

# Associate!

February 2023

## Newsletter of the Economics Conference of the Goetheanum

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With this edition we begin the year of 2023. In the background all the time is the question of how, back-to-back, as it were, with Maynard Keynes, Rudolf Steiner's ideas may yet enter into and so transform 'western finance'. On 31 December 1923, Steiner observed, that 'There are still people today who represent the threefolding of the social organism with the very sentences I used to use with regard to the conditions prevailing at the time, in 1919. History is indeed advancing so rapidly just now that if someone describes things in the way they were described in 1919 this seems to be hundreds of years out of date.'<sup>1</sup> What, we wonder, would he say now?!

Perhaps there are clues herein. The concept of clearing, for example. Is this a bridging possibility, via shared bookkeeping, of introducing an associative ground into today's mainstream financial world? And so, also, an opportunity to link to Marcelo Delajara's interesting research about Keynes's professional influence in his day?

Scanning the horizon for signs of associative life, even if not conceived on that basis, this edition's example of changing the world one enterprise at a time, is a simple coffee shop business, where one man supports his sons as they follow their dreams, using the money he would spend on their education as enterprise capital instead. How different the world would look if all parents did that! Or if education generally had such an option built in.

The items under Associative Financial Literacy are 'on message' here. It is heartening to hear from Arthur Edwards and Christian Bosse about their work in the classroom, inspiring young people with new ideals in economic life. Arthur's class was all girls, and this also gave a hint as to how different things would be if more women were active as entrepreneurs, but working out of their sense of serving needs, not the go-getting mood that otherwise tends to be the mood and motive. (Arthur's and Christian's material will be made available in the [associative-financial-literacy.com](http://associative-financial-literacy.com) website.)

Both Meg Freeling's conversation with Stephen Vallus and Leif Sonstenes's report from Karlsruhe, give one a sense of where the *Colours of Money* story and the ae Guarantee Mark might go – practical steps anyone can take who seeks to renew social life.

Prompted by Fionn Meier's article concerning 'steward ownership', Christopher Houghton Budd provides an English-language rendering of certain passages in the original *Die Kernpunkte der sozialen Frage*, alerting us to the challenges of translating Rudolf Steiner's meanings into different languages and the different cultures and traditions they belong to.<sup>2</sup>

Finally, there will be two more issues in June and September, but it may be that this should mark the completion of this present series and that from 2024 onwards a new chapter should open. As can be seen from the [AE Journal Index](#) and [EC Newsletters](#), this publication has had several incarnations, all the time trying to tread a fine line between inner and outer aspects of economic life in our times. Here, too, a fresh endeavour seems to be coming due. Readers' comments on these topics would be very welcome!

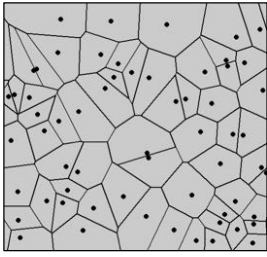
With warm, if belated good wishes for the year ahead,

Christopher Houghton Budd and Kim Chotzen

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<sup>1</sup> See 'The Idea of the Future Building, in *The Christmas Conference for the Foundation of the General Anthroposophical Society*. Anthroposophic Press, New York 1990 (CW 260).

<sup>2</sup> By the way, an invitational seminar on these themes is planned for February 24-26, 2023 at L'Aubier, Neuchatel, Switzerland.



## The Concept of Clearing

In discussion with Hans-Florian Hoyer  
*chb*

*In recent months, the question of clearing has been the subject of email correspondence between myself and Hans-Florian Hoyer, a retired banker at the GLS Bank in Germany. We discussed various topics, but this one seems most linked to present day questions concerning distributed ledgers in connection with Rudolf Steiner's idea of 'money as bookkeeping'.*

'In fact, what happens is nothing other than that you tear the posted item out of its place in the ledger and give it as a note to the person concerned, so that the accounting proceeds of its own accord. Money is accounting in a fluctuating sense.'<sup>3</sup>

Hans-Florian Hoyer first took contact with me concerning this quote and his endeavours to develop a local currency,<sup>4</sup> to which I responded that, in my understanding, were people taught bookkeeping and accounting in their adolescence they would take to their own responsibility what is currently left to the banking system, thereby 'making the existing model [partially] obsolete.' This quote was from Hoyer's reference to Buckminster Fuller, who also spoke of 'trim-tabling'. Since the concept of money as bookkeeping (conversely, bookkeeping as money) can also be seen as such a trim-tab, our focus became the relationship between money as bookkeeping, today's sharing of accounts through distributed ledgers, and the relationship of these topics to the long-established concept of a financial clearing house.

Hoyer is well read in financial historians like Hartley Withers and Richard Sayers, not to mention Walter Bagehot,<sup>5</sup> so his views are grounded in wide and relevant reading. He wrote: 'Steiner's hint, to regard a banknote as a torn out entry from a wandering bookkeeping (*Riesenschaltung*) gave me the idea of having paper slips generated in the economic process and then integrating them as a puzzle piece into a giant accounting system [like] a Voronoi-diagram (see top image) with bookkeeping boundaries as hard borders not to be exceeded. When people decide to use the clearing house instrument, they provide numbers from their individual ledgers. The clearing does not replace bookkeeping, it is based on it.'

Mention of the clearing house brings us into a very important area that is not only central to banking, finance and accounting history, but also central banks when not government agencies, which is a crucial link to passing from national to one-world economics. This is not only central to mainstream working; it is also, in my view, an important aspect of associative economics when one asks how it would be given effect. Especially in the sphere of money.

