

Associate!

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Newsletter of the Economics Conference of the Goetheanum

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The background to this year's editions of *Associate!* is the centenary of 1923, a crucial year in economic and monetary history when the possibility arose, but evaporated, of rethinking economic life and the science of economics on the basis of what Rudolf Steiner said in his 1922 economics lectures¹ and Maynard Keynes gave practical expression to in his 1923 *A Tract on Monetary Reform*.²

In 1936, Keynes famously said, '[T]he ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas [which] sooner or later, ...are dangerous for good or evil.'

Quite what those ideas might be is a moot point for many, but if we are instead to embrace beneficial ideas, in these pages the argument is loud and clear: We have to listen to the notes struck by Steiner and Keynes one hundred years ago and we have to remain alert and attentive not only to which ideas resonate with those notes today, but also to their current relevance and possibility. Our prescience in this regard is the clue to their precipitation this second time around.

Our concern, the concern of the time, is to see what is already growing in and among current circumstances, especially how to lessen the self-centredness of modern economic life to its own and all our benefit. For it has to be said that to claim human beings are only self-interested and do not have objective concern for others is a fallacy that is surely being demonstrated by today's seemingly permanent instability, as evidenced by so much going awry on so many fronts and increasingly at the same time.

In this penultimate edition of this series of *Associate!*³ the contributions have been chosen with such thoughts in mind. They are left to speak for themselves, but we hope readers will notice two key aspects: the distilled representation of some of Steiner's key ideas, and the endeavour to nuance the interface between conventional concepts and methods and those that associative economics has in mind.

Placing the late Robert Lucas alongside Rudolf Steiner, for example. The low-key endeavours of a group of women entrepreneurs in Folkestone, England. Exploring the work of a Brazilian economist from fifty years ago, whose name is lost behind the turbulent history of that country then and since. Or Walter Johannes Stein's prophetic but lonely voice in the wilderness of the 1930s. Contemplating company ownership and property rights in countries as different and distant from one another as Switzerland and Tasmania. And then seeing what Wikipedia makes of associative economics, notwithstanding that the text is a 'wiki-text' – cut-and-paste compilation by several editors.

Weaving in and out in this way strikes us a fitting thing to do, given our Whitsuntide publication moment.

Kim and Christopher

In 1896, Rudolf Steiner described what he called 'the fundamental sociological law' whereby, 'In the early stages of cultural evolution mankind tends towards the formation of social units; initially the interests of individuals are sacrificed to the interests of those associations; the further course of development leads to the emancipation of the individual from the interests of the associations, and then to the unrestricted development of the needs and capacities of the individual.'

– *Freedom and Society*, Rudolf Steiner. Translated by Carlotta Hollman Dyson from CW31, pp 251-262.

¹ *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. (CW 340). Search aeBookstore.com

² *A Tract on Monetary Reform*, J M Keynes, Macmillan, London 1923.

³ <https://aebookstore.com/wp-content/uploads/2020/10/Journal-Index-1980-2015.pdf>

Keynes

Sebastian Tombs

With Keynes,
 What changed
 Within his life,
 And what remained
 The same?
 His intellect,
 His closest friends,
 The life of arts,
 His wife –
 All these were with him
 To the end.

What changed
 Was his capacity,
 To comprehend
 Complexity –
 To grasp the nitty-gritty bits,
 But still encompass
 With sagacity
 The bigger frame
 In which it sits.

To understand
 'The Invisible Hand'
 As introduced
 By Adam Smith:
 To show with stats,
 Logic and maths,
 This 'Holy Writ'
 Which sounds so grand -
 Should be rephrased
 As 'Adam's Myth'!

Twin Value Theory

Rudolf Steiner

In Lecture 4 in his economics course, Steiner explains what one (though not he) might call his twin value theory. The original text is complex and weaving, so the liberty has been taken here to reconstruct his explanation in a tight and non-repetitive way, for which this writer takes full responsibility even though he is certain of its fidelity.

We start from land, which has as yet no value. Clearly it has no value, for the sparrow, satisfying its needs from nature, pays nothing for it. This is evident from the contrast of sparrow economics and economics proper. Economic value begins where labour unites itself with land.

Let us designate what arises at this stage by Lw (using 'w' (work) to represent labour): 'land taken hold of by labour, and thus made into a value.' LwV . That is one side.

Next, the economic process is continued through the division of labour. Now, if all this is a real process, how shall we express it? Clearly, by a division, by a fraction. When the value which I have here written down passes over into the division of labour, the thing that is there in reality must in some way be divided. The only question is: By what? What is the dividing principle? What is it that divides up the process? Well, we must now look to the other side.

In pure mathematics, we only have to take what is given as number; but when we are to seek such arithmetical processes in the world of reality itself, we must look for the real divisor, the real dividing principle. The other side is this: whatever of labour is organised by intelligence emancipates itself from land, is lifted away from land, until at length we have the capitalist, to whom the relation of the labour which he organises to land may be a matter of complete indifference. Over against LwV we may, therefore, place labour taken hold of by intelligence: WiV .

