



# **Money as Bookkeeping as Mirror**

## Research Colloquium Report

29<sup>th</sup> May 2019

Goetheanum, Dornach (Switzerland)

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# Money as Bookkeeping as Mirror

Research Colloquium Report  
29<sup>th</sup> May 2019, Goetheanum, Dornach (Switzerland).  
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*Apologies: Daniel Mäder, Jean-Marc Decressonnière, Arthur Edwards.*

The second meeting of the Accounting Research Colloquium took place at the Goetheanum, 27 May 2019. This time a further step was taken towards creating an associative accounting template – a project which dates back at least to 2003, when the AE-mark was created. Already then an accounting reporting template was created (see <http://www.ae-mark.com/steps/> then download ‘The Accounting Framework’) to reflect the idea especially that land, labour and capital should not be treated as commodities.

Christopher Houghton Budd began by reiterating his hope that our work will not only bridge between the German- and English-speaking parts of the Anthroposophical Movement, but also between Rudolf Steiner’s ideas and conventional policy making forums. He used the image of a cantilever bridge, each end of which is independent of the other, but brought together by a truss that is common to both. What he called “truss finance” entails the view that the truss – in this case, the threefold nature of accounting – is not particular to any worldview or ideology. Any overtly “anthroposophical” endeavours would, therefore, disappear, as it were, into the nuancing of accounting by conceiving and using it to further and engender altruism.

This time the research method was made more precise, namely, to contrast and compare proposed templates alongside, as it were, standard charts of accounts. These templates were presented by colleagues with long professional and practical experience in bookkeeping and auditing. Four contributions in particular were considered, with the aim of identifying and understanding their details and any differences between them. But also if possible to harmonise them in the eventual direction of agreed revisions to or nuancing of standard accounting frameworks.

The examples were from Switzerland and Germany, meaning the research was also concerned to see if associative accounting would also be international, if not universal. In practice, this likely means the framework is constant but the tax treatment will vary.

Much ground was covered and many topics. Of note on this occasion was how quickly and substantially seemingly different ideas melded together. The content of this report, therefore, focuses on the results achieved rather than the journey(s) taken to get there.

Two of the examples – from Leif Sonstenes of the Freunde der Erziehungskunst in Germany and from Swiss auditor Daniel Maeder – were considered alongside what he called a “provocative” proposal from Christian Czesla, a German auditor, and the latest accounts of L’Aubier Ltd. These examples represented many years work in Germany and Switzerland. That is to say, the proposals belong to distinct national and tax jurisdictions,

meaning also that they had been subject to the scrutiny of the authorities in those countries. (With the exception of Christian's, these proposals had already been considered at an earlier seminar at L'Aubier in February attended by most of the colloquium's participants – see annex.)

An important challenge during the day was to avoid *a priori* expectations of how accounting would match key concepts found in Rudolf Steiner's economics lectures. This stems from assuming that Steiner is describing what should be rather than what might already be, an assumption that prevents one from seeing that (at least when freed from its capture by modern egotism) there might already be such alignment. The point being that modern consciousness distorts through egotism the fundamentally altruistic and social nature of economic life and therefore also its reflection in accounting.

Two technical matters were readily dealt with. First, the principles of cash flow management were seen to be neutral to financial conduct whether the enterprise is associative or not. Second, the modern practice of subsuming the I+E accounts into own capital on the Balance Sheet conceals the details and therefore the behaviours behind operating, especially cost externalising and the treatment of land, labour and capital as commodities. While understandable in terms of the conventional prevailing paradigm (that reifies profit maximising, cash extracting behaviour), this prevents one from experiencing the closing entries as an event of neither space (Balance Sheet) nor time (I+E Account), and so the point at which consciousness can take hold, and therefore a different behaviour promoted.<sup>1</sup>

A crucial aspect of the L'Aubier accounts mentioned earlier was that, as regards their non treatment of land, labour and capital as commodities (requiring a sequence of line item presentation different to that normally prescribed by law), the reason the auditors could agree was that the accounts were headed by a paradigmatic statement. It was the paradigmatic consistency between a declared criteria and the presentation of the accounts, rather than regulatory prescription, that allowed a modification of the normal.

