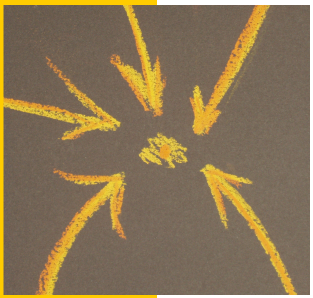

Global Bookkeeping as the Completion of Everyday Bookkeeping

Explicating and exploring Rudolf Steiner's 'theory of balance'

Study material published as a contribution to public debates.
Comments to the publisher c/o economics[at]goetheanum.ch always welcome.
Part of any sale proceeds goes to finance research into associative economics.
Please respect copyrights, otherwise how will authors live.

© *Patrick O'Meara*

Global Bookkeeping as the Completion of Everyday Bookkeeping

Explicating and exploring Rudolf Steiner's 'theory of balance'

September 2020

Presented here are several descriptions of what the world's bookkeeping, here called global bookkeeping, seems to entail according to the Economics Course of Rudolf Steiner.[1] These amount to nine brief sketches from different perspectives of the same thing. They are meant to provide a basis for exploring in very general terms what it would mean for the circulation of a redesigned money to facilitate instead of deter the doing of this global bookkeeping; that is, they are meant to help understand what Rudolf Steiner meant in lecture fourteen when he said "in the circulation of money we have in effect the world's book-keeping." The beginning of such an exploration is presented in a final section.

The main ideas that are expressed are these:

- Global bookkeeping expands everyday bookkeeping so that it reflects hard to perceive economic relationships that are not usually reflected in it. It does this in part through providing a way for individuals to gain insight into how much they should give in relation to what others give to maintain economic balance.
- Unlike everyday bookkeeping, global bookkeeping requires that we create and then realize the terms of the transactions that are its basis.
- The economy-wide view needed to do global bookkeeping is also needed to perceive and correct price imbalances in the economic life in the realm of spending or purchase money and to circulate the right to use the means of production in the most beneficial way in the realm of investments or loan money.
- The aim of global bookkeeping is the maintenance of a healthy balance between spending (purchase money), investing (loan money) and giving (gift money). A healthy balance has three characteristics: at least enough giving takes place for sufficient capacity development to be financed; excessive, destructive investing is avoided; the distribution of values between physical and non-physical work is equitable. The greatest progress towards striking this balance comes from giving the right amounts from the right sources.
- In a large closed economy, an explicit 'theory of balance' of what constitutes a healthy balance of these three is needed. This can then be the basis of an articulated global giving budget. The total of what is given can then be tracked in relation to this budget, enabling individuals to make adjustments to how much they give until the budget is met in the best possible way.
- A pre-requisite for doing global bookkeeping is that capital has been tamed in that those investing it do not control its use or have the right to lay claim to profits that arise from its use. Instead entrepreneurs as stewards must be responsible for capital and the profits that arise from its use.
- Entrepreneurs as stewards of capital will see that some profits for which they are responsible are clearly ripe to be given in that there are no real (economically legitimate)

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

opportunities to reinvest them. It the decision whether to reinvest or give other profits will be more difficult and must involve an evaluation of the relative importance of different investment opportunities throughout the economy. Entrepreneurs must sort this out among themselves so that the global giving budget is met in the best way.

- A polarity can be discerned in the Economics Course between the profit orientation that exists in the realm of spending or trade as expressed in the three equations of lecture eight and the (economic) health orientation made necessary when intelligence takes hold of goods in the investment process as described in lecture seven. The relationship of those providing capital and those receiving it is a lending relationship that takes on the characteristics of trade when mutuality is realized through the payment of interest. By contrast, the relationship of those using capacities in the economic life and those developing them is a gift relationship that lacks the precision of trade but offers the best opportunity to instill balance in the economic life through a conscious mutualism. Everyday bookkeeping is sufficient in reflecting the trade and lending transactions, which arise out of the profit orientation. Global bookkeeping is what must be created to make giving objective, a main goal of the health orientation.

- It is entrepreneurs' need for capital, not their desire for profits, that pulls the economic process forward in the same direction that the pursuit of profitable transactions by consumers, traders, producers and lenders pushes it. As a result of not being chiefly motivated by profits, entrepreneurs can come to relate to profits objectively as stewards in deciding whether to reinvest them or give them to help meet the global giving budget. The need for gift capital provides the final suction in the economic process that pulls profits in the right amounts and from the right sources to where they are most needed, thereby completing the economic process.

- This objective relationship to profits is also seen in an entrepreneur's relationship to an entire undertaking when a change of control of it is brought about through an objective giving process. The self-active intelligence involved in this giving is required in a more intense form when attempting to maintain the healthy balance of spending, investing and giving through global bookkeeping.

- In buying and selling we have an external relationship to number in that prices are experienced as given, not consciously created. In giving the right to use the means of production to another person, we see no relationship at all to number as no money changes hands. In the objective giving of financial resources, we have an internal, creative relationship to number in that we determine and then realize the amount to be given for a healthy balance to be maintained. This changing relationship to number reflects the continual turning inside out inherent in the economic process.

- At the level of a closed world economy, it is the conscious experience of the contrasts between the economic life, the rights life and cultural life that keeps the economic process healthy. Global bookkeeping plays an essential role in making this experience possible and objective. From the perspective of the economics life, these contrasts come to expression in the transactional experience of trade, the responsibility of entrepreneurs for the public thing they have created in the means of production and the experience of the productive consumption of values by the cultural life.

- The doing of global bookkeeping can be greatly assisted when money is made to age in that it is given a death or expiration date at which it must be given. The length of life of such money would then determine how much money is given in a period. This length would be determined so that the amount given is equal to the global giving budget that results from a shared ‘theory of balance’. This form of money would also facilitate the tracking of how much has been given so that it becomes obvious how much more giving to meet this budget is needed.

- In a small closed economy, the economy-wide or global giving budget that if met will lead to economic balance can be left unarticulated. In a large, closed economy it must be clearly articulated and made the basis of giving decisions. A final step would be to incorporate this budget into money itself by giving money an expiration date. Such a money would help prevent destructive investing. It would also result in forced-giving, similar to a tax when sufficient voluntary giving to meet the budget has not taken place.

- An expiration date at which money must be given provides the suction in the circulation of money that assists us in completing our books in the light of everyone else’s books. In this way, in the circulation of an ageing money we would have global bookkeeping.

1. Everyday bookkeeping and global bookkeeping

A general sense of what global bookkeeping is can be gotten by considering it in relation to the everyday bookkeeping done by all businesses to track transactions and understand their financial situations. A first definition might be that global bookkeeping expands everyday bookkeeping to reflect hard to perceive economic relationships that are not usually reflected in it. Through doing global bookkeeping that which is considered to be outside the scope of bookkeeping is brought into it. The seemingly unaccountable is made accountable. In this way, global bookkeeping completes everyday bookkeeping, picking up where the latter leaves off.

Bookkeeping provides a means of clearly tracking the terms of transaction into which we enter. In the first place and most obviously, this means recording the amount of money that changes hands for what is bought and sold. That is, the prices are recorded. How the prices are arrived at is not itself bookkeeping. At times prices may be arrived at through direct bargaining but often they are mainly, and always to some extent, the product of the countless buying and selling decisions made by everyone in the context of underlying conditions. Such decisions are made with reference to each person’s books but are themselves not part of them. As a result, prices are often experienced as external and given. They result from an unseen mutual reciprocation of values. Only after the terms of the transaction have been agreed to do we use bookkeeping to record what has taken place, including the resulting changes in the amount of money on hand and the inflow or outflow of the value of other things according to the agreed on prices.

