

Associate!

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

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September greetings to all, whether in Spring or Fall!

It is with enthusiasm that I introduce this September 2020 issue of *Associate!* How true it is that the sun shines even on the darkest day, even behind the heaviest clouds. From my standpoint as Administrator of the Economics Conference and editor (in consultation with Christopher Houghton Budd) of its newsletter, there is much hope to be derived from the tools made available via the Economics Conference for courageous activity in today's world, some of which are reported on in this issue. The main point today is that human beings, not market forces, act. We are not the victims, as Carlos Jaime Loch wisely states in his article but the authors of our circumstances. It makes a great deal of difference what one person does (or does not do) economically; therein lie empowerment and hope (or helplessness and despair.)

In this issue, readers will find work linking the economic thought of John Maynard Keynes with that of Rudolf Steiner, both contemporaries who, in their own right, forged new and practical pathways toward a society that honors all of life. To aid our understanding, Carlos Jaime Loch analyses three kinds of money in a way that calls into serious question the use of surplus for speculation, which he suggests is "an important cause of social damage."

Next, we report on Xavier Andrillon's recently completed thesis linking sustainability to Rudolf Steiner's true price formula. Meg Freeling comments on the far-reaching significance of Xavier's achievement, including for teachers and other professions.

Young people can take heart in the work Daniel Osmer champions, promoting economic history as the pedagogical background necessary for teachers stewarding young people's awakening to their future. His article, along with the other resources and the financial literacy events mentioned, introduce the tip of an iceberg of what's possible when youth of today become financially literate entrepreneurs.

Such tools all beget economic consciousness that, as elaborated in Patrick O'Meara's piece, goes hand in hand with "money as moving bookkeeping," to use Rudolf Steiner's words.

The final article celebrates a new understanding of property and finance that Marc Desaulles makes visible in his description of L'Aubier's evolution. He makes clear that the priority in financial arrangements must be to ensure that the entrepreneur is left always and forever free and thereby responsible. In other words, 'to trust is better than to control.'

Many *more* tools for the road are available to be discovered in the Associative Economics Bookstore with resources now increasingly available in several languages, reflecting the worldwide activity of Economics Conference researchers. Once found, exercised and replicated, these are resources on which we can rely to support our first steps into the future we see before us, a future of our own making.

All courage for the road ahead!

With best wishes,

Kim



Keynes and Steiner – Two Bestsellers

As noted previously in previous editions, 1922 sees the centenary, not only of the lectures Rudolf Steiner gave on economics in July and August 1922, but the writing at the same time by Maynard Keynes of what became *A Tract on Monetary Reform*, published in 1923. This offers a further 'fragment' towards what one might celebrate in 2022 concerning the idea of their joint or echoing destinies, whose books – Steiner's *Die Kernpunkte der sozialen Frage (The Threefold Nature of Social Life)* and Keynes's *The Economic Consequences of the Peace* – were both best-sellers.

Steiner and Keynes?

Carlos Jaime Loch

It's possible to see some parallel and convergence between Steiner's three *kinds* of money and Keynes's three *motives* for holding money,¹ usually known as the 'liquidity trap' (caused when people hoard cash because they expect an adverse event).

According to Keynes, we hold money initially for Transactions, meaning to buy and sell goods and services connected with our standard of living. Beyond this we may need money for Precautionary reasons, to face extraordinary and unpredictable bad events in life, including a reserve for the period of life without income because of age or some inability. Finally, we may hold money for Speculation, meaning to be ready to take advantage of good opportunities to buy assets at especially favorable prices. For monetary policy, inflation starts when Speculation money arises, indicating an excess of money in circulation.

Steiner calls our attention to the three kinds of money: Purchase, Loan and Gift. The first two seem very close to Keynes's Transactions and Precautionary motives. The main difference lies with the third one. For Steiner, gift money should be understood as that spent without any material counterpart in exchange. As such, it should be spent on the development of capacities and aspirations, one's own and others'. This kind of money would cause cultural conditions to thrive, resulting in creativity and new initiatives such as education, healthcare, and research into the renewal of economic life on behalf of a better future for all.

This being the case, we could think of today's huge amount of speculation money as an important cause of our social damage. Our social inequalities reveal that a few people earn too much so as to have surplus money to increase investment, while many earn too little even for their basic needs. Associative economics can bridge the gap of this 'liquidity trap', in terms of which the present environmental, social, and governance (ESG) investment approach can be understood as one stage.

We are not the victims, therefore, but the authors of our present social conditions. In other words, Speculation money would represent the buried talent of Christ's Parable; the burier of which is punished (inflation, devaluation and financial bubbles?). So, a great social challenge today is to convert Speculation money into Gift money, starting with the individual.

