

Seed Corn

The Economics of Farming

17–19 March 2023

Organised by the Economics Conference of the Goetheanum
Supported by the Economics Group of the Anthroposophical Society in America

Venue: Rudolf Steiner Cultural Center / 4249 N. Lincoln Avenue, Chicago, IL 60618, USA

An associative economics research event coordinated by economic and monetary historian, Christopher Houghton Budd¹ this report is based primarily on notes contributed by Gabriela Palacios, Jenny Doty and Christopher Houghton Budd. The notes were incomplete and there were no recordings made; they are compiled here so that they read smoothly from a reader's point of view rather than a participant's. An earlier version was circulated to all participants for feedback, which has been taken into account in this edition. CHB is alone responsible for the outcome, together with any resulting errors and omissions.

Attendance

Barbara Boenheim, Anna Chotzen, Daniel Chotzen, Kim Chotzen, Jenny Doty, Gordon Edwards, Dan Gannon, Chuck Ginsberg, Christopher Houghton Budd, Patrick O'Meara, Gabriela Palacios, Mary Spalding,

Apologies

Marcelo Delajara
Eduardo Rincon



Backgrounded by Christopher Houghton Budd's book, *Seed Corn*,² and the references to the economics of farming on the Economics Conference of the Goetheanum website,³ a dozen people gathered together from March 17th through March 19th to seek fresh insight and solutions for our individual challenges in farming, finance and the economy at large. The intention of the workshop was to present a selection of Rudolf Steiner's economic insights and related projects that have been inspired by it. A further aim was to evaluate these projects with a three-pronged assessment:

¹ www.christopherhoughtonbudd.com

² From which the seminar takes its title: <https://aebookstore.com/publications/chb-collected-works/full-chb-list/seed-corn/>

³ <https://economics.goetheanum.org/research/associative-economics-3>

1. Are Rudolf Steiner's economic insights relevant to our 21st century challenges?
2. Have we been accurate in our understanding and application of them?
3. What impact have they or our initiatives had on our communities and the economy?

All participants were sent some prior material, replicated below with some modifications.

Today's Context

As Bill Gates's increasing farmland acquisitions make evident, there is, as ever, a need to protect farmers from the intrusions of abstract finance, the more so when concentrated into the hands of single human beings, whose worldview or mere whim, for better or worse, then drives economic life. If Bill Gates's strategy was to free farmers everywhere from financial dictates and to leave them free to follow their 'agricultural' noses, especially in the quest for true prices, that would be one thing. But that seems unlikely, and farmers who would do so are hemmed in on all sides by finances, social policies and arrangements that are not designed to protect their autonomy.⁴

Seeking to avoid the invasion of processes of industrialization and its extension through technology, many people have commented on the economics of farming today, from Frank Baum's *The Wizard of Oz* through John Steinbeck's *The Grapes of Wrath*, to today's community-supported agriculture (CSA) movement... but have the core problems been addressed?

Focused on land ownership, farm tenure and affordable farm capital, this seminar is intended to ask whether Rudolf Steiner's ideas, as discussed and developed by those mindful of 'associative economics', are ripe to be converted into policy and practice. With the accent on the three L's (land, leasing and liquidity), the seminar will explore whether and how 'associative' approaches to land tenure, farm capitalization and balance sheet management can take root in today's market-driven world.

Economics Conference colleagues have long concerned themselves with these questions (see footnote 3), but now feel the time is right to intensify these efforts. The event will bring them together with other interested parties to consider the effectiveness to date and going forwards of our endeavors to include Rudolf Steiner's ideas in today's mainstream discourse. In this regard, logistics permitting, we hope to include two presentations by Xavier Andrillon and Anna Chotzen about the expectations and challenges of their work in Latin America and Washington State, USA respectively.

In the 100 years or more since Rudolf Steiner gave his course on economics⁵ preceded by many lectures and comments prior, the world at large has seemingly paid little attention. At the same time, among those who do know of Steiner's work there are understandable differences of perspective and interpretation. In consequence, valid as they are in terms of freedom of thought, together they cut little ice in mainstream circles where, arguably, they need to have their impact, even becoming the next step in healthy economic evolution.

⁴ To get a measure of how things are when land ownership is merely a matter of being rich and using one's wealth to enforce a particular view of the world, the following links provide a wake-up call. They illustrate well the challenges this seminar is meant to address. <https://www.youtube.com/watch?v=fg0c2x74mgU>; https://www.youtube.com/watch?v=gmEc7_jV3j0. There is also the well-known story of Farmer John: https://en.wikipedia.org/wiki/The_Real_Dirt_on_Farmer_John.

⁵ *Economics – the world as one economy*. Search aeBookstore.com

The idea of this seminar, therefore, is to take a step in ‘associative economics’, but outside the bubble of the anthroposophical community and on the cold stage of current economic life – for which the earlier reference to Bill Gates is meant as an indication of what can happen when one person uses his wealth to acquire land – and so presumably thereby use ‘his’ farmers – to implement his views and strategy.

In his capacity as an economic and monetary historian, Christopher Houghton Budd will contextualize today’s situation mindful of the potential contribution associative economics can make to rethinking how land ownership, farm tenure and farm capitalization are understood and organized.

Having known both of them for some years and followed their journeys, we have invited Xavier Andrillon and Anna Chotzen to present their work in society in general, i.e. outside the overtly anthroposophical and therefore delimited settings in which Steiner’s economic ideas tend to be explored. We did this in part for its own sake, in part to ask how it sits in an associative perspective. Or, the other way around, is what they have in mind what associative economics, once made mainstream, would look like? In the end, Xavier could not attend but Christopher and Anna, who are very familiar with this work, covered his spaces and topics.

