



# **Balloon-Powered Toy Boats**

## An Entry into True Price

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# Balloon-Powered Toy Boats

## An Entry into True Price

*By Meg Freeling, 29 September 2013, revised 14 February 2014.*

I have always loved beautiful wood, and as a teacher, I have an eye out for wooden toys that would interest a child, offer a chance to make something happen, provide an intriguing and delightful experience, and inspire new thoughts and possibilities. I recently found one that was new to me in the Lehman's Hardware Store catalog – a balloon-powered toy boat.

Lehman's Hardware has made a reputation for itself providing high-quality, non-electric tools, lights, appliances and a wide variety of household goods in an area of Ohio known as "Amish Country". They have also sought to provide local Amish and Mennonite communities with an outlet for their highly respected tools and crafts. People come from miles around to shop at Lehman's – or they make purchases through the Lehman's catalog. I have done both.

In the catalog, there are two versions of a balloon-powered toy boat offered to the customer. One was made in China, and one was made by Amish people in the USA. The one made in China was selling for \$6 and the Amish-made boat sold for \$11. I was intrigued and wondered what lived behind this juxtaposition. In researching this, I discovered CEO Galen Lehman's blog, "Should Lehman's be buying from China?"<sup>1</sup> which shed some light on their perspective.

Lehman wrote, "A great struggle for me is what to do about merchandise that is made in China. At Lehman's, we have had a simple policy: *We will not displace a USA vendor with a Chinese vendor.* But what started out as a simple concept turned out not to be so simple." He identified three problems:

1. "What should we do when people accuse Lehman's of having a high price because we carry American-made products?"
2. "Should we protect USA vendors even when we think they are making a low quality product?"
3. What should we do when certain items we carry are simply not produced in the USA anymore? "There are whole swaths of the American economy that have been decimated by imports. In many product lines, there simply isn't a single USA manufacturer (that we know of). ...Sometimes we carry two versions of the same item, one that is Chinese and one that is American. For example, we carry two toy balloon boats, one that is made by a local Amish woodworker and one that is made in China. When we carry both the USA-made and imported version of an item, the USA-made version usually sells better. This holds true even though the USA-made version is usually more expensive."

Galen Lehman's description of the toy balloon boats is a good example of the dilemma that buyers and retailers face. Two versions of essentially the same toy boat, one produced by a factory worker in China and one produced by an Amish craftsman in the USA, are being sold at widely disparate prices. From both sides, a feeling of unfairness could arise in this situation. To prioritize local craftsmen and the high quality of their work has been a highly admired business principle at Lehman's Hardware, and it has worked well for them for over two generations. Yet, as Galen Lehman says, it's not so simple any more. And I surmise that we now need an enhanced set of more penetrating, conscious and humane guidelines for living in a world that

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<sup>1</sup> www.Lehmans.com, Lehman's Country Life, October 1, 2007, Galen Lehman, *Should Lehman's be buying from China?*

truly is, already, one single economy. One of those guidelines could well be the understanding and practice of what is called 'true price.'

I now seek to pay a true price for what I purchase whenever possible. It starts with a sincere conversation: "Are you getting what you need to stay in business and feed your family?" There may be a long road ahead before I can fully accomplish this, however. The division of labor has become so fine-tuned that it is difficult to follow the thread from product design through production, distribution and final sale in terms of products made from nature. In terms of ideas, creativity and ingenuity, the division of labor expands in another direction where intangibles in the form of services are valued and paid for. To come to true price in both domains requires ongoing insight, objectivity, mutual respect and cooperation. Perhaps we need "true price associations" through which these matters can be taken up in a human way.

I am part of a group of economists that is researching the significant role true price can play in re-balancing the economy so that everyone's needs are met through human to human transactions at both micro and macro levels. If everyone had the will to pay a true price (often in stark contrast to the lowest price) for what they purchased, whether goods or services, I believe that much of the current political agitation over a wide array of injustices would melt away, or at least lessen considerably. With a true income, individuals' needs would be met within the economy itself. In fact, in a genuine transaction, both parties actually experience a surplus arising above and beyond what was asked for. (In a healthy, living economy, this surplus becomes the common wealth belonging to all.) What will it take to put true price into practice? It simply takes individuals who will keep identifying transactions in which they can pay a true price to another human being and then follow it through.

