



# **Accounting and the Threshold**

## Finance as Guardian /The Accounting Process

ECONOMICS CONFERENCE  
*Report of the 16<sup>th</sup> Annual Meeting*

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# **Accounting and the Threshold**

## Finance as Guardian / The Accounting Process

*This meeting was held at The Grand Hotel, Folkestone, England from 21 – 25 June 2017.*

### **Introduction**

Now in its 16<sup>th</sup> year, the annual meeting of the Economics Conference affords an opportunity for those concerned with Rudolf Steiner's economic thinking to come together from their diverse circumstances, report on relevant projects, and compare notes on the issues of our times. This year was characterised by a high degree of coherence and accord with respect to themes from previous years that were revisited. Understanding the way in which capital arises and is allocated could be described as the leitmotif of the Economics Conference culture. It is this understanding that distinguishes an associative approach from others.

**'Market Economics has no strength in its intellectual foundations, it is a justification for a kind of behaviour... The paradigm of the market is independent of context and therefore self-standing – the power of market thinking is its plausibility not its truth.'**  
– Christopher Houghton Budd

### **Capitalising Initiative instead of Pushing Basic Income**

The 'basic income' movement is increasingly vocal across the world, but its implementation would surely remove from humanity a possibility for a crucial step-change in thinking about how capital is allocated. The need for the 'sovereign I' to feel responsible centre stage in economic life would be eclipsed by 'government putting its entire citizenry on the dole'. Capitalised initiative fosters the spirit; unconditional income puts it to sleep.

### **Youth Bonds – The Only Exit Strategy?**

An overriding theme of the conference consisted in considering how the idea of 'Youth Bonds' might constitute a practical way in which humanity can find a path from a beguiling but misconceived capitalistic economic thinking to an associative paradigm, in which everyone who has initiative can be capitalised. 'Youth Bonds' are characterised by the gesture of providing capital for entrepreneurs for new initiatives on terms set out by them and affordable for them. Many societal concerns are thereby addressed in this apparently simple concept: facilitating young people to take hold of

their life circumstances, developing financial literacy, allocating ‘surplus capital’ in a socially productive way, promoting initiative and sovereignty. During the week we discussed different versions of the Youth Bond idea that had been tried, from Argentina to Folkestone and other potential vehicles and examples, for example through the Anthroposophical Society creating a fund available for youth initiative and replenished from the ‘loans’ being repaid in the course of time. This brought up not only the question of some of the technical restrictions of operating a Youth Bond but also some principle concerns about the right way to make decisions about allocating funds, whether by committees, according to written criteria, or based on the authority of the user. As tempting as it appears to set conditions in stone, often successor ‘fund administrators’ do not share the karmic intentions of the fund founders. The financing of initiative is a sine-qua-non of economic development and is increasingly contingent upon there being a culture of financial literacy both on the part of the users and of the lenders of such funds.

### **Karmic Accounting**

The special place of accounting in economics has often been noted within the Economics Conference (and occasionally elsewhere)<sup>i</sup>. A further dimension was explored among us in link to the various references and analogies Rudolf Steiner makes between accounting and karma<sup>ii</sup>. Becoming accountable means taking responsibility for one’s actions and preparing to sense its



consequences, not just in the general sense but the specific sense of using accounts to make visible one’s will and then to anticipate how the consequences of the path one chooses become discernible in the etheric.

### **Finance as Guardian – Reprise**

The themes of the 2003 Associative Economics Festival were touched upon but with two new elements added. One concerned the distinction between ‘finance’ and ‘accounting’, the former can imply a special expertise and a prestigious solution whereas the latter, although perceived as humdrum and entirely lacking any mystery or glamour, is necessarily the instrument whereby ‘finance’ finds application. The question of the threshold was also encompassed, now as a societal phenomenon that became of special significance in the year 1917 when ‘humanity’s crossing of the threshold in the 19<sup>th</sup> century’<sup>iii</sup> came to effective expression. One can also understand from external history that 1917 was the year in which humanity had a new possibility to link with its will life, to take responsibility for economic life, which had hitherto been directed ‘from

outside'. From that point on, economic life became independent of rights life and needed to be taken hold of as such. Of course, 1917 was the year in which Steiner first began taking initiatives in connection with the threefold nature of social life; the historical context of this is linked to the First World War and where the responsibility for it lay. Meeting in Folkestone allowed us to consider where in the English psyche the question of the causes of the WW1 stands and what chance there is now for the mood of forgiveness to arise so that the growing pains of the 20<sup>th</sup> century can be seen in a new light.



