



Associative Financial Literacy

Accompanying the journey of life

An Economics Curriculum

From the 1st to 9th Grades

Reflections on some generic problems

Ideas and experiences from the
Rudolf Steiner School Movement in Switzerland

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Translators' Comments

In translating this document into English, we have sought to make it as generic as possible at the same time as matching it to educational experience in English-speaking countries, especially the USA. We have also edited it with an eye on the possibility of further translation into Portuguese and Spanish for use in Latin American settings. We have also smoothed some of the references to Switzerland where, in our view, it has not been harmful to do so. Finally, it has been produced as an exploratory document in order, through the reading of it, to stimulate equivalent research and teaching activity in other countries. To this end, readers are invited to annotate it and tailor it to their own situation, especially identifying equivalent texts to what, here, are mostly in the German language. Lastly, to remind, this is a work-in-progress document. We have paused on finessing its contents until it has been 'road-tested' by educational practitioners.

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Foreword

"Oh, I don't know anything about economics!" For us 'economic laypeople', the topic of the economy often has something disreputable: it is dealt with by capitalists, bankers, etc. As teachers, we are not trained for this and want to convey other values to children and young people. But it is our job to bring the world closer to the students and to empower them to shape it. Whether we like it or not, whether we are aware of it or not, we are all part of the economic system; the economy concerns us all. We can look to experts and others who we deem responsible, but in the end we are all responsible.

Human beings have created the economic system. Our economy does not follow natural law, so we can change it. However, this means that we need to be interested in it and try to understand how it works. We also have to generate this interest and elementary understanding in schools.

The aim of this publication is to provide teachers with suggestions for how they can integrate the subject of economics into their lessons. It is also intended to encourage them to do so and perhaps even inspire them to do so. We don't all have to be economists, but we should be interested in economic contexts and be willing to get into the topic together with the students.

We have placed the emphasis on grades 7, 8 and 9, but hope to stimulate discussion on the topic of economics education and further development in practice, especially for the 10th–12th grades. We see this publication as a 'work in progress' and hope it will contribute to meeting this challenge.

– *Vanessa Pohl, April 2023*

Introduction

Topicality and need

Overall, are we as a society equipped with sufficient knowledge to be able to contribute consciously to solving the economic problems of individuals and society as a whole?

A glance at today's public debates shows that many people answer this question in the negative. In more and more circles, there is a desire to give children and young people a better understanding of the interrelationships of the economy. On the one hand, in order to promote financial sovereignty; on the other hand, because it is hoped that this will lead to overall economic stability, such that a financial crisis like that of 2008 cannot happen again.

In Switzerland, too, the demand for general education in economics is becoming more and more apparent. A poll during the drafting of *Curriculum 21*¹ found that, with the exception of the SVP (Swiss People's Party), all political parties are in favor of including more financial and economic topics in the classroom.²

At the same time, various institutions are currently working to provide teachers with appropriate teaching materials. For example, the umbrella organization, Teachers Switzerland (LCH) and the Syndicat des Enseignants Romands (SER) founded the 'Finance Mission' association together with the Association of Swiss Banks (ASCB). They developed a computer game (with worksheets) with which children can practice dealing with money. They learn how to create a budget, how to reflect on their purchasing decisions, how to make investments, etc. Another example is the Lehrmittelverlag (Teaching Aids Publisher) of the Canton of St. Gallen. Together with the University of St. Gallen (HSG) they have produced a textbook (WAHandeln) in which, in accordance with the new requirements of *Curriculum 21*, the handling of money is practiced and the functioning of markets is explained.³

Where do the Steiner/Waldorf⁴ schools stand in terms of economics lessons?

