Associate!

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Newsletter of the Economics Conference of the Goetheanum

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Time to move on…

This edition concludes the 11th series of this journal (*see Note 1 on last page*) dating back to its beginning in May 1980, 43 years ago. It has seen various iterations and formats in that time, moving between external associative economics themes to background considerations in its effort to respect the need for ideological neutrality in economics, which has to be valid for humanity as a whole, and neither denying nor boasting about Rudolf Steiner's contribution, from which associative economics as meant here derives.

What happens next remains to be seen. *Associate!* is currently published on behalf of the Economics Conference of the Goetheanum, whose format, purpose and modus operandi is also under review. About this nothing will be said, therefore, in order not to prejudice or predetermine that outcome.

In its latter years, we have endeavoured to place its contribution as directly as possible in mainstream discussions in a discreet effort to make the associative economics approach part of those debates. This is no easy thing to do, since associative economics is not an alternative to capitalism or Marxism, nor is it a third way. Neither is it pluralist in the heterodox sense. In reality, it is the next stage in the evolution of economics, and so it is also a challenge to the prevailing neo-liberal orthodoxy, which tends to see itself as generally valid and the epitome of economic science. Reductionist and myopic though that claim is, if it is disproved it is hard to see where next to go, since every school of economic thought seeks to refine, modify or get rid of capitalism. Only associative economics aims at its metamorphosis.

Neither readers nor examples are legion, therefore. Nor is it obvious where one can get traction for such an historical intention. Moreover, when it comes to reductionism, does one ignore it, seek to go round it, or enter into its spirit, however partial, and grow out beyond it? Our 'second chance' thesis notwithstanding, knowing where to place one's efforts can be like playing chess with history.

That said, the contents of this series-ending edition represent a taste of such opportunities and might even be seen as indicative of the change they contemplate.

As a newsletter producer, one often wonders if anyone reads one's output, and sometimes looks forlornly in one's in-tray for contributions – evidence of its value as a shared medium. On this occasion, the in-tray was full to the brim, so we had to decide – stick rigidly to the 12pp format or include everything and produce an enlarged edition. As you can see, we opted for the latter!

Hayek, Steiner and Keynes is pivotal in macro-economic terms. Without some acceptance of associative economics it is difficult to see how the attritional nature of modern economic life will be overcome. As Marcelo Delajara asks, will genuinely free funding be secured for research? More concretely, what are the prospects for rethinking the role of distribution in economics – both conceptually and practically? Brazilian colleagues turn their attention to financial literacy in schools, increasing understanding of finance among SME managers, and starting to formulate associative economic ideas in public policy terms. Our usual associative financial literacy section focuses on a new curriculum from Switzerland, about to be shared in English-speaking countries. The contributions in 'At last, a Section for Economics' respectively restate the task of economists, review the sacred history of money, and make the case for awarding Rudolf Steiner a true Nobel Peace Prize for Economics for the first time.

We hope you find this closing issue of interest. Comments as to the future are very welcome at the address above.

– Christopher Houghton Budd

Hayek, Keynes and Steiner in Concert?

Christopher Houghton Budd / Folkestone, England

We began this year saying that, 'In the background all the time is the question of how, back-to-back, as it were, with Maynard Keynes, Rudolf Steiner's ideas may yet enter into and so transform 'western finance'. On 31 December 1923, Steiner observed that, 'There are still people today who represent the threefolding of the social organism with the very sentences I used to use with regard to the conditions prevailing at the time, in 1919. History is indeed advancing so rapidly just now that if someone describes things in the way they were described in 1919 this seems to be hundreds of years out of date.[1] *What, we wonder, would he say now?!*

Later, we wrote: '2023 marks the centenary of Keynes 'Tract on Monetary Reform',[2] *written at the same time as Rudolf Steiner gave his 1922 lectures on economics. This is the main focus planned for this year. It remains to be seen what themes eventuate in these pages, but central to the question of how Steiner and Keynes are related (or their works, at least) are topics such as these: The consequences of the Peace for economics; The aftermath of WW1; The link or otherwise with Woodrow Wilson; What kind of Aristotelian was Keynes? Why did Steiner and Keynes never meet? And did Keynes have an unspoken mission?' (See table on next page for financial image of the company Rudolf Steiner chaired in those times.)*

In the end, these themes were not featured directly, although Rudolf Steiner's 'twin value theory' was succinctly described in the June issue in a piece that in fact was lifted from an in-progress manuscript whose daring thesis is that, had Friedrich Hayek and Maynard Keynes debated directly with Rudolf Steiner, they might have ended up in a concert of minds as regards the longer-term future of economics and economic life.

For some, including Hayek in the mix might be a surprising, even preposterous thing to do, given his well-known attacks on Keynesianism (as distinct from Keynes), but also because his contribution is in many ways the opposite of Steiner's, in that both came to the challenge of how, alone, one can comprehend the entirety of economic life both conceptually and practically. Steiner said there are no limits to knowledge and opened thereby the path, via 'associations' and associative thinking, to associative economics. Hayek, after Kant, held the view that there are limits to knowledge and so one has no choice but to 'obey the forces and logic of the market'.

Whether these paths diverge absolutely is a deep and urgent question, so the prospect of a concert of minds warrants exploring. As it happened, while writing the manuscript, I came upon an insight, for such I think it might be, that could have been the guiding intuition of the work, although it came midway. Here is not the place to detail why I think that, but the passage in which it occurred to me why, had the three met, by the late 1930s they would have perceived an unseen event, a fliping of economic history, is reproduced below.

General Turmoil, Humanity on Edge

In the background of deeper history, behind the early 20th century chaos that marked humanity's first attempts to go it alone, without the comfort and guidance of either gold or the ancient value system it represented, almost pre-bitten apple, was something of a seismic shift in human affairs taking place? Both gold and the gold standard belong to 19th century developments, usually explained by the British, at least, in terms of the economic and colonial prowess of Britain and its Empire. And yet, leaving aside the discussion one could have about slave-based wealth, 'land grabbing' of foreign lands and such adventures as the East India Company,[3] quite another process may have been under way, a process that overtook actual developments and is absent from most descriptions of them.

The eventual demise of gold and the gold standard was due to their being overtaken by events. In particular, already by the end of the Napoleonic Wars in 1815, per Rudolf Steiner's analysis, the money markets began to emancipate (note: not separate) themselves from the goods markets.[4] Financialisation had begun or, in Steiner's image, 'money doing business on its own account'. It is this process (arguably the historical as distinct from the ideological underpinning of financial liberalisation post the 1986 'Big Bang') that had the effect of reversing or reflecting the reversal of causation in financial affairs, allowing one, for example, to work the balance sheet of a company from outside via secondary markets – a development that, if financier, George Soros, is to be believed, leads not only to reversed causation but reflexivity, especially in the rarefied realms and conditions of financial markets.

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[1] See 'The Idea of the Future Building, in *The Christmas Conference for the Foundation of the General Anthroposophical Society*. Anthroposophic Press, New York 1990 (CW 260).

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

[3] See 'The Financial Death and Afterlife of the East India Company', a talk given on 17 November 2022 by research professor, William Pettigrew, at Schroders in London.

[4] See 'The Abstract Nature of Modern Economic Life' in *Rudolf Steiner, Economist. Articles and Essays* by Rudolf Steiner, Emil Leinhas and Christopher Houghton Budd. New Economy Publications, Canterbury 2018 [1996]. (Search aeBookstore.com.)

It is as if, without really noticing it, humanity as a whole crossed a threshold from conventional to 'quantum' consciousness, in the sense that, just at the moment when we became able to discover and even measure the most discrete of phenomena with every object appearing isolated from its surroundings, we then realised that in fact they are all connected – past, present and future exist simultaneously. Just when we think we are alone in history, we see that we can also look back to the beginning of time and forward to its end. In the spirit of Nicholas Cusanus's *coincidentia oppositorum,*[5] or the more recent argument of crypto currency celebrity, Nick Szabo (a.k.a. Satoshi Nakamoto?), that the essence of quantum thinking requires one to hold two 'significantly possible but inconsistent hypotheses' simultaneously, such that, by not declaring one's belief for one extreme or the other, we find ourselves with the ability to hold two opposing thoughts at the same time. (But see Endnote.)

The Fliping of Economic History

Is it this phenomenon that is behind Keynes's focus on demand-led economics? For pre-quantum consciousness, supply seems primary and determinative, but from a 'quantum' point of view, it is demand that has these attributes. Of course, both are valid points of view, depending on which side of today's epistemological threshold one finds or places oneself.

Was the reversing of causation – by the 1930s matured as *the* characteristic of modern economic life – the source of Keynes's preoccupation with demand, the driving influence perhaps of his 1936 *General Theory of Employment, Interest and Money*[6] and the whole idea that, by not balancing its budget or being balance sheet constrained, the state was the new reality? For that is what Keynesian*ism* (as distinct from Keynesian) seems to amount to.

And yet, is that really the role of the state? Does such a turn of events require the state to enter the economy, or could the modality of economic life simply be modified by individuals developing a more coherent civic dimension and so taking a new and next step? In other words, after Skidelsky, was *The General Theory* 'an invitation to thought rather than a machine for solving crises'?[7] Ought a temporary device have been made permanent,[8] or a remedy for a specific condition have become a principle of conduct whether or not that condition continued or even existed?

