

In 1917, Rudolf Steiner introduced the 33-year “law of historic evolution” on the 26th of December in Dornach:

“If I manufacture a pair of shoes, needless to say there is something in this act that rays back, so to speak, into my personal Karma... But I manufacture the shoes for another human being; and inasmuch as I do, I am already working socially. ...nevertheless, everything that lies along this line belongs to the realm of those things which become effective after 33 years... A seed of thought or deed takes a whole human evolution – 33 years – to ripen.”⁴

Steiner then observed that there was a book in the 19th century, which became more important than the Gospels: “[This book] is the one on the first page of which (in German-speaking countries) the words *Mit Gott* (‘With God’) are always printed, though needless to say only the ungodliest matters are entered in it, namely the respective headings of *Debit* and *Credit*. In other words, it is the business man’s ledger...”⁵

But Steiner in this lecture is not inveighing against bookkeeping *per se*, but rather the materialistic cast of mind which accompanied the rapid industrialization of Germany especially since the unification in 1871. He makes the point that a certain havoc in the ledger is created due to the fact that Easter is a movable feast each year such that efforts have been made from time to time to fix the date of Easter! But the larger picture is that the Christmas of say 2017, ‘belongs’ to the Easter of 2050, 33 years later.

“The time-cycles of history can be measured by the interval that extends from Christmas to the Easter thirty-three years ahead, and the spirits of these time-cycles regulate that element in which the human soul lives and weaves in so far as it is not a mere personal being but is part of the warp and woof of historic evolution.”⁶

1917 also saw a concentration of Rudolf Steiner’s effort to reconnect the German people with the true mission of its Folk Spirit which had been displaced by materialism and militarism. Germany, while politically unstable, was still at war and the Armistice with the western powers would not begin until October, 1918. This was followed by the disastrous Treaty of Versailles in June, 1919. While Woodrow Wilson intoned the phrase ‘making the world safe for democracy’ (a phrase still current in U.S. politics!), Steiner worked with Hans Kühn, Otto Polder-Hoditz of Austria, Walter Johannes Stein and others to prepare *Memoranda* about the Threefold Social Order. These documents were presented to both the Austrian Minister of Foreign Affairs and the German Secretary of State. However, one is left with a picture of a Memorandum which was brought to the negotiating table but never made it on to the table. What seeds were thus sown?

In 1918, Steiner wrote the Foreword to the *Mission of Folk Souls* cycle and after meeting with Prince Max von Baden in January, shared it with him. Later that year Prince von Baden would become the last Chancellor of the German monarchy. In his book, *Kaspar Hauser – The Struggle for the Spirit*⁷, Peter Tradowsky asserts that the Prince was aware that Kaspar Hauser had been the legitimate heir to the throne of the House of Zähringen 100 years prior and that Steiner had an additional meeting with the Prince and fully expected him to present the threefold picture to the German people during his inaugural address. He did not, leaving Rudolf Steiner’s deed unfulfilled. Kühn (1978) describes this as a shattering disappointment for Steiner.

But Steiner was to metamorphose the deed of the Threefold Social Order into the *Economics* course of 1922 and the Christmas Conference of 1923-24. In response to the lie and errors informing Wilson’s assertion that “freedom derives from the State,” individuals would be given the means of personal and social transformation. Instead of working with people in powerful positions of government, Steiner would begin working with Carl Unger to form *Der Kommende Tag* a mere four days before the final Armistice with the Allied powers in November, 1918. Bookkeeping would become part of the being of money instead of a symptom of materialism.

1917 – 2017 Finance and the Threshold, Karlsruhe, Germany

A Report by Leif Sonstenes

From 3-5 November (Friday to Sunday), 15 participants gathered at the Parzivalzentrum in Karlsruhe Germany to explore themes relating to finance, the I and the threshold with Christopher Houghton Budd. Nicholas Dodwell started us off with a talk on “How to teach financial literacy in high school and why it is important.” Christopher gave two public evening lectures on “1917: Modern financial life means living at the threshold” and “2017: Youth Bonds – a universal solution.” (See next item from Marc Desaules.)

⁴ *The Mysteries of Ancient and Modern Times*. Op. cit.

⁵ Ibid.

⁶ Ibid.

⁷ *Kaspar Hauser, The Struggle for the Spirit*, Peter Tradowsky, 1997.