The question of contemporary economics lessons is currently being discussed more and more in the context of the Rudolf Steiner schools in Switzerland. In the past, there have been repeated attempts to promote economics education by means of working groups and publications. Thomas Stöckli, for example, led a working group that produced a publication in 2006 with teaching examples of economics and social studies for the 1st to 13th grades.⁵

Another initiative in this direction comes from the Economics Conference of the Goetheanum.⁶ Through the Associative Financial Literacy platform, it aims to connect teachers internationally who teach 'financial literacy' at their schools and provides information for interested parties. Teaching materials and experience reports are available to teachers.^{7 8}

However, a look at the origins of the Steiner/Waldorf schools in Stuttgart shows that what is now emerging more and more as a general demand was already suggested a hundred years ago. At that time, Rudolf Steiner wanted to establish a pedagogy that would inspire a deep understanding of humanity's self-made social environment. In many lectures, he tried to convey how social problems can be traced back to the fact that

¹ The Swiss version of a national curriculum. See Appendix 2.

² See https://www.nzz.ch/ein_mauerbluemchen_namens_oekonomie-id.572444, http://www.nzz.ch/ein_mauerbluemchen_namens_oekonomie-id.572444

³ See <https://www.wahandeln.ch>.

⁴ A twin appellation because in the US and the UK both terms are used. In the US only Waldorf, but there are two movements, the tuition-based and charter (tax-funded) schools. In the UK, there were only Steiner schools until Camphill communities began their own schools and opted for Waldorf.

⁵ Thomas Stöckli et al., Ideen und Beispiele für eine Curriculumsentwicklung 'Wirtschaftskunde und soziale Dreigliederung' (Ideas and Examples for Curriculum Development in Economics and Social Threefolding), available at: <https://www.institut-praxisforschung.com/publikationen-und-downloads/#gsc.tab=0>.

⁶ www.economics.goetheanum.org

⁷ <http://associative-financial-literacy.com>.

⁸ Need US/UK references, preferably already existing.

schools had failed to provide children with an understanding of how economic life works.⁹ For example, in a lecture in Bern in 1919, he said:

"With reference to our present and future, it must be said: In earlier times, people lived their way into economic life instinctively. Nowadays, living into the economy has to become more and more conscious. Just as we ... learn the multiplication table at school, just as we learn other things at school, so in the future we must learn at school things that relate to life in the social organism, to economic life." – 8 February 1919, CW 193.

What was already a demand at that time is now being sought by more and more people. However, the question arises as to the content and method of education in economics. This teaching has to be recreated in a way that corresponds to today's time and today's children and young people.

Basic information on the methodology

1. Characterize instead of define

The idea of introducing general education on economic topics is sometimes met with scepticism and criticism in public debates. Some people fear that the newly-created teaching subject will be used to introduce an ideology.

Silja Graupe, Professor of Economics and Philosophy at Cusanus University, Germany, points out, for example, that in today's economics almost only one paradigm is taught worldwide: neo-classical theory. This is based on the assumption that everyone has certain, relatively stable, preferences and wants to maximize his or her benefits. All economic issues are then treated on the basis of these assumptions.

In teaching practice, for example, this means first explaining supply and demand curves, which represents the very essence of the model. The kind of economic activity explained by this model is of secondary interest. It can be commodity trading, the labor market or the financial market; the explanatory trope is the same in each case. However, the assumptions and ideological backgrounds of this theory (i.e. the human being as a rational, utility-maximizing being with relatively stable preferences) are rarely questioned. These assumptions are presented as supposedly objective facts, even though they represent only one possible way of looking at economic life.

Prof. Graupe therefore calls for different economic theories to be taught in economics education so that young adults can learn to see through the assumptions of the respective theories and also have the opportunity to reflect on them independently. For nascent adults, this is certainly appropriate. But why not, also, for children and young people who want to discover today's world and master it for themselves? Why not also give them a real knowledge of the world that surrounds them, a world of our own making?

In his course for prospective economics students given in the summer of 1922, Rudolf Steiner described in many places how modern economics had to be methodologically refounded.¹⁰ In a nutshell, this can be described as: 'Characterize instead of define!' It is only by characterizing the actual events from various points of view that it becomes possible to distinguish oneself from the forces at work in economic life, such as commodities, labor and capital, and so develop true concepts and views derived from perception.