In micro, this is also what Local Exchange Trading Systems and schemes like southern Germany's Chiemgauer aim to do, except that they tend to be a match only for what Steiner would call 'purchase money'. They do not really deal with credit creation, which is the much more important problem today. They are allowed to operate because (a) in principle they are about people using their post tax income, and so do not challenge today's income-based taxation paradigm, and (b) their systems sum to zero, meaning they also do not challenge the state's monopoly on money creation. Even so, in principle they are based on a shared accounting system – using in fact the same system that banks use, only banks do not share their information with their borrowers and depositors. Such shared accounting is the key to real associative conduct; it is also one of the most ineluctable ways of giving Steiner's economic ideas traction.

Hoyer responded with this quote from Bagehot: 'A system of credit which has slowly grown up as years went on, which has suited itself to the course of business, which has forced itself on the habits of men, will not be altered because theorists disapprove of it, or because books are written against it. You might as well, or better, try to alter the English monarchy and substitute a republic, as to alter the present constitution of the English money market, founded on the Bank of England, and substitute for it a system in which each bank shall keep its own reserve.'<sup>6</sup>

The reference to England is not jingoist; it points to those elements of recent economic life which are proto-global but which got lost in the messy history of the 20<sup>th</sup> century. They could be 'kissed awake' again, now that the constructs created since World War One have run out of road. More excitingly, linking the clearing concept to associative economics would likely also solve a central challenge of our times: How to give effect to Keynes's idea of a worldwide clearing union – for that, too, can be seen as a shared or distributed ledger.

<sup>3</sup> *Economics – The World as One Economy*, sixth seminar. CW 341.

<sup>4</sup> *Slipchain Currency – In parallel to the usual economy*.

<sup>5</sup> English journalist, businessman, and essayist, who wrote extensively about government, economics, literature and race, including *The English Constitution* and *Lombard Street: A Description of the Money Market*.

<sup>6</sup> *Lombard Street: A Description of the Money Market*. Ch. 13, Conclusion.



## It's a Great Day for Economics

*Each time an important moment where associative economics contributes to our understanding of economics generally.*

*Marcelo Delajara / Mexico City*

### **5: Keynes, promoter of entrepreneurial initiation**

1922 is the year zero of associative economics. But as Steiner brought to the table a new vision of economics, what was the economic discussion "out there" about? Since the leading English and perhaps also the leading European economist at that time was J.M.Keynes, I did a little investigation into what he did that year. According to the *Timeline* prepared by <https://www.maynardkeynes.org/>, not much, compared to his activity in previous or subsequent years:

1922 *A Revision of the Treaty*, Keynes's second work on German reparations, documents the course of events since his previous work and argues again for a reduction in payments demanded of Germany.

1922 Keynes publishes his views – and those of many other distinguished authors – on Europe's economies in twelve *Manchester Guardian Supplements*. These run to 810 large three-column pages. Keynes argues for currency devaluation in all but a few European countries and a new Gold Standard.

This seems little, but only in appearance. Keynes's work as editor of those supplements was crucial for what would come later, the publication of his *A Tract on Monetary Reform*.<sup>7</sup> From *The Guardian* archive:

*"In April 1922, the Guardian began publishing the 'Reconstruction in Europe' ... discussing the economic and financial problems of rebuilding the continent. Edited by John Maynard Keynes, contributors included leading continental economists, politicians and Nobel laureates (there were more non-British writers than British), as well as thirteen pieces by Keynes himself. The series had a wide readership, being published simultaneously in English, French, German, Italian, and Spanish. The main areas covered included finance, industry, trade and labour, with some issues specialising in topics such as shipping or oil. The supplements were the main vehicle for Keynes's views at the time, as well as the first full account of the theory he later summarised in 'A Tract on Monetary Reform'."*

Keynes did not follow or impose dogmas, and I am not surprised to find that his famous *Tract* arose from his direct observation of the European economic situation, as well as from a discussion among economists involved in the affairs of their own countries, whose contributions to the supplement he edited. His way of doing research was far removed from the academic practice of the time, as, indeed, is still the case today. Nowadays, research in economics is done mostly without much contact with those who are participating in economic life directly.

Publication of the 'supplements' sought to bring businessmen closer to the type of analysis these high-calibre economists used to make available to governments only. Guided by Keynes, the authors included numerous illustrations, maps and graphs in their articles, which were unusual in newspapers at that time. He starts his opening article of the series – 'The stabilization of the European exchanges. A Plan for Genoa', 6 April 1922 – with this explanation of his methodology:

*"How happy are chemists, mathematicians, physicians, and astronomers that the world holds the craft of each to be an unsearchable mystery, and does not seek or pretend to understand it! If it were crypton, harmonics, kidneys, or nebulæ we sought to stabilise, we could contemplate the best plan and carry it out in scientific seclusion without ever troubling to make it clear to you, my intelligent but unscientific friends, the readers of this article..."*

This spirit of empowering businessmen not only refutes the view that Keynes was 'statist', but also links him to Steiner and associative economics, which considers entrepreneurship as a paradigm of initiation. Keynes was contributing to the initiation of business people into economics' mysteries.

The whole undertaking was also imbued with a cosmopolitan spirit, conscious that he and his European colleagues were dealing with a nascent global economy. His aim was to ensure that what each economist wrote about the economic conditions in his own country was accessible to the other economists and entrepreneurs in all the countries. It would certainly be a worthy research task to analyse the entire series of articles in these *supplements*, especially those written by Keynes himself. They could be an example of how free thinking is achieved, how direct observation and the elaboration of scientific thought go together – something whose vast implications we have yet to conceive let alone explore.

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<sup>7</sup> *A Tract on Monetary Reform*, J M Keynes, Macmillan, London 1923.