Xavier has devoted his career to supporting producers through rural development initiatives in Latin America, with a particular focus on Brazil. He is an agronomist with a Ph.D. in economic development and an M.Sc. in agricultural development. His doctoral thesis on ‘True Price as Condition of Sustainability: The Global Coffee Crisis (1999–2003) and the Brazilian Amazon as Case Studies’⁶ shows how, through accounting, Rudolf Steiner’s idea of true price⁷ can become a tool in the hands of any farmer to chart an autonomous course.

Anna works for Viva Farms,⁸ a farm business incubator and training program in Washington State, USA, where she focuses mainly on farm viability and succession challenges for beginning, immigrant and refugees farmers. For over ten years, her aim has been to develop and then implement land tenure and capital access models that enable next-generation farmers to achieve business resiliency based on their agricultural and entrepreneurial acumen, without being burdened by the demands of finance and speculative farmland prices.

Overall Program and Background Considerations

Both contributors address what is in fact a global and generic problem. So, the seminar has specific research outcomes in mind:

- Whether called ‘associative’ or not, can we identify practicable policies that have validity beyond their specific instances?
- Whereas many farming movements seek to address this problem, they tend to do so from too-close an identification with particular farming methods or social constructs, rather than, as here, from a primarily economic perspective combined with financial literacy.

⁶ Available online at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3666512, also published as *Beyond Brundtland, True Price and Sustainability*, see <https://aebookstore.com/publications/associative-economics-worldwide/authors/books-by-xavier-andrillon/beyond-brundtland/>

⁷ ‘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.’ – *Economics*, op. cit., Lecture 6.

⁸ <https://vivafarms.org>

Representative of how things currently stand in the world at large and derived from discussions held in recent years between Xavier, Anna and Christopher, the session themes outlined in the program were these:

- Does associative economics cut the mustard?
- Beyond Brundtland. How to operationalize true price?
- Re-imagining our relationship to capital and land ownership: farm viability for the next generation of farmers.
- The Economics of Farming.
- Practicable policy outcomes.

General Situation

Although well-intended and variously interpreted, for some, ‘regenerative economics’ has become a buzzword for ‘saving the planet’ and yet doing so using the same paradigm that is wrecking it in the first place.⁹ This is leading to goals and understandings in both the corporate and NGO worlds that require increasingly fake ideas and outcomes because the motivation remains the maximizing of profit for investors and lowest cost for consumers, which translates as untrue prices in Steiner’s use of the term. Conversely, true price presupposes that profit and prices are born out of the true financing of producer.

This is why there is a need for financially literate farmers, coached on the kind of basis suggested by Xavier’s doctoral thesis, combined with cognitive apprenticeship, so they can articulate their own needs. However, they will also need economic partners – investors, crop buyers, etc. – who understand and are committed to true pricing.¹⁰

Epistemology and Ontology

The existential challenge humanity faces is whether we can learn to think with multiple independent variables? Are we able to change our behavior out of our own will and circumstances? In economics, talk and walk go hand-in-hand, so it is vital to identify what, after Steiner, is ‘associative’ and what is not. Resistance to this challenge comes from an inability to think with multiple independent variables and/or an inability to change behavior. That is to say, resistance is first circumstantial and only later becomes political or ideological or in defense of vested interests. So it is important to distinguish between resistance and opposition. Resistance seeks new, albeit treadable, pathways; opposition negates such possibilities – in concept and in practical fact.

One can only bridge from non-associative to associative economics via ‘money-as-bookkeeping’. This is the truss that connects two otherwise independent cantilevers.¹¹ When money as bookkeeping is made

⁹ The somewhat negative comment is aimed at the use of the term by NGOs that in effect recycle ‘northern’ wealth in ‘southern’ projects, using this power to set the agenda, rather than ask farmers what they want to do and how they want to proceed. The term is, of course, more naively and well-intendedly used by organic growers, such as Growing Point Farm in Wisconsin (<https://www.growingpointfarm.com/join-our-csa>), and many others.

¹⁰ See Appendix: Several Projects at the Same Time’ in *Associate!*, September 2022.

¹¹ Referring to an unpublished work-in-progress paper: *Truss Finance – Bridging the gap in today’s monetary science*, Christopher Houghton Budd and Marcelo Delajara. Draft outline, July 2018.

practicable, via 'deep accounting',¹² it presupposes and therefore trains one in thinking with multiple independent variables.

Case Studies

That is the talk dimension: deep accounting as a way of perceiving and conceiving. The ontological aspect, the walk, is deep accounting as a guide to behavior, requiring practical testing, case studies. Even if, to begin with, they are conducted on a 'what if?', not 'has to happen!', basis, i.e. to see what challenges are actually met, and *at all levels*, from farmer to research, but also to identify possible opportunities or moments of real change. Case studies also provide a way of evaluating the current, but debatable, benchmarking concepts and institutions, especially to see if they tick the 'associative' box or not.

Primary or Overall Questions

On the basis of the above, one can pose a range of related questions:

- 1: Can Rudolf Steiner's economic ideas play a part in identifying financial and social policies designed to assure farmers' autonomy?
- 2: Addressed to what might be seen as the core problems facing farmers, the three main propositions to be considered in this seminar are:

[a] that land as such is outside the economic process and therefore has no value.