If one looks at Steiner's suggestions for economics, one can see that he never begins theoretically, but always chooses experience-based starting points. He suggested, for example, that business letters should be written, that people should become acquainted with bookkeeping, that the geographical conditions of the economy should be discussed, and so on. If teaching practice in economics is based on such a methodological approach, then children and young people can be given an understanding of today's economic world that is free of ideological biases.

⁹ Johannes Mosmann has collected and published all of Rudolf Steiner's suggestions on economics lessons: Mosmann, J. (2022), *Wirtschaft und Dreigliederung im Lehrplan der Waldorfschule* (Economics and Threefold Society in the Waldorf Curriculum), ed. by the Institute for Social Threefolding, Berlin.

¹⁰ Economics – The world as one economy. Rudolf Steiner, New Economy Publications, Canterbury, England 2014 [1996/1922]. (CW 340 & 341) Search aebookstore.com.

2. Idealism as a need of the soul

Economics lessons can help children grow up to be capable entrepreneurs, but at what risk to their idealism? It might be thought best to delay these practical things till later in life, in adulthood. And yet, according to Steiner's insights into the nature of the human being, the opposite is the case. The soul is like a pendulum. If it is first brought in one direction, it will then swing in the other direction of its own accord. He put it this way:

"If children have become satiated with sentimental idealism from age thirteen to fifteen, they will later experience a revulsion from idealism and become materialists. But if, at this early age, they are introduced to the practical side of life, they will also retain a healthy relation to the ideal needs of the soul. But these will just be extinguished by senseless indulgence in them in early youth." – 3 September 1919, *Practical Course for Teachers*, Lecture 12, CW 294.

Further aspects of the relationship between the development of children and adolescents and economics lessons are presented in the chapter 'Concerning 'The Study of Man'.¹¹

3. An eye on the big picture

In addition to the content and method, a third aspect must be taken into account for the holistic teaching of economics. How the school places itself in the social world also has an effect on the children's learning process. In order to ensure effective economics education, schools must therefore increasingly reflect on how they themselves stand in today's world and what children and young people learn from it.

The founding of the first school advised by Rudolf Steiner in Stuttgart on 7 September 1919 was part of wider efforts at the time¹² to devise social interrelationships and to understand society in terms of a cooperative economic life, a democratic rights life limited to legal matters and a free spiritual life. In the context of these efforts, Steiner pointed out the fundamental importance of a 'free spiritual life' for a worldwide economy, in which the focus is not primarily on profit, but on the mutual satisfaction of needs:

"It aims at creating in this free life of spirit deeper principles that can replace the motive of personal gain. Only in a free spiritual life can a love for the human social order spring up that is comparable to the love artists have for the creation of their works. (...) If one is not prepared to consider fostering this kind of love within a free spiritual life, then one may as well renounce all striving for a new social order. Anyone who doubts that men and women are capable of being brought to this kind of love must also renounce all hope of eliminating personal profit from economic life. Anyone who fails to believe that a free spiritual life generates this kind of love is unaware that it is the dependence of spiritual and cultural life upon the state and the economy that creates desire for personal profit – but this desire for profit is not a fundamental aspect of human nature." – *The Renewal of the Social Organism: Twenty Articles, No. 6, Ability for Work, Will to Work and the Threefold Social Order*. CW 24.

Through their own self-organization, teachers can develop a much deeper relationship with 'practical life'. The corresponding practical skills become existential: How is the school financed? What is the salary scale? How does mortgage interest affect school financing? What do the numbers on the balance sheet and income statement mean? How does school funding relate to the income of parents and other donors and thus to the global economy as a whole?