Thus my current question: What is the true price for each of the two balloon-powered toy boats in the Lehman's Hardware catalog? And of course, the related question: How does one drill down to discover the variables that need to be taken into account to discover this true price in each case? And finally, what am I willing to pay for a balloon-powered toy boat, in light of what is discovered?

A description of true price and a formula for arriving at the true price in an exchange were introduced by early twentieth century Austrian researcher and scholar, Rudolf Steiner, as a key theme in his fourteen economics lectures in 1922.<sup>2</sup> He said,

*A 'true price' is forthcoming when a person receives, as counter-value for the product he has made, sufficient to enable him to satisfy the whole of his needs, including of course the needs of his dependants, until he will again have completed a like product.*

As I understand it, this means that I pay a true price when the producer of my purchase receives enough to stay in business and meet all of his household's needs throughout his next production cycle.

This introduces several concepts that splash fresh water in the face of traditional thinking:

1. True price is not based on what it cost (past tense) to produce the item currently being purchased, but rather, on the future economic conditions that will be influencing all the costs and contingencies while the next such product is being made.

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<sup>2</sup> Rudolf Steiner, *Economics: The World as One Economy*, New Economy Publications ([www.cfae.biz](http://www.cfae.biz)) German 1922; English 1993. True Price formula, p. 83.

2. True price is given in terms of the individual human being who produces/provides what is being purchased, and the key questions include:
  - a) Does this price allow him to meet his and his household's needs? and
  - b) Does this price allow him to stay in business?
  
3. True price is a respecter of all persons. That is to say, if there is to be a true price paid, the Chinese factory worker must meet his household's needs and stay in business just as much as the Amish craftsman in the USA must do – and all the other people along the way who make it possible for that product to get to its final destination – i.e., the person who buys it. In this way of thinking, every individual's every transaction is a concrete instance of his/her relationship to the rest of the world, for that is, in fact, how the influence of that money or capital flow is experienced (whether consciously or not).
  
4. True price is contingent upon customers who take initiative to make sure producers are getting what they need; and it is equally contingent upon producers who make their cost analysis and financial accounts genuine, transparent and available. (True price is actually contingent on both parties making their accounts and balance sheets transparent to each other.)

Even though this is difficult to accomplish, and even though it raises the bar for almost everyone in terms of the way we do business with each other today, to the degree that paying true prices can become the norm, to that degree, many related 'social security' issues will disappear.

Of course, there are even wider implications when we realize that true price applies to every human situation in which one can ask, "Who owes what to whom?" (– especially after a war; Steiner's true price formula was published shortly after World War I.)

When the economy (I mean world economy, of which we are all a local and integrated part) is able to free itself and balance its ongoing flows in an upright way, it will be, in large part, because we will have reached a 'tipping point' of enough people who choose to be customers eager to pay the producer's true price in the sense described by Rudolf Steiner. We will be doing for the other what we have up to now been striving, whether successfully or not, to do only for ourselves. If we but refine our needs and expand our capacity to encompass the needs of others in our budgets, we will participate with our spiritual and moral weight, that is, with our 'trued' economic selves, in creating the tipping point that can bring us all round right.

So I return to my question: What is the true price for each of the two balloon-powered toy boats in the Lehman's Hardware Store catalog? And the related question: How does one drill down to discover the variables that need to be taken into account to discover the true price in each case (for the Amish craftsman *and* for the Chinese factory worker)? Then, in light of those facts, what am I willing to pay for a balloon-powered toy boat?

The answer to the last question, for now, is that I am purchasing two balloon-powered toy boats at the catalog prices, one from China and one from the USA Amish, hoping that new financial information will come to light, in which case, I am willing to pay an additional sum to either or both individuals, to the extent that I can afford it. Though thereby hangs a tale, the other side of the coin: How do we ensure we have enough income to pay true prices?