At its most radical, does the averring of supply take us back to the far past and tie us to the earth, for which reason we experience the production of something as existentially primary? Conversely, does demand link us to the future, requiring us to have faith in the heavens, in serendipity and the 'quadrant of angels', not only in calculation, known activities and the tried-and-tested? Is this, the fliping of recent history, the event that we all need to comprehend?

Endnote: The idea of *coincidentia oppositorum* is also ancient. In Steiner's treatment of this topic in lectures on Thomism given in 1920,[9] he speaks about the 5th century individuality, Dionysus the Areopagite, who, in the religious terms of his time, had to understand that if he would perceive the divinity he must recognise there are two paths. One is the path of God the nameless, the other the path of God the best, the highest, the superlative. Normally, one would choose one or the other, but what Dionysus the Areopagite had to learn was not to choose either but to follow both to their end, so that by following both paths, not preferring one or the other, one then has the experience of being met by the divinity coming towards one.

The Coming Day Company / Balance Sheets	31 December 1923	1 January 1924
Assets	**Papermarks**	**Goldmarks**
Land	512,921	256,000
Buildings	148,251,954	485,000
Stock	45,188,369,202,125	55,865
Equipment	3,351,206,662,396,400	222,500
Raw Goods	24,681,286,745,855,700	350,000
Landwirtschaft	5,846,190,390,746,830	260,500
Subscriptions	55,272,508,663,016	28,459
Cash, etc.	136,953,471,203,188,000	145,259
Debitors	222,917,530,144,747,000	222,817
Source: Dreigliederungs-Zeit, Hans Kuehn, Goetheanum 1978.	**393,850,146,173,564,000**	**2,026,400**

[5] According to neuroscientist, psychiatrist, thinker and former literary scholar, Ian McGilchrist, 'coincidentia oppositorum' was first formulated by 15th century German scholar, Nicholas Cusanus. See McGilchrist's magnum opus *The Matter with Things*, where he explicitly describes the importance of holding apparently contradictory points of view in order to arrive at a higher synthesis.
[6] *The General Theory of Employment, Interest and Money*, J M Keynes, Macmillan, London 1936.
[7] John Maynard Keynes: The Economist as Saviour, 1920-1937, Robert Skidelsky. Macmillan, London 1992, p. 358.
[8] John Maynard Keynes: Fighting for Britain, 1937-1946, Robert Skidelsky. Macmillan, London 2000, p.90.
[9] *The Redemption of Thinking*, Rudolf Steiner. Hodder and Stoughton, London 1956.

It's a Great Day for Economics

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

Marcelo Delajara / Mexico City

7: Freely-funded Research

This summer, the film about the American scientist J. Robert Oppenheimer, who crucially contributed to the development of the atomic bomb, was a blockbuster. The film focuses on showing how those close to Oppenheimer betrayed him and left him at the expense of anti-communist committees that severely damaged his reputation. But, for me, the fundamental point of the story, which is only implicitly addressed, and which in fact I believe explains Oppenheimer's resigned behavior in the face of so much humiliation is that Oppenheimer, as a man of science, wanted success in his research on nuclear physics, but the governmental funding redirected that goal towards making a weapon of mass destruction.

On the surface of this case we see a government using scientists and science for war. Nothing new there. But precisely for that reason this is a remnant of past eras of humanity – and probably at odds with the spirit in which the United States of America was originally conceived by those of its financially literate founders.[10] This also contradicts the threefold principle that social harmony, and the correspondence between individual and collective achievement, is based on the coexistence of three autonomous social spheres: the political, the cultural, which includes scientific activity, and the economic.

In terms of such a conception, the state should withdraw from scientific funding. At best, the state's motives reflect a common collective vision, but this violates the principle of freedom that should prevail in cultural life, spanning as it does from the religious to the scientific. Although ways can be found for the state to channel funds to research without conditioning them – for example, by making them available to researchers through an independent specialized agency (such as science and technology agencies or universities) – this will probably lead the state to under-fund research. But even the recipients of those amounts would have to be approved by officials appointed by a particular government.

It is not difficult to trace public research funds back to their source in the taxes paid by citizens. Steiner's threefold conception of social life leads to the conclusion that the best arrangement, both for the autonomous development of scientific-cultural life and of economic life itself, is for the citizens themselves to fund scientific research. Public financing supplants conscious individual action to the same end, through which 'excess capital' becomes directed freely towards ideas and thoughts that can be fertilized and put into practice without conditioning. A healthy economy and a harmonious social life require that the three kinds of money, as purchase, loan and gift money, be manifested within the economic sphere by the free agency of individuals aware of their own financial situation.

Unfortunately, not only did the Manhattan Project (which was funded by the governments of the US, Canada and UK) that Oppenheimer was part of *not* lead to the United States withdrawing from public funding of research, it led to that funding being made permanent. In 1944, seeing the progress of the Manhattan Project, President Franklin D. Roosevelt asked how the successful application of scientific knowledge to wartime problems could be carried over into peacetime. By 1950, the US Congress passed and President Harry S. Truman – who authorized the use of the nuclear weapon against Japan – signed Public Law 81-507, creating the National Science Foundation (NSF). In March 1951, Alan T. Waterman, chief scientist at the Office of Naval Research, was nominated by President Harry S. Truman to become the first director of NSF. The agency was provided with an initial appropriation of USD 225,000 (about USD 2.9 million today; an amount considerably lower than that allocated to the Manhattan project – about USD 25.5 thousand million today (USD 25.5 billion, in American usage). In 2023, the NSF budget for the fiscal year is USD 9.9 thousand million (USD 9.9 billion, in American usage) – still much lower than the amount allocated to the development of the atomic bomb.

In the context of US economic and monetary history, it is clear that the circulation of money in the United States would be greatly improved by an increase in gift money in the form of unconditional funding of research. A recent article[11] published by the National Bureau of Economic Research reports that between 2001 and 2016 the Federal government provided 82% of university research funding and the private sector provided 11% (the rest is from other sources).

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[10] See articles by Daniel Osmer in previous editions of *Associate!*
[11] "The Color of Money: Federal vs. Industry Funding of University Research." Tania Babina, et al. (NBER Working Paper 28160).

One Enterprise at a Time

Whether project or actual business, focusing on an enterprise (of any scale or scope) that is endeavouring to address the actual conduct of economic life with the help of specific insights from Rudolf Steiner.

True Trading

Christopher Houghton Budd / Folkestone, England

In the food world, much is made of 'organic', 'biodynamic', 'wholefoods' and many other identifiers – all in their different ways aiming to raise awareness of today's nutritional and agricultural challenges. They seek ways to do this using *Fair Trade*, the erstwhile *Max Havelaar*, and other marks which aim to treat food producers more fairly as regards price. This is often a moot point, however, since the pricing is usually linked to 'high-ending' the product for European and North American markets, creating the false idea that better food is de facto more expensive to produce. In addition, such prices are usually based on so-called 'world' food prices. While for the farmers, especially in small-scale[12] coffee and cocoa production, for all the 'fairness' of these pricing strategies, they often result in micro-managing the farmers' existence, controlling how much they spend on education and so on. This, rather than beginning at the farmers' end, befriending them with capital on terms they can afford and determine, not terms set by the strategies and exigencies of large international NGOs.

It is also the case that, economically, it is the task of distribution (and therefore distributors) to solve a mystery: through the abstract market the true prices of food production are transformed into affordable, not high-ended, prices for consumers. Food prices being basic to economic life as a whole, they ought not to be subject to 'premium price' treatment that pretends good food is a luxury rather than a staple.

A New Approach

To make this situation clear, a new approach is needed that I have outlined here under the tag of 'true trading' – meaning its focus is on how, precisely, those involved in distribution – from the raw, off-field product to the final in-store item – solve this economic riddle.[13]

The 'true trader' approach begins with the farmer and relies on distributor facilitation, not distributor control. It is for distributors (including processors and manufacturers) to support farmers' off-field prices all the way to consumer purchase. For it is in distribution that economies of scale, independence of both production and consumption, and the up-valuing of milk into yoghurt, for example, take place.

The approach focuses on reinforcing or establishing accounting and financial literacy on the part of farmers so that all aspects of their business (adequate profit, appropriate types and amounts of capital) and positive cash flow) are maintained and secured. And by whatever price their raw product is sold for, given that 'fair' prices are neither synonymous with nor a guarantee of this. The effect is also not always benign overall, in that mere pricing solutions can lead to excess capital retention by farmers and the buying up of smaller producers, therefore, pressuring them to sell.

My opening critique is based on a review of the catalogue of a well-known chocolate company in Latin America regarding its various claims concerning farming methods and its economic approach. The purpose of the enquiry is twofold: (1) to examine it as an instance of generic considerations, and (2) to establish a clear approach to the way small-scale farmers are supported in their endeavours to develop and maintain economic agency (independently of their chosen farming methods).

With this work in mind, a follow-up to the recent Chicago workshop, *Seed Corn – The Economics of Farming*, is being considered, for Ecuador in February 2024, but of a larger, more hands-on type. *See Note 3 on last page.*

[12] According to the FAO, a small holding is less than 2 hectares. This, however, is a relative statistic that does not necessarily convey anything about the individual farm or farmer.
[13] See 'Rethinking Distribution', in *Seed Corn – The economics of farming*. Search aebookstore.com.

