Hope. Springs. Eternal. 2
Our financial challenges are also the world's; as are our responses.
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These notes are the basis of talks given in Ann Arbor, Chicago and Pasadena in December 2022 at the Great Lakes, Rudolf Steiner and Los Angeles Branches of the Anthroposophical Society in America. In each case, they talk was followed by a workshop-discussion which, judging by the engagement, suggested the Anthroposophical Society in America could well become the venue for revisiting the finances of the Anthroposophical Society more generally. The notes are in the form of stanzas, brief statements that can be explored or expanded by concentrated study.

In *Hope. Springs. Eternal. 1,* I spoke of the Anthroposophical Society as 'an exemplar financial community'. By that, I meant it has the possibility of walking Rudolf Steiner's talk when it comes to finance – more particularly, envisaging the Anthroposophical Society as an instance of three kinds of money in operation, with all the future-orientation and dynamism that implies.

But this brings with it the challenge of the Double, especially perhaps in the western part of the world. The Double that slides into us at birth, ready to play havoc in our life on earth.

And yet, the Double cannot abide death – for it loses access to us. A main form of death, apart from death itself, is correct or true finances. Clear finances are anathema to the Double. Just as, at the end of one's life, one's final balance sheet details one's ending assets and who these shall be distributed to, so one can approximate this by drawing up one's balance sheet at any point. There are many places where Steiner likens karma to bookkeeping (and vice versa).

They bring us to the threshold, and equip us for life there, enabling us to cross to and fro, as it were. Be at home at the threshold. True finance is a Guardian-like phenomenon.

So this time I want to clarify what I mean by 'true finance' and how this relates to the Anthroposophical Society in America – in my view, of course.

"Democracy is coming to the USA, one day." So sang Leonard Cohen… Likewise, is a free spiritual life coming to the USA one day or does it already exist? And does the Anthroposophical Society in America evidence this? Do the finances of the Anthroposophical Society in America show how the free spiritual life is financed, not how it will be financed one day?

But, first, what is the *free* spiritual life, not just spiritual life? And how is such a thing financed, both conceptually and practically?

In a word, free spiritual life is about individuals bringing initiatives to earth out of the spiritual world, initiatives that presuppose and require the circulation of capital.

What do I mean by 'the circulation of capital'? Well, obviously not the preservation of capital, its 'stocking' in banks, real estate or financial markets, for example. Per Rudolf Steiner, *conceptually* I am referring to the three kinds of money:

Purchase money   Loan money   Gift money

Practically, by linking Steiner's idea of 'money as bookkeeping' to the threefold structure of accounting:

Income Statement → Balance Sheet → Closing Entries

The structure and logic of accounting show that both parties to any transaction ‘profit’ from it, meaning they each realise a surplus. It is not that one gains and the other loses, but that both gain. There is always an immediate surplus, but also an amount left over – excess surplus.

The gain, which is internally generated capital, is transferred to the ‘Own Capital’ account under Equity on the liabilities side of the Balance Sheet, with excess treated as Reserves.

Internally generated capital	→	Immediate surplus	→	Excess surplus
Profit	→	Own capital	→	Transfer of capital

What I mean by this can be shown using an icon for accounting taken from the sketch made in Ann Arbor. In principle, just as the immediate ‘profit’ flows from the Income Statement to the Balance Sheet, so does the excess surplus flow from the individual balance sheet into what one might call humanity’s general liquidity pool. Only we don't see this because we retain it on our balance sheets as reserves, financial assets, and so on – meaning funds we have lent to others via the financial system.

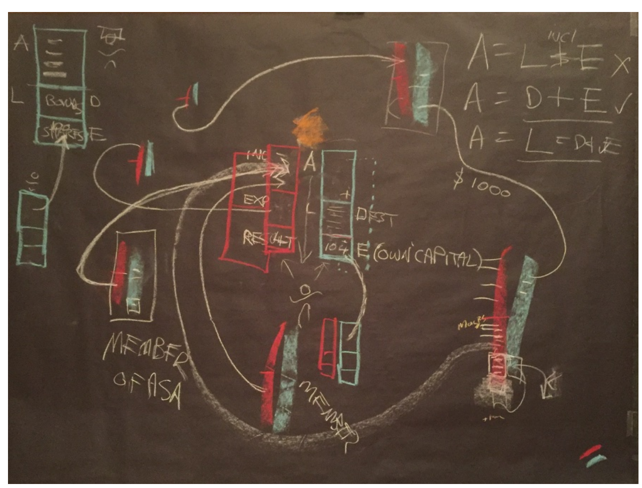
In reality, however, we have lent it to those who need capital in order to undertake their initiatives.