They stand in a relation to one another, not of subtraction but division. The numerator has to do with 'land that has been transformed by labour' (work). But what is this? It is a commodity. The denominator, corresponding to 'labour organised by intelligence', is money in the sense not of what is reckoned up in cash-books, but what is actually taken hold of by the intelligence of human beings – the abstract substance to which intelligence first applies itself. For whether one is a fool and throws money away on a thing that turns out unfruitful, or whether one applies it in a useful way, this is of real consequence in the economic process. There is a great difference between the 5 one person has in his or her pocket, and the 5 someone else has. It is not a matter of indifference whether the 5 is in the one pocket or the other. And so, we can write:

$$\frac{LwV = \text{Commodity}}{WiV = \text{Money}}$$

Finally, in the economic process founded on the division of labour, we must recognise this truth: The quotient of the total commodities present in the economic organism and the money present in the economic organism will represent a real interaction – namely, the real health of the economic process:

$$\frac{LwV = \text{Commodity}}{WiV = \text{Money}} = \text{Economic Health} = X$$



Seed Corn

The Economics of Farming

Chicago, USA
 17-19 March 2023

Designed to bring lay and experts into the one discussion and focused on land-ownership questions in the USA, a report of this seminar is now available [here](#).



It's a ~~Great~~ Sad Day for Economics

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

Marcelo Delajara / Mexico City

6: RIP Robert Lucas

May 15th was a sad day for economics. Robert E. Lucas, Jr., emeritus professor of economics at the University of Chicago, passed away unexpectedly. Bob Lucas, as he was known, is considered the most influential mainstream macroeconomist in the third part of the 20th century, after John Maynard Keynes in the first and Milton Friedman in the second.

Lucas's initial investigations were linked to the debate that dominated much of the discussion on macroeconomics during the 20th century: the effect of money on economic activity. The problem can be contextualized as the Keynesian/monetarist divide,⁴ arising from reductionist versions of the thinking of Keynes and Friedman on this subject, where Keynes is credited with disdain for monetarism – the idea that the quantity of money plays a role in determining the product – and Friedman with disdain for Keynesianism – the idea that public spending can promote employment and economic activity. Lucas belongs to those who tried to reconcile these positions, stipulating that both fiscal *and* monetary policies can affect output.

And yet, Keynes was well versed in monetary issues, while the reaction of monetarists is against Keynesianism, the idea that governments must *always* spend and invest massively to keep the economy running (not only in the exceptional circumstances when the economy itself cannot generate sufficient demand). This kind of monetarism is not that of Friedman, but of ideologues seeking a vehicle for political agitation by subjecting economics to the whims of a political debate (itself distorted by a vision of class struggle) that sees economics in national not global terms.

Lucas sought to understand the actual effect of changes in the quantity of money (issued by central banks) and changes in taxes and public spending. Going somewhat against the grain of extremists on both sides, he found that money is not neutral in the short term; namely, when an increase in the issue of money can generate more economic activity and more employment. This supported Friedman's thesis that money affects product and income in the short-run. Not surprisingly, however, he also found that the conditions under which this is possible are those indicated by Keynes (limited information problems; coordination failures among economic agents; difficulties or costs inherent in price adjustment). He also showed that change in a government's economic policy cannot ignore individuals' reaction to it. By arguing that people do not behave in the same way after such a change, he discredited the idea that changes in economic policy are necessarily going to have the effects that politicians expect.

Like Friedman and Keynes, Lucas was free from the prejudices of other people's thinking. However, he decided that his ideas needed to be consistent with economic theory and so capable of confirming or producing predictions about reality. From this position emerged what mainstream economists consider his greatest contribution: extending the already existing theoretical-mathematical apparatus in economics, which he did by incorporating dynamic elements but without questioning the scientific basis, not questioning the image of money as a uniform element (always a medium of exchange), self-centred economic behavior, or the differentiation between capital and ideas.

Lucas's work undoubtedly helped clarify some issues concerning monetary policy and central bank autonomy, which can be seen as first steps towards what associative economics in the context of threefold society anticipates. However, the abstract vision of money based on uncertain functions (instead of types as Steiner proposed), the conception of individuals as omniscient entities, and reliance on the idea of competitive markets did not allow him to analyze and explain the nature and causes of the recurrent financial crises in today's global economy.

The balance of Lucas's work favours increased mathematization of economic thought. While this does not exhaust the range of his contributions, it shows how the tradition of limiting economic thinking to what is possible within the context of traditional mathematical economics can lead a brilliant mind to limit the scope of its studies and research.

⁴ As Christopher Houghton Budd calls it in *Finance at the Threshold – Rethinking the Real and Financial Economies*, Gower 2011; Routledge 2017.



One Enterprise at a Time

Whether project or actual business, focusing 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.