Some more Brazilian Moments…

From Brazil, two contributions that show the breadth of interest and wealth of possibility when associative economics is given application through finance and public engagement.

Associative Economic Dialogues

Lucia Sigolo / Sao Paulo, Brazil and Camila Pannain / Milan, Italy

Held 18-19 August, an in-person meeting of the Economics Conference of the Goetheanum, for all those interested in the topic of financial literacy based on associative economics.[14]

It has always been a great challenge for us to keep alive the flame of a fire that does not burn for everyone, that is almost not recognized and that many consider boring or difficult: the teaching of double-entry bookkeeping and notions of associative economics in Waldorf schools and in the Steiner movement in general.

Since 2005, the OECD has recognized and recommended the need to teach finance in schools[15] and entrepreneurship has become a buzzword. Yet few are aware of the work that has been going on for years by colleagues from the Economics Conference at the Goetheanum with regard to developing and researching associative economics, the legacy of Rudolf Steiner as an economist, and more particularly how to teach double-entry bookkeeping[16] and introduce the topics of finance and economics to children and young people in schools. There has even been engagement with the OECD (*see Note 4 on last page*).

Since the global financial crisis of 2008, this challenge has become greater, as some learning on the subject has been introduced in schools here and there, but in what depth and on what basis? This year (our fifth) we met on August 18 and 19 in Sao Paulo to improve our understanding of associative finance and double-entry bookkeeping, echoing the examples of what has been done in other countries in order to teach these topics better.

Rudolf Steiner said on September 3, 1919 at a teachers' course in Stuttgart that, "no child should really reach the age of fifteen without being led from arithmetic to a knowledge of the rules of at least the simplest forms of accounting."[17] So, we called together those familiar with Steiner's work, friends of the Federation of Waldorf Schools and interested people in general for an in-person meeting without recordings, which is still rare after the pandemia in this part of the world.

This time, Camila Pannain*, Lucia Sigolo* and Marina Breslau were joined by Daniel Havro* from Curitiba, Christopher Houghton Budd*[18] from England and twelve other people from five different Brazilian states and a range of professions – from teachers, school administrators and eurythmists to entrepreneurs, accountants and economists. This diversity was also manifested in the places where this group came from: Santa Catarina, Paraná, Rio de Janeiro, São Paulo and Recife, spanning a national distance of 3,200 km. Not forgetting the 9,500 km between São Paulo and Folkestone, where the international colleague who was also present lives.

Everyone was interested in what double-entry bookkeeping is and how they can use this knowledge and in particular the lectures given by Rudolf Steiner on the subject, to create and develop further appropriate ways of imparting associative financial literacy to children and young people. The demonstration of bookkeeping as it has been developed worldwide by colleagues from the Economics Conference and in Waldorf schools internationally was presented and appreciated by all. We were able to adjust the appropriate words of the concepts into Portuguese and also to witness how, from a simple arithmetic demonstration, we can arrive at the 'income and expenses' and the 'assets and liabilities' of the financial year. From there, much can be done.

Apart from these immediately positive results, another potentially important outcome was planning for another meeting for March 2024 (*see Note 5 on last page*). That's not so far away, so we hope to have some news soon.

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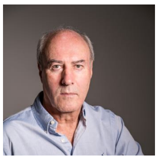
[14] This report is also online at http://associative-financial-literacy.com/wp-content/uploads/2023/09/AE-Dialogos-August-2023.pdf

[15] OECD - Organization for Economic Cooperation and Development: https://www.oecd.org/finance/financial-education/35108560.pdf

[16] Follow the link to the site of international work carried out: https://associative-financial-literacy.com/

[17] Rudolf Steiner, *Practical Course for Teachers,* CW 294, 12th lecture.

[18] * Colleagues in the Economics Conference of the Goetheanum.



Finance seconds Management

Cash flow as the measure and means of increasing economic awareness

Carlos Jaime Loch / Curitiba, Brazil

Resident in Brazil and with previous executive experience in financial management, Carlos Jaime Loch has been a Business Management Consultant to medium-sized companies since 1990. The following abstract introduces a larger paper[19] by him, which in effect captures the essence of his journey with financial management. Quietly stated, but of 'strategic' importance for the future development of world or 'associative' economic thinking <u>inside</u> businesses, it lifts the understanding of finance, both technically and in terms of its awareness-enhancing role, to another level. At that new level, whatever the world throws at one, it is clear one need not play victim of events, but can become their author. One becomes the very circumstance that seems to be missing, the first mover[20] that everyone expects to find outside, but now in fact resides within one, if one is so minded and has the will to fulfil that role.

CEOs and their equivalents need to concentrate their attention and efforts on a few strategic decisions, those that are most vital for their businesses and have the highest impact on results. And yet, experience shows that many of them lose themselves in mechanistic analysis of isolated and fragmented financial tools and management areas.

In medium-sized organizations, the predominant cash flow used is **Treasury Cash Flow** (Cash Inflows and Outflows in a certain period), at which point the facts being reported on cannot be undone. For this reason, financial management is usually confined to a narrow and symptomatic focus on bottom line improvement, which, conducted at the level of resources (see image), can easily give rise to an organizational climate of 'who is guilty' and conflicting positions.

Although it is mainly intended for external stakeholders, such as creditors and shareholders, by showing the cash inflows and outflows in three macro activities – Profit & Loss Account, Current Assets and Liabilities (Operating) and Investing and Financing (Non-Operating) – the **Indirect Cash Flow** (or Financial Statement) represents a second level of causes.

However, this paper considers widening and extending one's financial vision even further by enquiring into the causes behind the symptoms by enhancing our understanding and use of cash flow science by adding additional levels, beginning with the **Managerial Cash Flow**, derived from integrating the already standard Income (Profit & Loss Account) and Cash Flow Statements.

Type of Cash Flow	Level of Cause	
		[Vision
Developmental	Identity	[Values
		[Mission
Managerial	Relations	
Indirect	Processes	
Treasury	Resources	

To turn the Indirect Cash Flow into a more managerially useful tool, one must add to it the entire Profit & Loss Statement, instead of the bottom line only. In this way, one can identify a third level of causes through seven nodal points of a business: Volume, Gross Margin, Structure, Operating Generation, Investment, Debt, and Equity.

Instead of the usual 'one report per tool' approach, in a single financial report and on only one page, the Managerial Cash Flow enables one to see the entire company, including all its main factors and the contributions of each area and hierarchical level. Narrower 'my way'[21] approaches can then become integrated into a fuller, more objective overview of the whole enterprise, leading to higher transparency and better participative management. As regards the operating nodal points (Volume, Gross Margin, and Structure), it then also becomes possible to link them to the more detailed information provided by their respective financial tools.[22]

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[19] Portuguese title: 'Finanças para a Alta Gestão'; available only at the author's Linkedin: <u>linkedin.com/in/carlos-jaime-loch-229399264</u>

[20] Someone who is able to set the universe in motion without any prior cause.

[21] Alluding to Sinatra's famous song, 'my way' thinking is when someone provides a subjective and often limited view based on his or her prior but often partial experience.

[22] Break-even point, ROI, 'make or buy', operating and financial leverage.

In this way, too, at one and the same time the whole crew can identify any holes in the ship and direct managerial attention to them. Horizontal analysis of isolated tools becomes exchanged for a vertical analysis based on levels of causes.[23]

The three types of cash flow mentioned so far are linked to different levels of operating causes – namely, resources, processes and relations, with each one reflecting an increase in one's awareness of a business.[24] By this logic, one can further link the Managerial Cash Flow to the Non-Operating Activities (Investment, Debt and Equity) related to an organization's Identity, and so arrive finally at the **Developmental Cash Flow**. At this level, one also captures the Vision, Values and Mission of an enterprise, as well as its governance principles. Furthermore, it then becomes possible to relate a business's culture with its corresponding strategies.

In short, by including the causes behind the symptoms or effects captured in the Treasury Cash Flow the financial perspective of the organization is enhanced. It becomes possible to know its less obvious causes, not only those impacting on a business from outside, but especially those arising within its management. One becomes aware of 'events' located at the sources and tributaries of the managerial river, as it were, instead of only their outcome in its estuary, by which time any change of course or remedial action may be too late. Such increased awareness, especially of the internal influences, allows one to counterbalance better any external shocks to which every business is vulnerable.

In a word, Finance seconds Management.

Reflection on Public Policy making

chb

In a conversation recently, Daniel Havro from Curitiba, Brazil, observed, 'When the quality or status of public policy is defined, typically, as "whatever governments choose to do or not,"[25] one can ask if it's actually the case that modern states are synonymous with '*res publica*' – the public thing. Serving the public sphere is not necessarily a function of the state. It is often done by not-for-profit organizations, albeit using a combination of state and private funding. How would it be, for example, if one described public policies and projects in terms of how societal their financing, legitimacy and formulation processes were?'

Indeed, dividing the economy into for-profit and not-for-profit organisations, for example, is an outdated trope, and even a fallacy. Seen in accounting terms, the real difference is between individuals, whether alone or in concert with others, undertaking all manner of activities on a profitable basis, but then allocating the resulting surplus either into private ends or public purposes – or somewhere in between.