This transfer of capital from one person to another is what Rudolf Steiner means by ‘gift money’. The amount is made known through the closing entries; the transfer is effected by debiting the one entity and crediting the other.

Once we are clear about this (including the taxation aspect), we can the envisage the accounts of the Anthroposophical Society in America in the following threefold way, with funds coming from Members and ‘anthroposophical’ institutions,[1] in the first place, but also from friends and non-anthroposophical institutions:

Contributions	Operating (including depreciation)	Purchase money
Bonds	Financing real assets	Loan money
Capital transfers	Funds for School members’ activities	Gift money

This can then be set in the context of this image of how the accounts of the Anthroposophical Society in America are at the centre of the money flows to it from members and institutions.



This, by the way, hints at a big story: the implied *con*federal nature of the Anthroposophical Society in America, comprising the main location (Ann Arbor D.C.) and its various location and working field branches, related as they can be seen to be to the sections of the School.

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[1] Presumably *any* activity (school, eurythmy group, trading company, financial organization; for-profit and not-for-profit) run by members of the School of Spiritual Science in their ‘one condition’ capacity as ‘representatives of anthroposophy’.

This presentation is unavoidably dense, but times are pressing and the recently opened window will not stay open forever. The time frame is determined especially by whether the gods see our activities and our understanding of their financing as opportunities for them (the gods) to act or make use of. The Old Mysteries and all that stems from them are closed and bring nothing. By contrast, the New Mysteries stay open as long as our deeds are worthy of them, take their substance from them, and so belong to tomorrow.

What I am outlining can only be substantiated by subsequent detailed consideration at a practical level, which in turn requires lifting ourselves from a lay to an educated level of financial awareness. As Steiner often said (but here in my words), the complexity of life cannot be conveyed by being dumbed down.

To date, most financing of the Anthroposophical Society in America is predicated on (a) lending and (b) giving in the conventional sense of those terms. That is to say, the preservation of capital by saving and philanthropy, transferring surplus funds to society generally through tax efficient use of 501(c)(3)s.

The converse of this is (a) borrowing and (b) receiving – but receiving grants, often without distinguishing clearly enough between taxable income and capitalisation (and, further, between lending and investment).

Our mind-set is also permeated by the idea that anthroposophists are ‘spiritual workers’ who live from donations, which, moreover, are thought to be their due. And that we inhabit the spiritual sphere, as if the economic sphere is somewhere else, rather than its counterpart or reverse (to use a money image).

We need to reground ourselves on the notion that we are initiative-takers and to that end we require capitalising either by loans or investment (i.e. own capital, aka equity) and/or income which will be liable to income taxation.

We also need to recognize

(i) that when we use banks (of whatever brand) we are preserving not circulating capital, and yet capitalising initiative requires the circulation of capital, the passing of it from one human being to another, such that the new user, not the former user conditions its use

(ii) that this can be done in ways that match or give ‘teeth’ to what Steiner has in mind, by (1) lending without collateral and/or (2) transferring from the ‘own capital’ account of one entity into that of another.

(ii) that one can do so because one has identified in economically and financially ‘clinical’ or objective ways what the surplus to be transferred amounts to.

The corollary of all this is that initiative-takers, whether as borrowers or investees, need to be responsible for their balance sheets. They also need to be clear whether they need capital (loan money) or revenue (purchase money) and not confuse or conflate the two in their minds or in their actions.

Then we will see that many, if not most, of our problems are due to:

1. Borrowing when we need income (borrowing to spend)

2. Using income as capital (because we are under-capitalised)

In short, we lack financial literacy because we think we are excused from it. And yet, over one third into the current Michael age this is *not* excusable. We should be at the forefront of financial awareness and evolution, not in some side street with a dead end. We should be the next mainstream, not a side water, still less an ox-bow lake. We should be sparkling with modern financial understanding, not breathing the dreary air of NGO or not-for-profit[2] finance, that is to say, taxation taken hold of and 'recycled' by the state.

This is what I mean by saying our financial conduct is the world's financial conduct – and that we can strike new ground by using 501(c)(3)s in the heightened sense of today's need to circulate capital from one person to another. Whether that person is a farmer, an artist, a shoemaker or real estate developer is immaterial – everyone is a human being with capacities that need capitalising in order that one can serve one's fellow human beings through one's economic activity.