## One Enterprise at a Time

*Whether project or actual business, focussing on an enterprise (of any scale or scope) that is endeavouring to address the actual conduct of economic life with the help of specific insights from Rudolf Steiner.*

### Like Father, like Son, like Coffee

#### *Interview with Ed Duman*

*Visiting Chicago recently, Kim Chotzen and I came across a great café run by young people with a wonderful food and coffee offer ([www.romocafelincolnsquare.com](http://www.romocafelincolnsquare.com)). But it also offered another treat – the young people were the sons, stepsons and a non-son of Ed Duman, a Turkish entrepreneur “passionate about facilitating young people’s ambitions.” This brief interview comprises comments abstracted from an interview published here by [Big Stories Small Businesses](#).*

*Do you have a formal training for doing this, or does it come with being an entrepreneur?*

I’m a pharmacist by background. I moved to Chicago and worked within the healthcare field for more than 20 years, with hospital systems and pharmaceutical companies. Eventually, the company, where I was employed, was sold and laid off many people, including myself. But I’ve always had a business on the side,

*Why did you start?*

That’s when my oldest son came to me with a business idea. He said, “Dad, I don’t want to go to school. Can you invest the money that you’re going to spend on college for a business?” He was working for Starbucks for five years, and ... developed an extraordinary passion for this kind of thing. In my heart, I always had the dream of opening a coffee shop where we serve coffee from around the world.

He gave me this gigantic, very sophisticated menu of a concept restaurant all revolving around ginger, ginger recipes. I said, “Listen, the restaurant industry is tough, and you have no experience with this. I don’t have much experience. It’s a big undertaking. Why don’t we just turn this idea into a cafe?”

He came back with all these recipes literally. So, my son developed a concept that’s all pretty much his central idea, except the few things that I contributed from the Turkish culture influence in terms of some pastries, craft Turkish Coffees, etc. Via our business partners, we also use some of the revenues to feed underprivileged people and children back in Guatemala. We value giving back.

*How did you start?*

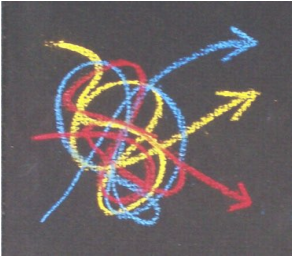
I have gotten myself into a lot of different things in my life. I have done construction. I have done many different things pertaining to business, so I was no stranger to starting a business and running one. Admittedly, I’ve never built a coffee shop before. As a result, there were some challenges initially. We spent a little more than we budgeted, but we took our time on the development. We ended up in a gorgeous space that we can call our own because we thought about every detail. Obviously, we utilized the opinion of some of the experts that we hired to work with us but we put it all together.

*How many employees does Oromo have? Does your oldest son still work?*

There is no way Oromo Cafe can be open almost 12 hours a day, seven days a week, with only the two of us. We have more than ten part-time employees. Each shift, we have 2–3 people working, sometimes four. My son still works all the time, he is here even now making coffee. I don’t get behind the counter as much anymore. But whenever I have the opportunity, I jump in and make it for the customers, but I’m usually working to oversee the finances, the bills, the business, and marketing.

*Presumably, you measure success by profitability and a return to capital. But do you look for, and measure, other dimensions?*

I was most proud when several magazines like *TimeOut*, *Chicago*, and *Big Seven Travel* kept nominating us as the best coffee shop in Chicago. I felt super, super proud, especially for my son because, as I said, this is his creation.



# Associative Financial Literacy

*A regular glimpse at the associative-financial-literacy.com website.*

*Managed by Fionn Meier / Winterthur, Switzerland*

## Telling a Different Story

### Telling a Different Story

In April 2022, some Economics Conference colleagues conceived an Associative Economics Festival with the idea of featuring associative financial literacy as the sequel to Rudolf Steiner’s economics course. The proposed themes are shown in the box below. In effect, they ‘showcase’ topics worked on in the Economics Conference for many years now. A shortened version of this event, organized by Susan Gravelle and hosted by Lorene Allen, took place in Sebastopol, California from 21-25 September, the proceedings of which will shortly be available in PDF form. The fuller event is now being considered for 26 June to 1 July 2023, venue yet to be decided.

### Website Update

Following the Sebastopol meeting in September 2022, the zoom presentation by Fionn Meier has been uploaded to the associative-financial-literacy.com site, where it serves as a guide to the work being spotlighted there. Please visit it anew, as we are quietly adding new material (see following items)

### School goes Business

*Christian Bosse / Stuttgart, Germany*

*School goes Business* is a program at Helmut von Kùgelgen School in Fellbach, Germany near Stuttgart. This program is aimed at 10<sup>th</sup>/11<sup>th</sup> grade pupils and combines practical work at a company, with classes at school that give them insights into business economics and accounting. During three months, in the afternoons, the students engage in practical training at a company. The aim is to give them the opportunity to experience real working-life situations. During weekly lessons we discuss the bigger picture of their work environment, discuss legal forms and structures of the different companies. During this last trimester, one of my research topics was based on money so I shared with them the different aspects of money to complement their own perception of money. In this context, the ‘true’ price was also explored. During a project combining a partnership with a Spanish Waldorf school in Vitoria, Spain with a business activity by commercialising organic olive oil, we worked on aspects of pricing and what is the ‘true’ price. Also, there it was interesting to see the connections between one activity and its impact on others, comparing prices, etc.

We also explore current business topics like inflation, a hot topic at the moment due to raw material increases and energy cost explosions in Europe. The pupils get to know alternative business models and purpose-driven entrepreneurial activities, which are ideal to combine with the aspects of threefolding. In addition we look at and talk about the historical context, how since the division of labour people are mostly not working for themselves anymore but for a company and its customers, who buy, consume or use the created products and services. The students show interesting reactions during these discussions. At this age of adolescence, the dream of being rich is very popular and the students look up to people like Zuckerberg and Elon Musk, and idolise rappers and influencers. But looking closer, they realise that the real drive behind their business initiatives is not to become rich, but to serve and create new ideas. Therefore the pupils start questioning the paradigm that being rich is the most important thing and the only sign of being successful. They realise that it is possible to look at earning money as an outcome of a working relationship, not a goal in itself.