Folkestone Wholefoods

Tessa Houghton Budd / Folkestone, England

Several years ago, I found myself with 2-3 days a week available. Talking to a friend, she immediately said, 'great, that frees you up to do something in the community.' Later, I thought out loud 'maybe I could start a wholefood shop'. By such comments are enterprises started – the gods heard, my angel heard, and more importantly my husband heard - and within hours he had told our circle of friends that 'Tessa is thinking of starting a wholefood shop.' That evening, I walked into our local food market to a chorus of, 'Tessa, we hear you are starting a wholefood shop!' Somebody I hardly knew then said, 'Oh, I would like to start a wholefood shop' – and so we did. *Folkestone Wholefoods* was born.

In our historic High Street, many shops are owned by a charity that offers them at rents affordable to fledgling businesses. So even though we had little capital we managed to obtain premises. Of course, it was a steep learning curve. I had run businesses before so I was confident with the all-important accounts, but my partner Beth, had no experience beyond her self-employment in design and yoga teaching. Yet we muddled through and the shop grew; we chose products by asking customers what they would like us to stock and gradually built up a modest trade. One enormous stroke of 'luck' was that our town's fabulous sourdough bakery was looking for a local outlet. For the 6 years since, we have been selling their fresh organic bread daily (arriving still warm from the oven); and more than anything this has helped put us on the map.

In the early days, we couldn't pay ourselves anything but were incredibly lucky to have friends who were also motivated to have a wholefood shop and willing to work for nothing. And so, we grew. There have been financial ups and downs, but so far we have managed to ride the storms. To my mind, there are several reasons for this:

- low start-up costs – all financed with our initial investment of a few thousand pounds
- no expectation of financial returns from day one. All of us had other jobs so we could work for nothing while the shop got off the ground, keeping our outgoings fairly low
- the people - vital to any business of course. Beth and I didn't really know each other, but we made it work. If we disagreed on something (the name of the shop, etc.) we both compromised
- we always ensure customers get a warm welcome. Many we know by name and we are always ready to chat and advise (we all have some degree of knowledge about food and well-being.)
- we are receptive to customer requests. If someone says, 'I've just moved to Folkestone and I would love to be able to get hold of so and so' we try to help.

Here is our journey: Beth and I started the business as equal partners. Even though we could not initially pay anybody we kept a record of the hours everyone worked and at the end of the financial year we paid us all pro rata from the profits. We did this for the first few years until the business was thriving. We never aimed to do more than pay our costs and ourselves, which we were able to do.

After 4 years, Beth decided to move away. I didn't want to run the business by myself so after much discussion we found a way forward together. We valued the business - it was easy to calculate physical values – stock, fixtures and fittings, etc.; more difficult was the goodwill. To calculate this, we looked back at the amount we had all been paid in the early years and deducted it from the amount we would have earned if we had received £10/hour. The difference we calculated as goodwill. Our record of the hours worked since day one gave us the percentages of the value between the 7 people involved. These amounts and the physical value became the opening equity – a paper exercise with no money changing hands. As Beth and I had a much larger amount due to the many more hours we had worked, we converted all of hers and most of mine into long-term interest free loans which are now being paid off monthly out of profits but after the people working have all taken an hourly wage of £10.

We are now in year 2 of the new incarnation. It took a few months for us all to settle into having 6 people running the shop instead of just Beth and myself, but it works. We are happy, our customers are happy and, most importantly, we think we make a valuable contribution to the retail and social life of our town and community.



A Brazilian Moment

Brazil is a very important economy but we mainly hear tales of woe and bi-partisan strife, instability and upset, although of course there is the year-round economy of Carnival, which takes place mostly behind garage doors. This 'Brazilian Moment' is prompted by a mention from a colleague there, Carlos Jaime Loch, about the work of a Brazilian economist who is little known but who seems to touch on questions that come close to those that concern associative economics.

True and Untrue Wages

Mário Ferreira dos Santos

Mário Ferreira dos Santos (1907–1965), was an original Brazilian philosopher, author of around 40 titles, though not appreciated by those on the left. Calling his work 'positive and concrete philosophy', he applied his approaches to several areas of human activity, including economics (this text, for example, abridged and rendered into English by chb). He published his own books, selling hundreds of thousands directly to readers through the Post Office. He earned his living without any government or university employment.

For a clear vision of modern economics, it is necessary to distinguish between 'true' and 'untrue' wages. True wages are within the retail price of a product intended for consumption by individuals, whose production implies the corresponding purchasing power, giving rise to wages that can be used to buy goods or to save, as well as to pay taxes, to make donations or whatever one wishes.

By contrast, untrue wages linked to the production of armaments, for example, or non-consumable products often covered by loans, such as the useless expenses of state bureaucracy, the profits on loan sharking or speculative financing – these are parasitic as regards true wages.

Naturally, the greater the amount of untrue wages, the lower the purchasing power of true wages. Therefore, the entire economy should be oriented to avoid untrue wages and favour true wages. Because the true value of wages is given by the quantity of goods that they allow one to buy, it is of no use to triple, quadruple or quintuple wages if they are based on non-production. Prosperity is not a function of merely increasing wages since their economic value resides in their purchasing power. If true wages are compounded with untrue wages, both lose their purchasing power. From the point of view of those who produce goods for genuine consumption, therefore, the greatest enemy is untrue wages.