Therefore, how should land ownership be understood or organised to reflect this?

[b] that land ownership needs to be distinguished from land use.

Do leases provide a means, therefore, to secure tenure for the career of lessee-farmers without them having to own the land directly? Conversely, can land owners as lessors transfer the use of their land to those better able to do this, even to themselves, while retaining ownership?

[c] that credit should be personal not real, lent to the person not the asset.

Is uncollateralised operation credit an example of this?

- 3: Albeit in a *market-driven world*, can conventional balance sheet management enable these ideas to be (a) more effective (b) operational, and (c) replicable?
- 4: Were one to do so, is that what 'associative economics' would look like were it mainstream?

As it turned out...

Unusually perhaps, the seminar endeavored to be a mix of lay and experts, identifying when one is which, encouraging the expert to be comprehensible to the lay person, and the lay person to distinguish between

¹² See *Deep Accounting – Reconnecting Accounting and Economics*. Christopher Houghton Budd. A paper given at the ATINER Conference, National Bank of Greece, Athens, Greece, 7 August 2007.

knowledge and opinion when it comes to technical matters. A private discourse in a public setting with, as it happened, a chalked line that had earlier been made haphazardly on the floor, serving as a metaphoric aid. Very importantly, this was a seminar about economics, not farming methods. There was no assumption made or expectation had as to what kind of farming farmers would adopt were they financially and legally autonomous.

Intimacy was part of the way we worked – something we were able to benefit from by being a small but widely experienced and representative group of twelve people, working in tutorial, even ‘master class’, rather than declamatory mode. A two-way methodology was used. On the one hand, grounding our work in Rudolf Steiner’s economic writing and tracking it outward to unfold and develop it in society at large. From the other direction, examining existing policies, activism or initiatives in order, if that be the case, to recognize Rudolf Steiner’s ideas functioning within them.

In support of the search for fresh applications of a new farming economy paradigm, several examples of initiatives operating across the world were introduced, that focused on the three themes identified as central to associative economics:

1. Land ownership and land use.
2. The (fictitious) idea that land *as such* has value.
3. The question of ‘true’ pricing for producers.

Already mentioned, two main projects considered by the group were:

· *Beyond Brundtland*. A Ph.D. dissertation by Xavier Andriillon¹³ that offers a multi-step way to operationalize true price based on four indicators that, over time, a farmer would need to actualize through the farm’s bookkeeping in order to determine its true ‘farm-gate’¹⁴ price in order to secure a farmer’s financial autonomy (and thereby his or her approach to agriculture and choice of farming methods).

· Anna Chotzen’s work with immigrant farmers at *Viva Farms*. Based on her substantial experience of working directly with farm business owners on topics of accounting, financial reporting and budgeting. Anna presented and discussed three widely-held assumptions in agriculture that she believes warrant being challenged, namely

1. Farmers must pay market rate for land.
2. Return on investment based on market rate, and the contribution of capital is connected with decision-making authority.
3. Only land ownership ensures the necessary freedom, security and autonomy that farmers need.

In addition, we were introduced to:

· *Trê*¹⁵ in Brazil – a brokerage operation that fosters direct lending to small-scale entrepreneurs (e.g. coffee farmers) using a P2P platform (Mova), so that lenders and borrowers can agree terms and rates of

¹³ See earlier footnote.

¹⁴ ‘Off field’ or ‘at harvest’ might be better terms. – CHB.

¹⁵ <https://treinvestimentos.com.br/>

interest that can be flexible where needed on a day-to-day basis. (For more information about this and related endeavors, see Appendix: *Associate!* September 2022, p.7: [here](#).¹⁶)

- Oikopolis.¹⁷ A Luxembourg-based distributor that for many years has been realizing a healthy interaction between producers and consumers in order to secure ‘true’ prices for farmers.

- L’Aubier farm and eco-hotel.¹⁸ Beyond the parent-to-child paradigm, a novel model for farmland succession or transition that uses a for-profit structure, multiple types of stock, and a nuancing of the current status quo, i.e. providing an opportunity for investors to switch from merely seeking a return on their capital to using it to put air beneath the wings of farmers.

The following themes proved particularly inspiring and relevant:

1. Andrillon’s four indicators of financial autonomy, and that application of them would require and lead to ‘recognition of one’s economic partners.’
2. The idea that freedom is sourced in ‘nimble capital’; that cash flow management being a form of entrepreneurial capital, is where an entrepreneur’s freedom exists.
3. That in passing from an old paradigm to a new one, each person or business cannot avoid existential moments – fresh, if unexpected, initiatives and openings that allow one to work with the grace that comes to us from the universe.
4. Through deeper understanding of accounting, we can re-describe (or describe more accurately) a ‘certain’ (i.e. fixed, known) world, thereby creating clarity and seeding impulses to address the grave economic, ecological and cultural challenges of our day.

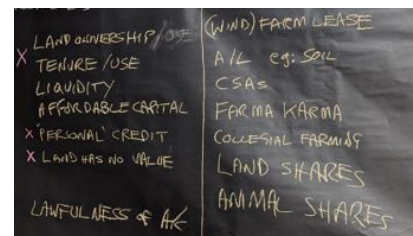


Friday Afternoon
Welcome and Introduction

The clover leaf in the adjacent picture reminded us that we were meeting on St. Patrick’s weekend, And the square shape represented a sound adjustment box, with four dials for diction, acoustics, jargon and preconceptions. Following their introductions, the participants shared these words of expectation: relevance, applicability, generativity, relationships, communication, transparency, vitality, authorship, decommodification, ownership, audacity.