Keynes's Unspoken Mission

Christopher Houghton Budd

Under this rubric, I received a grant from Sleipnir Foundation in Holland in 2012. I have been beavering away ever since exploring this theme with a view to writing a formal book about it. It occurred to me recently that I have already done that, but in separate parts. *Beyond Capital and Labour – A study of 20th Century Economics through the Works of Keynes, Marx and Steiner.*² Then the play I wrote in 2019 about Keynes, Steiner and Woodrow Wilson called *An Improbable Conversation*, published in *A Second Chance for the World*³ and watchable here: <https://vimeo.com/352678017/872e4e51f0>. This year I wrote an allegorical story, *Rare Albion, Too – The Story of Folkstown*, imagining my town as a place where Keynes's unspoken mission was fulfilled (forthcoming). Lastly, the outcome of research conducted by way of lectures in Switzerland, London, Brazil, Argentina and Ireland from 2012 to 2015 will shortly be published in a book entitled *Steiner, Keynes and Dunlop – Brothers in World Economy*.

¹ *The General Theory of Employment, Interest and Money*, J M Keynes, Macmillan, London 1936.

² <https://cfae.biz/publications/chb-collected-works/full-chb-list/>

³ <https://cfae.biz/publications/associative-economics-worldwide/authors/christopher-houghton-budd/a-second-chance-for-the-world/>

True Price and Sustainability

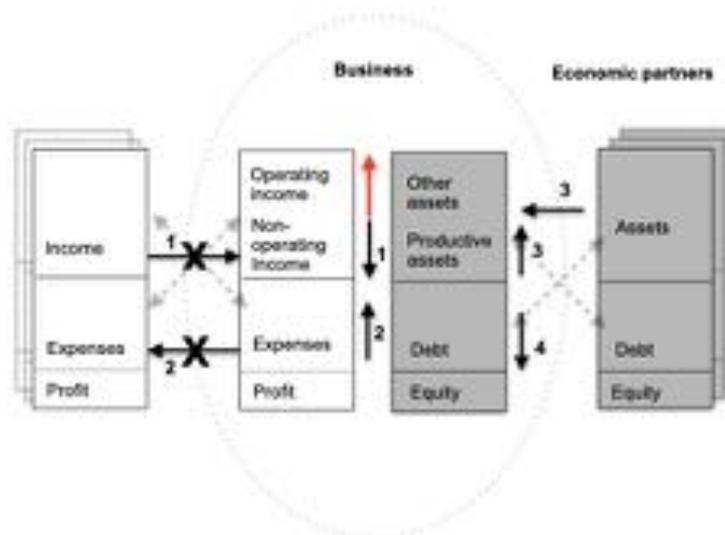
Xavier Andrillon's PhD in Economic Development

Daniel Havro

On June 17th, our colleague Xavier Vincent Andrillon was acknowledged as a doctor in economic development after defending his thesis "True price as condition of sustainability: the global coffee crisis (1999-2003) and the Brazilian Amazon as case studies" at Universidade Estadual de Campinas, Brazil.⁴ By using empirical data and the logic inherent in accounting, he introduces a causal model linking untrue prices to un-sustainability. The figure below illustrates four accounting-based indicators for assessing and achieving true price according to Xavier's analysis:

According to him "prices are true or being 'truthened' if, over time, businesses:

1. do not rely on non-operating income to address their needs (including rent, speculation, subsidies, or remittance);
2. cover all the expenses necessary to address their needs, including maintaining and improving their productive assets;
3. have optimal access to productive assets and are not financially compelled to deplete or dispose of them;
4. decrease debt levels and debt/equity ratio and are able to pay both interest and capital out of their operating income (i.e. they are hedge borrowers)." (Andrillon, 2020, p.126)



Source: Andrillon (2020, p. 127)

I watched the online viva, and it was very interesting to witness how the five examiners received Steiner's contribution to economics. They were from different schools of economic thought and made several comments and objections, yet none of them came close to saying the ideas presented or Steiner's thoughts are irrelevant. Thanks to Xavier's work, the term 'true price' as presented by Steiner's formula is now recognized as official academic terminology in Brazil and further related works can have this as a their starting point.

True Price reference at Campinas University:

"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.

⁴ The thesis can be accessed [here](#).

Dissertation Abstract

The Campinas University entry (here slightly amended) states: Current approaches to pricing have proved inexplicable and unable to deliver sustainable development. This study explores how the combination of accounting logic and the concept of 'true price', first proposed by Rudolf Steiner (1861-1925), can provide a novel, dynamic and comprehensive causal model to understand how prices can contribute to unsustainability. Case studies are used to verify if the proposed model is fit for explaining real-world issues – in this case, farmers facing untrue prices during the global coffee crisis (1999-2003) and on deforestation fronts in the Brazilian Amazon. The analysis of these case studies leads to the framing of true prices as a necessary condition of sustainability, although it is probably not the only one. Combined with accounting as a gauging tool and true price as a reference point, the study lends both concrete meaning and technical grounding to the notion of sustainability, at the same time as providing guidelines to measure progress toward it. The paper amounts to practical considerations, even recommendations, on how producers, consumers, investors, and public policy-makers could further true prices and thus support sustainability.

'Truthening' – An Appreciation of Xavier Andrillon's Dissertation

Meg Freeling / Ohio, USA

Our friend and colleague, Xavier Andrillon, has recently been awarded his Ph.D. by Campinas University's Institute of Economics in Brazil, with a dissertation that I believe has important ramifications, not only for people who care deeply about sustainability issues, but also and more important for Steiner-based, associative economics work by busy adults who want a path into the bookkeeping practices that provide the grounding needed to take charge of their economic lives.