## Telling a Different Story | Associative Economics Festival | 2023 *Somewhere in the USA*

Wednesday  
28 June

Thursday  
29 June

Friday  
30 June

Saturday  
1 July

Sunday  
2 July

The Hibernian  
Mysteries and  
Modern Finance

Money as  
Bookkeeping

Revisiting US  
financial history

Associative  
financial literacy  
and adolescence

Finance at the  
Threshold

At the beginning of the year, we set up a student food kiosk called 'Bread & Break', offering snacks, fruits and crepes, run by students of this grade. We started with the business idea and brainstorming about what could be sold. Working out a budget made the pupils aware of everything that had to be considered in this process. They realized that in theory you can offer anything and determine any price, but in reality it all has an impact on your business. They learned basic accounting skills by calculating a budget projection and evaluating the real figures afterwards. By participating in this project the students also got to develop hands-on capabilities in three areas: Vision, Concept and Implementation.

I realised that the typical front of class teaching method does not work well for this subject. My approach is to give some topics like price index, inflation and raw material, etc. The students do research themselves during class, while my main task is to bring their different findings together. By doing this kind of research, the students experience first-hand that you can get a lot of knowledge from the internet, but to bring it all together and make sense of it, you actually need to develop and find your own insights.

### Update on Financial Literacy Teaching in the UK.

Arthur Edwards / Stroud, England

Over the past 15 years I have given a number of courses in economics and financial literacy at various schools around the South West of England. Normally the invitation has come through some personal connection or recommendation, though earlier on I did engage in promotion. Mainly, the courses are given to class 11 or class 12 Waldorf Students and are non-elective. What I do exactly will depend on the mix and the makeup of the class. As a rule, the groups are small so that gives plenty of scope for tailoring content.

The basic elements include financial record keeping, exercises in double-entry bookkeeping, looking at the history and evolution of money, some key aspects of economic history. In essence, much of the content of the *Colours of Money* seminar (see pages 7-8) is included in slightly modified form within the lessons. Whenever possible, I invite a local entrepreneur to come to speak to the class. Ideally this would be a younger person who had themselves graduated from the school, and who had taken the course and put it into action. Unfortunately this ideal person has yet to be found, but it is always one of the most profitable parts of the course which gives the students the opportunity to take some of what they have learned and ask questions to someone who is standing in the middle of a business.

Another less formal element of the benefit is what happens in a soul sense when a young person is able to reach with their imagination into the path of another person who is a little older. In this way, they begin to kindle thoughts and images of what might be possible in the future that they may not previously have entertained.

The culmination of the course is an opportunity for the pupils to present their own business plans, these range from the very basic to the ambitious. I encourage students to keep their projects as real, in the sense of realisable, as possible, and therefore to keep what they envision true to their own circumstances. In some occasions it has been possible to make an event of the presentations by inviting other teachers.

In the new year, I will be teaching a course at the Acorn school in Gloucestershire, where I first gave a main lesson almost 15 years ago. The school has recently adopted a certification process using the New Zealand Steiner certificate,<sup>8</sup> which involves identifying learning outcomes, creating a study guide and formalising the marking criteria. All of this is written up and sent to New Zealand for pre-moderation. Afterwards, the work is handed in and assessed by the school, then looked at again by the New Zealand board.

While I have not looked at what lies behind the thinking and the practise of the New Zealand Steiner certificate, perhaps this might provide an avenue by which the bookkeeping approach to financial literacy can become more widely established in the Waldorf movement, but also in secondary or high schools more generally.

The image shows a handwritten double-entry bookkeeping ledger titled 'CASH BOOK' and several T-accounts. The ledger is as follows:

CASH BOOK	
Dr	Cr
cash b/f 64	rent 5
sale 30	hire costs 10
sale 23	purchase 6
sale 25	equipmt 5
sale 35	Debtors 10
sale 40	staff 10
	Drawings 20
217	66
191	196

Below the ledger are several T-accounts:

- Exp.:**

5	
10	
6	
10	
20	
20	
71	
- Sales:**

	30
	23
	25
	35
	40
	133
- Equipmt:**

5	
20	
- Debtors:**

	10
	15
	25
- Accountants:**

20	
	20
- Stock:**

45	
	36
- Profit:**

	167
	67
	111
- Balance:**

	105
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<sup>8</sup> See <https://nzcse.co.uk>



# The Colours of Money

## How do the Colors of Money turn to a Different Color?

*Two Economics Conference colleagues chew the cud*

Meg Freeling: How and when do the colors of money turn into a different color?

Stephen Vallus: I would say that it is the 'I' of the entrepreneur that does the turning. The concept of profit arose only gradually in history. In Luca Pacioli's time,<sup>9</sup> the merchant would know that he sold his ginger at 100 soldi over the price he paid for it. This 100 soldi would be posted directly into the 'profit' account, leading one to feel that the 'profit' is automatically 'mine'. "There it is in my cash box."

But as consciousness became more abstract, the P&L became more elaborated. It would capture the other costs associated with bringing a product to market. I think we can now visualize the people behind the P&L (I&E)<sup>10</sup> accounts, starting from the customers from whom my income derives, to the vendors who deliver my products to market, and also those who furnish the electricity (for example).

Superficially considered, the 'profit' is a mere calculation: Income less Expense = Profit or Loss. But what seems automatic, a habit of mind, is actually much more. ...the person 'behind the profit' is 'me' – or more accurately 'my I-Being'.<sup>11</sup> Here we have literally 'stepped into another world'.<sup>12</sup> Having moved to the 'real people' behind our accounts, we can now arrive at the 'real concept' of Profit or Surplus.

Kim Chotzen: The I would recognize a profit/loss as result of me and world, not just 'me.'

The abstraction of Profit requires an act of will to reflect its true nature. Really, the whole is reflected in it. The 'astral' sense of 'mine' will become the I-Being sense of 'ours' – but objectively, through working with others: landlord, entrepreneur and investor.

MF: How would you further clarify what lives behind my images of colors in accounting? (Red – Income and Expense Statement; Blue – Balance Sheet; Yellow – Closing Entries)? Does the red money become blue money in the Trial Balance?