Similarly, bookkeeping tracks what happens in loan transactions after the terms are agreed to. It records that money has been transferred from one balance sheet to another. At the same time, the lender as creditor gains a debt as a new asset while the borrower as the debtor gains a new liability. The complete terms of the loan may not be directly seen on the balance sheet but they become more fully evident over time as the flow of interest payments and the repayment of the loan are recorded thereby revealing the interest rate and repayment schedule of the loan. As with the prices of goods and services that are bought and sold, bookkeeping does not determine these terms and does not have a means of assessing whether they work for or against the economic health. What it does reveal is whether an activity is profitable or not, given all the terms that have been agreed to.

Bookkeeping becomes global bookkeeping most clearly when the questions of what to do with profits and what to do about losses are considered. As Marc Desaules describes in his 1998 essay

Awakening to Global Bookkeeping,[2] these questions have to do with the closing entry in the accounting process. The closing entry presents the best opportunity to bring about the transactions that are necessary for economic health but that are not reflected in everyday accounting. Through the terms of the closing entry, important activities that have been underfunded can gain the funds to balance their books when the profit that other activities have made is transferred to them. This happens, for instance, when profitable factories provide funding to support education. The insight to do this through the closing entry turns what would otherwise be blind and random or forced giving into conscious gift transactions that objectively match economic counterparts with each other. Attaining this insight depends on seeing the relationship between one's own bookkeeping and that of everyone else's.

Global bookkeeping has a different relationship to the terms of the transactions recorded in bookkeeping, the amount transferred, than everyday bookkeeping does to the terms of the transactions it records. This is because global bookkeeping does not simply record the transactions that are entered into after terms are agreed to. Instead it is involved in the activity of forming these terms out of insight into what is best for economic life. Determining the terms of the crucial value flows related to the hidden transactions in economic life and recording these flows are both aspects of global bookkeeping. Combining these two aspects is essential when it comes to doing the closing entry as it needs to be done for economic health to be furthered.

As we buy, sell and invest we consider as individuals the external web of mutually reciprocating values to determine what it makes sense for us to do. Our decisions are the basis for our everyday bookkeeping. By contrast, insofar as we learn to give or receive out of insight we are in the midst of the process that determines the terms. With others, we consciously decide what the right aggregate amount to be given is in the economy and to what extent we individually (often at the business entity level) may be the right source of money that is given.

The sense and responsibility for the entire economy that can be manifested in objective giving is also called for in two other important situations according to the Economics Course. It is needed to perceive and take action when unworkable but correctable prices have arisen, and it is also needed to decide to whom capital is to be transferred when a business changes hands. These can be seen as intermediate forms of global bookkeeping that fall between everyday bookkeeping and the global bookkeeping that comes to full expression in the objective giving needed to maintain economic health.

Some profits and losses can be considered to arise inevitably. With respect to these, through the closing entries of profitable businesses the otherwise inevitable deficits in other activities can be avoided. But some profits and losses are due to changeable underlying conditions. By changing these conditions prices that work, that are True in the sense of the True Price definition in lecture six, can be made to arise. The Economics Course points to changing the number of people working in different industries as a chief way of making these corrections. Here, everyday bookkeeping can be used to gain insight into what changes are needed that includes looking back on what has happened with respect to the terms or prices of specific commodities and industries.

Then, when we come to investing the terms must also show the presence of working out of a sense of the whole. What is considered acceptable as far as the return to investors and the degree of control given them reflects the presence or absence of this economy-wide orientation. For the pursuit of global bookkeeping begins with the insight that the return to investors and the control

---

2 https://economics.goetheanum.org/fileadmin/economics/Articles_and_Papers/2018_Topic_Report_Awakening_to_Global_Bookkeeping.pdf

given them must be limited. Indeed, just to hold the question of what the best use of profits is means to give up the assumption that investors, be they lenders or equity providers, are the necessary claimant to them.

The effect of limiting the claims and influence investors is that the transfer of capital is removed from the realm of purchase and sale. Instead it happens through a giving process that must be guided by the ‘self-active intelligence’ mentioned in lecture ten. The gift must be to the person or people most capable through their capacities to fructify the business. No financial terms are involved. Everything is off the books.

Thus, we see three forms of a sense of the whole informing economic life. All can be understood in terms of the circulation of people. To change correctable prices people are moved between industries. To effect change in control the person with the right to direct a business is changed. And to bring about economic health the number of people working in activities supported through giving is managed in relation to the number working in other activities. The first works to change the particular terms that arise that are recorded in everyday bookkeeping, while the third does global bookkeeping most directly by forging the general terms between broad types of activities that will result in economic health.

2. Global bookkeeping as striking the balance between giving, investing, spending

The most significant aspect of global bookkeeping is ensuring that the right flows of gift money happen through the closing entries throughout the economy. The Economics Course provides more details on what this entails. It indicates that the right balance must be struck economy-wide between financial flows having to do with the buying and selling of goods and services, those related to investing and those related to funding what otherwise goes unfunded or underfunded. Striking this balance requires three things: that we avoid too little being given to fund what otherwise is neglected, that we avoid too much being invested and that we ensure that a fair amount goes both to those providing directly for material needs and those who do not. In short, the right balance must be struck between money used for giving, investing and spending.

Economic life depends on the capacities of people. It uses these up, as it were, but it does not create them. If their development is not provided for economic life will suffer. There is therefore a risk that too little is given to support their development. A global bookkeeping must be able to assess what this minimum is and then ensure that at least that amount is given for their development.

With respect to investing, there is the risk that there is too much. When economically legitimate investing opportunities have been exhausted investors often still want to preserve and grow their capital. Then instead of giving away the excess capital to support capacity development and other worthwhile activities that are otherwise financially neglected they invest in ways that destroy economic balance. They do this chiefly by damning money up in land and other types of property and by creating redundant investments that introduce too much competition in an industry. The former way is quite destructive in that it privatizes and capitalizes the very rent and profit streams that from an economic point of view are most suitable to be given to under-funded activities. The commodified value streams then amount to a tribute paid to their possessors that starves the actual economic life while at the same time becoming the basis of an unhealthy financialization of it. The latter way is destructive in that it can impoverish both those involved in an over-financed industry and those involved in under-funded activities who could have received the money not truly needed for investments in those industries.

A global bookkeeping is needed to help assess when legitimate investing opportunities have been exhausted. It can help determine the maximum that can be invested. Perceiving this maximum to some extent can be the responsibility of individual investors in that they can decide not to invest in clearly illegitimate[3] investment opportunities such as land or forms of equity that are not limited in their claims to an enterprise's profit stream. But to avoid over-investing in an industry, investors need insight into how much other investors are investing. In other words, global bookkeeping is necessary.

The salient concern of global bookkeeping will sometimes be that at least the minimum is *given* to support unfunded activities. At other times, it will be that no more than the maximum is *invested*. Interestingly, giving at least the minimum needed to replenish capacities used by the economic life can never be at the expense of legitimate investment opportunities. This is because the full cost of invested capital must in the end include the funding of this capacity formation. If a new investment prevents this funding from happening all investments lose some of their legitimacy because, taken as a whole, they no longer can meet their gift funding obligation. In contrast, investing no more than the maximum needed to exhaust legitimate investing opportunities will often mean that funds available to support enriching, capacity forming activities are well above the minimum needed. Far from being a problem, this is a description of the financial basis of a flourishing cultural life. Healthy economic development may start with the minimum funding of capacity formation but it culminates in plentiful funding.