During all of Saturday and half of Sunday, we had six sessions covering topics such as "The financial crisis means too much blue money," then "A threefold solution: true prices, open-access credit and spend-out foundations" and "Double-entry bookkeeping as an experience of the threshold." The other three sessions deepened the various topics with a view to showing how empowering youth through financial literacy must also be accompanied by corresponding access to credit on the borrowers' terms.

As in the previous two seminars from November 2016 and 2015 the mood was intense, enthusiastic, and many questions popped up around taking action and where to go from here. As a next step, we are considering meeting in late spring. This time, not for a public seminar as such, but rather we hope to gather for two "working days." Why not have 3 or 4 individuals present their 2017 results: Budget/Actual/Difference as reflected in their accounting with a shared look at and analysis of balance sheets, profit and loss statements and so on...wouldn't that be exciting?

Future of Europe

Quote by Marc Desaulles⁸

The future of Europe is no longer in Europe. It is every place an individual has an initiative. And then it can resurrect the future of Europe in a new form. Youth funding plus associative financial literacy can put air beneath their wings to realize their initiatives. We could be funding individual people worldwide who have initiatives and can work within this financial literacy. This is the only way forward for a rebirth of Europe – a diaspora of Europe growing into the worldwide initiative of humanity.

Two Reports on The 'Economics of Brotherhood' Conference, Goetheanum, 17-19 November 2017

An impression from inside by Fionn Meier

The planning of the economics of brotherhood conference that took place this November in the Schreinerei at the Goetheanum began in summer 2016 in Zürich, when those who organised the first brotherhood conference in November 2015 took the decision to organise a follow up. This time, however, the idea was to organise a conference that is carried not only by *Confoedera*, as last time, but by all the Swiss institutions that work towards a social renewal based on Rudolf Steiner's social impulse. As a consequence, people normally working in different contexts were brought together. Therewith a new land was set foot on. But, what will come out as a whole? Will it result in a pluralistic plethora of different views?

Only after the conference had taken place could it be seen that this was not the case. On the contrary, it was as if all the participants took part in creating a new symphony – one that even the organisers would not have been able to listen before. And the immediate impression after the conference, one that was also reinforced by listening to the impressions of others, was that, although there had been a long process of thinking and planning beforehand, this essentially came into being over-night. The conference was there with its content and meaning, unfolding in the very moment without having been there as a concrete idea the day before.

The conference officially started on Friday, for me, however, it kind of already started on the Thursday evening when Christopher Houghton Budd shared his view from the West. Providing a macro-image of the 20th century, he ended up by emphasising that the starting point to take care of these macro issues is to change one's own financial behaviour. On Friday afternoon, the introductory lecture into the subject of the conference – 'purchase, loan and gift' – was given by myself. Trying to convey an understanding of the importance of Steiner's basic economic ideas in the context of current public economic teachings, I ended up showing how these three archetypal processes are reflected in the threefold structure of the accounting process, an issue researched in my recently completed master-thesis.

The following morning, one could experience how this theme became unfolded and deepened by a threesomes of lectures. Nicholas Schär explored the meaning of purchase money, emphasising the importance of true price and pointing to the fact, that in the current accounting process, the remuneration of labour is treated as an expense and that this, if we want to go further towards associative economics, needs to be revised. Marc Desaulles, speaking about loan money, emphasised that credit needs to be linked to individuals and their capacities, and not to land or other securities. Further he showed how in the accounting process loan is reflected in the balance sheet. Cristobal Ortin, speaking about gift money, drew attention to the issue that it should not be seen as being the last of the threesome, but that actually gift money, as reflected in the closing entries, is to be seen as the primary process.

⁸ Notes from the 2017 Economics Conference, Folkestone, UK.



A deep impression was also given through the participation of entrepreneurs. From listening to their entrepreneurial experience one could get a feeling that going along the path indicated by Steiner is by no means a minor issue. As one of the entrepreneurs said, in order to put these ideas into practice, one has to grow beyond one's own limits, a process whereby one starts to experience how the world comes towards oneself as something alive. From a different point of view, this issue was taken up again towards the end of the conference by Cristobal Ortin, who shared with us his insight, that the new Mystery places are the 'associations'. Sharing this idea, he also emphasised that in our work today there are, from the other side of the threshold, those working with us who have been active in this field before – the help of whom we need in order to achieve progress in a task like this.

The energy created in this conference was also reflected in the enthusiastic reaction of many participants. However, being an achievement, a further step on the path, brings new responsibility.