¹¹ This phrase is used to refer to what was meant by the original English title given to a series of lecture by Rudolf Steiner in German called *Allgemeine Menschenkunde als Grundlage der Pädagogik*. The title was felicitous because it conveys very well in English not only the idea of the human being as 'the creature that thinks' (M-A-N in Sanskrit) and so can become self-conscious, with all that means for human evolution, but also shows that the term is non-gender and has nothing in fact to do with the current concerns for masculine and feminine words. The book is now also known as 'The Foundations of Human Experience', but this is an abstract choice of words and does not create the same mood. In this publication, therefore, 'The Study of Man' is maintained within inverted commas, on the grounds that it is an historical title.

¹² In the closing years of World War I, Steiner was part of a movement to explicate the threefold nature of society and also give this effect, initially in southern Germany. It became the subject of a best-selling book, *The Threefold Social Order* (among other title translations), published in 1919. The basic thesis is that society needs to be conceived as comprising three interdependent but nevertheless discernable aspects – spiritual life, rights life and economic life.

Only if the teaching profession wrestles with these questions, and takes them up practically and artistically, will economics lessons ultimately be able to develop their full potential. In a deeper sense, teachers can only have a positive pedagogical effect if they themselves strive for what they want to further in children and young people.

A new subject?

Teachers in Steiner or Waldorf schools are often overloaded with curriculum requirements. In addition to the classical subjects such as mathematics, English, foreign languages, natural sciences, history and gymnastics, they also offer many artistic subjects and projects, such as eurythmy, handicrafts, theatre, horticulture, etc. Should this wealth of subjects now be added to by yet another subject – ‘economics’?

From the point of view of the authors of this brochure, this is not necessary in the lower grades, but it should be available for the 7th and 8th grades and for the upper grades it would be useful to introduce one or more economics lessons. That said, for the lower grades economics lessons can be incorporated into existing subjects. However, for this to result in comprehensive ‘economics lessons’ teachers need to be aware of how the various subjects (in the lower school curriculum) complement each other in terms of economics. Only if what is achieved in one subject is complemented by that of the other subjects and formed into a whole, can a solid foundation be built up. It is to this task that this publication aims to make a contribution.

Overview: 1st to 9th Grades

Economics – Suggestions for the different grades

This review was presented during a research colloquium in Zurich on 25 September 2021. Grades 10 to 12 give an overview of how economics could be continued in the upper grades.

Grade	1	2	3	4	5	6	7	8	9	10	11	12
Mathematics	Four basic arithmetic operations treat "from the whole"					Interest calculations bedded in the management of the company	Negative numbers Economic-related debts					
Economy						Them	'Book money' simple accounting Banking technology	Double-entry Student Company	Capital / Entrepreneurship and the global economy Agriculture internship	Legal forms and today's central banking system Collaboration with external experts Industrial Internship Social Internship		
English	Wide range of business letters											
Geography	Agriculture and house construction, handicrafts		Elementary economic geography			ss of the whole earth => natural basis of the worl			natural basis of the world economy			
History	Evolution of social welfare; Areas such as money, labor law, property, education, etc. of the soil and enterprise											
Natural sciences	Concerning 'The Study of Man' Strong link with knowledge of the means of production / industry											
Computer science	Excel applications related to double-entry bookkeeping											

What follows will illustrate what can be taught in the 1st through 9th grades in the various subjects as part of economics. Many of the suggestions are already part of the lessons in most schools today. This is especially the case for the lower grades. For the 6th to 9th grades, however, the following overview contains a few new topics that are of great importance from the authors' point of view but that are often neglected today. In these grades, there are still many untapped opportunities to prepare the ground for in-depth economics lessons in the upper grades (10–12). These topics are dealt with in more detail in the chapter 'Deepening the Content'.

1st and 2nd grades

General: No direct economics; colors, shapes, numbers and writing are experienced in their pure form. Nature gives its gifts. A sense of gratitude can be cultivated.