A final concern when determining the right level of giving in an economy is that there is a fair distribution of all that is produced. This is expressed in lectures eleven and thirteen in terms of finding the right balance between work done close to the land and other means of production and work that is freed from them. The productivity of the means of production (according to the Economics Course, ultimately determined by the fecundity of the earth) determines what portion of the population must work on the means of production to support itself and everyone else. In other words, those who do not work close to the land must be supported by those who do. The grand economy-wide transaction between these two broad groups of people needs to be fair for economic life to be healthy. If those doing more physical work see no need to provide support to people doing other work then economic and cultural stagnation will be the result. If those doing less physical work claim too much in the transaction then economic inequity and instability will be the result. And it is essential that this grand transaction remains a free one in that what is provided by those doing non-physical work (or enjoying leisure) is provided directly either in the form of payments for cultural goods or in the form of rents and profits that are given out of insight as they arise – that is, while still in their nascent state.

Global bookkeeping can help us perceive when too little is being given or too little is being provided to people doing physical work. The former situation may call for more profits being given instead of reinvested. It may create the need for those doing physical work to provide more support for capacity development and related activities. The latter situation may call for the remuneration of those doing physical work as a group being increased so that less is available in the form of excess profits to be given.

In making sure the right amount is given global bookkeeping accomplishes the most difficult task in striking the balance between spending, investing and giving. It thereby establishes a sound structure for all economic life. The major imbalances that can severely distort both economic life and our understanding of it are avoided. As a result, the right conditions can be created for the imbalances relating to the relative prices of particular commodities to be addressed. In addition, the taming of capital that consciously giving entails creates the conditions for having the transfer of the right to manage businesses happen through a giving process.

---

3 As seen from an associative economics point of view.

3. Locating the books of global bookkeeping

We can gain some insight into the key elements involved in global bookkeeping by considering how it might exist in a small closed economy, say that of a self-contained village. Lecture 13 suggests considering such small closed economies as an important way to understand the closed world economy that needs to be the basis of our current thinking about economic life. Such a consideration makes clear that while global bookkeeping is inevitably reflected in everyone's books it is based on the economic understanding of how all of these books relate to each other *that itself is not part of these books*. It is important to keep this in mind when we consider what global bookkeeping might entail when done on a larger scale.

We can imagine a small enlightened self-contained village where economic life is kept healthy because any tendency to imbalance is corrected periodically. This would not be overly complicated because the small size of the village would make it possible for everyone to have a sense of the whole. The financial situation of each person and activity and its relationship to the financial situation of every other person and activity would be experienced by everyone.

We can imagine that the villagers have developed a sense for what the right levels of spending, investing and giving are to keep the economic life balanced. In other words, they have an unarticulated village-wide budget for spending, investing and giving. In the language of lecture thirteen, we could say that they come to this through a shared implicit 'theory of balance'. Then, looking at what actually happens in a period in light of this unarticulated budget derived from this 'theory of balance', they can make necessary adjustments, the most essential and predictable of which will be using profits that arise through one activity to support another activity that otherwise would be under-funded. The sources of such gift transfers would not be predetermined but would be determined anew each time by an assessment of where profits no longer needed for investments have arisen. Each villager would freely give or receive the right amount of such funding to strike the balance implied in the unarticulated budget.

The villagers would be doing a village form of global bookkeeping. But where does this global bookkeeping exist? Outsiders looking at or auditing all of the village's books would see a tremendous intelligence reflected in them. They would see terms of trades and loans recorded. It would be somewhat clear how these terms arose. But they would also see that from a village-wide perspective time-and-again just the right amount is transferred to avoid over-investment and to ensure proper funding of capacity formation and other cultural activities. It would not be clear how people knew to do these transfers. The outsiders would have to infer that people acted out of an awareness of how their bookkeeping related to that of everyone else's. They would have to conclude that a global bookkeeping based on a sense for the whole was taking place in the minds of the villagers. The sum of all their decisions with reference to the unarticulated balances is what constitutes this village-form of global bookkeeping. It is reflected in the books of all the villagers but it is not equivalent to them. In particular, the individual terms of gift transfers in each account can be seen in the books but not the economy-wide terms, the aimed for balances, of which each one is a small part.

In a much larger closed economy, the general character of global bookkeeping, including its relationship to everyday bookkeeping, remains the same as that found in this enlightened village. But the way it is pursued must become more conscious. In a large economy, the best balance between spending, investing and giving must be clearly stated and result from an explicit 'theory of balance'. It cannot be left unarticulated. A conscious means of tracking the aggregate amounts spent, invested and given in each period must be found. Finally, a conscious way must be found to ensure that the many individual adjustments made by individual businesses add up to the necessary aggregate adjustment needed to maintain economic balance. In short, global bookkeeping for a large closed economy requires articulated global budgets, global accounts for tracking what is given and a means for individuals to make adjustments in light of these that cumulatively amount to the needed global adjustments.

Global bookkeeping is more than the simple aggregation of the balances of all the books in a region. *It is not equivalent to some form of national accounts.* This is because it includes an articulated giving budget that implies an intended balance between spending, investing and giving that is a reference point for individuals completing their everyday bookkeeping. This budget does not arise out of aggregation but out of insight into economic life. The global budget is not found in everyday bookkeeping but it is based on it. It makes explicit the intelligence that must inform economic life to make all the books of the various undertakings and activities in the economy cohere.

The conscious nature of global bookkeeping is made clear in lecture 13 where Rudolf Steiner explains that definite data must be worked with to determine what balances are appropriate for a region:

> "The first thing necessary is that we should begin working on definite data, in order to see, in an atmosphere unclouded by prejudice and agitation, how some particular area gets into an unhealthy economic condition, because it contains too much freed activity – and again what power of further development of culture and civilization an area has, where that limit, of which I have just spoken, has not been reached." Lecture 13.

From this data, which amounts to conscious global accounts, a 'theory of balance' arises that leads to the forming of a global budget and insight into what global adjustments are needed.

> "From the data produced, we must work out empirically such general laws as will emerge for a true theory of balance as between agriculture, or the working of the land in the widest sense, on the one hand and freed activity on the other. For any region, take what we may call the average of those engaged in freed activity (do not choose such as would falsify the whole balance) and on the other hand the average of those engaged in physical labour. Balance the one against the other; you will perceive how they compensate each other." Lecture 13.

Outsiders looking at the books in a large economy managed out of global bookkeeping would have reason to be more impressed at the intelligence reflected in them than in that seen in the books in the enlightened village. But they would also find more evidence of how this intelligence came about. They would see in the clearly articulated global budget and the data collected in the global accounts information that could be useful to individuals in adjusting their spending, investing and giving to bring about the right economy-wide balances. The global budget and global tracking would have an external expression. These would form the basis of the global adjustments. They might infer that there is a much discussed, explicit 'theory of balance' that is realized in the books.

In an undeveloped economy where investing has not advanced to a great degree we can complete our books relying on everyday bookkeeping. As economic life becomes more complicated with investing having a more significant role to play we need the aid of a shared 'theory of balance' to complete our books. In a large closed economy, this theory must be explicit and come to expression in an economy-wide budget for giving. Thus, what global bookkeeping adds to everyday bookkeeping is a shared understanding of balance and a global budget that can be a reference point in implementing this understanding.

4. Global bookkeeping in action

To give the right amount in relation to all others when there still seem to be legitimate investment opportunities may seem like an impossible task. In a village economy, it is plausible that this can happen because everyone can know about and then evaluate the relative importance of the competing investment projects that would need to be passed up in favor of paying for capacity formation. That is, there can be an implicit ranking of investment opportunities. But in a larger economy it is more difficult to see how this evaluation and ranking can take place. Can some objectivity be brought into how much, if anything, each profitable activity contributes to finance capacity formation?