Untrue profit

It is similarly easy to distinguish between profit that is fair and profit that is unfair. Any gain made simply by moving money from one 'profitable' place to another, without having participated in the development of true production or having favoured consumption, is unfair because it is made at the expense of those who do produce in a true sense.

Therefore, we should not accuse everyone who makes a profit of doing so by acting in an economically disadvantageous way. We should reserve that accusation for those who profit without bringing a benefit to consumers through increased purchasing power consequent on increased productivity or by making it easier to obtain the goods needed to satisfy people's needs.

If we were clearer about these things, today's pseudo-revolutionary demagoguery⁵ would have no grounds. It finds a foundation precisely because it falsifies and misinterprets economic reality, sowing confusion and provoking a response that is not always just. For example, that, in order to defend overall interests, there is a need to disturb the interests of smaller groups and individuals, or that achieving mass prosperity can be done by a policy of externally lowering prices: that is to say, by a process that is not really economic because it does not increase productivity. This is a very dangerous solution, because it is a purely demagogic fiction without any basis in economic facts.

The prosperity that a certain moment of low prices may apparently bring to the proletariat is ephemeral; it doesn't last because it won't be long before companies become insolvent due to a lack of working capital, inevitably leading to unemployment. In turn, there will not be enough consumers, leading to the ruin of the companies themselves.

False stability

Another illusory demagogic fiction, is that of stabilizing prices politically, as if prices can be other than the product of an economic mechanism that obeys the very laws of economics. From an overall point of view,

⁵ In ancient Greece and Rome, demagogues were leaders or orators who espoused the cause of the common people by appealing to popular desires and prejudices rather than by using rational argument.

even if to begin with it seems fair in theory, price fixing is unrealisable in practice. Why is this so? If production has to lower its prices or maintain prices based on future discounts, on future profits that can pay back current losses, what would this bring other than imbalances and disturbances in production with their inevitable consequences? If prices are lowered not as a result of economic laws, but through politicised economic policy, this inevitably leads to unemployment and ruin. If prices are not born of the balance of the economy itself, price fixing is unrealisable in practice. It has always been so and always will be.

Is the solution to raise prices, then? No, because if the economy is balanced, prices will be balanced. Mere price increases are not normal, especially if we consider that, as products become more 'democratic', i.e. available to a greater number of people, their prices tend to decrease as a consequence of increases in productivity. This is easy to observe in new inventions that start at very high prices and later tend to become cheaper and accessible to everyone. This is what happened with radio, television, etc.

If we observe the development of capitalism we see that there is an alternation in prices. There is a tendency toward an ineluctable rise in prices, but this causes a technical development, such that in a short time prices tend to become 'democratic', generally affordable, while at the same time there is a benefit in favour of the workers. Why so? Because the development of these high prices will allow mechanisation of production, so that products will become accessible to the greatest number of people, matched by a growth or increase in the value of labour, because it becomes more and more qualified and better paid. Again, why so? Because it is better qualified and so more productive; increased productivity allows an improvement in wages.

Business-based economics

The economy should not be run by theoreticians who live in a world of demagogic fictions, but by practical people, who have experience of the business world and who understand that, in proportion as there is an increase in the income from productive labour, there must also be a periodic increase in fixed wages. Whether capitalism wants it or not, this is the result of an economic law, because it is necessarily forced to improve the qualified wage consequent on the creation of a market more and more able to purchase its production.

This is also why a modern economy can only enter a phase of constant progress when there is also constant growth in production and consumption. Thus, in order to comport with the law of equilibrium, there must inevitably not only be prosperity of wages, but also prosperity of businesspeople and their interests, protection of the assets of enterprises, solvent liabilities, and so on. In short, concrete adaptation to the evolution of progress itself.

Ignorance of this law leads to an incapacity to know how to direct things in such a way that they correspond to economic reality. And yet, this direction is not difficult: as long as one doesn't go against economic reality itself, directing the economy according to processes based on demagogic fiction or simple but abstract theory, resulting in a mountain of paperwork and bureaucracy and requiring a veritable army of functionaries. For then we create a new bureaucratic dictatorship, a new bureaucratic feudalism and the state becomes the number one enemy of the people.

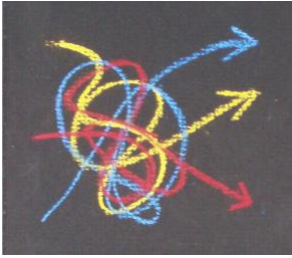
Common Sense, not Moralic Acid

In his introduction to *The Earth as a Basis of World Economy*,* Walter Johannes Stein hoped that 'a comprehensive economic science [might] become the basis of a world economy that really does embrace the whole earth.' (8) He continued, 'If order is to be introduced into the chaos of world economy, raw materials and the laws of their distribution must be traced back to their cosmological origin; astronomy, geology, mineralogy, botany, zoology and geography must collaborate. Even palaeontology and the sciences which study earlier conditions of the earth and the universe must be included. This book shows that this is not the dream of a mind remote from actualities, but the practical solution of urgent and topical problems, such for example as that of over-production and the distribution of raw materials.' (8)