The economist Friedrich von Hayek is interesting on this point: 'I use … the term 'state' because it is the expression … commonly used by most people who would wish to emphasise the probability of the beneficial nature of … public activities. [However,] most people rapidly become aware of the idealistic and unrealistic nature of their argument if it is pointed out to them that the agent who acts is never an abstract state but always a very concrete…'[26]

As society is currently understood and organised, this is uncontroversial and incontestable. Seen associatively, however, being uninvolved in both cultural and economic life, the state and its government has a substantially reduced remit.

So, government could also mean, or come to mean, a reference to a delimited role of the state focused on matters of right, rather than culture and economy, concerning where we act as individuals together rather than alone, as in the provision of emergency services or defence. Indeed, 'individually alone' and 'individuals together' are more accurate expressions than private and public sectors. Government can also be understood as the citizens acting collectively.

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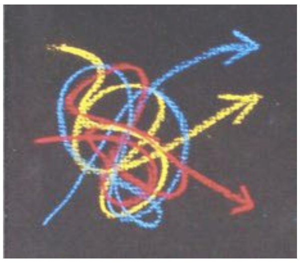
[23] The fuller paper explicates how in this way it also becomes possible to recognise paired polarities between Operating and Non Operating nodal points.

[24] Though neutrally stated, this is a reference to the NPI approach to business management (see *The Enterprise of the Future*, Friedrich Glasl. Hawthorne Press, 1997).

[25] Dye, Thomas R. (1972). Understanding Public Policy. Upper Saddle, New Jersey: Prentice Hall. p. 2.

[26] *The Denationalisation of Money.* Hobart Paper 70, IEA, FA Hayek, October 1976, p. 95.



Associative Financial Literacy

A regular glimpse at the associative-financial-literacy.com website.
Managed by Fionn Meier / Winterthur, Switzerland

An Economics Curriculum From the 1st to the 9th Grades

Reflections on some generic problems

Ideas and experiences from the Rudolf Steiner School Movement in Switzerland

Fionn Meier / Winterthur, Switzerland

As mentioned in the previous item, in May 2023, Fionn Meier and his Swiss teacher-colleagues published an economics curriculum strongly linked to the evolution of bookkeeping and targeted on Steiner and Waldorf schools.[27]

In ancient Egypt, the Pharaoh, together with his priests, was entirely responsible for the spiritual and economic life of the people. The bookkeeping of the whole economy was centralized within the temples. Today, life has become the responsibility of everyone. However, if we do not want to revert to an Egyptian-like economic life, spiritual autonomy (meaning being free and responsible) is not possible without financial sovereignty. Each individual needs to do his/her own bookkeeping. In this way, the economic landscape that results can be based on shared responsibility, something Rudolf Steiner called an 'associative economy'.

What does this have to do with Waldorf pedagogy? Quite a lot! When, about hundred years ago, Rudolf Steiner spoke to the teachers about what young people need to learn, among many other things, he pointed out: "In fact, no child ought to reach the age of fifteen without being led from arithmetic to a knowledge of the rules, at least, of the elementary forms of bookkeeping." (CW 294, 3 September 1919) However, this needs to be contextualized within a broader concept of how economics can be integrated within Waldorf pedagogy and needs to be elaborated in actual classroom experiences. This is what colleagues in Switzerland have worked on from 2020 to 2023, and which has now been documented in the publication *Economics Curriculum from the 1st to 9th grades – Ideas and Experiences from the Rudolf Steiner School Movement in Switzerland*. We hope that this will contribute to strengthening financial literacy in Waldorf schools – an essential aspect of modern life that has been there from the start but today can be given fresh emphasis. We are looking forward to sharing our experiences in a collaborative context with other educators and to discussing and deepening the relevance of these ideas in other countries.

Concerning Double-entry Terminology

By way of an appendix to the English edition of the curriculum mentioned above, this seminal text was the result of back and forth between several Economics Conference colleagues, whose aim was to provide something not only true to associative economics but capable of giving clear orientation to monetary science generally. The brief was also to span from the Renaissance till now and from Europe to the Pacific coast of North America.

Two topics stand out in Sangster's genesis of double-entry bookkeeping.[28] The first is the debate whether double-entry bookkeeping arose first among merchants or bankers, with Sangster opting for bankers. The second concerns language.

In regard to the first, it is said that, while William Harvey may have discovered the circulation of the blood, he did not discover circulation. The idea of circulation was somehow in the air in his time and he was led by that to the case of circulation of blood.

[27] Download available: http://associative-financial-literacy.com/wp-content/uploads/2023/09/AFL-Swiss-Curriculum.pdf

[28] See https://pdfs.semanticscholar.org/b8aa/2499cc830194891d0d2f9ab7798f14dcee44.pdf; also, the notes following this text.

Likewise, is it fruitful to ask whether merchants or bankers discovered double-entry bookkeeping? Or was that also in the air, part of a change of consciousness, like the weather – affecting everyone but not caused by any one of them? So that double-entry bookkeeping appeared at the same time, now in the realm of trading goods, now in the field of lending and borrowing money.

Again, is it enough to derive 'debit' and 'credit' from another language, or does one have to ask which language – Latin or Italian, or Italian as spoken (and meant) in 12th century Tuscany? And does one have to investigate and try to replicate the experience of those in those times that manifested as them doing double-entry bookkeeping and using particular words in connection with it? Or does one need to describe afresh the experiences of lending and borrowing money, as distinct from buying and selling goods? Or is it simply the experience one needs that, when selling, one also and in advance provides credit (receivables), when buying one receives credit (payables)?

As concerns the second, if Sangster is reliable, although debere means 'to have to' and credere means 'to believe in', these are not necessarily the background to debit and credit as used in bookkeeping. They have become technical rather than moral terms. When one traces 'should give' and 'should have' from the Latin dare and habere or the Italian dare and avere, their meaning in finance is simply to make a loan and to receive settlement of it. It is simply a fact of life, not of morality, that one has to have money in one's pocket before one can use it. The terms are without any 'moralic acid', to borrow Rudolf Steiner's term.[29]

In 'Where's the 'r' in debit?', Richard Sherman (*The Accounting Historian's Journal*, Vol. 13, No. 2, Fall 1986) confirms that the terms no longer have any moral content. While they originated in the obligations between traders – that if I owe I will give, if I am owed I will have – nowadays 'they simply mean, no more, no less', left and right, from and to, or, as here, in and out.

Insofar as the Medicis, for example, were not goldsmiths, but merchants – their locus was that of trade capital. A la LETS or any shared ledger system, they operated within a closed system of (mutual) credit clearing, such that enables one to see that, while any one part of the system may be in overall debit or credit, the system as a whole never is or can be (though it might be as one system among many – all the way until today's stage of a single world economy).

Whether practiced by merchants or banks, mutual credit clearing means it is in everyone's personal and societal interest that balances are cleared, brought to zero on an orderly and regular basis – in order for everyone to be conscious of and therefore sovereign in regard to circumstance.

As Fionn Meier puts it: 'In the Italian Renaissance, there was a change from cash to mutual credit clearing, especially within the large trading houses and in mutual intercourse among them. Accordingly, students should slowly develop an awareness of money that detaches itself from its (still today) physical form as coins and bills, and leads to its actual task, the accounting of mutual achievements.'[30]

Money-as-bookkeeping thus entails two things, or is the confluence or coincidence of two things – awareness of one's place in a larger whole and acting out of that awareness. Indeed, one might well describe this as the very essence or substance of the closing.

It is in the light of the above considerations (which may well be the tip of a very large research iceberg) that in this publication, we opted for 'in' and 'out' as the basic description of the double entry rule: for every debit there is a corresponding credit. Such usage can be found in common parlance in the USA and has the merit of being what happens physically when using hard cash – a child with its pocket money, for example, or someone trading out of sight of the tax inspector. Or simply using one's post tax revenue for cash buying. No record is made, nor is there a trace of the transactions. But that does not mean the transactions did not occur, or cannot be reconstructed by a skilled forensic bookkeeper (such as a tax office employs!). The bookkeeping, along with the transactions, may be invisible to the human eye, but – as every medieval bookkeeper knew – not to God's.

J.G.C. Jackson[31], for example, cites Dafforne, 1640:

The owner, or the owing thing,
Or what-so-ever comes to thee:
Upon the left hand see thou bring. [in]

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[29] In Lecture 10 of his Economics Course: Economics: The World as One Economy, Lecture 6 (Canterbury, England: New Economy Publications, 1996) Search aebookstore.com.
[30] In the 'Curriculum' in the first piece in this section.
[31] https://www.tandfonline.com/doi/pdf/10.1080/03057875280000041

For there the same must placèd be.
But They unto whom thou dost owe,
Upon the right let them be set:
Or what-so-ever doth from thee go [out]
To place them there do not forget.

then Donn, 1765:

As I may expect to make of [i.e., sell] my Goods as much as they cost me, they are in Effect the same to me as if their Value was due to me from some other person; and as, in such Case, that Person would be Debtor, so I may make the Goods in my Possession Debtor for their first Cost.

Then Kelly, 1801:

By Journal Laws, what I receive
Is debtor made to what I give;
Stock for my Debts must debtor be,
And Creditor my Property.
Profit and Loss Accounts are plain
I debit Loss and credit Gain.