Mathematics: The introduction of the four basic arithmetic operations as a whole creates a basis for later on thinking from a societal point of view, rather than just from an individual perspective. This is relatively easy to implement for addition. More difficult, but nevertheless of great importance, is to follow these directions in the other three basic operations as well, i.e. subtraction in terms of the difference, multiplication in terms of the product and division in terms of the quotient.¹³

3rd grade

General: Creation of nature and expulsion from paradise. The need to live one's life "by the sweat of one's brow." An experience of the various original trades or callings (clothing, nutrition, building a house).

4th grade

Human and animal studies: Man in relation to animals, but called to freedom and capable of non-instinctive collaborative behavior. Freeing the hands (i.e. not for walking on due to upright stature). Shared work in handicrafts.

Geography / local history: The natural basis of the economy is explored step by step within the framework of home studies.

Mathematics: The understanding of money does not play a role as a subject matter up to this point, just as it hardly plays a role within one's upbringing in a family. Nevertheless, all children have a feeling for the importance of money. For example, one can often observe how many children cannot or do not want to solve the abstract calculation 2×0.65 ; but if you ask how much money you get if you bring back two bottles, both of which have a deposit of 65 cents, the calculations are readily made. It is important that mathematics relates to practical problems.

5th grade

History: In this class, ancient cultures are discussed. In addition to the beginnings of the cultivation of nature in Persia, Mesopotamia and Egypt, the genesis of writing out of the necessities of 'temple bookkeeping' – the wise management of the early urban economic system by 'initiates' – can be discussed (see Deepening the Content: History of Money).

Mathematics: At this grade it is also important to combine mathematics with practical things. The exercises for fractions can be easily combined with commercial topics.

6th grade

History: Roman coinage is important for this period. The likeness of an emperor on the coin symbolizes (military) power and thus vouches for the value of the coin. When put into circulation, money is primarily spent as wages

¹³ For suggestions on this, see Rudolf Steiner, *Erziehungskunst – Seminarsgesprächen und Lehrplangesprächen*, (The Art of Education – seminar and curriculum discussions), 4th review (CW 295) and in detail in Schubert E. (2021), *Der Erstunterricht in der Mathematik*, Verlag Freies Geistesleben. English edition: *Mathematics Lessons for the Sixth Grade*, Ernst Schubert. AWSNA, Fair Oaks, California, 2002.

for the soldiers, and thereby, even in conquered territories, becomes the 'legal' currency for collecting taxes. Other topics can also be dealt with from an economic perspective: Roman merchant fleets, Germanic tribes as Roman mercenaries, Roman gold as the cause of the so-called 'migration of peoples', etc.

Geography: Raw material deposits, agricultural cultivation conditions and products, regional and global trade routes ('economic geography').

English: Business correspondence (see Deepening the Content).

Mathematics: The introduction of algebra in connection with interest calculations, and the associated presentation of different forms of credit is already common practice in Steiner/Waldorf schools today. Likewise, most often the derivation of negative numbers in connection with credit and debit balances. For this grade, reference can be made to the work of Ernst Schuberth, where the granting of a loan, the necessary social conditions (trust!), interest calculations and letter calculations are dealt with extensively.¹⁴

It should be noted that the idea of a commercial bank as a pure money intermediary (which mediates the money between savers and borrowers) does not correspond to reality. Rather, when a loan is granted, the corresponding amount of money is created (and destroyed again when it is 'repaid'). These topics can be broached from the 7th grade onwards (see Deepening the Content: How does a bank work?). It is, therefore, important in the 6th grade that the loan process is presented as a relationship between actual people, and not conflated with abstract bank-based credit creation and money issue, which can be taught later on in the 11th grade.

7th grade

History: 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 (see Deepening the Content: History of Money).

The whole of history can also be understood as a path to a threefold understanding of society as the necessary basis for shaping our present period.¹⁵

Science subjects: In the 7th and 8th grades (and after), physics and chemistry also offer numerous topics that reach into economics.¹⁶

Mathematics: Negative numbers (debit and credit balances), income and expenditure calculations.