We can begin to see a positive answer to this question by taking into account the tamed nature of capital in a healthy economy. When capital is tamed the compulsion to preserve it experienced so strongly today disappears, making it possible for those with excess capital to let it go if they sense that their activities have no need for it.

Chapter Three of *Towards Social Renewal*[4] is especially helpful in understanding this. In the description of the investment process found there it is assumed that the return to the original investors, whoever they may be, is limited to interest and the return of principal. The entrepreneurs responsible for the business activity become responsible for the use of any profits that remain after investors have been paid. The entrepreneurs own this new capital in the sense that they are responsible for it. But for the most part they do not have a pecuniary claim to it, though it is suggested there that a small participation by entrepreneurs in both profits and losses is advisable. As steward-entrepreneurs of the profits they can identify its best use with much greater clarity than is the case when it is managed for the financial benefit it provides its "owners" in the conventional sense.

It will often be that a newly undertaken activity has a great need for its profits to be reinvested in its expansion. But it will also sometimes be the case, often after the activity has become established, that it generates more profits than it can use. Indeed, some activities, those that tend to generate revenues that have a rent quality, almost always produce such profits. There does therefore arise in the economic process money that is obviously ripe to be given. It simply takes an honest steward of capital to perceive when this is so. Giving up the right to use this excess capital may at times be a relief to its stewards as it disburdens them of their responsibility towards it.

But it cannot be assumed that such low-hanging fruit that is obviously ripe to be given occurs in just the right amount to bring about balance. More will often be needed. We can imagine that when it has become clear how much is given so freely and how much still needs to be given stewards of capital begin to grapple with what investments are expendable. The associative sharing of information, partly reproducing the economy-wide understanding easily attained in a village, may go a long way in helping stewards to prioritize opportunities among themselves. New means also might be devised to help in doing so. A second wave of gifts might as a result be forthcoming. We can imagine this as an iterative process that continues until just the right amount is given from just the right sources.

This process reveals the relationship of investing to giving, not in an abstract way to be managed externally, for instance, through taxation, but in a very concrete way as experienced by stewards

[4] *Towards Social Renewal*. Rudolf Steiner. Rudolf Steiner Press, London 1977 [1919]. This is one of the English titles of the original book, in German *Die Kernpunkte der sozialen Frage* (The Cardinal Points of the Social Question). Given its contents, a better title might be 'The Threefold Nature of Social Life'. The book is also a powerful economic tract, the 'social question' being a reference to the relationship between capital and labour. – CHB / editor.

of capital who feel the tension between the need for investment and the need for funds to finance capacity formation. Stewards of capital throughout the economy sort out among themselves in a manner that is scalable how to fund capacity formation and other underfunded activities.

Here we see global bookkeeping in action. An amount has been determined that will bring balance. The amount actually given is tracked. Then adjustments are made with reference both to the budget and the actual current needs until the budget or revised budget is met.

5. Polarity of profit and economic health orientations

At the heart of the Economics Course is the presentation of a polarity that exists in a healthy closed economy. The polarity is another way of explaining the contrast between everyday bookkeeping and global bookkeeping. One pole is that of pure trade and is expressed in the three formulas at the beginning of lecture eight. This has the individual orientation towards profits through trade that can be easily revealed in everyday bookkeeping. The other pole consists in all that makes necessary the working consciously with the balance of the three kinds of money, that is spending, investing and giving or purchase money, loan money and gift money. This is the economic health orientation of global bookkeeping. The need for it arises most especially from the clockwise movement described at the end of lecture seven in which intelligence takes hold of goods. It is also expressed in the equation for economic health in lecture four. In a fully-formed healthy closed economy, each pole depends on the other.

The three equations presented in lecture eight expand and complete our understanding of the relationship between supply, demand and price. The Trader’s equation expresses how traders look out at what producers may supply and what consumers may demand for different commodities; they decide what to trade and set their buying and selling prices to be profitable. The Producer’s equation expresses how producers consider what commodities they can supply in relation to the prices they will fetch; they then decide what they will supply so that they are profitable, effectively creating a demand for money for the supplied commodities. The Consumer’s equation expresses how consumers consider what their demands or needs are in relation to the prices they see and decide what to buy to meet their needs, supplying money for the commodities that meet their demands.

In these three equations, we see the essential three perspectives that are operative in buying and selling. That is, these are the perspectives active in spending or in the use of purchase money. All three equations, not just the Trader’s equation, must be solved for the economic cycle to keep going. Their solution requires that the trades involved in each economic round are profitable for everyone. Producers and traders will see this profit first in their books and later in the satisfaction of their needs made possible by it while consumers will experience it directly in the satisfaction of their needs. Though there is mutual profitability, for otherwise trades would not happen, individuals focus on what benefits them – that is, their own profit. Their main concern is not the profitability of others. An essential point is that a person with a need must have the wherewithal to satisfy this need. This means that all prices must hang together in such a way that through purchase and sale the wherewithal in the form of profits is provided everyone.

But these three equations reflect only one dimension of economic life. The further dimensions arise when intelligence takes hold of goods in the investment process as described in lecture seven. Let’s consider what changes investing brings to economic life, focusing especially on new relationships of consumption to production brought about by it and new expressions of the mutuality that are associated with these.

Consider the physical resources used in the investment process. These are consumed in the process of being productive. Consumption and production are not separate activities as in the case of trade. These resources are provided from the total sum of goods circulated through trade. They are diverted from it. The act of providing resources to invest consumes some of the values that the trading process has produced.

What is the relationship between the provision of these resources and their productive using up or consumption? One possibility, described in lecture ten, is that the resources are provided with no explicit conditions but with the implicit agreement or custom that the favor will be returned in the future if need be. There is a kind of trade but it is not defined. The future 'repayment' might not happen or if it does happen it might be in a different amount than that originally provided. This characterizes an imprecise mutuality, that of a certain type of gift culture, that is the extreme opposite to that found in trade where the price is the explicit and full terms of each exchange with no future obligations remaining.

But there is another possibility that exists just because the consumption of the goods is clearly productive. The relationship can be that of lender to borrower. Borrowers can pay back the precise value of the goods consumed in their productive activity. This is the relationship that exists in investing. It encourages the careful application of intelligence to economic life because the new values or profits that an investment creates can be precisely tracked. They are simply what is left after the lender has been repaid.

With investing, the relationship between lender and borrower has the same characteristics as a trade: equal values are exchanged. The main difference is that the values are exchanged over time instead of in a single instant as is the case in a pure trade. It follows that mutuality in this trade over time is similar to that found in the pure trade. Though the exchange is mutually beneficial, individuals are focused on what benefits them when they lend or borrow. Lecture ten points to interest paid by the borrower to the lender as the last cancellation of a mutuality that binds them through social obligations. In other words, interest is mutuality realized in financial terms. Through interest the relationship between the provider of resources and the user of them becomes entirely definable in terms of a trade.

But there is an unseen side of investing that also involves a productive consumption. This is the using up of intelligence or capacities. The investment idea, the know-how to implement it and the workers' skills needed to carry it out fully do not arise out of nowhere. They must be cultivated. All investing activity relies on human capacities that are developed over years of education. The using up of these capacities produces profits. The appropriate use of some of these profits from an economic point of view must be the financing of all that is involved in the development of these capacities. Capacity formation is then also a kind of production that is at the same time consuming resources, namely profits.

We can now ask, what is the relationship between the productive using up of capacities and the productive using up of profits in capacity development? It is not a lending relationship. This is because the precise matching of values generated with values used is not possible in this relationship. The value of capacities that are used up and generated cannot be nor should they be precisely calculated because one is dealing with the unfolding lives of human beings engaging in numerous and varied encounters and relationships all of which play into their development. Moreover, the financing of capacities is always future oriented, never paying for capacities used but always for capacities needed for the future. This means that specific profits cannot be matched with the value of the use of specific capacities but instead economy-wide profits must be understood to be the right source for funding all future capacities.