Another important outcome of our day's labours concerned whether both the I+E accounts *and* the Balance Sheet should be shown, not just the Balance Sheet with the I&E Accounts subsumed into Own Capital. This entails thinking in terms of

|                 |                |  |         |
|-----------------|----------------|--|---------|
| Two categories: | Active         |  | Passive |
|                 |                |  |         |
| Then four:      | Fixed Assets   |  | Debt    |
|                 | Current Assets |  | Equity  |
|                 |                |  |         |
| Then six:       | Expenses       |  | Income  |

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<sup>1</sup> There are many consequences of this seemingly trivial technical matter, not the least of which is that it enables one to see how one's activity, as represented by one's balance sheet, is mirrored in the I+E account.

The deeper background of the structure of the balance sheet is a topic that merits further consideration. How, for example, does accounting relate to the Mysteries, both Old and New? Can we rediscover their sacredness, despite their seeming entire emancipation from such concerns?

Likewise, further discussion is needed concerning whether accounting is constant to all kinds of activities. For example, is biodynamic farming as such an accounting category? Or is it that the accounts of a bio-dynamic farm would not show fertiliser, while its 'labour' might be higher, and so on? Similarly, how valid is the distinction between commercial and social enterprises? Though true in real socio-economic terms (a school is clearly not a factory), is not the difference reflected in legal or tax treatments rather than accounting. For example, when considering the profit distribution – private or public benefit?

Finally, and more generally, therefore, does 'associative accounting' imply or require a parallel universe, or it is about nuancing existing accounting, so that it is truer, not only to economic reality, but in its own terms. (The accounts of L'Aubier Ltd., for example, are in effect detailed management accounts made public and are constant in structure, whether, farm, hotel, foundation or housing.)

### **Annex: How do we account for land, labour and capital when they are not commodities?**

At a seminar held at L'Aubier in Montézillon, Switzerland from 22-24 February 2019, attended by fourteen participants from Switzerland, Germany, England, the Netherlands and the United States, the fact that in conventional economic practice land, labor and capital are considered as commodities that can be 'bought and sold' was considered against the backdrop of Steiner's analysis to the contrary, with a precision made possible by looking through the lens of accounting. After Marc Desaulles's substantial presentation, we looked at *land* as the place in the world where one's destiny can unfold, *capital* as that which accompanies a person into life to enable the unfolding of that destiny through resources and cash, and *labour* as the obligation one feels to repay or contribute to society as a whole.

The discussions centred on a potential restructuring of general accounting practices in terms of the creation of value in an enterprise (revenue and costs other than those linked to land, labour and capital, i.e. rent, remuneration and interest) and the distribution of that value (in effect, profit pre-distribution) among those responsible for its creation – the owners of land, the workforce, the providers of capital and the entrepreneur. Key to this displacing today's neo-liberal landscape is the background thinking that people are not commodities, land is not to be exploited, and capital should not be hoarded or preserved.

Practical examples were contributed by Daniel Maeder from Coopera in Berne, Switzerland, Marc Desaulles from L'Aubier and Leif Sonstenes from Freunde der Erziehungskunst in Germany. Many in-depth details were discussed and future topics identified relevant to the creation of an economic landscape worthy of humanity. The meeting ended with these thoughts from Rudolf Steiner, 7 March 1919:

*It must be regarded as essential that with the same degree of regularity with which work is done at the machine, conversations take place between the entrepreneur and the workers about all issues concerning the enterprise, so that the worker can have a comprehensive grasp of all that is happening. The aim must be that the entrepreneur is required to be completely transparent to his workers, discussing with them all the details. Then, within the enterprise, a true common spiritual life can emerge. This is what is important.*