For me, there is hopeful news embedded in Xavier's approach to sustainability. With true price as a focal point, I think he has created a very practical, objective course of action with a global scope through his case studies of how producer-farmers have been negatively impacted by unsustainable practices (read 'untrue pricing'). He has crafted a very specific but generalizable model that can be used in many other settings to take positive steps toward more collaborative relationships.

The chapter on *True Price* includes a description of the context used for understanding true price in the midst of dire circumstances, enabling producer-farmers to use their accounts to show the discrepancies between their true price and their actual income – a key to overcoming today's unsustainable practices. When investors and public policy-makers look at price, they usually look at consumer and investor demand but rarely consider producers' needs in their assumptions and equations. Thus, they may unwittingly (or not) create the unsustainable practices that often force producers out of business.

Bringing these things to light through Rudolf Steiner's True Price Formula,⁵ provides a motivation that can invite people in other vocations (like teachers) to accept the temporary discomfort of learning to track their financial accounts so that clarity and a new sense of direction can emerge. Just like farmers on the edge of survival, teachers know they have to change their circumstances, but they often have not had a clear and convincing enough starting point to make it worth the effort.

Despite the obstacles to learning how to track one's flow of values more precisely, I think Xavier is on to something that will help. Through his case studies of farmers, he sets up a context that has a beginning and an end, holds out promise, and can be guided initially by the researcher. When such results are seen and shared, further initiatives toward truer pricing can be identified.

I find it fascinating (and worth celebrating!) that in the process of doing his research, Xavier felt compelled to start using a new word to describe the realities he was observing. Because Steiner's True Price Formula is descriptive, it relates more directly to a process rather than an outcome. To truthen something allows the word 'truth' to become a verb, meaning to make something more true than it was before. It is more useful and accurate to talk about 'truthening' prices, for it describes the process of coming closer to a true price. In explaining what lives behind Steiner's concept of true price, Andrillon states,

"The whole point of economic life is to attend to human needs. This is the foremost problem that economists need to solve. We do not need to taint or mix the reality of economic needs with moral questions of justice or fairness. Indeed, the question of how and whose needs are attended to inevitably ends up touching on these issues. Yet Steiner argues that "a sense of

concern for the other, however, will not proceed from any moralic acid but from the realization of the necessities inherent in the economic process itself.”⁶ ...Steiner saw true price as a most basic theorem that has general validity in the economic realm. True price is therefore a key starting point to set thinking into motion.”

Although the use of the verb ‘to truthen’ is not found in modern dictionaries and its use here is seen as a neologism, it has been used as a verb before. According to the Oxford English Dictionary: ‘truthing’ means to adjust accurately. A ‘truthing’ statement was made in 1881: “...permits of the removal of such rails for any truthing which they may require.” But Xavier's use of the verb ‘truthen’ or ‘truthening’ to show that coming to true price is an ongoing process, is, in my view, an important contribution to the economic dialogues that now need to take place between parties who recognize they each have work to do if producers, consumers, investors and policy-makers – and those who live in the world they create – are to come closer to each other and to the sustainability that is in everyone's best interest.

True Price as Condition of Sustainability is an example of one of those trickles of new living water starting again at the top of the mountain. Not only does it link the economics of Rudolf Steiner's True Price Formula with a solution to the serious problems of world-wide sustainability in a way that individuals and work groups can choose to take up; in addition, by becoming part of the archives of a major university, it also establishes Rudolf Steiner in the world as an economist with something to say both now and in the future as we work out new ways to put our economic lives into a healthy stream. As an economist with clear insight and recommendations for how to think differently in the world economy we have inherited, Rudolf Steiner and his name can now be recognized as one whose insights are very relevant and necessary to our future. Xavier Andrillon has taken an important step to bring Steiner's True Price Formula into the lives of primary producers as a tool for healing the inequities that confront us all.

Three Economic Revolutions: Jericho, Gilgamesh, Alexander

Daniel Osmer / Sebastopol, USA

Prompted by a recent BBC radio broadcast linking Gilgamesh to accounting, a flurry of emails between Fionn Meier, Stephen Vallus, Stephen Torr, Christopher Houghton Budd and Daniel Osmer took place, noting the potential usefulness of such material when it comes to teaching financial history in school. In what follows, Daniel has made a valuable start in taking up this challenge. – Eds.

The *Epic of Gilgamesh*, the origins of money and writing along with the role of ancient accounting-tablets has been a recent topic of research and conversation among some members of the Economics Conference of the Goetheanum. Christopher Houghton Budd had pointed to a recent BBC broadcast – ‘History in 100 Objects’ – where one of the objects considered was an ancient clay-accounting tablet from Mesopotamia. The narrator of the program went on to link the historical individual of Gilgamesh with bookkeeping and the management of one of the first true cities – Uruk. The *Epic of Gilgamesh* is considered to be the earliest written literature that also included stories of the Flood and was widely distributed throughout a very large region.