The Economics Course characterizes this relationship as a gift relationship. Entrepreneurs as a group have a gift relationship with those involved in capacity development as a group. Each group gives and receives from the other group. But the particular source of what will be given cannot be predetermined. This is true with respect to the profits given to support capacity development (where and when profits to be given changes) and with respect to the capacities that arise to support the investment process (in whom different capacities and intentions will arise cannot be foreseen). As a result, individuals must experience how their actions are part of the economic relationship between these two groups from the inside. Entrepreneurs, for instance, must determine each period what they give in relation to what others give so that the total given is the right amount. The mutualism must be intended and conscious.

Thus, we see that investing gives rise to the need for global bookkeeping. Everyday bookkeeping is sufficient to reflect what happens in the cycle of trades between producers, traders and consumers, which constitutes one pole of the economic process. Its use can be extended to account fully for the lending process, including the interest associated with it. But it alone is not up to the task when we seek to account for the giving that is necessitated by investing. Here it must be supplemented by the global bookkeeping which provides individuals with a means to understand how their use of profits relates to the needs of the entire economy.

We can see this contrast clearly by considering social needs and the wherewithal to meet them. One significant lesson of the three equations is that the existence of a need does not mean economic life will meet it. The one with the need must also have the wherewithal, the money, to satisfy it for it to register in the economic life. All prices must hang together in such a way that a person with a need has the needed money. When they do not then change is necessary, for instance, in the number of people engaged in different industries. But when intelligence takes hold of commodities through investing it happens as a matter of course that some pure consumers with needs, teachers, for instance, do not have the wherewithal to satisfy their needs unless global bookkeeping ensures that sufficient profits have been given to them. Here lack of wherewithal does not reveal a need to change the number of people working to create capacities but it reveals the need for sufficient profits to be given to provide this wherewithal.

The structure of the Economics Course makes clear the importance of this polarity for the economic process. The course moves at the end of lecture seven from a description of the fully formed economic process, including the movement in which intelligence takes hold of goods in the investing process to the description of the equations for the Trader, Producer and Consumer, made without reference to the role of investing and giving in the economic process, at the beginning of lecture eight. This juxtaposition at the very heart of the Economics Course suggests the contrast is of great significance. The three equations reflect what happens in the realm of purchase money where everyday bookkeeping is sufficient while what happens through intelligence taking hold of goods brings about the tension between spending, investing and giving that can be resolved only through global bookkeeping. The profit orientation of the three equations permeates economic life. At the same time, as lectures nine through fourteen make clear, the full engagement of intelligence with it complicates it, making the economic health orientation of global bookkeeping also necessary.

6. Global bookkeeping in relation to attitudes towards profits and losses

Our understanding of global bookkeeping can be deepened further by considering the attitude towards profits and losses that it requires. The common-sense attitude is necessary as we buy and sell: we seek out what is profitable and avoid what brings losses. The search for profit is what pushes the economy forward and both parties to a proper transaction will profit personally. But if this attitude remains unaltered as we enter into the realms of investing and capacity development our economic life will eventually become self-destructive.

In lecture ten the need for capital is said to provide a suction that pulls economic life forward in the same direction that the quest for profitable trades pushes it. It is of great significance that it is the entrepreneurs' need of capital that provides the suction, not their quest for profits. This reflects the different attitude to profits and also to losses that is needed in the realm of investing. Here profits are important but they are not an end in themselves as the profit to the hungry person in eating an apple clearly is. Entrepreneurs seek capital, hunger for it, not the profit associated with its use, because they have something to offer the world. Their need to be active in the world pulls resources to a use that improves economic life in some way. While to be successful their undertakings must be profitable they relate to these profits as stewards not as consumers.

As stewards, entrepreneurs may reinvest profits in their own undertaking or someone else's. But as we have seen, they may also realize that the best use of the profit is for it to be given away. From a narrow everyday bookkeeping perspective giving profits away might be considered to be investing in something that will result in a total loss. In fact, when done in the right way it enables those needing the gift to operate without a loss because the full economic significance of their activity has been recognized. It gives their activity the oxygen it needs to breathe, as it were. The need for resources that this use of profits satisfies provides a final suction to economic life that completes the economic cycle that arises when intelligence takes hold of goods in investing. Entrepreneurs who have the right (i.e. associative) attitude towards the profits associated with their activity will recognize this.

Between uses of profits that will provide no definable returns and uses that almost certainly will there are many uses that have an uncertain return. Sometimes there will be a partial or total loss but sometimes there will be a profit. The changed attitude towards profits will also change the attitude towards these opportunities to use capital. When types of such uses are grouped together it may be apparent that overall one type of risky investment is profitable, with profits in some uses offsetting the losses elsewhere, while other types are not. Using capital in the former type clearly makes sense. But using it for the latter types may also be economically prudent in that the losses support unseen capacity development. Thus, there are some uses of capital that combine investing and giving. In fact, there exists a continuum of uses of capital, extending from those that are profitable through those that create partial losses to those that by nature result in total losses unless funded with gifts. Entrepreneurs as stewards of the profits their activity has generated will be mindful of this continuum of possible uses of such profits. Global bookkeeping provides them the means of seeing how the different uses they see for the profits for which each of them is responsible relate to the uses others are considering.

As stated above, the source of a first tranche of giving in support of capacity development will be obvious. This 'low-hanging fruit' is seen in profits that have a rent quality and other profits that are clearly not needed for further investing. A natural destination of this first tranche is the pure gifts associated with general education. Determining the sources of additional tranches needed to meet the giving budget requires greater insight into the relative value of different uses of capital. Deciding which investments are to be pursued and which are not and what use is to be made of money given, including the support of money-losing investments, creates a great opportunity to mold economic life in a healthy way.

By contrast, it is not difficult to see what results from the prevailing attitude towards profits. To invest to capture as much profit as possible and to avoid all uses of profit that can lead to losses is to treat investing as if it were trade. The result is a blindness to the relationship between investing and capacity development and more generally between use of profits and a healthy balance of spending, investing and giving. Only those projects or types of projects that taken singly or grouped together lead to a profit are pursued while all others are starved of resources. Further, the quest to preserve capital leads to the commodification of land and profit streams and to collateralized lending. Thus, the individual profit orientation distorts economic life by overstepping its proper bounds through a form of inertia as described in lecture nine. Capital is allocated in a way that prevents a healthy relationship between investing and giving arising instead of in a way that serves to foster this relationship.

As expressed in lecture eleven economic life can endure the consequences of capital being used in such a reckless way only for so long. Mergers and growth can hide the incompleteness in our economic practices that is manifested in such uses. But when a closed world economy emerges the need to manage economic life by striking the right balance between spending, investing and giving can no longer be ignored. The right attitude towards profits arising from investment activity becomes necessary.

7. Intensification and reversal in the economic process

The global bookkeeping that can bring objectivity to what is given and more generally to the balance of kinds of money can be understood as the intensification of characteristics associated with loan money (investments) in the Economics Course just as it can be understood as the turning inside out (flyping) of characteristics of the sphere of purchase money (trade) as described above. In particular, the grounded insight needed to determine when and how much to give can be seen as an intensification of the insight that guides the transfer of control through the circulation of the right to use the means of production. A closer look at the relationship the entrepreneur and others have with both invested and investable capital will make this clearer.