SV: Yes, but profit is not actually shown on the Trial Balance. If it becomes blue, that is because the entrepreneur decides it to be so: the technique of accounting then means the Profit moves to the 'Own Capital' portion of the Balance Sheet.

MF: At the closing, some of the blue money (Balance Sheet money) is turned to yellow.

SV: I would not say, "blue money is turned to yellow at the closing." I would say that it is the 'I' of the entrepreneur that does the turning, then the technique decides what goes where.

CHB: But the entrepreneur's decision is the outcome of his/her treatment of the closing entries, his/her assessment and allocation of surplus and what to do with it. In that sense, 'yellow money' is the act of distinguishing between red and blue money, ensuring that land, labour and capital (albeit as non-commodities) are correctly remunerated and then asking to what and to whom to transfer any remaining surplus. (I say this, because I think the exercise would rarely sum to zero, but in fact reveal a special type of capital, intended for the 'private' use of the entrepreneur to use to fund his/her intuitions without having 'to go to the market'. The true meaning of 'own capital', perhaps.)

## Treatment of Purchase Money, Loan Money and Gift Money

*CHB in discussion Marcelo Delajara (concerning some blogs he had published in Mexico)*

CHB: I have a problem with your treatment of purchase money, loan money and gift money. My understanding from the economics course is that these are not 'types' of money, which still has the mood of money-as-thing. The German word is 'Arten', perhaps best translated as 'qualities', in the sense that

<sup>9</sup> Luca Pacioli, friar-author of a book on bookkeeping: *Summa de Arithmetica Geometria, Proportioni et Proportionalità* (A Compendium of Arithmetic, Geometry, Proportion and Proportionality) published in 1494. Reprinted by Scholars Book Co., University of Virginia, 1974.

<sup>10</sup> CHB Note: Convention has P&L, but surely it should be P or L. Not-for-profits use the less aggressive Surplus/Deficit. Continental bookkeeping has the more neutral and functional 'result'. But in all cases it refers to the difference between income and expenses (I&E).

<sup>11</sup> See 'surprising' note on last page.

<sup>12</sup> The reference is to *Step into Another World – Life as a Medium for Modern Initiation*, search aeBookstore.com.

money reflects different places in the economic process – buying:selling (trading), lending:borrowing (investment) and giving:receiving (donations) – so that money as a reflector changes its colour from red to blue to yellow, as it were, depending on what it is reflecting. (This is also analogous to, but not identical with, the three functions of money: means of exchange, store of value and unit of account, as also income and expense, balance sheet and closing entries.

In bookkeeping, the medium for this is the Income and Expense statement (purchase money), the Balance Sheet (loan money) and transfers of money from one entity to another (gift money), although the last of these is fleeting because the money so transferred goes first to cash/own capital on the balance sheet, where it stays as long as it is associated with a balance sheet account, and only becomes purchase money if expended, reducing cash/own capital accordingly.

It is this reasoning that leads me to say that we do not transform money; rather, it changes its colour in reflection of the different places we find ourselves in in the economic process. That is to say, the reflection changes when in our minds and in our policies and instruments we differentiate between the three kinds of economic and therefore monetary behaviour we engage in.

### **Colours of Money in Germany**

*Leif Sonstenes / Karlsruhe, Germany*

After two postponements, we were finally able to host Christopher Houghton Budd for *The Colours of Money* Seminar from June 24 to 26, 2022 in Karlsruhe, Germany. Twelve participants plunged enthusiastically into the content presented by Christopher with consecutive interpretation into German provided by Nicholas Dodwell. We also had two separate evening events on 'The Threefold Reality of Social Life as a Challenge to Western Hegemony' and 'The Meta Story: Revisiting the Missions of England and Germany'.

The intensity of the presentations and the depth of the topics themselves led to animated and lengthy discussions in small groups. The end of the seminar arrived with many participants wishing to go further and deeper. Our economics study group asked me to present the course again on the basis of the seminar handbook, which I had translated into German and furnished with the German drawings made by Christopher during the seminar itself.

Following the structure of the seminar, we recapped the steps on five consecutive Wednesday evenings in July and August: Introduction, Competence, Structure, Language (Bookkeeping), Conversation. Several additional locals who could not participate in the original seminar joined us as well.

After the summer break we wondered: 'How to further deepen our work?' We decided to concentrate on the handbook and go through it sentence by sentence – to hone the translation and enhance our understanding. This work has become very interesting. The handbook was conceived as supporting material for the seminar and especially for people (entrepreneurs) who want to become accredited with the **ae Mark**.<sup>13</sup> Thus, it has a practical 'how to' approach.

In the Anglo-Saxon world you would typically start with a basic understanding (all you need to get going), then you start doing, and in the doing you get in deeper. Germans tend to have a different approach. First you must thoroughly understand what is meant and think it through to the very end. You want to get every concept crystal clear, before you feel justified in taking the first step towards realisation. This engenders an almost epistemological approach to the handbook, where each word is probed to the full and measured against the text that preceded it, before we can go any further.

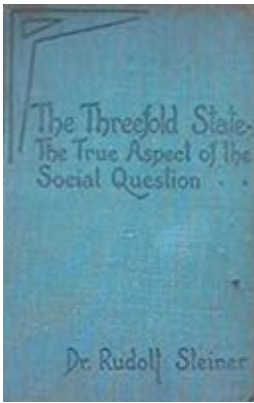
Our methodology has led us into intense conversations about the two cousin peoples and their different approaches to life, to language, and ultimately, to economics. So much that resonates implicitly in English communication (between the words, between the lines) does not 'translate' and must be flushed out and made explicit in German communication. Overcoming this challenge will help us to find the higher common ground that unites us both.

We persevere, although we are still 'only' in the middle of the introduction, but I think the important point for now is that we have a dedicated group of seven serious individuals grappling intensely with associative economic content once a week in the heart of Europe. We shall see where the work takes us.