The for-profit/not-for-profit divide is not between commercial and cultural life, economic and spiritual life. For-profit is the primary modality for everyone when exercising one's capacities; not-for-profit is an arrangement (to date, predicated on tributary taxation and/or the use of the state to distribute wealth) to effect the transfer of capital from one karmic setting to another.

Whether of mind-set or arrangement, none of the change needed can be effected without understanding basic accounting – single to double to closing entries – in order to track individual wealth creation by everyone and the sharing of mutual surpluses, not to mention cash flow maintenance.

We need to do a '101' in associative financial literacy, aka 'deep accounting', which should be taught in high school as a minimum and is also the minimum we should know as adults. Michaelic adults, that is.

But this cannot be achieved in fiduciary mode, i.e. as a trustee or steward, rather than transferor or transferee of money and capital. For fiduciary management entails and requires preservation of funds. It's backward looking, only there is nothing to look back to!

We need deep, entrepreneurial engagement with both money and capital (purchase money and loan money). 'Gift money' is the distinction one can make between the two and therefore (a) watch how loan money is born of purchase money (capital arises out of real economic, not merely financial, activity), and (b) how excess loan money in one entity needs either to be transferred into the balance sheet of another entity or else spent away.

Much of what I have described is already straightforward macro finance. But, to be more intense, our current behaviour is caught on the notion of principal/agent – the idea that the holder of finance cannot also be its user. At the micro level, this is the argument for saying that initiators should report to boards. At the macro level, it is about allowing a central bank operational independence (free to set interest rates) but not goal independence (free to set the inflation target).

This is 19th century finance, not 21st. It is pre World War 1, not post World War 2. It is avuncular finance, not the funding that belongs to and is the sign of ethical individualism, where principal and agent are one.

It is not that the for-profit/not-for-profit divide should be got rid of (although in a world of light-based rather than might-based taxation it does not exist) but that this twin-set should be used

[2] In the USA one says non-profit, but this term is not precise enough. The difference is about making profit and not making profit, but using one's profit for oneself or the larger whole.

(i) to give effect to the three kinds of money (thereby freeing us – as human beings generally – from our stuckness in what economists call the three functions of money: means of exchange, store of value and unit of account.

(ii) to show the world of finance and taxation how to move from the preservation of capital (which entails giving land a value and treating it as a commodity) to the circulation of capital (which requires everyone to have sufficient *earned* income within a buoyantly capitalised activity).

(iii) to show how income can be above expense (i.e. we need 'true pricing') and how one can thereby lose the habit /dependency/addiction to *unearned* income – seeking something for nothing via lotteries, day-trading, speculative investing, (false) real estate gains, crypto-gambling, and so on.

We can do all this to ourselves by denying ourselves the above habits and methods, or we can learn this new approach by doing it to the Anthroposophical Society in America through ensuring:

(i) its operational economy is financed by membership contribution revenue (purchase money)

(ii) its real estate is financed by bonds or shares (loan money), and

(iii) its research (i.e. the work of those active in the School of Spiritual Science) is funded by transfers of *surplus* capital, so that it passes into the balance sheets and estate of those actually doing such work.

That bellwether of finance, risk, will then not mean the risk of losing one's money, but the risk that initiatives from the spiritual world will be stillborn for the lack of capitalisation in ways commensurate with their nature and purpose.

All this has direct consequences:

1) Everyone should identify what of 'their' capital is needed by them and so can only be lent to others, and what is surplus and so should be transferred to others. (This in turn presupposes earned rather than unearned income.)

2) Bookkeepers (and auditors) are not fund managers or fund users. Their allegiance should be to 'deep accounting', associative finance; understanding the evolution of taxation from might to light, not merely optimising tax avoidance.

3) We should be awake to and wary of the reduced freedom of initiative and operating in the not-for-profit world compared to the for-profit world, and therefore not assume initiative-taking or 'spiritual working' is synonymous with not-for-profit modality. Moreover, not-for-profit modality is more highly regulated precisely because it is also state-directed funding via state-captured taxation.

4) Trustees should be very careful how they use the money entrusted to them. Council members should not be dispensers of money or fund 'pet projects' of their own, or condition the use of the funds in their charge *other than* as undertaken by the user of them, or escape the financial scrutiny they would impose on others.