As Sherman examines and laments, nowadays, in a bookkeeping course one learns the synonyms of 'in' and 'out', namely, debits (Dr.) and credits (Cr.), so, in the examples given here one could substitute these for 'in' and 'out' if one wanted to match the students' awareness to that of 13th century Italian merchants. However, this would require of them a capacity for abstraction. Moreover, whereas no one will ask, 'Why 'in', why 'out'?' – simply because if something comes in somewhere it must have come out of somewhere else – everyone will ask, 'Why does a debit have to have a credit?'

As already noted, this becomes more complex when one says that debit and credit refer to the Latin-Italianate words debere (to have to) and credere (to believe in); even more complex when one speaks of dover dare (should give) and dover avere (should have). Why the 'should'? Whence and why this moral tone? Money does not come into my pocket because it has to, but because someone chooses or is required – but not by the money – to put it there. Perhaps I sold something or had a loan due back; or just looked hungry. For whatever circumstance, there was a corresponding person who put the inert, motiveless money into my pocket.

There is a need for soul comprehension, therefore, as well as stating the physically obvious. However, here 'soul' is not a synonym for 'moral'. Better put, when it comes to money, one has to sense the social relationships it is proxy for. But also the need to step outside or above the fray of actual dealing, in order to do so. Outwardly, merchants deal in goods. But in their bookkeeping, they deal in values at a remove from the real economy. This allows 'discrepant' behaviour to arise, forgetting or missing the due date of a loan repayment, for example. For the fact that one owes money does not mean one has the money to repay the debt when due. The record of it 'hovers above' the social reality it refers to. And so, when using the medium of money, one has always to be sure one has enough of it to give out when needed, or else one would be declared bankrupt (one's business table or desk would be broken). This is why one 'had to' give and 'had to' have – also today. It is like a physical principle at the soul level, rather than an ethical edict.

All this, because human beings were learning to step into the consciousness soul, where one's moral compass has to arise freely within and replace the external direction of before (eventually in such a way that it coheres with all other, equally 'free', agents). Other attributes of the consciousness soul include (i) observing, recording then analysing one's behaviour, (ii) seeing 'one's' surplus or profit, in order to see one's existence and to be conscious of one's activity, its effects and one's motives, and the difference between intention and outcome, and (iii) going beyond one's domestic economy or 'known world'.

Discovering and abiding by the lawfulness of double-entry bookkeeping is, therefore, arguably the way of achieving consciousness souldom. In that sense, the Italian merchants with their closed yet complete bookkeeping system can be seen as precursors of all of us as regards understanding modern finance.

It was because they kept a shared ledger among the participants in their systems that they could see both the negative position of player A and the positive position of player B, and that therefore the system as a whole was in principle always in balance – although no one player ever would be. But for this purpose, netting to zero, mutual credit clearing, was (and is) necessary so that one is able to know where one is in financial space and be the author of events, and so responsible for them, and not just a stick carried on a stream, and so not responsible for what happens to it.

From this perspective, one can enter into the logic of those days and of the consciousness soul – namely, the ability both to see 'the other' and to see oneself from the other's point of view – and from there understand with a modern and more 'awake' mind what in the 12th century was only dawning. Indeed, whatever words one uses, having to look at every transaction from both sides, and therefore, become impersonal to it, is surely evidence of the presence and activity of the I, for what in us is doing this double seeing?

Telling a Different Story

Financial Literacy for our Times

September 21-24, 2023 / Ann Arbor, Michigan, USA

An event of the Economics Conference of the Goetheanum supported by the Economics Group of the Anthroposophical Society, the three-part seminar concerning the teaching of associative financial literacy has just completed.[32]

The two evening keynotes provided the background of how, once the West was (re)discovered, its future meaning would only become apparent today. When what was hidden from European humanity in the 6th century and then allowed to be rediscovered from the 15th century onwards, did we meet its challenge or get side-tracked? In the 'wild, willed West' of today, are we masters of the forces at work there? **Day One** looked at the financial history of the USA through the lens of money-as-bookkeeping. This was an opportunity for anyone versed in Rudolf Steiner's work on the threefold nature of social life to consider the threefold aspect of finance and its current fast-tracking, second chance potential for the outcomes Steiner envisaged. Featuring an exploration of the curriculum reported on in the previous two items, and whether it is relevant and useful in North American settings, **Day Two** focused on a reflection of this history in the way accounting and finance could be taught in Waldorf (and other) schools.

The event was attended by 15 participants from 5 countries, most of whom were, in fact, not teachers, but people with a keen interest in associative financial literacy. In retrospect, our work together represented a warmth body to nurture seeds for developing a financially literate citizenry, starting with education. We spent time assessing current affairs in the light of the long evolutionary stream – a story which came to life in Daniel Osmer's colored-chalk panoramas of world history – whereby humanity becomes able to take full responsibility for social life. But will we?

We considered past, present and future influences – both helpful and hindering. For example, the two world wars are as if *one* with an intermission,[33] with resounding, ever-worsening and still prevailing after-effects – the result of humanity's inability (so far) to take up this responsibility and so serve rather than occlude or divert the 'true' path of history.

How different, hopeful and continuing would be the story if we were to push the 'resume button' – and take up the work of Tico Brahe, John Dee, Benjamin Franklin, even Iroquois Nation initiates and others in North America, not to mention Daniel N Dunlop, Walter J Stein, John Maynard Keynes, Bernard Behrens, Richard Eells, and, of course, Rudolf Steiner qua economist. Indeed, the research and professional archiving of such biographies would play an important role in high school education.

Fionn Meier's presentations on teaching double-entry bookkeeping and economics showed the important social impact this could have on an educational curriculum. Benedictus Hardorp of Germany, underscored the importance of accounting as a key to developing I-consciousness – explaining that, via the dead numbers, a living process is made visible and can give orientation to one's life.[34] Strengthened by the orienting nature of accounting, young people would step out of school onto the stage of economic life with agency and the tools to unfold and manage their ideas as free and responsible contributors to society.

But where are the teachers who will take up this work in their classrooms? What hinders them from seeing the need and the contributions to serving this need already available? The more teachers themselves can become sovereign in their own understanding of economics and accounting,[35] the sooner today's overwhelming education crises will be resolved. And that financial literacy founded on the human being as the driver of economic circumstances will take root in schools across North America.

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[32] We hope this brief report can be expanded later, perhaps on the www.associative-financial-literacy.com website.
[33] See little known booklet, *Intermission 1919-1939*, M.E. Beggs and D. W. Humphreys, George Philip and Son, London 1941.
[34] Benediktus Hardorp, *Perspectives in Finance, Contemplating Double-Entry Bookeeping,* Fionn Meier, pg.66. available https://aebookstore.com/publications/associative-economics-worldwide/authors/fionn-meier/perspectives-in-finance/
[35] For example by using the associative-financial-literacy.com website.

At last, a Section for Economics…

These three contributions have been grouped together by way of showing the cohesiveness of approach evident in them, although each one was written blind to the others. In part, this is a way of celebrating what has been possible to date. At the same time, it is a portent of future possibilities.

The World of Economy

Marc Desaules / Neuchatel, Switzerland

When we talk about economic life, our thoughts generally lead to what is called the business world, where capital is invested, where labour is needed, where profits seem to have their source. Also, the world of finance and banks, where money itself is often assumed to generate money.

However, on closer inspection, this image is not only superficial, it is also false. In fact, companies are not representative of economic life. In every company, the three spheres of social life are intertwined: culture, law and economics.

Capital is invested where there are ideas, or where buildings and equipment are needed to realize them, which capable people could put to use for society in general. In this sense, the capital lent to a factory does not differ from that needed to construct a theatre or a school. Capital is part of the cultural life in every company, allowing the faculties of one or other of us to be placed in service to all.

Nor does labour belong to economic life. Through our labour, we engage in society. However, labour as such has no economic value. The resulting products become available at a certain price, but not labour itself. It is crucial to differentiate between labour and the result of labour if one is to have any hope of being able to understand it. Only the result can have a value. It is a mistake to attribute economic value to labour itself, a mistake that leads to talk of a 'labour market', an aberration where human beings literally sell themselves to each other for the highest bid. Labour itself is of another nature. It connects everyone to what is most intimate, to one's humanity, to one's dignity. It shows one's connection to the community in which one lives, this feeling of belonging which gives meaning to rights and obligations. The world of labour in a company is a rights matter, not an economic one.

As for profits, they are also not specific to the economy. On the contrary, they mostly derive from cultural life, from creativity and inventiveness. A single idea, an algorithm, a literary or musical work, carefully managed in terms of its intellectual property and its publication: this is what creates most profit today. And so it is with finance, also. The less money connects itself to real things, the more it multiplies.

What, then, is the world of economics? It is quite simply that of the production, distribution and consumption of products, meaning the goods we buy and sell in meeting one another's needs. Only then economics come into play, with its task of ensuring that the right amounts are produced, distributed and consumed, that nothing is wasted or left over, and that everyone's needs are met. Something that is true for all goods.

This is the actual task of economic life: an immeasurable task! No single person can do it, nor can any theory. The equation has far too many parameters, so the solution can only come through a convergence of different points of view, creating coherence of a higher order; an equilibrium, however, that never lasts and has always to be re-established.

