



# **True Price**

## The essential element of an associative economy

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# True Price

## The essential element of an associative economy<sup>1</sup>

Lucia Sígolo<sup>2</sup> / English translation by CHB

*A 'true price' is forthcoming when a person receives, as counter-value for the product he has made, sufficient to enable him to satisfy his needs, the whole of his needs, including of course the needs of his dependants, until he will again have completed a like product.*

– Rudolf Steiner, *Economics Course* 1922

In 2014, the Economics Conference of the Goetheanum decided to focus on true price<sup>3</sup> as the theme of the year and proposed that we concentrate on the essence of the economic process.

Rudolf Steiner first developed the true price formula in 1919, in his book, *The Threefold Social Organism*.<sup>4</sup> He returned to it in 1922 in the sixth of 14 lectures given in Dornach to a group of economics students.<sup>5</sup> Expressed in a simple yet complete way, this formula is capable of extremely complex elaboration.

Today we see a strong global movement – variously called solidarity economy, new economy, and so on – that highlights important factors that need to be considered in the development of prices, such as social justice and environmental balance. 'Fair trade', a term coined in the 1960s, proposes an alliance between all actors in the economy to build on principles and practices that are increasingly fair and coherent.

When selling or buying a commodity or service, if we take into account the correct remuneration of those engaged in their production, as well as thrifty usage and respect for nature, we will contribute to the formation of fairer prices and a healthier economic process.

This approach represents an important breakthrough when compared to other proposals for addressing the question of price. It takes us beyond the usual polarisation between those who defend the indexation of prices by the state and those who preach the free market, believing that the law of 'supply and demand' will balance the inevitable distortions.

Grounded in spiritual science, associative economics differs considerably from traditional views of economics, as also from the ecological and social vision of solidarity economics. It shows that the economic process is inherent in the human being and arises between two fields: nature, on the one side, and spirit, on the other. From this observation, we can easily deduce that economic concepts should not be worked out only on the basis of external reality.

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<sup>1</sup> Originally written in 2014 in connection with work in Sao Paulo, Brazil, this brief item puts the idea of true price in a nutshell. "The truth is that the economic life of a particular time, and the spiritual life of a particular time (the times are not quite identical), hold the same relation as a nut to its shell; the economic life is invariably the shell which the spiritual life has thrown out. It takes its cast from the spiritual life. Today's abstract economic life is, therefore, the product of an abstract spiritual life. That is why today we are in an age of abstract thinking, of life-remoteness – unreal conjunctures and such things." In *Rudolf Steiner, Economist. Articles and Essays by Rudolf Steiner, Emil Leinhos and Christopher Houghton Budd*. New Economy Publications, Canterbury 2018 [1996].

<sup>2</sup> Organizational Consultant and Economics Conference colleague.

<sup>3</sup> The term 'true price' is not easy to translate. In German, Rudolf Steiner changed from 'gerecht' in 1919 to 'richtig' in 1922, nuancing from justice to science, feeling to thinking, sensing to objectivity. This reflects the evolution of 'true price' from its antecedents in Aristotle's 'mean' and Thomas Aquinas's 'just price'.

<sup>4</sup> *Towards Social Renewal*. Rudolf Steiner. Rudolf Steiner Press, London 1977 [1919].

<sup>5</sup> *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. (GA 340)

Although both are accessible to reason, we capture nature with our physical senses, but not so the cultural/spiritual field and its effects on the economy. The economic process is broader than what is visible to the eye. To grasp its concepts, we need a living thinking born of spiritual science. Understanding and combining these concepts in a malleable way is the required condition for accessing economic reality.

We also know that very little in economic life derives from isolated activities. Today's masses of capital seem to have their own life, disconnected from human will. But is not this uncontrolled movement of capital itself a consequence of the disordered actions of a barely conscious humanity?

This phenomenon, evidenced by globalization, is more visible to us today than it was in 1922, when described by Steiner. The economy is essentially the same for the entire social organism, but each specific situation requires individual consideration. To capture the complexity of economic reality we need more than one point of view, which in turn presupposes the existence and promotion of free associations, whose members must be aware of the different aspects of the threefold social organism.<sup>6</sup>

The study of the relationship between nature, man and spirit, or, put another way, land, labour and capital, and the consequent redefinition and realignment of materialistically conceived economic concepts provides us with the information necessary to approach the question of price differently, albeit just as scientifically, if not more so, as the prevailing economic theories.

From within our roles as consumers, producers or distributors we can observe the relationship between the elements of the threesome of buying, borrowing and giving that lies behind the prices and assess together how much capital should be directed freely to cultural/spiritual life, to rights life, and to economic life in any given context.

We can then realise that the true price formula contains elements that refer to the future. To act economically is in fact to set future processes in motion. The future is thus constructed from present deeds.

Reflecting on true price, in terms of our daily activities we can understand the key elements of associative economics and advance answers to numerous questions, such as:

What elements should one consider when selling or buying a product? How to make good practices – economic, ecological and social – when acting economically? How to judge what are the real needs to meet? How to direct capital to where it is needed? How to ensure adequate remuneration of everyone? In short, how to recognize and establish true prices?

Such questions can promote the practice of associative economics in our own affairs and thus contribute to the creation of a world that is economically and socially more just.

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<sup>6</sup> The concept of the threefold of social order is widely found in the work of Rudolf Steiner and refers to his observation that society as a whole comprises an economic life (actual economic activities), a rights life (law and politics) and a cultural or spiritual life (free thinking and spirituality, such as schools, artistic activities and religion).