It will be pointed out in the following pages that considerable knowledge actually (1937) now in our possession is not applied in the economic sphere, and that all industrial institutions must be so organised as to allow the free distribution of the knowledge that is required. (9)

What we need is a 'conception of the world [that] engenders a form of moral impulse which ... is not moral through any conscious act of the will, but is based on an objective comprehension of the equilibrium of all surrounding forces. It is not necessary to wait until all national and group egotism is abolished before economic life can be purged; it is enough that common sense should be generally applied with the earth as a whole taken as its basis.' (12)

* (<https://archive.org/details/in.ernet.dli.2015.84491>)



Associative Financial Literacy

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

Managed by Fionn Meier / Winterthur, Switzerland

Great News!

Fionn Meier reports that he and his colleague, Vanessa Pohl, presented the new teaching plan (*Lehrplan Wirtschaftskunde*) to the delegates of all the Waldorf schools in Switzerland. Initially in German, it will now be distributed to all schools in Switzerland (with French and Italian versions in process). Hopefully, this can also spread to Germany and outside the Waldorf movement into the public schools. An English edition is under preparation, with a view to publication in time for the Telling a Different Story event mentioned below.

Bank on Youth and Trade (Viroqua, Wisconsin, USA)

In her home town of Viroqua, Kim Chotzen recently brought a focus to associative financial literacy as 'a tool for life's journey'. Two podcasts took place: William Kyle Glen of 'The Conscious Bro Show' on Driftless Radio WDRT. One [here](#) by Kim and another 2 months [later](#) with Christopher Houghton Budd. On March 13 and 14, two evening conversations took place under the title, 'Bank on Youth and Trade'. From the introductory flier:

'World conditions seem to point to something new on the horizon. Some say it's impending doom. Others wonder about the herald of an unseen dawn. Many of today's existential crises are secondary to the primary fact that capital preservation prevents circulation of new value in society. And yet, this problem can be addressed head on by understanding the deeper nature of capital and the role of accounting as the language of economic life. An opportunity to background today's economic circumstances, these two evenings promise to be of practical benefit to anyone young enough to hold a dream for a better future and bold enough to strive to materialize it – one step at a time. The content will be partially driven by participants' interests'.

The Economy as a Force for Transformation

(Mendoza, Argentina)

From 4–7 May 2023, people from different parts of Argentina met at the foot of the Andes Mountains, in the city of Mendoza, with the aim of penetrating economic life from the perspective of associative economics and transforming ideas into concrete projects. The objective was for participants to use tools to help transcend the obstacles that prevent bringing ideas into reality in order to imbue the social organism with spiritual insights.

The Coming Day Stock Company,⁶ cited as a reference along with Rudolf Steiner's fundamental ideas of the threefold social organism and reviewed within the context of world conditions back then, provided the background for discussions concerning current world conditions and challenges in Argentina, where the inflation rate is today more than 100%. Ideas for our times need to be taken hold of by the right people, with the right and relevant skills and knowledge. Spiritual insights must be grounded in technical, worldly understanding in order to come to life in the social organism. Likewise, via the path of entrepreneurship, one can simultaneously meet the world's needs and connect with one's innermost self, one's I.



The meeting included a review of the history of economic thought – from Aristotle to monetarism, scholasticism, mercantilism, physiocracy, the classics, socialism, Marxism, marginalism, and Keynesianism, as well as Étienne Bonnot, Abbé de Condillac (1715-1780) and his mention of the true price ('vrai prix'). Also, a history of accounting and double-entry bookkeeping with emphasis on Luca Pacioli.

⁶ See 'A Brief History of Der Kommende Tag', in *Rudolf Steiner, Economist*, New Economy Publications, Canterbury, England 1996. Search aeBookstore.com.

Using Alexander Osterwalder's *Canvas methodology*, details of strategic planning and project management were explored whereby an associative approach could inform projects and be used in their planning and execution. Centered around various case studies, the discussions, were informative and insightful.

In addition to all this, participants were 'accompanied' by the image of Daniel Dunlop and the World Power Conference created in 1924,⁷ and the original 'gestures' and 'intentions' that we are one humanity under one sky, united on one earth, with responsibility for all our brothers and sisters. Each day ended with theatrical presentations of Leo Tolstoy's *How much land does a man need?*, that were both bonding and inspiring, and from the event surplus, contributions were made to the youth Group of Mendoza, the Estrella Andina School's teacher training fund, and the Economic Conference Fund in Argentina.

Associative Economics Dialogues (Sao Paulo, Brazil)

Double-entry bookkeeping and youth financial literacy as a portal to life.

An in-person meeting of the Economics Conference of the Goetheanum, for all who are interested in financial literacy based on associative economics.

Organised by Camila Pannian and Lucia Sigolo, Planned for Sao Paulo, Friday, August 18th and Saturday, August 19th. From the flier:

'We live in a very complex world, where social questions seem to become more difficult every day. Rudolf Steiner considered the pedagogical question one of the most important topics for society today. Therefore, teachers and educators have a very important role in forming young people, who will act and transform the world in which we live.