Next, some specific topics they hoped to address: (wind)farm leasing, practical spirituality, how does soil figure on a balance sheet?, the karma of farming – who really ‘owns’ the land?, collegial working among farmers, broadening the idea of community-supported agriculture, and succession.

An overview was provided by Christopher Houghton Budd, who described how, during covid, the Economic Conference had remained in permanent virtual session via its internal *Towards* publications, and is currently continuing its in-person activity in the USA and Canada in Chicago.¹⁹



¹⁶ https://economics.goetheanum.org/fileadmin/economics/Newsletters/ECN38_Associate_____2022.pdf

¹⁷ <https://www.oikopolis.lu/en>

¹⁸ <https://www.aubier.ch/fr/> English version not currently available, but see <https://www.youtube.com/watch?v=dh8cgH8vGV8>.

¹⁹ Smaller hybrid gatherings had been held in the Bay Area and Sebastopol, California in December 2021 and September 2022.

Why Chicago?

- Chicago's airport is a major hub with direct domestic and international flights.
- Putting the 'I' in Lincoln as an image for exploring Rudolf Steiner's insights at the host venue.
- Chicago is the home of futures markets.
- Chicago Business School has an important, if challenging!, reputation.

Why in the United States?

- A lot of US policies have a global impact, so the US is in a position to do things in terms of changing economics.
- The US has a strong economic mindset/thinking born of the self-willing that typifies humanity as it arises in the 'wild, willed West'.²⁰ Where better to try transforming what has become too abstract?

Why now?

- To mark the 100 years since Rudolf Steiner gave his course on economics, which took place in the aftermath of the First World War.
- To explore the idea that we now have a second chance to do things differently
- As noted earlier, Bill Gates has acquired large tracts of farmland, making him the largest farmer in the US (almost 240,000 acres). This is the opposite of land having no value, and it allows one man (in this case) to impose his concept. Instead of entrusting the land to the farmers whose destiny it is to take care of it, both land and farmers belong to Gates, so they cannot listen to what the land is wanting to tell them, let alone answer freely.

Friday Evening

Does associative economics cut the mustard?

Christopher Houghton Budd

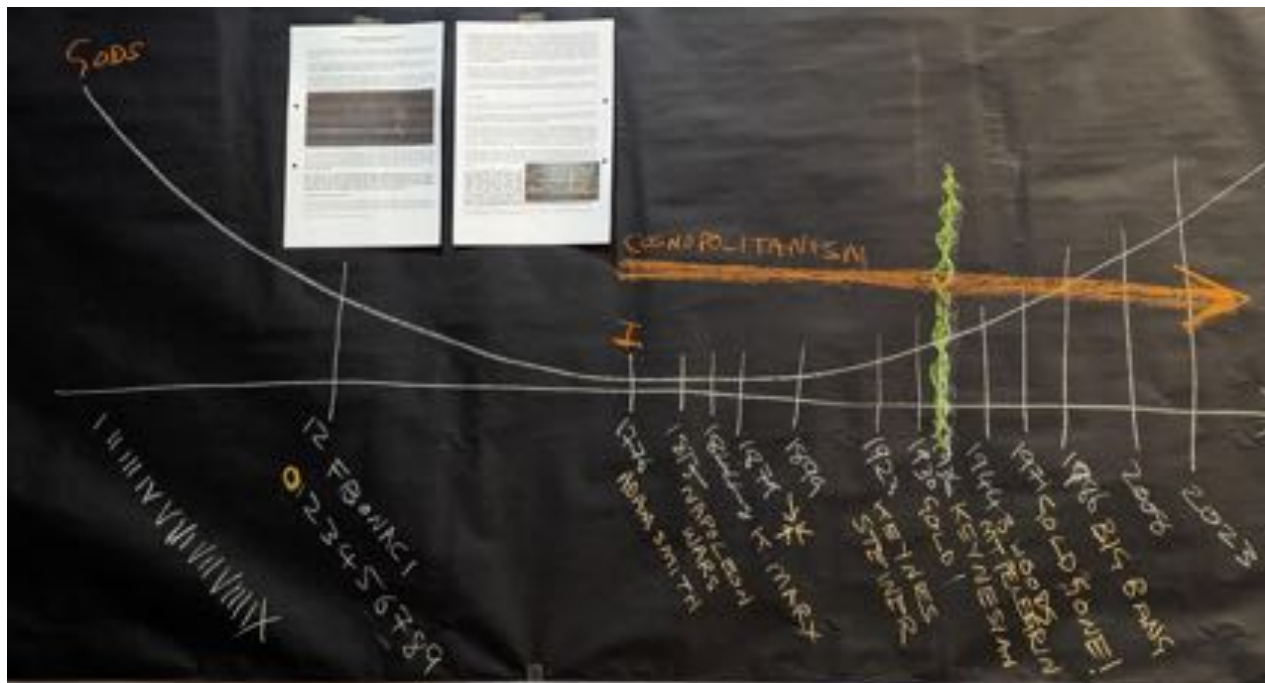
Since finance and economics are 'cross party' as regards farming methods, the focus was on the financing and economics of farming, not agricultural techniques. Finance and accounting especially can be instruments of agency and change.