One hundred years ago, Rudolf Steiner proposed an 'associative' approach to economics as a way of humanly approaching the challenge of production, distribution and consumption, a way of mastering the invisible (and so, presumably, also blind) forces of markets. Not 'associative' in the sense of an economy of associations, as the current use of this term often is thought to mean today, but referring to the requirement to come together to create a shared awareness of common benefits that will guide individual actions. This will always be approximate, provisional and needing to be refound. But by doing so, a basis can be given that allows prices to come about in a true way – covering all the needs of each and every one of us.

Whether that of a school, a theatre or a shoe factory, the economic aspect of any enterprise is to ensure the quantities provided must correspond to the needs; supply must match (but not force) demand. How many teachers for how many students? How many concerts for how many listeners? How many shoes for how many feet? This is the task of the economy.

Money Unveiled

A book in the becoming

Eliah Rael / McCormick, SC, USA

The following article derives from an introductory text to a proposed book of this name that the late Eliah Rael hoped to publish with Arthur Edwards, who originally 'coined' the phrase 'Money Unveiled' in a 2007 article of that title in New View *magazine, Issue 44[36]). Eliah's recent death necessitates a reorganization of the project. For inquiries or comments about the project feel free to connect with Vivianne Rael by email at vivianneral@gmail.com.*

I believe the questions that arise in our souls about money around our ninth year have an influence and continue to shape our unfolding relationship to money throughout the rest of our lives. In my experience, about the age of nine we begin to sense the separation between ourselves and the world, and we begin to become conscious of the economy we are embedded in.

In my own biography, when I was nine, I felt a sense of awe and wonder as my uncle, Sal, handed me a United States Twenty Dollar gold piece. I handled it with care and I remember feeling a sense of awe and

wonder at the beauty. I asked my, Uncle Sal, "If I save USD 20 would I be able to trade it for a Twenty Dollar gold piece?" My uncle patiently explained to me that even though the coin said USD 20 on it – it no longer had a value of USD 20.

This conversation with my uncle awakened a longing in me to learn more about value and what constitutes money and why. I was also interested to learn more about history. Where did the beautiful gold coins go? And why could we not trade our current money for the gold coins at the value they once represented anymore? These questions proved to be key for the unfolding of my future work with money and biography.

Years later as a professional numismatist, coin dealer, and money historian, I found that gold coins were recalled as money from the possession of individuals in the United States in 1933 after the founding of the Federal Reserve Banking System roughly 20 years earlier. For me this was a double-edged event. On the one side, it was a step to free gold from its anchor or cover for money, and on the other it was disheartening to discover the massive meltdown of the gold coins and other cultural antiquities into solid gold bars that then lined the walls of the underground vaults of the Federal Reserve in NY. Tons of gold in the form of bars were then distributed to banks around the world – never to return into the hands of the people. So instead of being freed to serve humanity for noble purposes gold was removed and hidden away from the common person's everyday experience.

Steiner's Economics Course

In another chapter of my research, on one particular weekend, I brought Rudolf Steiner's economics lectures[37] with me to a coin convention to read in the evenings. Little did I know how much that book would impact my weekend, much less the rest of my professional life! In them, Steiner describes money as 'spirit realized' and 'moving bookkeeping'. Elsewhere,[38] he also calls economics the outer reflection of our consciousness just as a shell is the outer covering of the nut.

I was so intrigued with what I found in Steiner's description of money that I stayed in my hotel room the entire weekend and didn't attend the coin convention at all! I experienced everything Steiner speaks of in regards to the nature of transactions and the handling of money in my business. Now I was able to see the driving forces represented by the intricacies of each trade or exchange and the accompanying cash flow from a completely new perspective. Steiner's book precipitated a mid-life crisis and I temporarily left my numismatic business that had generously supported my family and me for many years. I came back to it later with a fresh novel perspective.

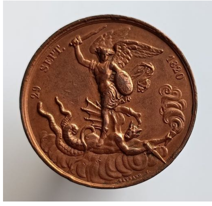
I turned my attention to what it would take practically to implement Steiner's new economic paradigm and to further research his premise that our relationship to money can reveal a direct understanding of our evolving consciousness. Furthermore, in other lecture cycles, Steiner perceptively describes how people in ancient times had a distinctly different consciousness than that prevailing today. In earlier times, he asserts that human beings naturally perceived our spiritual companions which then took the form of the gods and goddesses of early myths and legends.

[36] https://www.newview.org.uk

[37] Economics: The World as One Economy, op. cit.

[38] 'The Abstract Nature of Modern Economic Life', op. cit.

Steiner's research builds a case showing that in order to gain our freedom, a time cycle of particular importance in the evolution of both money and consciousness is the 5,000-year dimming of consciousness, from 3100 BC to 1899 AD, known in the East as Kali Yuga. So, since 1899 we human beings are only now beginning to reawaken our capacities to perceive spiritual realities.



Archangelic History

Later, Rudolf Steiner shared the premise from his own spiritual perceptions, that roughly every 350-360 years a different Archangel acts as a guiding Spirit for a time in human development – a theory originally posited by Trithemius of Sponheim. So, I took up research into the possible connection between the changes in Archangelic rulership with the changes in the form that money took along with how we've chosen to steward our economy with one another.

According to Steiner's indications, there are seven archangels and central for our time is the Archangel Michael whose reign, beginning in 1879, lasts until roughly 2233 AD. So, the time is now ripe for the possibility to reconnect with our spiritual allies and origins. For me, part of our awakening to who we are is to understand where we've been so we can gain a clearer view of our options in the present and where we may be headed. For that, we need bring our individual wills into congruence with a higher will, which, in turn, will have its reflection in the way we manage our money and our economy.

My research took me on quite an adventure through the biography of humanity's striving from the earliest written documents in Ancient Egypt to the Initiation Temples of Greece and all the way forward to the founding of the Federal Reserve banking system which has pervaded the economic life around the world for the past century – but which is not federal and has no reserves!

It is remarkable to me that money was struck into physical form at the same time that the human spirit began to take hold of thinking in the physical body as evidenced by the great thinkers of ancient Greece. With their architectural columns, the Greek Temples seem to balance perfectly heaven and earth. The coins were also matched to the goods of their communities and displayed the heavenly connection to the gods and goddesses.

The Temple of Artemis in Ephesus, for example, was considered to be one of the Great Wonders of the World. The coinage, though physical, was an expression of the last remnants of a heavenly connection and artistically displayed the gods and goddesses important to the culture of that time. Each coin has its own story that reveals a glimpse of the relationship to humanity's history, our relationship to each other and the spiritual world. (The adjacent image is the Goddess Athena struck by the Mystery Temple of Athens, Greece about 520 BC.)

It is equally fascinating that as we penetrate into physical matter as far as we can through modern physics, we realize the world is not as solid as we first thought. At the same time, money is now disappearing from its physical form and has largely entered the realm of the invisible where it is tracked in the form of bookkeeping. The majority of financial transactions are effected through electronic transfers. As, next, we penetrate beyond the physical, can we develop the faculties to intuit a reconnection with our spiritual allies, in order to bring a new heart-felt perception to money and our economic dealings?

Concurrence

My research concurs with Steiner's descriptions about money and consciousness. Furthermore, I can see the truth in what he asserts: that every person recapitulates humanity's evolutionary journey in his/her own unfolding biography. From the larger context of humanity's journey we can stand at the threshold before us with more economic awareness. Rudolf Steiner could foresee the shortsightedness of both communism and capitalism. He also asserted it is time to get beyond nationalism and begin to think in terms of humanity and the earth as a whole. Unsurprisingly, therefore, current world events now beg the question: How do we find our way beyond today's worldwide crises of war, homelessness, poverty, hunger and the destruction of our natural resources? Furthermore, what spirit is really reigning in the realm of finance? And who will we choose align with?

> *"All forms of money transactions are book-keeping. It's just that money changes hands, instead of entries changing from credit to debit columns." – ERS, p. 229.*

And the True Nobel Prize for Economics goes to… Rudolf Steiner

Daniel Osmer / Sebastopol, USA

The purpose of *Entrepreneurial Economics: Integrating Economics, Accounting, Money & Entrepreneurship* is to act as an aid to teaching introductory economics using an interdisciplinary approach grounded in the universal financial language of double-entry bookkeeping (accounting) and informed by monetary and economic history.[39] With guides at their side, students can self-educate, individually and in small groups, by learning how to research a subject, conduct a literature review, and organize their own thoughts. Students can then learn to prepare and present a concise summary and full report on their subjects in written, visual and verbal forms.

Now more than ever, students and young adults will greatly benefit from gaining an understanding of how the financial system and current economic landscape came into being, and at the same time, learn the basic principles underlying the global financial system and its relationship to the individual. The current practice of introducing basic economics, money and accounting isolated from each other creates a fragmented picture of the world devoid of meaning and without a sense of where we've come from or where we're going to as individuals or as a civilization. In the context of history, money and accounting are born out of the activity of human beings trading, that then sets the economic process of the circulation of value in motion. Rudolf Steiner describes the two fundamental qualities of any exchange in the economic process where economic value is created.[40]

Bestselling author and historian Yuval Harari[41] describes three potentially universal impulses that have shaped the evolution of humanity over the millennia, when for the first time a single humanity was governed by a single set of imagined rules. He identifies the ability to fantasize, to make things up and collectively believe them as uniquely human – making storytelling the first culturally unifying impulse of civilization. Some would call this Imagination and Intuition – Idea – meaning 'I see!'.[42] According to Harari, the first and most powerful long-lasting story to appear in civilization was an economic one, the idea of money. He describes how the origins of economic life began after the Cognitive Revolution, thought to have begun around 70,000 years ago, and just as the Agricultural Revolution was beginning, over 11,500 years ago.[43] For him, money is an idea and not a thing, a great story that has accompanied humankind since Jericho and before.