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<sup>13</sup> See [www.ae-Mark.com](http://www.ae-Mark.com)





# Company Ownership

## Concerning Capital Ownership

Rudolf Steiner

Editorial comment by CHB

*In the third chapter of The Cardinal Points of the Social Question,<sup>14</sup> entitled 'Capitalism and Social Ideas', Rudolf Steiner discusses the treatment of capital and therefore company ownership. The following extracts (part of a lengthy discourse) give the essence of his understanding. They have been rendered into English by me mindful of the translations of Fredrick Heckel (The Threefold Social Order – 1966) and Frank T. Smith (Towards Social Renewal – 1972), and then compared to the The Threefold*

*State, published in 1920 by George, Allen and Unwin – meaning externally published and so representative of both what can be said in the general public domain, in those days at least, and how that can be said.<sup>15</sup>*

*This is a challenging task, not only because from an English-language point of view, the extracts are laboured, even repetitive, but they read as a reading of the riot act, rather than an invitation to dialogue. Moreover, misread or translated too literally and without regard for the spirit of the law as it works in less directive cultures, and a central idea such as 'rights state'<sup>16</sup> comes across more as enforcer than enabler, more determinant of one's behaviour than a 'crystallisation' or manifestation of one's innate ethical sense.*

*The version used here also pays careful attention to the particular nature of English constitutional life and history, which is so different to Germany and Switzerland and even the USA, though not the current and former dominions of Great Britain, making the translation of these ideas into English triply challenging. Heckel and Smith, for example, were not English and so they wrote with the minds of Americans, the constitutional references for whom are the form of republic used in the USA, where the sense of rights is expressed externally through checks and balances between the three realms of society. By contrast, in the constitutional monarchy of England, in theory at least, the individual I mediates them. With its more Saxon and even Celtic, rather than Roman underpinnings, English rights life also has a twin, and intertwined, legal basis comprising common law and equity, the latter calling on conscience and having regard to the equitability of any situation or ruling.*

*The point is that understanding The Cardinal Points depends greatly on the constitutional 'lens' one wears, which conditions not only how one envisages Steiner's ideas becoming practice, but also how one comprehends those ideas in the first place. For example, this affects directly even the title of the following paper by Fionn Meier because the German 'Verantwortungseigentum' does not sit well in English when translated as 'stewardship', in that this normally connotes non-engagement and passive oversight, in contrast to an entrepreneur's taking hold of life, something that can equally be done in a spirit of stewardship, not only egotism, acting in full awareness that one has been trusted, even entrusted, by the community, yet acting freely in its name, without external regulation except 'in extremis' – losing compos mentis, etc.*

*The non-Roman underpinning also means a strong preference for expecting social behaviour to arise in the individual, the next step on from justice via courts after justice via might. Out of one's sense for the community and one's place in it – not out of self-serving. In the English-speaking world, therefore, the important debate is not about individual versus community ownership (the latter generally held askance), but acting economically for oneself or for the community. And then – even more challenging – whether the social sense, fairness or right conduct are best achieved through inherent or external regulation. The advocates of individualism will aver using 'the market' to achieve this; communitarians choose state-based regulation. And yet, "A gentleman's word is his bond" used to be the way to say (and do) things – hiding behind neither the market nor the state. For this is in the first place a matter of calling on one's higher consciousness, the true source of altruistic behaviour, which, being born of self-development, unfolds independently of external sanctions or stimuli. Indeed, such things follow on from, but do not beget altruism.*

*All that said, and with my biases admitted, the following extracts, slightly abridged in places, are a faithful rendering of what I think Rudolf Steiner had in mind<sup>17</sup>. The sequence is as published in the original. The 'FM' references are to the sequence used by Fionn in his paper.*



<sup>14</sup> Literal translation of *Die Kernpunkte der sozialen Frage*, published in 1919. This version is little used in English, however, as the meaning of 'the social question' (i.e. the relation between labour and capital) is not in general consciousness. Too much to the point!

<sup>15</sup> I am aware the original English translation was made by Edith Maryon in Switzerland. Thereby hangs a tale not now for the telling.

<sup>16</sup> In Rudolf Steiner's threefold image of society, the state has a much-reduced role relative to how it is now conceived and conducted. Space does not allow elaboration of this point, but reference to it is maintained by using 'rights state' as a translation of Steiner's German word: *Rechtsstaat*.

<sup>17</sup> A treatment of this topic can be found in *The Right On Corporation*, search aebookstore.com.

It is not the original free use of capital that leads to social harm, but the continued existence of the right of use when the conditions which suitably link capital to individual human abilities have ceased to exist. Anyone who considers the social organism as something developing and growing will not be able to misunderstand what has been indicated here, but will ask how what serves life on the one hand, can be administered in such a way that it does not have a harmful effect on the other. Anything that lives cannot be fruitful without eventually becoming harmful. And if one is to work together on something that is in the process of becoming, as we must do in the social organism, then we cannot shirk the need to create arrangements designed to avoid such damage. Otherwise we undermine the possibility of life for the social organism. It is a matter of intervening at the right moment, when what is useful turns into something harmful. *FM3*

The possibility of freely resting the use of capital on individual abilities must exist; it must be possible to transfer rights of ownership at the moment when they turn into a means for unjustified development of power. In our time we have developed an arrangement which takes into account the social demands indicated here, albeit only for so-called intellectual property (author's copyright – eds.), which some time after the creator's death becomes the free property of the general public. This is based on a way of thinking that corresponds to the essence of human co-existence. As closely as the production of a purely spiritual work is tied to the individual talent of the individual, it is at the same time a result of social co-existence and must be passed on in the community at the right moment. It is no different with any other property that the individual produces in the service to, but with the help of and in cooperation with the community. Thus, the right to dispose of property cannot be administered separately from the interests of society as a whole. It is not a matter of getting rid of private ownership of capital, but how this can be managed in such a way that it serves the wider community in the best way. In a threefold view of society, this works because people are united in the social organism as a whole through the rights state.<sup>18</sup> *FM4*