It is important, for example, to know your own or your venture's bookkeeping, as the balance sheet is a picture of your relationship with the rest of the world with which you interact over a period of time. What would the economy look like if one looked at one's activity as the world sees it? For this, accounting is a tool, through whose 'lawfulness'²¹ one can observe the narrative of what has been achieved and done, compared to what was intended or hoped for.

Against the background of humanity's long journey to date, one can see, for example, why in economics, the *Wizard of Oz* is seen by some as a monetary allegory concerning the 1896 US presidential elections

²⁰ This phenomenon has been explored in depth in the associative economics conference at Pomona, California in 2007 And at the 'Fresh Perspectives' gathering in September 2022 in Sebastopol, California.

²¹ The image is from Dan Gannon, a farmer participant.



and the money of the East bankrupting the farms of the mid-West, with gold displacing bilateralism and ousting silver as a monetary standard.²²

At this critical juncture, do we see ourselves as the cavalry that can be the savior of the situation in Rudolf Steiner's name, or do we need to be more embedded in general economic life? What, for example, is our response to the theories of economic cycles or dynamic equilibrium, non-intervention by the state or the use of the market as a regulator of the economy through the price mechanism? Will associative economics find its champion in the way that neoliberalism did in the 1980s with Margaret Thatcher and Ronald Reagan? Can we contribute to increased financial literacy on the part of those farmers who experience dispossession or lack of agency, and who tend in today's world to see their salvation in socialism?

And where are we as concerns our three main considerations:

- [a] that land as such is outside the economic process and therefore has no value
- [b] that land ownership needs to be distinguished from land use
- [c] that credit should be personal not real, lent to the person not the asset.

Central to these questions is the way we understand economics. The current paradigm derives from Adam Smith, who based his theory on the free play of the market, assuming that an invisible hand regulates the market generating benefits to all players. In order to put associative economic insights into practice, concepts such as this must be nuanced in order to overcome their mercantilist bias.

In Lecture 8 of his economics course, Rudolf Steiner gives this problem special attention. It is only partially correct to say that price is a function of supply and demand. This is from the distributor's point

²² See The "Wizard of Oz" as a Monetary Allegory, Hugh Rockoff. *Journal of Political Economy* Vol. 98, No. 4 (August 1990), pp. 739-760 (22 pages). The story is taken up in *Rare Albion The Further Adventures of the Wizard from Oz* and *Rare Albion, Too – The Story of Folkstown*. Search aebookstore.com.

of view. The producers sees demand as a function of price and supply, while the consumer sees supply as a function of demand and price. So, there are three points of view to take into account. Moreover, when people supply goods, they are demanding money; and vice versa.

How one handles the challenge to conventional economics that this lecture presents is a test of whether one can differentiate between opposition and resistance, and whether one can meet the latter with empathy, engagement and nuancing. At the macro-economic level, Steiner's ideas address, already 100 years ago, today's three most central challenges:

- how to 'manage' the three independent variables: interest rates, exchange rates and capital flows?
- the need for 'reflexive' thinking in 'pure' finance, meaning that to think 'outside the box' is to think outside the brain, turning today's paradigm inside-out.
- realizing that markets do not crash; what crashes is the way we understand them.

Finally, to the question – Am I a free being if I own land? – CHB suggested that anciently (i.e. in the Old Mysteries) to have 'capital' was to have initiative (and vice versa). Nowadays (in the New Mysteries), those with capital do not use it for their own initiatives but to finance the initiatives of others; conversely, those with initiatives should use other people's capital.

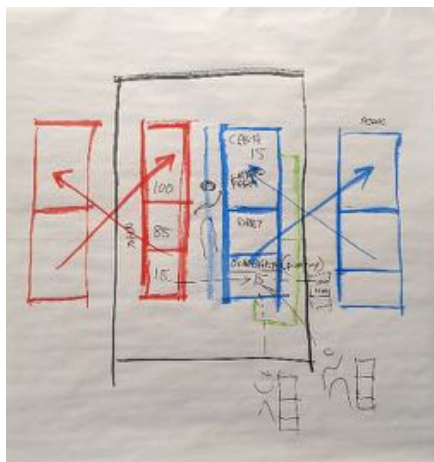
Saturday Morning

Beyond Brundtland. How to operationalize true price?

After *Xavier Andrillon*

Having known and worked with him for many years including part-supervising his doctorate,²³ in his absence, Christopher Houghton Budd endeavored to convey the essence and importance of Xavier's doctoral thesis:

On the assumption that a lack of 'true' prices means one needs to get extra income from somewhere else, Xavier's doctorate featured detailed in-field case studies, which illustrated his essential hypothesis, namely, that one needs to address four main considerations:



1. Not using non-operating income (rent, speculation, subsidies, debt remittance, etc.) to meet operating income shortfall;
2. Ensuring one's expenses include maintaining and improving one's productive assets;²⁴
3. Enjoying optimal access to productive assets in order to avoid being financially compelled to deplete or dispose of them;
4. Avoiding debt levels and debt/equity ratios whose interest and capital repayments undermine one's profitability (understood as income in excess of expenditure).²⁵

²³ See earlier footnote.

²⁴ CHB: depreciation and amortization?

²⁵ CHB's formulation, taken from a descriptive text used in an independent paper.

By identifying and using these four main indicators, Xavier argues that *over time* true prices will arise, enabling one to cover one's expenses through income. Careful budgeting in this context gives one the visibility and security essential to achieving one's own agency. In short, taking its cue from 'true price', 'true finance' can give autonomy to farmers, allowing them to follow their own path by making true price operational in their day-to-day dealings.