### **Diverse Initiatives Around the World**

Time was given to hearing about various projects around the world, particularly those that focused on the teaching of financial literacy in different contexts. **Meg Freeling** described her experience of giving a course to young people entitled '*Do Your Bit*' (Meg has produced an extensive and fascinating report); **Fionn Meier** gave an overview of his master research thesis "*Money as Accounting: Historical, Theoretical and Practical Issues*" and also his experience working with young people in Switzerland and Germany; **Leif Sonstenes** described the on-going action research he has been involved with in establishing a small company with a view to exploring the question of financial sovereignty and capitalisation; **Mauricio Garay** reported on '*Accounting for Entrepreneurs*' from Argentina, on how teachers are having the opportunity to become financially literate as part of their training and exploring new contexts for developing economic partnerships; **Kim Chotzen** bore witness to her daughter's experience doing an associative apprenticeship in Folkestone and Switzerland which taught her to bridge from hands-on accounting to macro-pictures of the economy; **Anita Grandjean** spoke about a course for aspiring young entrepreneurs at *L'Aubier* in Switzerland, '*Daring to be Independent*', which has now completed its first year; **Lucia Sigolo** described her efforts with colleagues to bring an understanding of accounting into workshops for children who are not in school; **Xavier Andrillon** reported on his PhD research from *Brazil* to look at how *True Price* could become a measure for sustainability; **Christopher Houghton Budd** described giving seminars in schools around Folkestone, working with refugees, and the *Youth Bond* fund in Kent; **Daniel Osmer** gave a

presentation ‘*Accounting in a Nutshell*’, which was the culmination of research looking at how best to present accounting through historical context and clearly presented steps; **Lorene Allen** shared her experience of funding and the significance of knowing the right amount, person, place and time to give (per Aristotle); **Tessa Houghton Budd** spoke about her experiences in Folkestone in the context of the *Café Collective* and the *Creative Quarter* which provides affordable access to property when a longer-term view is taken of the task of capital.

### **Section Arrangements – Promoting Publication / Hibernia**

The cohesion and development of the *Economics Conference Fund (ECF)* was reviewed. It is now held among 12 accounts in different Societies around the world and denominated in the ‘*Hibernia*’ (a notional unit of account equivalent to the Swiss Franc) as a way of indicating a currency above the national element. There are three aspects to the funding of the ECF: administration, publications, and website management. There was an opportunity during the week to look at some of the forthcoming publications deriving from the work of the Economics Conference over the years which will increasingly be made available through the Economics Conference website. The 17<sup>th</sup> Annual Meeting will again take place in Folkestone from June 20<sup>th</sup>-24<sup>th</sup> 2018.

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<sup>i</sup> "I have often noted that the master discipline of economics is not mathematics—as much as I love mathematics—but accounting." From *Keukentafel Economics and the History of British Imperialism* Deirdre McCloskey. *South African Journal of Economic History*. Volume 21, 2006 - Issue 1-2 .

<sup>ii</sup> “... in our Book of Life there is a kind of account-sheet, with debit and credit sides, and the balance can be drawn at any moment. If I close the account and draw the balance, that will show my destiny. “ *At the Gates of Spiritual Science (LECTURE SIX)* - 1986, The Rudolf Steiner Publishing Co., London

<sup>iii</sup> This is referred to by Rudolf Steiner in various places, including the lecture series ‘*The Fall of the Spirits of Darkness*’.