A view from outside by Christopher Houghton Budd

In November, I attended the 'Economics of Brotherhood' conference at the Goetheanum. I was not at the previous one in November 2015 (from which keynote lectures by Peter Selg and Marc Desaulles are planned to be translated from German into English), but if the second meeting was anything to go by, how important it is to see entrepreneurs in session when it comes to discussing economics. When entrepreneurs meet there is a rawness, urgency and engagement because at the end of the day they are at the 'coal face' of *economic* change.

The Conference was a Swiss event, meaning it was convened by various groups in the Swiss anthroposophical movement and to an extent represented the substantial mini-economy that is centred on the Coopera pension fund. What struck me were four main things. First, the earnestness and accomplishments of those present. Second, the chance to talk about economics among entrepreneurs who well understand and experience the difference when risk is thought of in banking terms, of loans that may be lost, rather than challenges and destinies that might not be fulfilled. Third, the absence of pre-structured 'death by flip chart' procedures; so that the flow went where it needed to. (If there was a criticism to be made it was that too much was packed into too short a time.)

A fourth, and by far the most important thing to my mind, was the way in which accounting became the medium for understanding Steiner's economic ideas, especially as regards 'loan money'. Introduced by Fionn Meier in the opening session, the theme was taken up by Marc Desaulles and others. It was a clear demonstration of how quite different ground is given to us when we do not think (or act!) in terms of money as a thing, but as accounting. This raises the bar, so that opinion has very little room to breathe. Thoughts from outside about how one should organise the economy pale against the experiences of those who out of their initiative and sheer strength of intention create new businesses – such as organic cotton production. After years of researching this aspect, it was something of a relief to see the effect it can have, once the space is created that allows accounting to become the reference point. Also to see how readily people get the point and begin to take up this approach.

I am painfully aware that very little like the Swiss economy around Coopera exists elsewhere in the world, so I just hope it is not too late for the development of associative economics more generally. Of late, I have found myself wondering if we have missed the boat in our movement because what I perceive by way of 'threefolding' simply does not cut the ice for me. It neither grasps the real nettles of modern economic challenges nor goes deep enough into the will, so that the only other real show in town – triumphant neo-liberalism – proceeds without effective challenge.

One further problem presents itself, however. How is one to translate 'brotherhood' into English. The word has two awkward connotations. Firstly, it is well known that 'brotherhoods' play a role behind the scenes of today's events. Secondly, political correctness challenges the supposed sexism of a masculine word being used generally. I do not know what the solution to this is, but this problem is the reason why throughout my career I have used the term 'associative'. It might be dry, but it takes one to the 'technique' that Steiner had in mind, the need to think of economic life from a point of view outside oneself. This, in closing, is one of the secrets of accounting when made axiomatic in economics: double entry bookkeeping does precisely that – it enables oneself to see oneself and one's actions from outside, as they affect the world. It is this, in the end, that makes external regulation, whether by governments or markets, unnecessary and less effective.

Reflections on Research

Christopher Houghton Budd

It is often said in our movement that spiritual scientific research is different to 'normal' research. The reason for this has never been clear to me, because as one who is both a spiritual scientist, at least in the realm of economics, and a formal researcher, I cannot see the difference. Good research seeks to gather 'data' as comprehensively as possible until seemingly contradictory phenomena cease to contradict one another. This though is the 'proof' method of spiritual science. Moreover, in economics, according to Rudolf Steiner, the right method entails thinking neither deductively nor inductively, but descriptively. Wherein, therefore, lies the difference? If it is said to be that spiritual scientists meditate, well so did Newton. If there is a difference perhaps it lies in the assumptions. For example, is it a fact – which every economic student is required to accept – that resources are scarce? Whether they are scarce, or plentiful, depends on whether humanity is permeated by egoism or not. And who says scarce resources are best allocated by the price mechanism? (Another dogma of economics.) They can be allocated as effectively by negotiation, the more so if each party has the needs of the other in mind as also those of the planet, not merely his or her own.

This is a discussion that it would be good to pursue further in these pages in due course, but here and now is not the time. I would, however like to draw attention to research that is quietly growing in extent and quality and recognition in the postgraduate field and policy-making circles, in the English-speaking world, at least. There are quite a few antecedents to what I have in mind, such as Folkert Wilken's work in the 1950s, or Guido Preparata's work in the USA. More recently, colleagues in the Economics Conference are researching associative economics in a formal sense and in ways that are inter-linked.