Did these clay tablets represent thoughts that could be translated into other languages, giving other cultures the ability to participate and contribute ideas? Was the wide sharing of ideas and goods an early form of globalization? Around this time, Uruk was considered to be where writing, counting and money first emerged without an analog to the past. As discussed later, this conventional view is in the process of being modified based on archaeological evidence uncovered over four decades ago in conjunction with the research of economic and accounting historians.

1st Economic Revolution: Jericho

Representing what one might call the 1st economic revolution, it can be shown that the emergence of civilization, economic life and bookkeeping all began many millennia before Mesopotamia (meaning ‘between two rivers’) with the first early settlements of small villages of human beings. Jericho is in the West Bank of today's Palestinian



⁶ See *Economics*, op. cit., lecture 10.

Territories and is but one of many possible starting points.⁷ Human beings began to exchange the products of nature in order to meet their mutual needs. As they did so, their know-how and understanding of their new circumstances expanded, beginning a process of continuous innovation and creativity. By working upon nature and slowly applying their creative intelligence, the first surplus of goods – going beyond meeting their immediate needs – was created:

“The need to keep track of various contributions to the central granary or salt column required a method for recording this ongoing story. It is now thought that the single tally stick was used as a simple recording device to accommodate the new life of economic exchange. This recording or marking took place long before writing or numbers came into play. These early record keepers, ‘the accountants’, may have provided the narration explaining the markings, so, are they then the first storytellers? To account is not only to count but also to supply the narrative – the story behind the numbers. Markings and tally sticks were used to track grain in storage before writing and money and recent archaeological evidence suggests that the individuals doing the accounting eventually developed storytelling, writing, counting and money.” (from *Entrepreneurial Economics*, 2018)

For the most part, current economic concepts are derived from looking at competitive relationships between buyers and sellers. There is another way to look at this crossing point – where buyer and seller meet; it is to see that the relationship of buyer and seller can also be seen as two opposing streams of economic life that are in perpetual need of resolving. On the one side, economic values are created through economic activity and on the other side economic values are being consumed or ‘used up’ by cultural activity, meaning the wide range of innovative and productive things people do. A ‘Cultural Economics’ implies the fact that economic life and cultural life cannot be separated, for they are mutually dependent upon one another. The two streams of value creation are what gave rise to economic exchange – the phenomenon of buying and selling. In that sense, per Steiner the economic value gained from modifying the products of nature (V^1) and the economic value gained through applied know-how (V^2) constitute the true origins of bookkeeping (accounting) and money.

The Mesopotamian Metropolitan City of Uruk

Characterised by thinking and a simultaneous rise in human activity, the time of Uruk, as is evident in the rapid expansion of the evolutionary force of the division of labor, when the activity of multiple craftsmen flourished, generating finished goods, is commonly called the *2nd economic revolution*. In the epic, Gilgamesh is searching for Noah and the ancient wisdom of the Mysteries (and beyond) while promoting the expansion of the cosmopolitan city of Uruk. He seemed to be representative of a new intelligence that was struggling to emerge. In Uruk, a method had been developed for some time of tracking every economic transaction of the bustling city with an internal record keeping system (clay-tablet bookkeeping) managed by the temple.

Jericho serves as a starting point for describing the stage of civilization that culminates in the milestone of Uruk, where the physical exchange of money in order to ‘settle up’ was minimal. This system was displaced during the next *economic revolution* (*3rd*) when Alexander the Great and company spread official physical coin throughout a wide geographical area, creating a de-facto external record keeping (coin-based bookkeeping) system.⁸

Ancient Clay-Token Economy

Understanding development over time – history – is key to an integrated understanding of how economics, accounting and money can be seen weaving and evolving together paralleling the development of the individual human being and society as a whole. Only twenty years ago, renowned German archaeologist, Gunter Dreyer, announced his new findings – writing evolved from tally sticks, mere cuts or notches on a stick.⁹ He wrote that they (primitive tally sticks) were used to indicate “the kinds and amounts of goods in stock.” Even more profound was the work four decades ago of French archaeologist, Denise Schmandt-Besserat. She really shook things up when proclaiming that the small

⁷ Kathleen Mary Kenyon, <https://www.britannica.com/place/Jericho-West-Bank>, Retrieved 2017-04-01. “The city’s site is of great geological importance; it provides evidence of the first development of permanent settlements and thus of the first steps toward civilization.”

⁸ Readers may also like to consult Fionn Meier on this: <https://cfae.biz/publications/associative-economics-worldwide/authors/fionn-meier/money-as-accounting/>

⁹ Dr. Gunter Dreyer of the German Institute of Archaeology is perhaps the most prominent of a number of archeologists who believe that writing actually developed out of early marks that were used to tally the kinds and amounts of goods in stock at ancient warehouses.

clay figurines scattered all over the ancient world are not just decorative artefacts but are really elements of an elaborate clay-token bookkeeping system that was a precursor to the emergence of writing, money, counting and even bookkeeping entries.¹⁰