The rights state will not need to interfere in the creation and administration of private ownership of capital as long as individual abilities remain so connected with the capital base so as to be of service to the whole social organism. In this regard, the rights state will stay true to its nature; it will never take capital into its own possession, but will ensure that it passes at the right time into the hands of a person or group of people who can again develop a relationship to it that is based on their individual circumstances. *FM5*

It will be possible to benefit the social organism in two completely different ways. From the democratic ground of the rights state, which is concerned with what affects everyone in the same way, it will be possible to keep watch over the course of time to ensure that capital ownership rights do not become unlawful. Because the rights state does not administer property itself, but ensures it is linked to individual human abilities, so that they may unfold their fruitfulness for the entirety of the social organism. So long as it makes sense, such an organization allows the ownership rights or their disposal to remain with the personal element. *FM6*

Even the capital that is created through productive activity but not used for its expansion should be treated in the same way. The personal property of those in charge of a company should only be what they obtain on the basis of claims that they believe they can make because of their individual ability when they started the business, and which appear justified by the fact that they met the trust of other people claiming the same capital. If the capital has been increased through the activity of particular individuals, then so much will be transferred to them as individual property derived from this increase but by way of remuneration conceived and computed in the sense of an interest payment. *FM2*

In such an arrangement one is dealing with transfers of a right. The regulation of the terms of such transfers is a matter for the rights state [which then oversees or ensures] that these transfers are carried out and also administers them. *FM7*

The rights state will have to ensure that the transfer [of the right of use] takes place to a person or group of people who appear to justify this process based on their individual abilities. Based on this prerequisite, the provision will also have to apply very generally, that whoever has to pass on capital can, for the reasons described, freely nominate its next user, whether the transfer is to a person or group of people, or to a corporation of the spiritual life.<sup>19</sup> Because those who have provided the social organism with appropriate services through their own capital management (stewardship) will also judge socially the further use of this capital based on their individual abilities, it will be more useful for the social organism if this judgement is relied on than if it is dispensed with and the regulation is made by other people not directly connected with the matter. *FM1*

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<sup>18</sup> See footnote 15.

<sup>19</sup> Crucial though this one is, space does not permit elaboration here of yet another of Steiner's seminal ideas.

## “Steward Ownership” and *The Cardinal Points of the Social Question*

Fionn Meier / Winterthur, Switzerland

In this paper, Fionn Meier asks whether today, one hundred years later, and in Germany, these ideas can be seen to exist implicitly or, if not, given precise expression by new laws and forms. He offers an affirmative response to this question in the case of the work of the Steward Ownership Foundation.<sup>20</sup>

Do the two principles of steward ownership align with Steiner’s *The Cardinal Points*? In one of its brochures<sup>21</sup>, the Steward Ownership Foundation describes its two principles as follows.

### Ability and Ethos

“Steward-ownership means the company remains independent like a typical family business, but control is not passed on on a hereditary basis, but based on ‘ability and ethos. In concrete terms, this means that the majority of the company’s voting rights can neither be sold nor inherited: the voting rights remain in the hands of people who are internally connected to the company or are active in it.”

This accords with the principle Rudolf Steiner describes (see Extract FM 1 in previous article) of neither selling nor bequeathing capital, but passing it on according to ‘ability and ethos. Steiner does not speak of steward ownership but of ‘right of disposal’ (German: Verfügungsrecht), however, these two terms can be understood synonymously. It is essential that this form of ownership is limited in time and that ‘rights of disposal’ should not be sold or inherited, but transferred.

### ‘Asset Lock’

“Steward ownership also ensures that the company’s assets cannot be taken by steward-owners. A legally anchored ‘asset lock’ – as used in non-profit entities – enables a credible commitment of assets: the assets cannot be personalized. The company’s assets, as also the company itself, are not used to increase the assets for the owners, but rather for a purpose. The company does not see itself as an investment object, but as a group of people who work together to achieve the company’s purpose. There are no ‘asset owners’ but ‘stewards’ who manage it for a limited time.”

Another principle is described here, which states that the respective owners may not claim the increase in assets for themselves, a key point also made by Rudolf Steiner (see Extract FM 2).

### How does steward ownership attempt to implement these two principles?

The Steward Ownership Foundation essentially pursues two different variants for the implementation of the two principles mentioned above.

In *Variant I*, an attempt is made to implement the two principles using existing legal entities. Various combinations of legal forms are used for this. One of these possible combinations is the ‘Golden Share’ model, where the company is a classic stock corporation, but gives a veto share to a foundation, which then has the right to ensure that the company does not distribute profits to the owners and that the company is not sold but transferred. A similar model is also possible with the private limited company (*GmbH*) and a foundation.

In *Variant II*, the Foundation is working on creating a new entity that anchors these two principles mentioned above in its actual legal form. They have worked out a proposal for this (society with tied assets), which they are now seeking to have made law in Germany.

### How do these variants relate to the principles Steiner describes?

In *The Cardinal Points*, Rudolf Steiner outlines the interplay of intellectual or spiritual life and rights life, which is necessary in order to implement the two principles mentioned above. While ‘spiritual life’ has the task of bringing capital into connection with the corresponding abilities, ‘rights life’ has the task of safeguarding the interests of the general public. Steiner describes such an interest of the ‘general public’ in Extract FM 3, while in Extract FM 4 he describes how the state (in Steiner’s specific limited sense; *Rechtsstaat*) should intervene when what is ‘appropriate’ turns into what is harmful.