This is the important new step – that members of the Economics Conference overtly explore and elaborate associative economics in formal ways, such as Masters theses. I would like to mention three examples because they are linked to two important topic areas – the nature and future of money, and the link between economics and accounting.

According to his examiners, in 2009 Arthur Edwards acquitted himself very well with his Masters at Buckingham University, England on *Three Kinds of Money - Rudolf Steiner and the Development of Monetary Economics*. He has also written an important tract on 'citizenised central banking' called *Citizenised Central Banking - From Gold to Golden Rule*. In the last four years, Ro Naastepad at Delft University has co-authored a number of papers on the Aristotelian foundations of modern finance, the link between capital and capacities, and other related topics. A paper by her on Aristotle was also authored with a colleague from Holland who is both a member of the School of Spiritual Science and a philosopher. Most recently, Fionn Meier has gained a highly respected Masters Degree from Fribourg University in Switzerland entitled *Money as accounting: historical and theoretical issues*.

What is important about all these papers is that the case for associative economics is having to be made in conventional and rigorous academic contexts, where buy-in to Rudolf Steiner can by no means be assumed. That does not mean, however, that there is a disposition against Steiner's ideas; rather that one has to argue his corner with precision and with a clear understanding of both what he had to say and how things sit currently in monetary policy circles and in economics more generally. For example, there is a growing literature that understands that economics has no real future unless it grounds itself on accounting – a theme that coalesces with Steiner's own understanding.

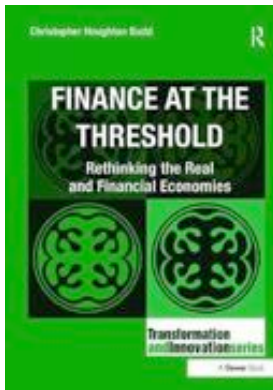
In conducting such research one is constantly challenged to be precise in one's thinking, to be factual, to sift opinion from reality, and to identify the short-circuits in one's own thinking that prevent one from seeing what the reality is. This kind of thinking is by no means normal in economics these days, which is either deductive or inductive, but nearly always model-dependent and led by pre-required outcomes – for example, that one does not challenge the status quo as regards central banking, which, for Steiner, cannot co-exist with a worldwide associative economy – not because he said so, but because the logic of associative economics does not vest monetary affairs in central banks, but in 'associations'. But also this kind of thinking is not often found in our own circles, where much that is said about money is not born of direct monetary experience, least of all entrepreneurial or bookkeeping experience. For example, a great deal is said about the Fed that betrays ignorance of both the Federal Reserve and Steiner's view of banking.

Last point, with the likes of Fionn we are hopefully seeing a younger generation coming of age in this field and with their lives *before* them, and so with any luck able to build on what the previous generation has placed there. For tomorrow will not be about understanding financial life against the flow. It will be about being the flow and being able to manage the responsibilities and opportunities that that will bring. It will be about applying associative economics, not just understanding it. About knowing that money is an instrument of perception, not a thing in itself; an eye, not a cataract in the eye. We have just to get past the idea that banking is a synonym for economics and we will see the landscape very differently, but also find access to forces that externalised finance deny or even rob us of.

Membership News

In Memoriam: Founding member, David Clarke, from England died on October 5, 2017. David devoted his life to Steiner's work and focused particularly on the question of mortgage differences between England and Germany, as mentioned by Steiner in his first economics lecture. David was active in town planning in Leicester, where he sought to understand this indication in the context of current realities.

Welcome to new members⁹: Daniel de Havro Silva of Curitiba, Brazil; Natalia Conti of Mendoza, Argentina.



STOP PRESS:

Finance at the Threshold, Rethinking the Real and Financial Economies by Christopher Houghton Budd is now available in paper back from Routledge (ISBN-13: 978-056609211), price £35. Commissioned with a professional financial readership in mind (City of London economists and 'concerned practitioners'), it is an analysis of the 2008 Global Financial Crisis and how things might be done differently as seen through the lens of Rudolf Steiner's contribution to economics. With a foreword by Geoffrey Wood, Professor of Economics at London's Cass Business School, when Chief Financial Advisor to the Bank of England, it is at the same time the first formal presentation of associative economics in mainstream policy discussions. The author is an economic and monetary historian, part of a growing group of anthroposophists working in monetary circles, especially as concerns 'western' finance and the need to widen the scope of Anglo-Saxon thinking

⁹ For information on becoming a member of the Economics Conference of the Goetheanum, please see <http://economics.goetheanum.org/home/> in German or English.