If economic life is to be healthy, the original capitalization of an activity must typically have many of the characteristics that fixed-income or preferred equity instruments have today: the return to capital is defined and limited, even if variable, and the investor receives no abstract or perennial pecuniary returns. That is, capital must be tamed. Further capitalization of the activity may continue to take this form but it might also take the form of reinvested profits (internally generated capital). In the profits that are reinvested we have no trace of their origin in that they are free of any obligations towards original investors. Thus, throughout the economy a large amount of invested capital may arise and grow that does not come directly from investors' deciding to invest in the activity. It is managed by responsible individuals for everyone's benefit. That entrepreneurs must relate to all capital as stewards is made especially clear in their relationship to this new freed capital.

In light of this, a question naturally arises: How is responsibility to change hands when entrepreneurs as stewards of capital are no longer able or interested in being responsible for it? It cannot happen by selling the equity of the activity as sometimes is the case with companies today because there are no voting rights attached to any portion of the capital that has been invested, including the original loaned capital and the reinvested profits. It can happen only through simply transferring the responsibility to other stewards without any form of compensation. This is a giving process.

Elements of this practice are already common today. For instance, the separation of stock ownership and management allows for changes in management to happen without changes in stock ownership taking place. But in this case the transfer happens only with the approval of stock owners or their representatives so the transfer is still based on an untamed quality granted to equity investors.

In Chapter 3 of *Towards Social Renewal,* it is suggested that except in unusual circumstances the selection of new entrepreneurs must rest with the entrepreneurs themselves or with others who they select. If this selection is done out of real insight into what will further economic health it will be informed by what in lecture ten is called a "self-active intelligence". This intelligence is compared there to that which lives in the human being's digestive system that can result in just the right amount of nourishment being delivered to different parts of the body. Similarly, a self-active intelligence in the economic life will result in the right people being given the right to further develop businesses. In this way, there can be a circulation of the rights to use the means of production without money changing hands.

We see in this circulation how capital in the form of the created means of production stands outside the economic process as one of its boundaries. It is first formed out of the trade relationship that characterizes the financing of a new investment. But what results from this can no longer be traded. It is freed and can only be transferred or given. This reality can be expressed in bookkeeping by the writing-off of the non-tradeable value associated with a business. In the Economics Course this is described as writing-off the value of the created means of production. When the business changes hands nothing in the books has to be changed. What changes is the person responsible for it. While with a sole-proprietorship this might mean transferring all accounts to another person's name, in a corporation it would simply require the transfer of authority over the entity.

Thus, the transfer of control leaves hardly a trace in everyday bookkeeping. Someone whose knowledge of a region comes exclusively from all the books of a region would have no insight into how new people are selected and put in place to keep the businesses going. They might infer a change in a business by seeing a change in direction or in fortunes reflected in the business' books; but that is it. The decision-making process, the self-active intelligence, would be entirely outside of this bookkeeping as we saw also is the case with respect to the giving of profits in an enlightened village economy.

In the giving of profits that is managed through global bookkeeping we have the same self-active intelligence that is needed to transfer control in the best way. But in giving profits it must be intensified or enhanced since the insight needed to do this in the right way is much greater than that needed to select new people to run a business.[5] This is because the financial situation and economic role of the economic aspect of all activities in a region must somehow be reflected in the decisions individual entrepreneurs as stewards make regarding how to use their profits. As we have seen, the challenge of doing this is met with the help of the global budgets and tracking of global bookkeeping that make clear what global adjustments are necessary.

We see that just as the suction that pulls investment capital towards those needing it is completed in the suction of profits that pulls gift capital to those needing it, so also the self-active intelligence seen in the circulation of the right to use the means of production is further realized in that found in objective giving and the balancing of the three kinds of money.

8. Number and global bookkeeping

The relationship of everyday bookkeeping to global bookkeeping can be understood in yet another way by focusing on the role of numbers in each, including their role in the intermediate forms of self-active intelligence that complement its fullest expression in the form of objective giving. This consideration will show again how global bookkeeping entails a turning inside out of the relationships that prevail in the profit oriented transactions that are recorded in everyday bookkeeping.

---

[5] To paraphrase Aristotle: The liberal man is the one who knows how to give the right amount of money to the right person in the right way at the right time. (*Neo*liberals take note!) – CHB / editor.

Both everyday bookkeeping and global bookkeeping make use of numbers. But there is an important difference between how they do so. Everyday bookkeeping records the numbers of the prices involved in transactions. These are experienced as external indicators of underlying economic conditions. They can be considered passive mirrors of these conditions. If they seem off in that they do not cover the needs of those receiving them the underlying conditions need to be changed. Then prices reflecting these conditions can arise that are 'true' in the sense of True Price as defined in lecture six. Notably, if this process is to be accurate a number is never falsely placed on labor as such. Instead, conditions are managed so that the prices that arise provide those contributing labor with the means to meet their needs for another round of economic activity.

By contrast, the numbers involved in global bookkeeping are not a passive mirror. They serve to elicit behavior. The main number determined out of insight into the best balance between spending, investing and giving is the global budget for giving. The amount stewards of capital decide to give is determined with reference to the relationship of this number to the aggregate amount already given as expressed in all the books throughout the economy. The decisions made by stewards determine whether the budget is met. They are active in realizing that number in economic life. In short, the process of global bookkeeping is the determination and then the realization of that number. It is the forming of the economy with it. Instead of experiencing an external number that can only be indirectly changed, stewards experience a number they have determined through insight and that they can collectively realize through their decisions. This number has the effect of providing the suction of gift capital formation that the economic process demands. It thereby creates the general conditions needed for True Price to be realized.

In lecture thirteen, an equation is presented that expresses the relationship of values brought about through physical labor and those brought about through intelligence. The former values are characterized as positive and the latter as negative in that they use up what the former values provide. The number reflecting the global giving budget is closely aligned with the negative number described in this lecture. A simple equation of the global giving budget with the economy-wide negative number that must be balanced against the positive number may not be accurate. This is because the negative number includes aspects of all the intelligence-infused activity that engages with physical labor. But what seems clear is that the global giving budget corresponds to a significant aspect of this negative number. Its intelligent use provides the most direct way to top off the total negative associated with freed activity as expressed in this equation.

Between the possibility of changing prices indirectly through modifying the underlying conditions and the possibility of engaging directly in the realization of the global budget of giving is the possibility of circulating the right to use the means of production through a giving process. In this, number is not present. It is intentionally eliminated through the writing-off of the means of production. Its connection with number is severed along with its expression through everyday bookkeeping. In fact, the presence of number in these transfers indicates that there is a false relationship to capital. This happens when profit and rent streams are capitalized through being bought and sold instead of being reinvested or given as they arise to maintain the right balance. What results is the hall of mirrors characteristic of financialization.

To reiterate, the insertion of intelligence into economic life through investing leads to the need for a number that reflects the relationship of spending, investing and giving. This number cannot be found as long as number makes a false appearance through its use in valuing rent and profit streams. But when those responsible for these streams manage them instead in their nascent, not capitalized, form out of insight, this number can be found and realized in the economic life.

Thus, we see that the economic process entails a continual turning inside out of our relationship to number that corresponds to the continual change in attitude toward profit. The external relationship we have to number in our buying and selling is transformed through the innumerate experience of deciding who is to have responsibility for capital to the internal, active relationship we must have to it as we complete our books through global bookkeeping.

9. The enduring contrasts of a closed world economy in relation to global bookkeeping

Contrasts of different kinds are what animates the economic process. At the level of a closed world economy it is the conscious experience of the contrasts between the economic life, the rights life and cultural life that keeps the economic process of the single economic organism healthy. Global bookkeeping plays an essential role in making this experience possible and objective. It does this by providing a means of relating what seemingly has no point of comparison: cultural goods and material goods. In so doing it helps bring about a realignment of people's behavior and the economic organism's need that has the effect of eliminating the economic organism's dependence on external growth for survival.

