

# Associate!

August 2018

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

Editor: Kim Chotzen | Email: [economics@goetheanum.org](mailto:economics@goetheanum.org) | [www.economics.goetheanum.org](http://www.economics.goetheanum.org)

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It is always interesting for me to observe each newsletter come into 'being'. This issue has been especially so in that, without much push or pull, common themes have arisen from various contributors 'from the periphery' and were submitted independently yet weave some of the same threads.

This issue touches on themes, both retrospective and anticipatory, of hope for humanity. Particularly, with respect to the many important centennials we are living of 20<sup>th</sup> century events which set in train the apocalyptic times of today, perspectives are offered here that can shed light on what has been and what could be.

The issue ends with a full report of the recent annual meeting held in Folkestone, an event that was rich in substance and practical ideas for carrying further the torch of hope.

With best wishes for all your endeavors,

Kim (Chotzen)

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### **Julius Rosenwald: A Worthy Harbinger?**

*Meg Freeling introduces her paper about an unspoken brother in associative economics<sup>1</sup>*

In **1917**, Julius Rosenwald, the man who built Sears Roebuck and Company (the first national catalog company and a chain of department stores in the United States) created the first philanthropic foundation "to go out of existence voluntarily in accordance with the expressed wishes of its founders." The Rosenwald Fund existed from 1917 to 1948. It serves as inspiration for today's spend-down foundations in which not only interest earnings but surplus capital is spent out directly to repair, heal and harmonize the world.

In **1918**, Woodrow Wilson delivered his "Fourteen Points" speech to the US Congress, ostensibly to provide a tone of peace for the war-torn world. However, when it became the basis for the Treaty of Versailles in 1919, Wilson's treatise led the world into deeper chaos and a hundred years of constant, increasingly destructive warfare that we continue to experience today.

In **1919**, Rudolf Steiner redoubled efforts to influence government leaders to see the threefold nature of social life as a wiser approach and a counterweight to Wilson's influence. Steiner's work was thwarted, however, so in 1922, he redirected his focus from states and world leaders to individuals. By introducing a new paradigm and language for economics, he made clear that taking up this practice of economics would be the first essential step toward a more healthy evolution of social life. His 1922 economics course is contained in the book, *Economics: The World As One Economy*.

In **2017**, just before his death in February 2018, a Canadian friend and colleague, D'Arcy Mackenzie said to a group of us, in effect, "We in the West need to find a way to forgive Woodrow Wilson – and ourselves – for what happened at the end of World War I, and find a way to make amends for the harm that we have done to the world."

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<sup>1</sup> [http://economics.goetheanum.org/fileadmin/economics/Articles\\_and\\_Papers/Julius\\_Rosenwald\\_MF.pdf](http://economics.goetheanum.org/fileadmin/economics/Articles_and_Papers/Julius_Rosenwald_MF.pdf)

In **2017**, an English friend and colleague, Christopher Houghton Budd said in a lecture at the Goetheanum in Switzerland, "I think that in human history, at least at the moment, you get a second chance. This started out as a crazy idea, but I've become more and more convinced that concerning everything that happened a hundred years ago, we're now going to get a second chance to get it right."

These five 'moments' became my inspiration for the paper: "Julius Rosenwald – A Worthy Harbinger?" A harbinger sings of things to come as a forerunner announces another 'greater than I'. A harbinger is one who says, "Watch, wait, be ready; this bit of goodness is just an inkling of the better good that lies ahead. Anticipate, prepare yourself."

It takes a hundred years for certain seeds to ripen. After a hundred years, the sleeping princess wakes because the prince has climbed over the wall through thorns and briars to find her in the castle's topmost tower, where he kisses her and they descend to reawaken the world together. After a hundred years, we are given a second chance, it seems. We get to try again.

Sometimes a harbinger is discovered, not through words or announcements, but through deeds that were done – in the right way, at the right time and with the right people. And where values were exchanged that were in the right amounts and with the right purpose at heart. The title of the paper, "Julius Rosenwald – A Worthy Harbinger?" poses the following question: Through his deeds, might this man have been saying to us, "Prepare yourself, be ready to do the bit of good that presents itself to you. Is it our second chance that is coming to you, the opportunity to do the 'greater deeds'?" Is the time perhaps ripe to hear this particular harbinger – and awaken to what is now possible?