Saturday Afternoon

Re-imagining our relationship to capital and land ownership: farm viability for the next generation of farmers.

Anna Chotzen

Accompanied by detailed diagrams that illustrated her project, a very competent presentation was given by Anna Chotzen from Viva Farms in Washington State, providing business and financial literacy, education and advising to beginning farmers. In her own words, here is the essence of her presentation:

“As we consider the future of the agricultural sector and envision the economic systems that surround it, a central focus must surely be on financial viability for the next generation of farmers. Often, we see the type of farming as the linchpin of the future, insisting that ‘sustainable’ and ‘regenerative’ practices must be employed to slow climate change and ensure that we have a planet at all for future generations. We then try to shape our economic systems to incentivize farmers to adopt certain practices.

How different it would be if the economic environment were centered around farmers meeting their financial needs. They could then freely choose to employ the practices that we otherwise think we must compel them to implement. Farming is a slim-margin, risky endeavor. Apart from choosing to farm in the first place, most decisions are economic ones, not moral ones. Given the viable option of farming with fewer chemical inputs, less overworking of soil, and more crop diversity, I'm confident that many farmers would go that route.

We're not there currently. The agricultural sector is driven by agribusiness and the preservation of capital. The way to shift this is to focus on providing farmers with the financial literacy skills needed to articulate the true costs of their businesses and their true needs and those of their families. In addition, we're in need of a paradigm shift – one that challenges three deeply held, almost instinctual, assumptions.

The first assumption is that farmers must pay market rate for land. Rather, the cost of land should align with what farmers can reasonably afford through their farming operation. As long as farmers are expected to pay market rate to acquire land, the math simply doesn't work out for any new farmers who are not in line to inherit property. To rely on off-farm or passive income to cover the costs of the farm is not a financially viable situation. To overcome this, farmers need the financial literacy skills to enable them to clearly demonstrate the true costs of their operation and in turn, the land rate they are able to afford. Then, it would be up to their economic partners to invest in farmers' financial plans on that basis.

The second assumption is that capital deserves a return on investment based on market rate, and that the contribution of capital gives to funders decision-making authority. Rather, the cost of capital must also be determined by farmers' financial plans. Even below-market-rate lending and impact investing are still approaches to capital provision that start with a calculation of cost of funds, rather than economic resiliency for the farmer. Leading with farmers' economic needs does not necessarily assume free capital or nil return. Rather, economic partners need to understand that in order to succeed, farmers must be financially viable. If the cost of capital burdens farmers unnecessarily, we run this risk of creating an increasingly consolidated agricultural economy that incentivizes conventional farming practices, rather

than a resilient economy that encourages the sustainable farming practices that the current state of our planet demands. The shift will come when farmers are empowered to drive the change from their own books. Farmers' financial plans are the truest collateral in which economic partners can put their trust and confidence.

The third assumption is that only land ownership ensures the necessary autonomy and land security that farmers need to develop their businesses, invest in their soil, and establish the infrastructure to support their operation. Land ownership is certainly the appropriate option for some farmers, but it shouldn't be the only one available. Non-ownership tenure models could also provide farmers the permanency they need. Through land financing that uses a simple corporate structure (an LLC in the U.S., a share company more generally), a farm could be collectively financed by many funding sources, and then leased long-term to a farmer. Providing the terms were adequate, this arrangement would give the farmer secure tenure, even without owning the land themselves.

Critical to this arrangement would be a generic lease that recognizes the responsibilities and privileges of the farmer and clarifies the rights and limits to funders' involvement. One might recognize a similar arrangement in existing models, such as land owned by land trusts and leased to farmers, or incubator farms that lease land and infrastructure to new farmers. The critical difference is that in those arrangements, the landowners provide farmers the terms of the lease. Albeit often farmer-focused, existing models do not initiate the contractual arrangements from the starting point of the farmers' financial plans. This would both put the onus on farmers to articulate their plans in financial terms and invite landowners and economic partners to trust in farmers' knowledge of their own businesses. We assume that investing in farmers – especially new farmers – is risky, so we insist on collateralizing their house or their tractor. Arguably, the far greater risk is not facilitating secure land tenure and adequate capitalization that enables farmers' success. That puts a whole generation of farmers, and all of us besides, at risk.”

Participants' Topics from the Discussion

Beware business plans! They never work! Maybe, but a clear financial plan allows one to navigate.

Financial literacy takes time.

Accounting as an organ of perception, not just profit or tax reporting.

Need to move from convenience accounting to comprehensive accounting. This enables investors to perceive and trust in the reality of their investments. And it allows the pace to be set by the farmer.

'Ownership' via bookkeeping. Own benchmarking, not external ex state, distributors (supermarkets), etc. Does the Mexican context have consequences beyond the USA into Latin America, for example?

Need to revisit CSAs, whose economic roles are investing and consuming. But this does not confer ownership or advisor status on supporters.

Saturday Evening

The Economics of Farming

An evening based on three presentations

Christopher Houghton Budd premièred a PowerPoint on farming economics on the Economics Conference website²⁶ marking a new effort to draw attention to the ‘Seed Corn’ story.



Patrick O'Meara returned to the earlier discussion of supply and demand theory. He drew our attention to how, in the first part of the eighth of Steiner's economics lectures, the relationship between supply, demand and price is said by him to involve three independent variables, not just two: supply and demand, with price resulting as the dependent variable. To reflect economic reality our thinking must be flexible or mobile enough to understand and experience this.