Other evidence suggests that many millennia before Mesopotamian civilization, temple accountants were using small clay tokens of various shapes and sizes as recording devices to represent goods –



wheat, barley, sheep, goats, oxen, oil, and wine.¹¹ The accounting historian, Richard Mattessich, adds a great deal to the story as he describes the 'fired' clay-tokens in detail and suggests that a token going into a clay envelope (bullae) was a value going in called a debit and a token going out was a value leaving called a credit.¹² Even though 'true' abstract counting with numerals was not happening, these archaeologists describe what they call an ancient 'correspondence counting'. Finally, Schmandt-Besserat makes the case that these ancient 'fired' clay-tokens were the precursor of the

Sumerian ideographs and they functioned as a kind of note, acting as currency by the fact that they were bookkeeping entries inscribed into the clay figures as well as the clay envelopes holding them.¹³ As large cities emerged, and economic activity expanded, the clay-tokens and figurines were flattened and inscribed, leading to clay accounting tablets.

Simple and Complex

Of interest is the fact that the simple clay-tokens that archaeologists connect with the first economic revolution eventually become what Schmandt-Besserat calls complex tokens that become more numerous and widespread as the second economic revolution begins with the emergence of cities, writing and counting around 3,500 to 3,000 BC. So, simple clay-tokens in small villages were used to indicate raw products of the farm; whereas complex clay-tokens representing finished goods from workshops appeared as the urban period of large cities such as Uruk emerged. According to these archaeologists and historians, plain tokens were stored in hollow clay envelopes that eventually led to abstract numerals. Of a different kind and function, complex clay-tokens were strung together and evolved into phonetic values and writing.¹⁴

It seems as if these 'fired' clay-token images and shapes, from simple to complex, mirror the evolutionary development of the division of labor as it ultimately flourished by the time of the Epic of Gilgamesh and the city of Uruk.¹⁵ Gilgamesh is one of the first historical 'individuals' described and recorded in clay tablets. In historical terms, the beginnings of the development of thinking is the first to emerge in social development at the cusp of the 2nd and 3rd cultural epochs, followed by the development of human feeling life and finally, the sphere of the human will. Childhood development follows a similar path to that of the historical development of humanity – from the top down to the middle systems and finally to the metabolic will-awakening at adolescence (Renaissance). What an opportunity this material affords teachers to begin introducing an experience of economics and money to students!

¹⁰ Denise Schmandt-Besserat, "The Earliest Precursor of Writing" *Scientific American*. (June 1977), Vol. 238, No. 6, p. 50-58. 'They were triangles, circles, spheres, beads, cones, and pieces for stringing. She offers us a convincing equivalence between the various clay figures and the goods being traded: sheep, goats, oxen, wheat, oil, wine, etc., and suggest the hypothesis that these simple clay figurines represent the first currency in history: Currency is a note, a bookkeeping entry, and the opening to writing.'

¹¹ Niloufar Moghimi and Hassan Fazeli Nashli, PhD candidates in Prehistoric Archaeology, Abstract "An Archaeological Study on the Tokens of Tepe Zagheh, Qazvin Plain, Iran" *Department of Archaeology, University of Tehran, Tehran, Iran (2013)*. Tepe Asiab became, in the eighth millennium BC, the first sites in Iran to include tokens. It was in these sites, still in the process of Neolithization, that tokens and human and animal figurines were discovered."

¹² Richard Mattessich, 'The Beginnings of Accounting and Accounting Thought: Accounting Practice in the Middle East 8000 B.C to 2000 B.C. and Accounting Thought in India 300 B.C. to the Middle Ages'. Publisher, New York, N.Y.: Routledge, 2000.

¹³ Denise Schmandt-Besserat, op. cit., p. 50-58. "With the rise of cities and the development of large-scale trade the system was pushed onto a new track. Images of the tokens soon supplanted the tokens themselves, and the evolution of symbolic objects into ideographs led to the rapid adoption of writing all across western Asia."

¹⁴ Ditto.

¹⁵ From the *Ancient History Encyclopedia* (<https://www.ancient.eu/uruk/>) "The Uruk Period stretched from 3800 to 3200 BC. This time saw an enormous growth in urbanization with impressive structures and the earliest evidence of writing. Uruk probably had a population of around 45,000 at the end of the period."

From Everyday to Global Bookkeeping

Patrick O'Meara

This is the abstract of a paper, the full version of which is available [here](#). Patrick's email: pfomeara@gmail.com

Presented here are several descriptions of what the world's bookkeeping, here called global bookkeeping, seems to entail according to the Economics Course of Rudolf Steiner. Amounting to eight brief sketches from different perspectives of the same thing, they are meant to provide a basis for exploring in very general terms what it would mean for the circulation of a redesigned money to facilitate, instead of deter, the doing of this global bookkeeping. That is, they are meant to help understand what Rudolf Steiner meant in lecture 14 when he said "in the circulation of money we have in effect the world's book-keeping".