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### **Associations in America: A Brief Sketch**

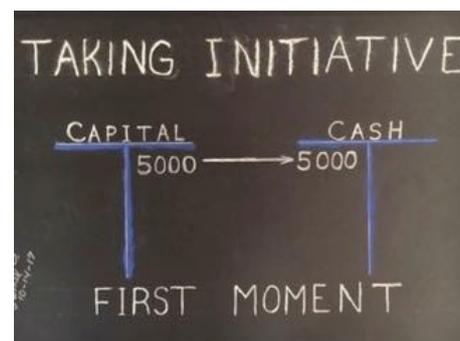
*Stephen Vallus*

*We see economies passing over into the life of the State, absorbing cultural life in the process. Thus, we witness the rise of the modern economic and cultural organism of the State, now grown increasingly powerful. – Rudolf Steiner (1922)*

In my recent research on the origin of the tax-exempt organization, I was very surprised to find what lies behind the 1968 creation of the "non-profit sector". This new category of organization is but a subset of "the larger universe of formal and informal voluntary associations, non-stock corporations, mutual benefit organizations, religious bodies, charitable trusts, and other non-proprietary entities." (P.D. Hall, 1992). It is my contention that since the 1920's when Steiner brought us a new understanding of Associations, what was once a thriving part of American cultural life has become submerged, as he also predicted!

As with so much else, Steiner was bridging his ideas to current circumstances. But without looking in the right places, one would never know that, in a sense, he was speaking to America. About the Great War, one historian writes that "[T]he Wilson administration...achieved planning without bureaucracy, regulation without coercion, cooperation without dictation." (Cuff, 1977). Similarly during this time Herbert Hoover and Julius Rosenwald became close friends after working together on massive food relief efforts in Europe during the war. Writing about the 1920's, Hall finds that Secretary of Commerce (and later President) "Herbert Hoover envisioned a society governed by dense networks of associations working in partnership with government to advance public welfare by combining the pursuit of profit with the higher values of cooperation and public service." He called this the "associative state." Quoted in a biography of Julius Rosenwald, who shared this vision, historian Joan Huff Wilson refers to this worldview as "cooperative individualism." But the Great Depression of 1929 was to prove the undoing of Hoover's vision, as well as casting a pall not just on the Hoover presidency but on the intellectual legacy of this cooperative way of working. Current proposals in the U.S. today include a (Federal) Job Guarantee and Basic Income: both are anathema to this history of voluntarism.

While history can be inspiring, I think what is needed now is a way of working which emerges from the logic (in the sense of the Greek word, logos, meaning account) of Double-Entry. Using Daniel Osmer's image<sup>2</sup> "from Capital to Cash", one can trace the movement of value, in part, by visualizing the Other's accounts: my Liability is the Other's Asset; my Expense is the Other's Income, etc. But no such counterpart exists for the Profit and Loss account. There is either no one there or everyone is there. Taking the latter tack, questions will arise: are we charging too much or not enough to our customers? Do we need to re-invest in equipment, advertise more, pay down debt, pay ourselves more, etc.? From Balance Sheet symmetry we know that the P & L account is a liability, but owed to whom? Clearly, answering such questions is the task of an association.



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<sup>2</sup> Inspired by poem, *Pristine Economic Moment*, by C Houghton Budd (see *Associate!* March 2018).

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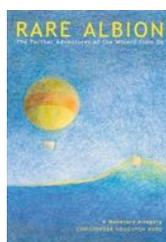
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### **Rare Albion: an allegory of hope**

Anne-Marie Fryer

This summer I read the monetary allegory, *Rare Albion – The Further Adventures of the Wizard from Oz*, by Christopher Houghton Budd. *Rare Albion* is a community in which people do business in the name of humanity. It is an extraordinary and very well written treasure. I loved the novel style and rich, poetic images Christopher used. Every page beams with wisdom, filling the imagination with such details, in order to create a real understanding of what a world would look like that practices healthy economic principles.