Associative economics offers us new perspectives for understanding the modern economy, enabling us to enlarge our consciousness about who we are and how we act in society by linking us with our higher purpose and, as a result, harmonizing our lives, in itself a contribution to society. However, the greatest fruits will be generated by young people. So, which approach to economy can (and should) we bring to our children today? And how?

People frequently ask information about how to transmit Steiner's ideas on economics to the next generations. For example, 'money as bookkeeping' is a simple enough idea from Rudolf Steiner that allows double-entry bookkeeping to reveal itself as a simple and true tool that serves as a universal language for understanding our actions in the world. With this and other insights from Rudolf Steiner as background, we would like to invite dialogue with anyone concerned to know more about this.

The programme will comprise a Friday night introduction to the philosophical and spiritual background of Rudolf Steiner's economics lectures with Saturday given over to double-entry bookkeeping exercises alongside related topics covered by Waldorf pedagogy.'

Telling a Different Story

It is proving challenging to find a suitable venue and date for this event, but we're are now reckoning on late September (see box below), including participation by Fionn Meier from Switzerland. Although in principle the content is valid for all who teach adolescents, in practice at this stage we are focusing on those linked or close to Waldorf education in North America.

Telling a Different Story Associative Economics Festival 2023				
September	Thursday / 21	Friday / 22	Saturday /23	Sunday / 24
Main Themes: The Hibernian Mysteries and Modern Finance / Money as Bookkeeping Revisiting US financial history Associative financial literacy and adolescence Finance at the Threshold				

⁷ Now called the World Energy Council.



Ownership Continued

The Next Step in the Ownership of Enterprises

Marc Desaulles / Neuchatel, Switzerland

Once the freedom of the individual human being is clearly understood and recognised, comes the step of enabling the initiatives that arise out of this freedom to be furthered and celebrated in modern society so that their full potential and fruitfulness can be unfolded. For this, we need a new way of owning enterprises, one that understands the social context given to any person or group of people taking initiative in today's world.

Private ownership in the usual sense cannot meet that need. Indeed, it necessarily links any initiative to the all-too-human blood-line of those who gave rise to it, and therefore to their family and to the strong laws of succession which are still the reference today almost everywhere in the world. It is essential, therefore, to look elsewhere and do things differently by giving initiative a framework that sets it free from private ownership. For this, almost everywhere today there are legal forms that acquire legal personhood through a body of statutes and through which it is possible to give appropriate configuration to an initiative. Such a legal form allows the enterprise to move on from private ownership. Ties of ideas built around the initiative replace those of blood. Once the ownership of an enterprise is considered in this light new perspectives open up.

A vital aspect is to provide initiative with the capital necessary and sufficient for its development, but without the capital appropriating the company – that is to say, to ensure that the capital endorses the initiative without determining it in any way. How to get there?

In many countries, it is already possible to create companies with shares that have more voting rights than others, in a ratio that can range from 5 to 1, 10 to 1, or even 25 to 1. It is then sufficient to build up the company's share capital in such a way that a limited share of it – for example, 20%, 10% or even 4% to use the above proportions – retains control of the majority of votes according to what local laws permit, and that this share goes to those who carry the initiative – namely, the entrepreneur(s). In this way, capital (that is to say, the providers of it) can always and openly express itself, for example at the general meeting, but it never has the last word. Such a company remains born of and carried by the initiative, having been able to surround itself with the capital it needs without losing its independence.

However, if entrepreneurs keep the majority of votes in their own hands, the ownership of the enterprise remains private. A next step is needed, therefore, that of dedicating this majority to the actual aim for which the company was created, for example by giving this majority to a small association created for the purpose, of which those who carry the initiative become members. Thereby, power is no longer held privately by individuals, but indirectly through their membership. On the death of a member, his or her membership also ends, but control of the company does not pass into the member's estate. Those responsible for the association then have to look for a new member; there is no inheritance, no blood-line.

This association is also important for something else: to overcome the necessarily restricted point of view and self-referencing tendency of the entrepreneur. This can be remedied by including in the association what one might call an outside eye, a benevolent observer concerned with the purpose of the enterprise, but having no part in the business. For example, in the form of a minority of external members within the association. The point is to bring entrepreneurs to question themselves in relation to any one-sided perception of the purpose of the company.

In three steps we can in this way disconnect company ownership from blood ties, still the power of capital, and broaden entrepreneurs' perspective of purpose. The form and the way to do this is generic and can be achieved in one way or another all over the world.

It also offers the advantage of allowing a company to grow or shrink and to transfer responsibility for its own initiative and those arising within it without having to trade ownership of its shares. A next generation can succeed the previous one without any upheaval, and in the simplest way possible. Last but not least, this way of doing things is just as valid for an agricultural or production company, as it is

for a school, a home, a theatre or even a doctor's surgery. This is how the L'Aubier company⁸ in Switzerland was conceived and organised to accommodate the initiatives that gave rise to it and that continue to arise within it, so that those who carry them can make their contribution to today's social life in a free, committed and responsible way.