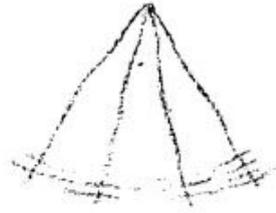
The main ideas that are expressed are these:

- Global bookkeeping expands everyday bookkeeping so that it reflects hard to perceive economic relationships that are not usually reflected in it. It does this in part through providing a way for individuals to gain insight into how much they should give in relation to what others give to maintain economic balance.
- Unlike everyday bookkeeping, global bookkeeping requires that we create and then realize the terms of the transactions that are its basis.
- The economy-wide view needed to do global bookkeeping is also needed to perceive and correct price imbalances in the economic life in the realm of spending or purchase money and to circulate the right to use the means of production in the most beneficial way in the realm of investments or loan money.
- The aim of global bookkeeping is the maintenance of a healthy balance between spending (purchase money), investing (loan money) and giving (gift money). A healthy balance has three characteristics: at least enough giving takes place for sufficient capacity development; excessive, destructive investing is avoided; the distribution of values between physical and non-physical work is equitable. The greatest progress towards striking this balance comes from giving the right amounts from the right sources.
- In a large closed economy, an explicit 'theory of balance' of what constitutes a healthy balance of these three is needed. This can then be the basis of an articulated global giving budget. The total of what is given can then be tracked in relation to this budget, enabling individuals to make adjustments to how much they give until the budget is met in the best possible way.
- A pre-requisite for doing global bookkeeping is that capital has been tamed in that those investing it do not control its use or have the right to lay claim to profits that arise from its use. Instead entrepreneurs as stewards must be responsible for capital and the profits that arise from its use.
- Entrepreneurs as stewards of capital will see that some profits for which they are responsible are clearly ripe to be given away in that there are no real (economically legitimate) opportunities to reinvest them. The decision whether to reinvest or give other profits will be more difficult and must involve an evaluation of the relative importance of different investment opportunities throughout the economy. Entrepreneurs must sort this out among themselves so that the global giving budget is met in the best way.
- A polarity can be discerned in the Economics Course between the profit orientation that exists in the realm of spending or trade as expressed in the three equations of lecture eight and the (economic) health orientation made necessary when intelligence takes hold of goods in the investment process as described in lecture seven. The relationship of those providing capital and those receiving it is a lending relationship that takes on the characteristics of trade when mutuality is realized through the payment of interest. By contrast, the relationship of those using capacities in the economic life and those developing them is a gift relationship that lacks the precision of trade but offers the best opportunity to instill balance in the economic life through a conscious mutualism. Everyday bookkeeping is sufficient in reflecting the trade and lending transactions, which arise out of the profit orientation. Global bookkeeping is what must be created to make giving objective, a main goal of the health orientation.

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- It is entrepreneurs' need for capital, *not their desire for profits*, that pulls the economic process forward in the same direction that the pursuit of profitable transactions by consumers, traders, producers and lenders pushes it. As a result of not being chiefly motivated by profits, entrepreneurs can come to relate to profits objectively as stewards in deciding whether to reinvest them or give them to help meet the global giving budget. The need for gift capital provides the final suction in the economic process that pulls profits in the right amounts and from the right sources to where they are most needed, thereby completing the economic process.
- This objective relationship to profits is also seen in an entrepreneur's relationship to an entire undertaking when a change of control of it is brought about through an objective giving process. The *self-active intelligence* involved in this giving is required in a more intense form when attempting to maintain the healthy balance of spending, investing and giving through global bookkeeping.
- In buying and selling we have an external relationship to number in that prices are experienced as given, not consciously created. In giving the right to use the means of production to another person, we see no relationship at all to number as no money changes hands. In the objective giving of financial resources, we have an internal, creative relationship to number in that we determine and then realize the amount to be given for a healthy balance to be maintained. This changing relationship to number reflects the continual turning inside out inherent in the economic process.
- At the level of a closed world economy, it is the conscious experience of the contrasts between economic life, rights life and cultural life that keeps the economic process healthy. Global bookkeeping plays an essential role in making this experience possible and objective. From the perspective of economic life, these contrasts come to expression in the transactional experience of trade, the responsibility of entrepreneurs for the public thing they have created in the means of production and the experience of the productive consumption of values by the cultural life.
- The doing of global bookkeeping can be greatly assisted when money is made to age in that it is given a death or expiration date at which it must be given (away). The length of life of such money would then determine how much money is given in a period. This length would be determined so that the amount given is equal to the global giving budget that results from a shared 'theory of balance'. This form of money would also facilitate the tracking of how much has been given so that it becomes obvious how much more giving to meet this budget is needed.¹⁶
- In a small closed economy, the economy-wide or global giving budget that if met will lead to economic balance can be left unarticulated. In a large, closed economy it must be clearly articulated and made the basis of giving decisions. A final step would be to incorporate this budget into money itself by giving money an expiration date. Such a money would help prevent destructive investing. It would also result in forced-giving similar to a tax when sufficient voluntary giving to meet the budget has not taken place.
- An expiration date at which money must be given provides the suction in the circulation of money that assists us in completing our books in light of everyone else's books. In this way, in the circulation of an ageing money we would have global bookkeeping.

¹⁶ CHB: This idea of a 'gift money budget' is interesting in itself, but also because it raises the question whether such a process would be endogenous or exogenous, born from within the economy out of entrepreneurs' perception of objective economic facts, or imposed, and so regulated, from without. The same comment is valid for Patrick's earlier thoughts about profits.