Important as entrepreneurs are for production, they can only produce with the help of the whole community. If they now harm the community as a result of their ‘right of disposal’ over capital, then the community has the right to stop the entrepreneur. The state is responsible for this (see Extract FM5). The corresponding laws are determined democratically by all members of the state. State officials, in turn, have to demand and monitor compliance with the law. In Extracts FM 6 and FM 7, Rudolf Steiner also explains the kind of law which is intended to prevent such harm that can follow from unjust use of the rights of disposal.

In my understanding, the extracts cited show clearly and unequivocally that Steiner was striving to create legal preconditions through the state that ensure that capital is not sold or inherited, but transferred in each case. In *Variant I*, the general public is not involved. An attempt is being made to implement the principles of steward ownership provisionally using existing legal forms, which were created from a different set of ideas. In this way, it can be shown that such a legal form makes sense for such companies. But for comparison, it is somewhat the same as when a driver in a neighborhood with many children, where 50 km/h is allowed, decides for himself to only drive 30 km/h out of consideration. In terms of *The Cardinal Points*, it is clear that there is a legitimate public interest in preventing capital from being ‘harmful’. In order for this legitimate interest to come into play, laws must be formulated that regulate the transfer of capital in accordance with the two principles described above. Therefore, in my understanding, initiating such a legislative process in respect to *Variant II* is consistent with the explanations given in *The Cardinal Points*.

<sup>20</sup> In German the Foundation is called “Stiftung für Verantwortungseigentum”. However, they always translate “Verantwortungseigentum” with “Steward Ownership”.

<sup>21</sup> [https://verantwortungseigentum.com/dist/download/SV\\_E\\_Booklet\\_Digital.pdf](https://verantwortungseigentum.com/dist/download/SV_E_Booklet_Digital.pdf)

# Commentary + Correspondence

*Despite the generally unassociative nature of modern existence, instances of little shoots can be discerned appearing despite the weight and depth of concrete all about them. Tender growths that might become tomorrow's favoured plants...*

## Back-to-Back / Rudolf Steiner and Maynard Keynes

2023 marks the centenary of Keynes *Tract on Monetary Reform*,<sup>22</sup> written at the same time as Rudolf Steiner gave his 1922 lectures on economics. This is the main focus planned for this year. It remains to be seen what themes eventuate in these pages, but central to the question of how Steiner and Keynes are related (or their works, at least) are topics such as these: The consequences of the Peace for economics; The aftermath of WW1; The link or otherwise with Woodrow Wilson; What kind of Aristotelian was Keynes?; Why did Steiner and Keynes never meet?; and did Keynes have an unspoken mission?

## The Financial Death and Afterlife of the East India Company

This was the title of a talk given on Thursday 17 November 2022 by research professor, William Pettigrew, at Schrodgers Bank in London. The talk was fascinating on two counts. First of all, the unusual choice of language when referring to a company. Secondly, it was about how the East India ceased trading in 1833, but the British parliament passed an act to double its share value at that moment then commit to pay a 10.5% annual dividend to shareholders, paid out of the revenue of India, not the company. The reason, it seems, was that huge numbers of British citizens depended on this revenue stream for their day-to-day existence and activities. A case of 'too big to do without', but, parliament being a close cousin of rights life, one wonders how associative economics would manage a similar problem? (See section on the corporation on pp. 9-11.)

## Time to tidy up some Terminology?

In discussion with Charles Burkam (California), we wondered if the uncertain term 'goods and services' used in economics is not better understood as a reference to what Steiner calls V1 and V2, nature transformed by labour and labour organised by intelligence (spirit). 'Goods and non-goods' might be a better substitute, but neither services nor non-goods quite captures what 'labour organised by intelligence' entails. (*Suggestions by email, please!*) Similarly, we wondered if 'purchase money' is general enough for the process of both buying and selling, not just buying. Would it be more effective, for example, to think in terms of exchange or transaction money?

## And then, how's this for a surprise?

While in these pages we tentatively refer to the I or use the term I-being, trying to find a nuance that conveys in the English language what the true nature of the entrepreneur is, a recent BBC Radio 4 broadcast was far less hesitant: "This thing of ego. We have a strange relationship with this word. People go, ooh, too egotistic. Actually, ego is fundamentally important. Ego is 'I'. "I believe in this," you know. When I was hiring creative people I wanted people with a very strong ego because I wanted them to have a point of view, an opinion, a drive to make something happen. What you don't want is for ego to become hubris, for that's when it becomes about 'ME' not about 'I'. So we must actually [have an 'ego']. Ego is fundamentally important." So said, Sir John Hegarty, founder of The Garage Soho and BBH Advertising Agency, speaking on *The Bottom Line*, 21<sup>st</sup> November 2022.

## True Price Calculator?

I would like to let everyone know that you can now find a 'right price' calculator on [honma.ch](https://honma.ch) and here <https://honma.ch/calculaterightprice/> It's brand new – and a world novelty. Surely an attraction to talk about the right price - and all the other great stuff from Rudolf Steiner's economics. There is a comment section on the main page where people are invited to debate the right price or the meaning of this calculator, etc. If you would help to spread the word, it would be much appreciated!  
– Oliver Brandli Chiba / Tokyo, Japan <[oliver@sought-thought.com](mailto:oliver@sought-thought.com)>

Thank you, Oliver, but I have two concerns. The first is my sensitivity to the use of 'right' instead of 'true'. Right lacks the scientific mood of true. Secondly, I'm not sure if the calculator is additional to or instead of conventional budgeting and accounting methods to ensure one's prices are true. I think true price entails sellers being clear what they need to cover (perhaps using this calculator), with buyers simply paying it, and then ensuring their own revenue streams cover what they need in turn. But this also often entails managing one's balance sheet in the way set out, for example, in Xavier Andrillon's *Beyond Brundtland – True Price and Sustainability*.<sup>23</sup>  
– Kind regards, Christopher (ed.)

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<sup>22</sup> See article on p.3.

<sup>23</sup> <https://aebookstore.com/publications/associative-economics-worldwide/authors/books-by-xavier-andrillon/beyond-brundtland/>