Concerning Property Rights

Christopher Houghton Budd / Folkestone, England

Adapted from a longer piece on Tasmania⁹ that looked at the history of land ownership through the lens of Rudolf Steiner's work but also serious English land law definitions,¹⁰ from which point of view it is perhaps better referred to as exclusive right of use.

We need to understand how to pass from individualised privatisation into neither socialist (albeit now probably historically passé) nor corporatist privatisation (the likely future if we are not awake enough to its dangers), but an ownership predicated on people acting out of a wider sense of responsibility than mere self-interest requires. It is this sense that Steiner's approach relies upon but which, if absent or left uncultivated, leaves the door open to generalised ownership with its Marxist underpinnings, on the one hand, or corporate ownership predicated on marketising, on the other.

Notwithstanding the manner in which today's situation has come about, in places (such as Tasmania) where the land is 'owned' by the Crown, it has been 'alienated' yet further into individual and/or collective ownership, with the latter often if not mainly corporate in form. Thereby, the concept of property rights has been exercised over what was earlier 'shared' and – shared first between, as it were, gods and human beings, then between (godless) human beings directly.

In their essence, property rights are the instrument of the I, that is to say, the means whereby specific individuals take hold of the material world. But this can go too deep; ownership can become possession by assertion. The consequence is a false debate between the absolute protection of individual property rights (capitalism) and their socialisation via the state. Both concepts, however, would be superseded were ownership understood as an exclusive right of use granted to an individual or group of individuals (including corporations in that concept) by those thus excluded. This is what needs to be recognised if we are to take a first step beyond the narrowness of today's understanding and begin to experience alienated, private ownership of specific assets as unconscious sharing, proto-collective stewardship. In this way, too, we can temper the assumption that to own is to be entitled to do as one pleases.

Insofar as it treats land as a commodity, here real estate makes mischief. It turns our gaze from the use made of land in real economic terms, to the financial gain to be had from it being tradable in the abstract. More technically expressed, how can we mitigate the formation of rent? For until we hallow rather than possess the land we cannot distinguish between its capital aspect and the revenue to be derived therefrom. We need to ask what can we bring to the land rather than what can we take out of it?

Such concerns do not require common ownership, but an awakening of the I to its higher purposes, so that, as regards our economic deeds, nevertheless free individuals act on behalf of humanity and not unto themselves. Alienated ownership then comes to mean serving the whole, not oneself. If our notions and arrangements of governance do not follow and foster such an ethos, economic life will become corporatised and everything that ought *not* to be a commodity will be treated as if it were – because 'corporatisation means a collection of capital that seeks to augment itself.

In practical terms, this challenges us to rethink the real estate market to reveal the potential it conceals for the circulation of capital, rather than, as now, its preservation by becoming dammed into land. For it is this practice that leads us to see land as an asset to be put and kept in play, and so denies us the ability to husband it and so be able to ask and thereby see what it wants and who should have the use of it. Otherwise, we will continue only to see what we want out of it and the use we can make of it, and so allocate it to the highest bidder.

⁸ www.aubier.ch

⁹ See 'Hallowing Tasmania' in *Economics Revisited Towards a more Human Understanding of Economics*, Christopher Houghton Budd, 2021. Search aeBookstore.com

¹⁰ For example, Halsbury's Laws of England, covering every proposition of English law.

Commentary + Correspondence

Even though modern existence is generally unassociative, 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...

Daniel Chotzen, Viroqua, USA, writes: 'Occasionally I'm right there with associative economics, but often it goes over my head, including the most basic balance sheet discussions. Even though I may be a part of the majority who "just don't get it," I'm also a part of the minority that believe there is great truth in it for mankind and will continue to strive to understand its essence.'

Others have asked if the Economics Conference is a community of practice? If so, what is its practice? In other words, what do we understand associative economics to be? Shorn of references and slightly abridged, here is Wikipedia's 'democratically' edited entry. Readers' comments welcome!

Associative economics is a term used variously by different people around the world. For some of these the work of Austrian philosopher and social thinker Rudolf Steiner is a reference. Steiner gave a course of lectures in 1922 in which he set out his view that with the advent of global economy, the science of economics would need to take a further step, which included an elaboration of the economic process, a more precise monetary analysis, and a clearer understanding of how, through the division of labour, the associative basis of economic life becomes apparent. Associative economics emphasizes the development of conscious coordination of producers, distributors, and consumers. It understands the global economy as a single unified domain, through which human beings meet one another's needs. It is called 'associative' because its goal is an economic sector which is managed by associations of business corporations (industry associations) and consumer associations instead of by the "invisible hand of the market" (capitalist economics) or by the government (socialist economics).