Accountant/Scribes: First Counters, Writers and Storytellers

The human being that marked the notches as 'records of activity' on the 20,000-year-old wolf bone (bone-keeper) or the scribe that carved tallies on a stick that tracked the grain contributions in Jericho could both be considered bookkeepers and scribes. Over time these early accountant-scribes gradually developed a set of skills that led to their emergence as the first storytellers and singing bards. After all, reading was not an option, so it is easy to imagine singing the accounts in the commons at a specified time – a kind of news service. The ancient accountant-scribe as a recorder of human productive activity and exchange, marking the value moving back and forth, made a representation as a notch on a bone, marks on a stick, used multiple clay-tokens, or a quantity of grain or silver.

Yuval Harari considered money and accounting one of the leading unifying impulses of human civilization.[44] Accountant and historian Richard Mattessich called prehistoric clay-token accounting-money, as it developed before

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[39] http://associative-financial-literacy.com/wp-content/uploads/2021/05/DO_5_1_18_Final.pdf

[40] Rudolf Steiner, Economics: The World as One Economy, op. cit., Lecture 6. (Boxed quotes refer to 2014 edition. Search aebookstore.com, annotated as ERS.)

[41] Yuval Noah Harari, 2015 Sapiens: A Brief History of Humankind, Harper Collins NY, NY.

[42] 'I' and 'dea'. Dea meaning 'to see'.

[43] "Sapiens lived between the Cognitive Revolution of 70,000 years ago and the start of the Agricultural Revolution about 12,000 years ago. Ever since the Cognitive Revolution, Sapiens have thus been living in a dual reality. On the one hand, the objective reality of rivers, trees, and lions; and on the other hand, the imagined reality of the gods, nations, and corporations."

[44] "Money is the only trust system created by human beings that can bridge almost any gap, and that does not discriminate on the basis of religion, gender, race, age or sexual orientation." Sapiens: A Brief History of Humankind, *op. cit*.

writing and numerals, the 'foundation stone of culture'.[45] This was after reviewing Schmandt-Besserat's archaeological work described in her 1992 book *Before Writing*.[46] Out of necessity, these early scribes or bookkeepers were the inventors and purveyors of storytelling, numbers, and writing. Now we call it reporting, numeracy and literacy. Storytelling, numeracy and literacy were cultivated by these ancient accountant-scribes because of their unique role in these early village communities. It was not just about the recording and supplying of information through the numbers, but also supplying the narrative and story 'behind the numbers', behind the figures. The stories of the small village community.

Economic Life Begins: *Trade and the Nature of Exchange*

When human beings created the first settlements (civilization) they began to transform nature around them – cultivating plants, minerals and animals – making products to trade with each other, to meet each other's material needs. The economic process of exchange (trade) and the circulation of economic value are thereby set in motion. This Neolithic Revolution, as it is called, also meant that for the first time, by trading (exchanging) with each other to meet each other's needs human beings created the first surpluses beyond people's immediate needs. So that in most any normal exchange a dual surplus arises because of the nature of exchange itself!

Double Consideration: Past and Future

In thinking about the actual process of exchange itself, both sides of the transaction need to make a double consideration: their *immediate needs* as well as their *future requirements*. Thinking about it for a moment, it seems that immediate needs come to the fore when buying something, the future prevails when selling. The always 'now' of nomadic existence is gradually replaced by the increasing need to mediate between the past and the future as villages grew and the process of exchange. Over time, it became apparent that some exchanges are completed immediately – on the spot – representing just a trace record of occurrences. While the effects of other exchanges endure into the future and represent resources needed and their origins.

> ***"In addition to payment there must be loan capital. Here then we have two very important factors in the economic process – payment and loan." – ERS, p. 88.***

Accounting-Money: Two Qualities

In Lecture 6 of his 1922 economics course, Steiner distinguishes between payment at once and payment over time – what he calls, 'purchase money' and 'loan money'. Purchase money is money that is used to buy and sell, 'loan money' comes from accumulations from trade over time and becomes available for 'lending and borrowing' – as capital. The descriptions of 'buying and selling' and 'lending and borrowing' point to the two qualities of accounts that can be distinguished in any economic exchange, in any transaction. There are those accounts that have nothing in them really, they are just the trace of something that has already happened – when one has bought or sold something. They are transacted immediately and are called temporary or nominal. Other accounts have a more permanent and enduring quality and have an ongoing existence. With immediate payment for a good or service the relationship is completed and finished there and then. A loan, capital that is provided for resources needed for an activity, is ongoing and not completed all at once. There is a continuing relationship until the loan is repaid, capital returned, or the equipment discarded. The economic category of 'Loan' is not the same as a loan from someone, which refers to a financial instrument and not an ordering economic concept.

Marks and Money: Tracking Value from Human Activity

The fact of these two distinct qualities of money relationships is reflected in double-entry bookkeeping as the two basic qualities of accounts – the temporary or trace accounts and the permanent or enduring accounts. The summary of temporary accounts for a given period results in what is called the income and expense statement (I & E), while the summary of permanent accounts at any given moment results in the balance sheet (B/S). When a person takes initiative in the world by producing something, by selling to or serving another, 'money' is 'issued' by that act.[47] Specific marks on a stick, a simple record, is all that is needed. This process holds true when recorded as a mark on a bone, a notch on a tally stick, a particular shape in the form of small clay tokens, a paper exchange note, a metal coin, digital bit or merely an entry in a modern double-entry bookkeeping software program.

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[45] Mattessich, Richard. 2000. "The Beginnings of Accounting and Accounting Thought", Accounting practice in the Middle East (8000 B.C. to 2000 B.C.) and Accounting Thought in India (300 B.C. and the Middle Ages) published by Routledge, New York, NY.

[46] The Origins of Script: *Before Writing*. Denise Schmandt-Besserat. In two volumes. University of Texas Press, Austin, 1992.

[47] This is called 'means of exchange' or 'purchase money' (PM) that represents, reflects or makes visible the process of exchange between parties.

Empire Building

According to Harari, a second unifying impulse of civilization is political, that is, the idea of empire and beyond – empires become nations and corporations. Before empires could exist, however, another evolutionary principle of civilization developed and expanded trade for millennia, thus providing the fuel and incentive for empire building. Division of labor, the specialization and new skills developing among people, increased exponentially and dramatically as trade and the 'know-how' of people was shared and spread to other geographic regions. What has become apparent from the work of Schmandt-Besserat, and Mattessich mentioned above, is the correlation between the rapid development of the earliest clay-tokens representing various goods and services for exchange (7,000 BCE) and the acceleration and diversity of the evolution of division of labor as the first populated cities emerged.

With the advent of cities, the number of types of tokens increased to some 300 shapes to represent the multiplicity of goods manufactured in urban workshops. Some of the new tokens were small representations of the units of goods they stood for, while others had multiple markings. A series of discs have different patterns of incised lines or dots, which stand for different textiles and garments. The first clay tokens were simple and reflected only a few basic products, but as trade accelerated the clay token shapes became more complex and numerous, representing a greater and greater array of products and services as the first true cities became filled with artisans and various workers of all kinds. The age of empire and the further expansion of trade begins to the point where the very nature of exchange and the phenomenon of dual surplus value engenders accumulations, and so stimulating further trade expansion.

Thalassocracy and Tellucracy

As private small economies grew in population and sophistication, economic life expanded exponentially as one of the first true metropolises emerged in Uruk, Mesopotamia. The accumulation of centuries of 'surplus' from the ever-increasing volume of trade and division of labor eventually led to the ability to use it for 'lending' to others so that they could create future value. National large-scale economies emerge as trade expands even further as nations begin to trade with nations worldwide. Both thalassocracy and tellurocracy, sea-based and land-based empires, raced toward trade dominance and expansion. The thalassocracies have had the biggest impact on the expansion of world trade. These sea-based empire/nations emerged, one after the other, seeking glory and gold. The various sea empires overlapped from time to time, while spreading goods, technology, and ideas worldwide. The Minoans, Phoenicians, Carthaginian, Delian League (478 BC), the Persians, Hanseatic League, Venetian Republic, and Genoa all had their turn at the dominance of trade at sea, pushing the boundaries of trade further and further afield.

"An economic life that is not being constantly improved always deteriorates." – ERS, p. 138.

Merge or Deteriorate

The urge to grow ever larger and larger as an economic entity has its roots in the underlying fear of dissolution if one did not. They purposely merged and planned for continuous growth to avoid, what was thought to be, an inevitable decline if they did not grow. Merge or deteriorate. This idea also had the tendency to produce a protectionist attitude toward trade and to other nations. Why is this important? A 'first principle': Under most circumstances, economic exchange creates a dual economic surplus – at any level or size of operation.[48] The development of economic life involved simple trading from the time of Jericho and the Neolithic Revolution to Uruk, Mesopotamia, with the 13^{th} century headed toward world trade – a movement beginning with private small economies that grew to world trade via national econmies.