Patrick's question was whether this more flexible level of thinking is experienced on the level of the individual alone or whether it arises as the fruit of several individuals working together associatively. As individuals engaged in economic activity – whether as traders, producers or consumers – we fully inhabit just one perspective, embodying just one of the three equations. Independent economic actors don't need flexible thinking here, although economists trying to understand their dynamics do. On the other hand, an adequate response to the need to find the right balance between purchase, loan and gift money, a dynamic that is surely akin to the one described through the equations in lecture eight, does require this flexible thinking to be demonstrated by people in different economic places gaining insight together. That is to say, several individuals in association with each other must actualize this flexible thinking in the decisions that are take. Indeed, truly understanding what is expressed in the first part of lecture eight prepares us for the work of balancing the three kinds of money that is described in the later lectures.

While in agreement with Patrick's general argument, Christopher felt that, even so, economic actors can think as economists and as such they can practice or prefigure flexible associative thinking. Per Steiner, it is only when one can think with multiple independent variables that one's thinking is apt for economics. This is the challenge we face: avoiding the dualism that leads Hayek and others to say there are limits to knowledge and therefore one has to obey the dictates of the market. Steiner, in contrast, argues monistically that there are no such limits and it is this that leads to the idea and practice of association.

Jenny Doty, an agricultural economist and accountant, asked whether true price and ‘price taking’ are the same thing. Of her presentation, she subsequently wrote, “...thinking back to my study of economics, my head was swirling with questions about the intersection of true prices with the traditional economic view of commodities as interchangeable, homogenous goods of the ‘same price’. I voiced my ponderings to the group: how does true price theory conceive of farm goods? Are farmers no longer ‘price-takers’?²⁷ Are the price premiums received for organic or biodynamic attributes irrelevant with true price? The answer I received from the group was to investigate the role of the distributor. Merchants have the ability to pay farmers based on their needs, and then average the prices paid through their operations in the market, where a good



²⁶ Powerpoint here <https://economics.goetheanum.org/research/associative-economics-3>, then *The Economics of Farming*.

²⁷ CHB: Formally, price taking means one has to accept the market price because in a competitive paradigm one has no possibility of influencing it unless one controls a market or enjoys a monopoly, enabling one to be a ‘price maker’. The clue here is ‘in a competitive paradigm’. Insofar as true prices require economic agents to ‘associate’, they would be ‘forthcoming’ (i.e. not fixed or predetermined), born of the dynamic between producers, distributors and consumers. The market is not then a battlefield, but the place, as it always was before egotism stepped in, where fairness prevailed. Hence, ‘fairs’. Anciently, this was assured by canonical decree, but post Thomas Aquinas ‘just price’ has to become scientific, ergo Steiner's true price theorem.

trader knows that quality speaks but it is the consumer who determines this. (The example was given of hotel chefs who know how to ‘stretch’ a good lettuce; the actual, as distinct from professed, attributes ‘speak’ and so, while they *may* result in higher prices they require less quantity.)’

Sunday Morning

Practicable Policy Outcomes

The morning began with the following ‘check in’ topics, evidencing the rich and complex ground already covered, but identifying also the need for its deepening through ‘action research’ in practical cases:

- Distinguish between production (raw food), processing and distribution via farmers’ market, etc.
- A property can have various uses of property, not only as a farm.
- Consider the value and protection non-farming real estate can afford farmland.
- Closed farm economy often within a wider economy.
- Top soil (= 2 spits?) valued via reverse tracking.
- Succession strategy using Right On Corporation; à la L’Aubier.
- Study Rudolf Steiner’s insights into taxation.
- How to go from blood → non-blood other than via Robin Hood taxation.
- How bookkeeping can provide inner certainty that gauges and guides practicality.
- Farm autonomy via accounts analysis.
- Sovereignty via internal liquidity.
- Important to educate the end-user.
- Lay/expert line gradually wore thin, the one becoming better informed, the other more understandable.

Some of these concerns were considered in greater depth.

1) Distribution is not farming.

- One cannot be on the tractor and in the truck or store at the same time.
- Farming is not the whole of land management.
- Special role of distribution as locus of market, the heart of the economy, with the task of perception, and the place where capital comes free, but needs to be re-embedded.

2) Soil is a valuable asset.

- Farmers should enjoy contracts that recognize the soil belongs to them, as also the right to determine cultivation methods. Finance and economics should follow suit and the profile of farming should be reflected in accounting.

- Quality is not only measured directly; it can be measured reversedly. For example, by the illness costs *not* incurred due to healthy food and farm management.

3) How to transfer outside the bloodline

- Within the bloodline land as transferred as of right, without consideration and to the next competent farmer, typically the son. Outside the bloodline this needs to be approximated. For example, selling or buying farmland at historical cost or finding others ways to prevent its value being disconnected from farming.
- Bloodline succession is just not happening anymore, due to taxation and because not all heirs want to keep their parents' farms. So the farms are often sold to big companies that don't care about agriculture, farmers or the earth.

4) The Right On Corporation (see p. 12.)

- It is possible to create a limited company – the shares may be sold when it is needed, but the entrepreneur-farmer never lets go the decision-making.

5) Accounting

- Each entrepreneur and/or aspect of a project should have its own accounts and budget. This is the basis of being able to associate, beginning by sharing accounting information. The bookkeeping



for this needs to be transparent, detailed and precise. This is what engenders internal certainty and so also creates external certainty. This is the key!