Themes

Some of the themes central to/addressed by associative economics include the following: how the three functions of money become three qualities; why the 'factors of production' are better described as 'factors of price formation'; true pricing (in lieu of the efficient-market hypothesis); the concepts of gift money (not synonymous with donations) and 'loan money' (not synonymous with loans); moving from real to personal credit; property rights in terms of the 'fundamental sociological law';¹¹ understanding that land is not in the market ever – what is in the market is the right to own or use land; understanding in detail and technically how one overcomes the gold standard, or what happens to balance of payments, or whether there can be banking in an associative economy. The idea of associative economics is often also the inspiration behind such things as community supported agriculture, ethical banking, social finance, community land trusts, and local currencies.

Local and global

Associative economics recognizes the central role of the individual entrepreneur and the inherent regulatory effect of face-to-face transactions between producers and consumers. At the same time, having moved beyond national boundaries, it sees that the economic organism has become truly global, so that when the economy is seen from a national perspective this is only partial and potentially harmful. Though within the context of a legislative and regulatory framework, the economy is best conducted not by the State but by those who are responsible for economic activities, potentially everyone working in association with one another rather than unto themselves. It has also been described as an 'altruistic stakeholder-managed economy'.

The threefold nature of social life

This picture of an autonomously conducted economy belongs to Steiner's overall conception of the threefold nature of social life, which, writing in the early 20th century he saw, not as an invention or theory, but as observable fact. Also known as the 'threefold social organism' or 'social threefolding', central to this perception is the need for autonomy (separate yet conscious interaction) on the part of the three realms of social life: the economy, the rights life (including politics and law), and spiritual-cultural life, meaning the many worldviews that human beings cherish. Though historically premature, they see in the cry of the French Revolution ('Liberté, Égalité, Fraternité') three fundamental ideals of the modern human being, each of which can only find its proper place in one of these three spheres. Freedom and pluralism in the spiritual-cultural realm, including education; uncoerced cooperation in the economic realm, where through the division of labor individuals come together to meet one another's needs; and democracy and equality in the political rights realm, where everyone comes together to sense and make agreements that are right for all.

¹¹ See front page in this edition.

Land, labor and capital

Many things which today are considered commodities within the 'free-market' paradigm are differently understood within an associative paradigm. For example: land, labor, and capital. The so-called 'factors of production' are seen as 'factors of price formation', essentially matters of right which simply border the economic realm on all sides. However, in the associative paradigm, these 'factors of price formation' do not fall into the hands of the state.

Land is part of the commons. It is our common heritage, a resource that, in a wider sense, belongs to all (including future generations, but, again, not to the State), and which needs to be entrusted by voluntary groups and individuals to those whom such groups and individuals consider most capable of using it to meet current social needs.

Steiner views labor as a form of 'wagery', the remnant of serfdom and slavery (where once we sold our whole body, now we sell our 'labor power'). But it is also an economic untruth, an impossibility which we allow to persist: '[People] actually speak as though a kind of sale and purchase took place between the wage-earner who sells his labour and the man who buys it from him. But this sale and purchase is fictitious. It does not in reality take place... [In reality] it is values which are exchanged. The worker produces something directly; he delivers a product, and it is this product which the entrepreneur really buys from him. In actual fact, down to the last farthing, the entrepreneur pays for the products which the workers deliver to him. It is time we began to see these things in their right light.' – Rudolf Steiner.

Capital is created by the application of intelligence to labor. It is the human spirit manifest in the economic process. Capital is therefore intimately linked to the individual, although it also owes much to our common heritage, especially the way we are educated.

In an associative economy, therefore, land, labor, and capital are understood as rights phenomena. Some interpret this to mean they are held in trust on behalf of the community (but not held by the state) and consequently managed by those with both the desire and capacity, but how precisely this idea is given practical expression is one of the key, and liveliest, areas of research in associative economics.

Land trusts, which are thought to remove land from the private market, but also keep it out of the hands of the state, have been developed for the protection of the environment and in order to make home ownership more accessible to low income people.

As for labor, many different kinds of efforts have been made to treat laborers not as a mere company expense or factor of production, but as partners and associates in the business. That entails profit sharing, and a number of profound changes in the way workers are involved in companies.

As for capital, the associative idea broadly speaking is that the build-up of capital is due to many more stakeholders than are acknowledged under traditional capitalism. As a social phenomenon, accumulations of capital by a company should be administered in a way that reflects social consideration among many stakeholders: Not just investors, but workers, the local and to some extent global community and the environment. Independent educational institutions are the source of profits, profitable ideas and capital, and so should have some share in the company and in its profits. An associative company would be set up so that it cannot be sold off by investors, since the company is not merely the creation of investors. But many different arrangements are possible.

Postscript: Hayek meets Keynes meets Steiner

A Venture in Improbability

Readers might like to know that under this title I am working on a two-part study of the contrasting theses of Hayek and Keynes in the light of associative economics. Part One, *The Hayekian View*, and Part Two, *Keynes's Unspoken Mission*, ask how might the work and differences of these two important architects of modern economic life have unfolded had they been aware of Steiner's work. The overall question is whether the three might yet be brought into a conversation, albeit post mortem, so that recent economic history can be rethought – if only, to begin with, through such a medium.

– Christopher Houghton Budd

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