As a teacher of college and high school students, elementary and kindergarten children, I immediately recognized *Rare Albion* as a fantastic book not only for adult readers but also for young adults. It could serve well as the foundation for college courses in which students 'live' in a community like *Rare Albion*, create their own businesses, and learn the responsibilities of being an entrepreneur. In the hands of skilful teachers this little valuable book is also perfect for a high school curriculum in associate economics and financial literacy taught in several blocks throughout the four years

Through interesting conversations, art projects and research in the high school classroom, students could be guided to discover for themselves the economic concepts and principles presented in *Rare Albion*. Each lesson would be filled with imaginative scenarios from the book, reviews through discussions and acting out, all reinforced through the visual arts in a self-created lesson book.

Imagine colorful, handwriting lesson books, with fanciful drawings illustrating the otherwise rather difficult principles that are so well described in *Rare Albion*. Picture one of the lively, bright pages elaborating "A tall green double door, firmly shut and guarded on either side by two Monetary Guardians, the yellow and the blue chancellors." Underneath one would read the explanation of the principles of double entry bookkeeping and how, through double entry bookkeeping, the human being could come to the understanding that each individual is responsible for and the regulator of the economic life.

I can almost hear enthusiastic discussions amongst the students participating in imaginary counsels and made up situations from *Rare Albion* as they, out of themselves, bring the answers and considerations to the questions, "Who does the profit really belong to?"

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### **The Role of Latin America in the World Economy – Associative Economy as a Social Path<sup>3</sup>**

4-7 October 2018, Mercedes, Argentina / Mauricio Garay

This gathering will follow on from the Latin American meeting held in 2017 in Mendoza, Argentina at the foot of the Andes, where the idea of the economy as a spiritual challenge of the time resonated in us as a mountain we must climb. The work we did with finance and accounting as part of our effort to understand the economic process is perhaps the path, the footprint on the mountain that will lead us to the top.

This year we will explore what happens to us as human beings with regard to the economy and what is stopping our movement from leading the way in a world that seems lost in the uncertainty of the markets and the feeling that it is better not to discuss the economic process, that the world will be better off if initiative is subsumed into the whole rather than being the medium for individuals to discover develop and express their

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<sup>3</sup> [http://economics.goetheanum.org/fileadmin/economics/Events/181004-07\\_Encuentro\\_Latinoamericano.pdf](http://economics.goetheanum.org/fileadmin/economics/Events/181004-07_Encuentro_Latinoamericano.pdf)

spiritual freedom. What is it that we lack as a movement to mark the path of economics in today's general stream of knowledge and in practical life? In the early 1920s, Rudolf Steiner gave fourteen lectures on the fundamental aspects of economics, created societies and associations – practical examples that today we must revisit in order to create a shared vision. Unlike other areas of knowledge in Anthroposophy, such as medicine, pedagogy, agriculture, we have not yet managed to establish a clear reference or shared vision in economics. Why is this? Given that the economy is the meeting place for all humanity, what is stopping us?

New projects and success stories in the region could be paving the way to understanding what role Latin America could – indeed, should – be taking. Regional and worldwide challenges will be considered within the context of Rudolf Steiner's economics course and the role of the anthroposophical movement in meeting in those challenges.

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### **AIM FOR THE GOETHEANUM**

A working seminar will be held on 29<sup>th</sup> October this year on the topic of "Money is Bookkeeping – Is this idea, and are we, ripe for the world?"<sup>4</sup> By invitation only, the meeting will be in German, but with the aim of finding a universal language that the Anglo-Saxon world can also recognise and hopefully adopt. Those invited have been researching the significance of double-entry bookkeeping for many years in Germany and Switzerland.

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### **Photos Credit**

The photos of this issue have been kindly submitted by participants of the recent annual meeting. We appreciate the moments 'captured'. Thank you to all the contributors.

### **Membership**

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

### **Footnotes and References**

The footnotes in this issue include several references to documents produced by members of the Economics Conference and available on its website under 'Publications', as part of on-going efforts to provide an online resource.

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## **Report on the 17<sup>th</sup> Annual Meeting of the Economics Conference of the Goetheanum**

*Christopher Houghton Budd*

As the Folkestone meeting this year seemed quietly momentous, with much taking place of unspoken significance, I thought I would write a 'convenor's eye view'.

Matching what seems to be something of a statistical norm, we were again 20+ from Europe (Britain included!) and the Americas. We covered a lot of ground, both conceptual and practical, and heard from various projects whose keel is provided by accounting-based economics, making it a (if not *the*) point at which associative economics coincides with the evolution of 'mainstream' economic history, with the potential therefore of becoming the next mainstream.