Treating Property Differently

Marc Desaules / April 2020

Source: *L'Aubier: Toute une histoire*, Anita Grandjean
Rendered into English by CHB

What characterizes L'Aubier perhaps most intimately is its way of handling property, in other words, its legal and financial architecture.

To begin, there is the initiative. That becomes sacred when it is carried by one human being, or several, and when it is undertaken to benefit the common good. This alone makes it possible, through new forms of thought, to resolve the problems born of habit and tradition – and even proven know-how, but which has not been able to adapt. It is this freedom of initiative that needs to be recognized and protected as the most precious part of human life today.

Next comes money, of course. Without money we can do nothing. Yet that's no reason for money to have priority. First, there is initiative and then money follows in its service.

"How to create a structure that allows and celebrates the freedom of an initiative when it is committed to a common good?" That was our question when we began our farm. It took us a while to find a practicable path.

Because the key word is trust. You have to have confidence in the individual person who has the initiative. This, when the only legal forms are those based on controlling the individual. "Trust is good, but control is better," as the saying goes. This is what the members say before the committee of any association, what the supervisory authority says before the board of any foundation, and what the shareholders say before the board of directors of any public limited company. The same is also true for cooperatives, limited liability companies, etc. In all these arrangements, the last word is always given to the majority of either the people or the capital, who then have control.

We wanted something else. And we found it.

1. Capital does not decide

When an initiative is there, it must be able to meet up with its corresponding capital. This is why we started with a form that makes capital available to an initiative most effectively, the limited company. Despite its bad press because it allows money to have power, which really shouldn't be its goal!

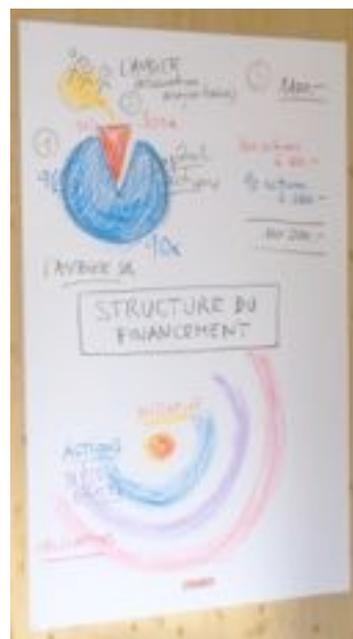
The limited company therefore needs to be adjusted to ethical goals. Power must give way to partnership.

To do this, we divided the capital of L'Aubier Ltd. into two kinds of shares: shares at 100 Swiss Francs and shares at 1000. Both kinds have the same voting rights, one share = one vote. The '1000' shares are acquired by private individuals who want to support the initiative; they provide most of the capital needed. The '100' shares are acquired by the carriers of the initiative, who buy enough of them to ensure the majority of votes at the general meeting, since the shares, whether they are '100' or '1000', all have the same voting rights.¹⁷ This ensures that the initiative has the last word, not the capital.

It is the first, immense and unavoidable, step towards a truly responsible working with capital in the world; a step which takes seriously and celebrates the free yet responsible nature of human beings. A step we took in 1983 after three years of research.

2. Beyond inheritance

Even so, without adding another step, such a company remains at the service of the unbridled self-interest that makes economic liberalism what it is today. We must think more widely. Those who take initiative can form an association, whose purpose is of general interest and corresponds to their ideals. They become its only members and give to it their majority shares, thereby transferring the



¹⁷ No. shares	Value	% Capital	% Votes
100	100	10,000	52.63
90	1,000	90,000	47.37

190		100,000	100.00

majority in the company from themselves to the association. This change helps free society from blood ties. On the death of one or the other of those in charge, their status as members of the association ceases automatically and those shares can no longer be inherited by people who, for example, have no connection with the association's ideals. In this way, the future of a company becomes protected from the vagaries of inheritance.

But there is another consequence, concerning the idea or ideal written into the statutes of the association which now holds the '100' shares, and therefore the majority of the votes. Those responsible for the association remain owners in the full sense of the term, free in their actions like any private owner, but only as long and as long as – there's the rub – they are in agreement with the original idea behind the initiative. The idea of the business broadens self-interest out into what makes sense for everyone and for the world. The horizon expands and perspectives shift from those linked to personal interest to that of the whole. Through these two structural changes the limited company is completely metamorphosed. This is the fundamental key to transforming today's ubiquitous capitalism.

3. Growth?

A third step is one that has allowed us to grow. When you need more capital you can sell more shares at 1,000 CHF, but how do you deal with the '100' shares which should also increase pro rata to retain the majority? At L'Aubier Ltd., the capital is currently CHF 5.5 million. The members of the small majority-holding association may not have the money to buy the shares that match these increases. For this, we decided that for each increase in capital, we would ask the new '1000' shareholders to pay an additional 100, in order that the association can retain the majority. Both the '100' and '1,000' shares are issued by being sold to the association, which finances its acquisition by the immediate sale of the '1,000' shares for 1,100 to newcomers. In fact, together with stamp duty, this makes the price of each of these shares 1,111 CHF, a price that has not changed since 1985. This decision was supported by our shareholders, who were keen to invest in a project for the future, and wanted to be sure that L'Aubier Ltd. could not be bought out by a power game and so have its orientation changed.