Certain contrasts that animate the economic process before economic life has become global in nature persist even at the new level of a large closed economy. But others do not. The contrasts that result in everyday transactions including lending do persist. It is the contrasting situations of people that make trades profitable for each party to a transaction. Likewise, because of their contrasting need for capital and ability to use it well people experience a difference of level that results in capital flowing down from those who have it to lend to those who need it. But the contrasts that are sought out to fuel economic growth through mergers and geographic expansion do not persist. Instead they become exhausted at the level of a closed world-economy.

This phenomenon is described in lecture eleven in terms of a law applicable to all living organisms: that they must grow or decline. It is stated there and in lecture one that living organisms, including the economic organism, need contrasts to grow. Otherwise they go into decline. In the course of the history of economic life, people have responded to the sense of imminent decline when certain contrasts have been exhausted by trading and eventually merging with other economic organisms. Doing this provided new contrasts giving new life to the now larger combined economic organism.

This dynamic involved the misalignment of people's behavior and the actual need of the several economic organisms. While people sought out new markets to stave off decline, the actual economic need was for actions to be taken that reflected the full organic dimensions of the economic process of each economic organism, including the need for using profits to fund capacity development and other activities. The motive to grow beyond the existing economic organism was borne out of blindness to or incapacity to address some of the needs of that organism. This motive eventually crystallized into the deeply entrenched false notion that the pursuit of profit is the most important aim in economic life

Two of the reasons that the economic process could continue in some form despite this misalignment have to do with how capacities needed by the economic life managed to be renewed or absorbed despite inadequate and imprecise giving. Ever-expanded economic activity permitted sufficient gift money to arise haphazardly, whether through taxation or otherwise, for some renewal to take place. In addition, geographic expansion and migration gave access to new legacies of culture and capacities that could be drawn down to make up for insufficient giving.

When these legacies have been consumed and new trading partners are no longer available, this method of staving off decline through external growth is no longer effective. This happens at the level of a newly closed world economy. Insofar as this level has been reached, it is necessary for us to align our behavior with actual economic needs, which correspond to the world's social needs. This means that our conscious purpose must become the pursuit of economic health, the real need that the economic organism presents. As we have seen, global bookkeeping provides the means of realizing this purpose.

In doing so it makes conscious the ultimate persistent contrasts that must animate an economic life that has become closed. These ultimate persistent contrasts are experienced clearly to the extent that our attitudes and behavior are aligned with what is called for by each stage of the economic process. We experience the economic life clearly in our profit orientation in trade. But the contrasting rights life shapes this economic life. This comes to fullest expression in the relationship entrepreneurs can come to have to the means of production. They experience how the rights life governs the use of the means of production that cannot be owned in the conventional sense. They feel themselves responsible for something that has become a public thing, even though they have been instrumental in bringing it about. The experience of this rights relationship contrasts strongly with the experience of seeking transactions that are personally profitable, an experience that persists in our daily trading activity.

Similarly, all those involved in the objective giving and receiving of profits that is an integral part of the economic process must experience the need for the cultural life to consume resources in its task of developing capacities and maintaining economic balance. This experience contrasts markedly with both the experience of seeking profits and the experience of being responsible for capital. It is the polar opposite experience to that had in the sphere of personal spending or purchase money where giving up something in exchange for what seems to be nothing is unthinkable. It also differs from the experience in the sphere of investing where one necessary benchmark of success is that the outlay of capital is recovered through trade. The return on gift capital does not come in this way.

For the tensions that arise because of these contrasts to be experienced effectively there must be points of comparison that reveal how these three realms are relating to each other. Global bookkeeping provides one of these points through making clear how much giving is needed in relation to spending and investing. Without a global giving budget the seemingly unreciprocating consumption of the cultural realm has no objective point of comparison to the values that are created through trade and the trade aspect of investing where reciprocation is everything. By quantifying overall giving, a global giving budget creates a way for the tension between the consuming nature of the cultural life and the exchange oriented nature of the economic life to be fruitfully experienced.

In lecture thirteen, the point of comparison between the economic and cultural realms is described in terms of comparing the value of cultural goods and material goods. The point of comparison between these two types of otherwise incomparable values is found in the universal need of people, whether they are in relation to material goods, pure consumers, producers or something in between, to gain immediate sustenance out of the sum of values that arise from work done on the means of production. In other words, the products of freed activity can be valued in terms of the material values that will be consumed in creating similar products in the next round of economic activity. The economic process of its own accord often makes this comparison in the prices that arise through it. But in a closed economy the comparison must be made conscious and intentional as it would be at the economy-wide level when global giving budgets become effective.

The new contrasts that must animate the economic organism when it is again a closed system reveal the organism's boundaries and relationships with the rights life and the cultural life. But they do so in a way true to economic life in that the animating movement at these boundaries arises out of differences of level akin to those that bring about trade and lending. Entrepreneurs wishing to transfer the right to manage businesses they have created will seek out people with the capacities and interest to carry on and improve these businesses. The same rolling down of capital from those who have it to those who need it takes place here as happens when loans are made to finance an undertaking but the boundary with the rights sphere becomes more active and evident. The formation of gift capital is similarly simply a rolling down of capital from where it is no longer needed to where it is needed. Here the economic organism's boundary with the cultural life becomes active and evident.

Yet, the question can still be asked, how do these newly distinct contrasts enable the economic organism to continue to grow in some way and avoid decline? Why are these contrasts not exhausted as those are that fueled the external growth leading to world economy? For one thing, the new contrasts provide exactly what the old contrasts fueling external growth did not. The emergence of the contrasts means that economic health, including the economic organism's need for new capacities and balance, have become a main concern. Everything is taken into account, literally, making possible the completion of the economic organism's books through the coherence of the bookkeeping of all the activities within it.

If these new contrasts were unchanging it might still be that, according to the law of living organisms, they too would be exhausted. But the contrasts themselves change in that the cultural life and the rights life have the potential to evolve and will therefore necessitate changes in the economic life that supports them. This is especially clear with respect to the cultural life. While the cultural legacies made use of by the economic life may have in a sense been used up, new sources of meaning and purpose to engage the human will in economic life can be found when the cultural life is independent. The economic organism can remain healthy as long as these new sources provide the new contrasts it needs to develop further. The cultural life can provide these well only when its economic dimension, its point of comparison with the economic life, is made clear and objective through global bookkeeping.

It is important to note that the description here has left out some of the complexity of the economic process for the sake of clarity. While the pursuit of economic health through taming capital lays bare the contrasting realms with their contrasting experiences of spending, investing and giving, these realms in some areas of economic life also overlap, making distinguishing them more difficult. As explained above, there is a continuum of uses of capital from those that fit clearly in the realm of investing through those that combine aspects of investing and giving to those that clearly fit into the realm of giving. Similarly, all or part of some cultural goods may be paid for like any other good as when a painting or literary essay is bought or when teaching is supported through tuition. Experiencing the distinction of the three realms even in these less clear-cut areas becomes possible when the contrasts between the areas where the distinctions are stark have been experienced fully.