### **REMEMBERING TWO COLLEAGUES**

First, we marked the passing of two colleagues, David Clark and D'Arcy Mackenzie, with a book of D'Arcy's writings given to everyone.<sup>5</sup> David has also written on Rudolf Steiner's challenge to compare the mortgage laws of England and Germany, but his widow does not know where this work is.

### **PRESENTATIONS**

There also was much to report on. Lucia Sigolo gave a Powerpoint presentation of her financial literary project in San Paulo, Brazil, while her colleague in Curitiba, Daniel Havro, sent in a report on the five associative economics meetings he has facilitated this year. Marcelo Delajara told us of his work with an NGO in Mexico City. Anita Grandjean updated us on the "Dare to be Independent course" at L'Aubier in Switzerland, now heading for its third year. Marc Desaulles reported on a proposed AE Foundation in Switzerland and on the

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<sup>4</sup> <http://economics.goetheanum.org/fileadmin/economics/Events/181029Forschungskolloquium.pdf>

<sup>5</sup> Search on lulu.com for Accountants' Corner – D'Arcy's Column. Mackenzie, D'Arcy.

work with Confoedera, leading to a third 'Economics of Brotherliness' conference in November 2019. And Meg Freeling shared a report on the work to date of the Economics Group of the Anthroposophical Society, based in the US. She also shared a paper entitled 'Julius Rosenwald: a Worthy Harbinger?', wondering if Rosenwald was an unspoken brother in associative economics.<sup>6</sup>

**LECTURES**

The main lectures this year were recorded and will in due course be transcribed. Suffice it to say that, taken together, they were something of a *tour de force*, emblematic of this year's theme: Money is bookkeeping – A legacy for the world? 'Legacy' should not be taken to mean, "Is it time to give up?", but "Can we evaluate our work to date in terms of its value to the world rather than as an expression of our own undying commitment?"

Of course, inherent in achieving all this is an understanding of aging money, a topic that proved of special interest to some participants...



**ALLURING ALGEBRA**

As regards substance, in one of the working sessions, after years of hoping and an earlier false start, we at last got to see Marc Desaulles interfacing directly with a representative of central banking economics – our new colleague, Marcelo Delajara from Mexico (but born in Argentina).

The meeting focussed on two algebraic discussions.

- 1) Does  $M = m.B$  make sense, where  $M$  is the amount of money,  $m$  is the money multiplier, and  $B$  is the monetary base (cash and reserves at the Central Bank)?
- 2) Likewise, do the expressions on the left below have the same meaning as those on the right?

$$\begin{array}{ccc}
 \frac{PY}{M} = V & \frac{Y}{M} = \frac{1}{1P} & \frac{LwV}{WiV} = \frac{\text{Commodity}}{\text{Money}} = \text{Economic Health}
 \end{array}$$

Though not everyone's cup of tea, this is the nature of the discussions that take place in financial policy and academic circles with which we need to be familiar and able to take part in. Accordingly, a crucial methodological and epistemological discussion ensued concerning whether Rudolf Steiner and therefore associative economics uses algebra as an instrument for calibrating economic life or as a metaphor for describing it. For example, when 'money' is shown as the divisor, does this mean one can divide a number or does it mean a common element (e.g. the division of labour)? (A formal paper on the first question is being developed by Christopher and Marcelo in the first instance.)

**ADMIN, WEBSITE, PUBLICATIONS**

Kim Chotzen and Christopher Houghton Budd reported on their work administering the Economics Conference and developing the website, in part in the image of a 'think tank', a professional resource for encouraging, 'showcasing' and disseminating the research being developed in accordance with published funding and editorial criteria (the so-called Protocols).

We also had a walk-through of Jesse Osmer's proposed rewording of the website in line with his image of how the new Goetheanum website could be revamped.

**EC FUND / GOETHEANUM FUND**

One whole session was given over to the Economics Conference Fund and the Goetheanum Fund as examples of how section activity can be funded by money freely given for that purpose and administered by those who use it – all in line with worldwide taxation and exchange rate considerations. (A formal paper on this as a means whereby capital can be brought to circulate between human beings – rather than via the state or at the behest of 'the market' – is being devised by Christopher Houghton Budd, Stephen Vallus, Lorene Allen and others.)