Merchants and Finance

The commercial revolution of the late Middle Ages preceded the Italian Renaissance where a growing class of merchants were cooperating and working to free themselves from the complicated and cumbersome money system as well as the long-held land holders. The various merchants did this by agreeing among themselves to create their own 'measure of account', a type of money that did not circulate but was used to clear the accounts among themselves – the *ecu de Marc*. They used it as a reference point and made a bookkeeping of their working together that would be settled and 'closed out' after a designated period. This was an independent self-organized group of merchants, factors and

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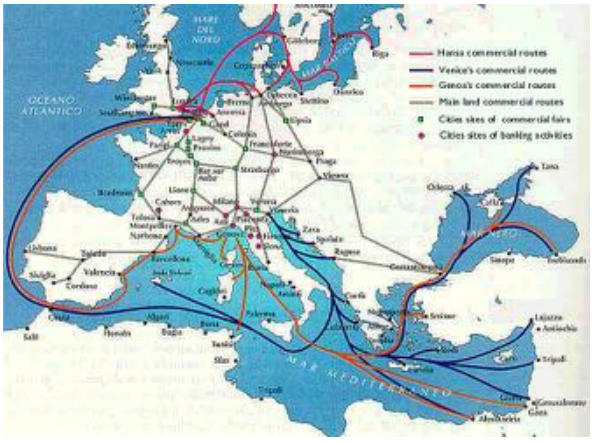
[48] *"By the bare process of exchange, the things exchanged on both sides become of greater value." Economics: The World as One Economy, op. cit., lecture 10.*

bankers that established monetary standards not guaranteed by any state. Payments and receipts could be settled in the relative value of multiple local currencies when they gathered at the regular trade fairs. At this time, the first pools of 'deep' capital appeared that would shape the modern economy, science and mathematics of the 20th century.

During the 13th, 14th and 15th centuries, the wider use of paper-based transactions was pioneered by independent merchants rather than initiated by state authorities. Credit notes became cheques and then became universally transferrable, leading to currency notes issued by individual merchant banks. Initially, notes were issued by a multitude of non-state banks. By turning personal obligations into internationally tradable debts, the Renaissance merchant bankers were creating their own non-state money. Outside the control of Europe's kings and queens, they had no need for the coins minted by the sovereign. Through this network, a local merchant could not only exchange currencies but also translate credit worthiness at the Lyon Faire, for example, into credit worthiness in Florence, even if no one had heard of him – a service worth paying for.



"Money would become uniform, and the substance it was made of would be a matter of indifference, because it would be metallistic in character when young, nominalist when old. Money would be in constant flow and be completely adapted to the nature and needs of the economic process." – *ERS, p. 223.*

"Take the argument between nominalists and the metallists ... metallism expresses a reality in respect to agriculture, and the functioning of money in the economy, while nominalism corresponds to the reality of industrial and cultural life, economically speaking. And between the two there is their intermingling, of course." – ERS, p. 217.

This near ideal was short-lived due to political upheaval and the rise of nation states and the center for international trade moving westward. This time of transition, 1200 through 1500, became the platform for the eventual emergence of modern science, mathematics and economics and a new situation beyond world trade to a third stage. A dispute over the nature of money begins in earnest, as some think that money needs to be a commodity or backed by one (metallists) and others insist that money is valuable because it is issued by a sovereign authority that enforces consensus (nominalists or chartalists), while the current mainstream model used to understand modern economics, 'Dynamic Stochastic General Equilibrium model', does not even consider or define money. Since the days of Mercantilists and Physiocrats,[49] and even further back to Plato and Aristotle, two contrasting views of money have engaged in a continuing argument as to the efficacy of one or the other idea of money – the chartalist view of money and the metallist view – even to this day.

Nobel Laureate?

In light of the above narrative, if there were really a true Nobel prize in economics (see box below), I would nominate Rudolf Steiner for his 'twin theory of value' that resolves the argument and tension between the two kinds of money – purchase and loan, this being the key to resolving so many other of today's economic conundrums.

Established by Alfred Nobel's will in 1895, the Nobel Peace Prize was to be awarded to the person who had done most for 'fraternity between nations, for the abolition or reduction of standing armies and for the holding and promotion of peace congresses.' Since 1901, the Nobel Prize has been awarded in the fields of physics, chemistry, physiology or medicine, literature and peace.

In 1968, a 'Nobel Memorial Prize in Economic Sciences' was added, but this is in fact the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, administered by the Nobel Foundation. The award was established by an endowment 'in perpetuity' from Sweden's central bank (Sveriges Riksbank) to commemorate the bank's 300th anniversary. The winners of the Nobel Memorial Prize in Economic Sciences are chosen in a similar way, are announced along with the Nobel Prize recipients, and the prize is presented at the Nobel Prize Award Ceremony.

[49] The Mercantilist 'rule of nation' school of economic thought averred that to increase a nation's power, status, and wealth it was necessary to increase export and trade, with the intention of stocking up as much gold and silver as possible for the treasury. In contrast, the Physiocrata' 'rule of nature' approach insists that the wealth of a nation comes from the products of the soil and the cultivation of land in the production of food.

Some Closing Balances

Note 1:
The *Journal for Associative Economics* began in May 1980 and was published under various titles* until December 2015 (https://aebookstore.com/wp-content/uploads/2020/10/Journal-Index-1980-2015.pdf). It was edited and produced by Christopher Houghton Budd for much of that time, being joined in the later years by two colleagues, Arthur Edwards and Stephen Torr. It began with an occasional frequency (18 issues until 1989), then became bi-monthly (52 issues from 1990 to 1998), and then monthly for all 192 subsequent editions (262 in all). PDF versions of all issues since 2006 will shortly be available here: https://aebookstore.com/publications/associative-economics-journals/. Alongside, it also shared its last name, *Associate!*, with the newsletter of the Economics Conference of the Goetheanum, of which, including this one, there have been 41 issues published since October 2005. Of those, the 23 since January 2016 constitute the 11th series: (https://economics.goetheanum.org/publications/newsletters) In March 2018, Kim Chotzen joined in on the editing, and from 2003 until 2013, the late D'Arcy Mackenzie was a regular contributor. (https://aebookstore.com/publications/associative-economics-worldwide/authors/books-by-darcy-mackenzie/accountants-corner/).

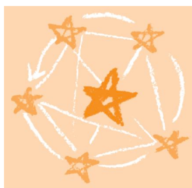
* New Economy Magazine, *e^2* – Journal of Associative Economics, Talking Economics Monthly and Associative Economics Monthly.

Note 2:
The way research is funded is not given enough thought, especially not how funding is used to achieve pre-determined results (anti-research, in fact). Not only is this a concern in terms of where freely-funded research would lead (see, for example, Raoul Dinmohamed's 2015 Masters Thesis at Delft University in the Netherlands: Alternative Perspectives on Maintaining and Increasing Market Share in the Pharmaceutical Industry), it is linked to another problem. The capital structure of modern corporations has two important consequences. When well-intended, 'right on' businesses have to go to the market for capital, their structure usually means the starting ethos is soon abandoned in favour of improving the bottom line. Modern economic history is littered with examples: Odwalla Juices, Detroit Public Radio, Body Shop – to mention only three. In Germany, for example, The Purpose Foundation and earlier on the Rex Roth Foundation have sought to address this problem – although their impact on macro-policy or macro behaviour is debatable.[50] Bill Gates, Jeff Bezos, Elon Musk and many others are testimony to how conventional capital structures transfer huge amounts of money to single individuals or a single family or a small group, enabling them to fund their *private* goals, often without constraints of democracy or safeguards to the autonomy on the part of those they 'help'. (When president-elect, Donald Trump met directly with such people in-person in his private office. Bill Gates regularly drops in on heads of state when he is in their countries handing out his money.) Similarly, when large-scale projects are funded by the state because private capital will not bear the risks (e.g. nuclear waste half-life), projects are undertaken that would not otherwise get off the ground. In that way, the inconceivable, along with inconceivable amounts of money, thereby becomes possible.

Note 3:
Following the Chicago workshop *Seed Corn – The Economics of Farming* in March this year, a larger, more hands-on event is being considered for 23-25 February 2024 in Ecuador.

Note 4:
In 2018, Fionn Meier and Christopher Houghton Budd contributed a paper to an OECD call on financial literacy.[51] The paper advocated teaching bookkeeping early and certainly to adolescents. Since then, the OECD has published its recommendations concerning financial literacy. These amount to teaching children as young as five how to use the financial system but not to question it. More notable, in the regular webinars put on with world experts from all over the OECD world of 37 'developed' countries, there is no mention of bookkeeping, let alone its teaching. And when the topic is raised in the 'chat' or in written submissions, it is totally ignored.

Note 5:
Save the date (and the air fare!): 'Freeing the Circling Stars', 7-10 March 2024, Recife, Brazil. This conference will examine the financial literacy and funding of Waldorf schools in Brazil in terms of the potential contribution this could make to public policy. The event will include International Women's Day on 8th March.



[50] See Neuguss / New Steel – Some reflections, Christopher Houghton Budd. January 2013. Unpublished review of *Past – Present – Future: A search quest 40 years of Neuguss.* Verwaltungsgesellschaft mbH, 1972-2012.
[51] https://economics.goetheanum.org/fileadmin/economics/Articles_and_Papers/ECPaper2018_CHB-FM_Money_is_Bookkeeping_OECD_PaperTemplated.pdf