10. Ageing money and global bookkeeping

Above are several sketches from different points of view of what global bookkeeping is that are made without addressing its possible relationship to money. Now let's turn to an exploration of the idea presented in the last lectures of the course that the structure of money can either hinder or help the successful doing of global bookkeeping. But instead of delving into the more inscrutable aspects of the idea of ageing money presented there, including that younger loan money would be more valuable than older loan money and the relationship of the age of the created means of production to money, we will focus on the essential aspect that to reflect the economic process fully money must die or expire when it is given away. A general notion of how ageing money might help in the implementation of global bookkeeping can be gained in this way,

A key passage in lecture fourteen describes the relationship of a money that wears out or ages and the world's bookkeeping, what here has been called global bookkeeping:

> "What is it that really emerges when we think, in this way, that in circulating money we have a kind of reflection of the element of use and wear that is present throughout the whole range of consumable goods - including the cultural sort? In a money which wears out we have a parallel process to goods, commodities, real values, which also wear out. What have we, in effect, if we perceive this parallelism - we can extend it over the entire world economy - between the real value and the token value? Truly we may describe it essentially as a kind of book-keeping system for the whole world economy. It is the world's book-keeping. When some item is transferred or delivered, this simply signifies the entry of an item in another place. In actual practice the thing is done by passing money and commodities from hand to hand. The principle is fundamentally the same whether we contrive to record the items in their proper places in an immense book-keeping system embracing the whole world economy, and so direct things simply by transferring credits, or whether we write out a chit and give it to the person concerned, so that the thing is done in external action. In the circulation of money, we have in effect the world's book-keeping; this, as everyone can really see for himself, is what should be aimed at. For in this way we give back to money the only quality which it can properly have - that of being the external medium of exchange." Lecture 14.

That money is in its essence a "book-keeping system for the whole world economy" is most easily seen to be true with respect to the everyday transactions of trade, that is those involving spending or purchase money. Money is involved in all of these transactions. To follow its circulation is to see all that happens in the entire economy. When we view its activity with respect to a single entity we have the everyday bookkeeping for the transactions of this entity. When we view its activity for all entities we have the bookkeeping for the entire world economy. Money here is a passive mirror that reflects the results of values circulating. Insofar as it is such a passive mirror it does not wear out or age. In an economy consisting only of such purchase transactions it can be used indefinitely without harming economic health.

But the full economic process does not stop at trade. It includes investing and giving. The wearing out of money described in this passage has to do with the changes money must undergo to mirror this process, especially with respect to the role cultural goods play in it. Purchase money inevitably gives rise to loan money as profits from trade provide the means for intelligence to take hold of goods in investing. Loan money inevitably gives rise to gift money that is perfectly suited to renew capacities used up in investing and ensure that economic balance is maintained. A money that does not age does not reflect this full economic process. It circulates as if investing and giving do not exist. In contrast, a money that does wear out in that it indicates that giving is an economic necessity, that cultural goods must be paid for, does reflect this process. It circulates in a way that results one day in the giving that is needed for economic health. It can be made to reflect the global budget for giving that then is realized in its circulation. In this way, the circulation of the ageing money described in the Economics Course can do global bookkeeping.

The ageing characteristic of money would impart to money a 'death date' or expiry moment in some way. That is, money would expire at some point, making the issuance of new money necessary. Those seeking to give money away would need to use money that is about to die, expire. What this means is that the ageing aspect of money would effectively set the global budget for gifts. The rate at which money matures to the point of being qualified to be given away would determine how much money is given over a period of time. In imparting an age to money, we would have an essential means of managing the balance between positive and negative work described in lecture thirteen and more generally the three kinds of money. In other words, we would be implementing the 'theory of balance' that has resulted from our understanding of the economic situation of a region.

We can also see that in addition to setting the global budget a money which has a date at which it must be given would provide a means of tracking how much has been given over a certain period. Once given and spent, it would no longer circulate. It would in a sense be collected. The amount that remains outstanding would be clear. Thus, after the first round of giving has taken place, through harvesting the 'low hanging fruit' of profits ripe to be given described above, global adjustments could be made until the right level of giving for economic health takes place.

Ageing money does not make this process automatic or compulsory. It depends on people having the right attitude towards investment profits, another way of saying they must have the community spirit mentioned in lecture ten. The presumption that people must be compelled to give is replaced by the expectation that stewards of capital will seek the best use of their profits. As stated, a certain level of giving will come effortlessly. An intensification of self-active intelligence will then be needed to bring about the remaining amount. Those needing to give will do so with money about to expire, exchanging younger money for it if need be.

But what if people wishing to give or at least willing to give still do not give enough? With ageing money the result would be that an element of forced giving would emerge as a kind of useful backstop. Those holding the little money about to expire that is still left would be forced to give it (or, meanly, might allow it to expire to no one's benefit). This forced giving would be similar to a tax. Such a tax-like forced gift would fall on businesses randomly but over time it would be evenly distributed. The extent to which such forced-giving happens would indicate how far the economic region still has to go to be fully guided by a self-active intelligence. But mainly the giving would be done freely.

Ageing money can be considered a further development in the relationship we can have to a global giving budget. In the imagined enlightened village described earlier, the global giving budget is unarticulated. In the global bookkeeping needed in a large closed economy, it is well-articulated and is the result of a shared 'theory of balance'. With ageing money, a further step is taken: it becomes incorporated into money itself so that the circulation of money reflects the entire economic process.

This final step makes it easier to realize the global giving budget in several ways. It makes known and visible the global giving budget that people have agreed to and tracks progress towards meeting it. It also makes it more difficult to use profits to over-invest, since money, having first been used to make needed investments, will not be available for such destructive investments. As mentioned, it also provides the backstop of forced-giving in situations where not enough has been given. There is also a hint in the Economics Course that ageing money would give rise to a kind of money market for different ages of money that would have a relationship to interest and interest rates and would further facilitate the allocation of capital and the formation of gift capital.

It is interesting that to give back to money the only quality that it properly has, that of being a means of exchange, money has to lose this quality when it is given. In fact, just because it is given, that is, exchanged for nothing, money is prevented from being employed in fictitious transactions involving the buying and selling of profit streams. This can also be thought about in a different way: we can consider the amount given economy-wide to be the price struck between the cultural realm and the economic realm generally. Money then continues to be a means of exchange in its death but the quality of the exchange differs from its quality when it reflects well-defined individual values.

It is also worthwhile to recall the role of number in economic life. Money gives it expression in prices in the realm of trade, including the interest paid to investors. As mentioned, it disappears when it comes to the circulation of the rights to use the means of production because profit streams associated with them are never capitalized. Number again comes into play when the balance of the three kinds of money is considered, resulting most essentially in the determination of the level of giving that is needed. As described above, it is possible for the number associated with giving to be created and used while money still has its current form, but the number becomes tremendously more effective when it is reflected in money itself. Doing so makes the form of money more complete by complementing the external number, which enables it to be a means of exchange, with the internally maintained number, that ensures money can continue to be a true means of exchange. Money then can run parallel to all aspects of the economic process.

An important question, not to be explored here, is whether ageing money could be fashioned in a world where money is increasingly digital. Is there a way to incorporate a global giving budget into a digital currency that would provide the same benefits attributed to the ageing paper money described in the Economics Course? Of course, such a digital money would be useful only when a large amount of capital in a region has been tamed and entrepreneurs and others active there have made economic health the overarching aim of their activities.

In summary, a money with a 'death date' or expiry moment includes both poles of the economic process described in the Course. As long as we are in the realm of purchase money it does its job as a passive reflector of values. It assists us in external comparisons and is equivalent to everyday bookkeeping. Then through its setting a global budget for giving it mirrors the ongoing turning inside out that characterizes the complete economic process. It creates a suction in its circulation that elicits, but for the most part does not compel, healthy behavior. It does more than simply reflect definable individual values. In its circulation, this money informs us at each turn what level of giving is still called for. It assists us in completing our everyday bookkeeping through expanding it to include global bookkeeping. In this way, when there is an ageing money, it will be true, and eventually become a truism, that "in the circulation of money we have in effect the world's book-keeping."[6]

[6] *Economics – The world as one economy*. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. GA 340, lecture 14.