**TASKS**

As if all this activity and its implied workload and policy changes were not enough, Patrick O'Meara and Marc Desaulles challenged us to become more strategic with a list of possible tasks that reiterated previous suggestions:

- devise an accounting/bookkeeping standard matched to three kinds of money.
- establish a True Price Watch organization.

<sup>6</sup> [http://economics.goetheanum.org/fileadmin/economics/Articles\\_and\\_Papers/Julius\\_Rosenwald\\_MF.pdf](http://economics.goetheanum.org/fileadmin/economics/Articles_and_Papers/Julius_Rosenwald_MF.pdf)



- encourage direct lending groups.
- promote the idea of spend-out foundations.<sup>7</sup>
- start youth bond initiatives<sup>8</sup>
- create an 'MBA Not' program based on associative economics.<sup>9</sup>
- further the creation of associations.<sup>10</sup>
- create a 'gift watch' to track how surplus is flowing.<sup>11</sup>

These, it is worth noting, are in addition to other earlier practical policy statements as in those of the ae-mark.com<sup>12</sup> and the policy threesome of monetary policy based on true price instead

of price stability, the outlawing (!) of collateralised lending, and the promotion of spend-out/down foundations originally proposed in the spring of 2012 in the context of several research meetings held at the Goetheanum attended by a small group of invited colleagues.

### SINGING AND SOME FUN!

A special thanks is due to Stefanie Bracher Guyot and Kim for leading us in singing, but also in the rhythmical stepping of verses linked to some of the key suggestions mentioned above:

Purchase Money  
Loan Money  
Gift Money

True Pricing  
Uncollateralised lending  
Spend-down foundations

"Pay True Price – Do it now!"  
"Lend without collateral."  
"Give without constraint."

As if not to be outdone, this year the planned AE Cabaret was displaced by an inspired and very enjoyable nod to the convenor's 70<sup>th</sup> birthday, meant to depict signposts on his journey with the 'metamorphosis of capitalism', and highlighted by these words from Che Guevara read out by Susan Gravelle: *La guía del revolucionario es un gran sentimiento de amor. (The true revolutionary is guided by a great feeling of love.)* Translation by Marcelo Delajara.



### NEXT YEAR / NEXT STEPS

As our work strengthens, various 'nodal points' have come about, examples of which are shown below:

Mercedes, Argentina – October 2018 / The Prospects for Associative Economics in Latin America.  
Karlsruhe, Germany – 16-18 November 2018 / Continued case-study in financial literacy.  
Neuchatel, Switzerland – February 2019 / TBD.

*Other events being considered:*

USA or Canada – Spring 2019 / 1919 Revisited  
Romania – Spring 2019 / Freeing the Circling Stars & Air Beneath Your Wings

### A SECTION IN ALL BUT NAME

As the preceding paragraphs indicate, these 'nodal points' of activity may well be the expressions of an important phenomenon – the appearance *in the periphery* of section work in the field of economics. Such a development, the fruit of seventeen years focussed and shared endeavour, is surely a welcome step.

### 2019 ANNUAL MEETING AND THEME

Given that these activities and events share a common ground but also imply logistical and financial consequences, it was decided to hold next year's *Annual Meeting* once again in Folkestone. The dates will be 19-23 June 2019. Accommodation in the Grand has been reserved. The theme has yet to be decided, but one possibility concerns the Hierarchies and economics. Another could be Reparations, given that June 2019 will mark 100 years since the Treaty of Versailles.

### ORGANISATION

This was the third Folkestone meeting, under the capable and devoted behind-the-scenes management of Tessa Houghton Budd, for which many expressed their gratitude



<sup>7</sup> Of which the EC Fund and Goetheanum Fund are possible examples.

<sup>8</sup> See Youthbonds.com.

<sup>9</sup> Many EC members are already involved in such schemes, albeit modest in scale.

<sup>10</sup> See *The Proceedings of the Christmas Conference*. Anthroposophic Press, New York 1990.

<sup>11</sup> Based in Washington, DC, Patrick O'Meara has long been faithful to this topic.

<sup>12</sup> See ae-mark.com.