To close, another block of focus considered the land question again in the way illustrated here, which shows land at the base having no value. The value begins with the title to the land, the exclusive right to use it. And then only because that right is sold. So, what is in the market is the title, *not* the land.

One could design a lease contract that says exactly how someone can use land and for how long. And in other ways encumber the asset, such that the value is blocked because nobody would like to buy it because the 'value' of the land is decreased if it is leased out at rents affordable to farming *per se* (meaning modernized but not industrialized).

Encumbered real assets can become 'write-off' opportunities that leave the lessee unaffected. In this way, one can devote loans and equity to the activity of farming, not for land acquisition. Further, one needs to attend to liquidity, but this is all the easier if the land and operating are financed as described above.

With liquidity one can use cash flow to ensure the farmer-entrepreneur has funds available for key events without having to go to the bank or investors.



While having shares is taking a risk and lending is safer, this is from the investor's point of view. For the farmer the risk is not achieving one's aims. Which is more important, therefore, protecting the farmer or abstract finance?

The debt to equity ratio in a share company is like a siphon. The base capital (equity) allows other money to flow in.

Closing Words

Hope
(Re)birth
Relevance
Inspiration
When?
Believe
Hope
Clarity
Whole Heartedness
Sovereignty
Potential

Postscript: Participants Reflections

Daniel Chotzen, Viroqua, USA

I found the event challenging, primarily having to do with 'being able to stay in the room' when meeting the associative economic content. Occasionally I'm right there with it, but often it goes over my head, including the most basic balance sheet discussions. But even though I may be a part of the majority who 'just won't get it,' I'm also a part of the minority that believe there is great truth for mankind in what is being shared and who will continue to strive to understand its essence.

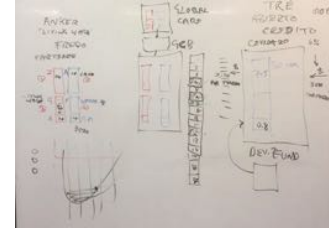
Jenny Doty, Rockford, Illinois, USA

As someone new to the economic insights of Rudolf Steiner, I was lifted by the originality and practicality of what I learned. There are many opportunities in my personal situation to begin to engage with these ideas, and I am grateful for realizing, through my participation in this seminar, what my next professional step will be.

I appreciate the time and work of Christopher Houghton Budd and Kim Chotzen in presenting and organizing *Seed Corn: A Conference*. Both came from afar and at significant costs of time and money to convene our gathering. Additionally, I thank the other presenters and attendees, and the many unnamed people at work in the projects we examined during our gathering.

Appendix: Several Projects at the Same Time²⁸

In Brazil there are four independent projects which, when set alongside each other, reveal their generic (as also specific) relevance can be seen more clearly.



In-field associative financial coaching. *Xavier Andrillon*, who lives in Campinas, is considering post-doctoral work designed to give effect to, or at least test in real life, the assumption of his doctorate, *Beyond Brundtland*,²⁹ that accounting and bookkeeping can be used to achieve true price (per Rudolf Steiner's formula), provided access to capital on 'true price' terms is possible.

The challenge of SDGs. As well as combining associative financial literacy with small-scale provision of credit, *Lúcia Sígolo's* work with 'women-warriors'³⁰ is required by her (external) funders to demonstrate where relevant conformity with the 17 UN Sustainability Development Goals³¹ – or their modification to match associative economics.

Getting capital to where it is needed, banklessly. *Sergio Resende*, a former social development specialist, runs *Trê*,³² – a brokerage operation that fosters direct lending to small-scale entrepreneurs (e.g. coffee farmers) using a P2P platform (Mova), so that lenders and borrowers can agree terms and rates of interest that can be flexible where needed on a day-to-day basis. *Trê* has also pioneered the use of a percentage of capital on a 'can be lost' basis to enable loans to be converted to gifts if need be.

Associative investors. *Daniel Havro*, who lends via *Trê*, is someone who might be described as an associative investor. Someone who, aware of humanity's wider situation, places spare or excess funds direct with those who need them, without requiring them to be 'bankable'. If need be, his borrowers can go to the nearest bank to get the money waiting for them there.

The image (from a presentation in Quito, Ecuador on 3 September 2022) shows the projects side by side, so they can be read from either end. Starting on the left, as one provides coaching in associative financial literacy, the (already known) need for access to capital on the terms of the borrower is matched to the willingness of lenders to put air beneath the wings of those in need of capital (à la Youth Bonds³³).

One can also start on the right. Without such a use for one's capital it becomes fruitless – unless, of course, it is left in the financial markets, the 'fruits' of which are perhaps best not harvested, let alone eaten! In between, is the channel for money to flow and the assessment of SDGs (or an associative version of them, e.g. the ae-Mark³⁴) and the accompanying coaching of those versed in associative finance.

²⁸ Adjusted from the original and larger version in *Associate!* September 2022. ([here](https://economics.goetheanum.org/fileadmin/economics/Newsletters/ECN38_Associate_____2022.pdf))
https://economics.goetheanum.org/fileadmin/economics/Newsletters/ECN38_Associate_____2022.pdf

²⁹ *Beyond Brundtland, True Price and Sustainability*, op. cit.

³⁰ https://economics.goetheanum.org/fileadmin/economics/Articles_and_Papers/LS_EC_Report_ContBem.pdf

³¹ <https://sdgs.un.org/goals>.

³² <https://treinvestimentos.com.br/gy>

³³ <http://www.christopherhoughtonbudd.com/youth-bonds/>

³⁴ ae-Mark.com