This legal and financial architecture of L'Aubier is an example of what could and should replace private business ownership more generally.

4. Together around the idea

At L'Aubier this is bearing fruit. First, capital is made available for a certain idea, which then becomes the heart of the business and the focus of interest. Capital is then no longer an amount of money, but a gesture that accompanies an ideal towards its realization. The shareholders are there as partners and not as financial analysts. And it works! It becomes very tangible at our AGMs: it is the life of the enterprise that is spoken about, the stories of its entrepreneurs, with their new initiatives, their concerns, successes and suggestions. Those present act as an organ of perception of what has happened and not as an organ of control. The meetings are full of humanity and warmth.

5. No difference between board of directors and management

Another fundamental consequence: there is no separation between a strategic level, which sets the rules, and an executive level, which carries them out. Both are carried by the same people. They then become a college of initiative-takers, responsible for their sectors, each with his or her own budget and accounts, all at the same level of responsibility, and in constant dialogue about the best way to carry the whole. This may appear less effective than if one person were in charge of everything, but it is more authentic, truer and more human, because everyone is free and committed to a sector while also bearing responsibility for the whole. In the classic limited company it is precisely the separation between strategy and execution that makes it an instrument of financial power, where one can make decisions without assuming responsibility for them. As when people say: "He who pays the piper calls the tune."

We are very wary of this kind of tactic the moment it shows the tip of its nose. It is the opposite of what we want to achieve with our structure and our way of working.

6. Give the business to the next generation

Transmission to the next generation is also another fruitful outcome of this structure. How does one become a new owner of L'Aubier? Not, as usual, by buying into the company, with its clientele from before, its revenue, machines, etc. No, one simply receives it. Not a penny to pay. The association remains the owner of the majority and so 'protector' of the initiative, ensuring that the responsibility for an initiative remains with those whose initiative it is. The capital passes from competent person to competent person without, as is normal today, the next person having to buy the majority or manipulate it in some way. It is the quality of the person, his or her commitment and way of taking responsibility, of perceiving the 'spirit of the house', and of anticipating the needs and forming a budget that will identify the next 'boss'. It is through donation that the transfer of responsibilities

occurs, and this is the only way we consider fair when it comes to the transfer of capital from one person to another.

7. Tax exemption: yes or no?

To close, allow me to dare one more remark concerning a major problem that our structure and our commitment to our activities has enabled us to overcome. Today's approach to taxation splits human initiatives into two, the good and not so good. The first – schools, hospitals, pension funds – are non-commercial and considered of general benefit and so exempt from direct taxes; while the others – bakeries, restaurants, artisans – are regarded as commercial and so taxed on both their profits and their capital. This differentiation is surely wrong because it doesn't make sense. In what way does a teacher or a pension fund manager serve the interests of everyone better than a baker or a craftsman? One needs to start from another point of view: direct taxation should fall on those activities where self-interest personally benefits those who undertake them; but be excused when an activity is selfless and benefits the common good.

With this in mind, we asked the tax authorities in Neuchatel (a canton in western Switzerland) for tax exemption for our limited company, which was granted at 50%. An incredible success! To that extent, they recognized that our business activities are selfless and serve the general good.

Voilà

All this shows the enormous potential for the future of human society in general, if we could just learn to trust everything to freely-taken initiatives and organize society to respect, celebrate and facilitate this freedom: "...to trust, it's much better than to control."

Online Bookstore Update

Stephen Torr / Centre for Associative Economics, England

I continue to develop the online bookstore (associative-economics.com). If friends could put the word about as to its existence, that would be the next step. Two new aspects are the provision to the general public of a Glossary to explain anthroposophical terms used in the publications, and two catalogues for the *Associative Economics Worldwide* and *CHB/Collected Works* imprints.

In addition, German and Portuguese language pages have been inaugurated alongside the Spanish, featuring translated versions of *Prelude in Economics*. In this way, if a little clunkily, a straightforward resource for associative economics is available, with many of the books produced via Lulu Xpress, allowing effective distribution throughout the world as well as simple administration.

Financial Literacy Updates

Opportunities to improve one's financial literacy are increasing. At the end of August, Mathew Bond organized an online session with Christopher Houghton Budd and trainee teachers in Melbourne, Australia. ([flier here](#)) A transcript is in preparation.

17 October at the Goetheanum sees the first worldwide (but now localised because of covid) joint seminar between the Economics Conference of the Goetheanum and the Pedagogical Section. ([flier here](#))

Then in Karlsruhe, Germany, covid permitting, 13 to 15 November there will be a *Colours of Money* (Die Farben des Geldes) seminar, the next in what have become annual associative economics events there. ([flier here](#))

For an overview of associative financial literacy material see: *Associative Financial Literacy and Waldorf Schools* [here](#) for a downloadable overview of current resources.

Welcome to New Members:

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

Jason Brittin, England
Sonia Jansen, Belgium