8th grade

Double-entry bookkeeping: Complete with opening balances, journal, balance sheet, income and expense statement, closing and liquidation, each with around 20 accounting records, followed by a practical project.¹⁷ Double-entry bookkeeping as the 'world language of economic life' brings together many things that have already been learned by the students. At the same time, it is an indispensable tool for understanding more complex questions in the upper grades.

History: (a small selection of concrete topics as a suggestion) Industrialization is only possible thanks to new forms of capital procurement; the financing of the wars of Louis XIV and Napoleon I and Prussia; the Continental Blockade; muleteers' comrades ('Porten') at the Alpine passes; the War of the Pacific around 1880; railway construction and joint-stock companies; construction of the Baghdad Railway; creation of the European Union

¹⁴ Mathematics Lessons for the Sixth Grade, op. cit.

¹⁵ Christoph Stegemann makes this attempt in the article 'The struggle for a just social order', in *Aus der Unterrichtspraxis*, Verlag am Goetheanum, 1996. In many concrete examples such as the threesome of Town Hall, Market Square and Church in the Medieval City, he shows how the three areas of rights life, economic life and spiritual life emerged early in history.

¹⁶ Well worked out for chemistry in Wunderlin, U. (2014), *Textbook of Phenomenological Chemistry*, Verlag Pädagogische Forschungsstelle Stuttgart. [Are there UK or US-based equivalents?]

¹⁷ Absent from this list is the trial balance, which for some reason is not used in Germany or Switzerland. A matter that merits clarification and discussion.

(EU) out of the European Coal and Steel Community and the European Economic Community (EEC); the role of oil and gas in recent conflicts.¹⁸

Natural sciences: From this grade onwards, knowledge of the natural sciences must be actively linked to knowledge of the means of production (see chapter 'Concerning 'The Study of Man'').

9th grade

Natural sciences: As already under 8th grade.

Economics main lesson: See Deepening the Content: Capital and the world economy.

¹⁸ Again, UK and US examples should be identified.

Concerning 'The Study of Man'

Like all other subjects, economics should be taught in accordance with the bodily, soul and spiritual development of children and adolescents. Only when students are ready for a topic can they connect with it in such a way that it has a positive effect on their further development and later life. The aspects to be taken into account were described in detail by Rudolf Steiner in his numerous pedagogical lectures and writings. Today, there is also a substantial secondary literature in which these aspects of human nature are elaborated on in depth.

In the following, a sketch overview is given, which shows the connections between Steiner's insights into the understanding of the human being and the creative forces of social life, with which the economy is directly related. At the end of this chapter, references are given to further literature concerning the study of the human being.

The three seven-year periods and their relation to social life

The basic developmental metamorphoses in children and adolescents described by Rudolf Steiner are the changes that occur during the change of teeth and puberty. Accordingly, development in childhood and adolescence is divided into three stages, each of which usually lasts about seven years, ending with the birth of the I, traditionally known as 'coming of age' or 'getting the key to the door' at 21. With a clear later sense that with 24 one is on one's own.

The first seven-year period and the development of a free spiritual life

The first seven-year period does not fall into the (Waldorf/Steiner) school period, but is presented here for the sake of completeness. During this period, children live entirely in imitation of adults. It is a natural need for them to participate and experience what happens in the environment. The more it is made possible for them to imitate the environment, both in external actions and in mental or soul experience, the more they can develop their natural powers during this time.

In various lectures, Steiner points out that there is a connection between imitation in early childhood and what is later referred to as 'freedom' in social life: "...one can become free only if as a child one has been a most intensive imitator." – *Education as a Social Problem*, Lecture I, 9 August 1919, CW 296.

A connection between education at this age and economic life is created when the striving for freedom developed on these foundations can extend into entrepreneurial activity. However, freedom is not to be understood in a trivial sense. It means, free from the selfish pursuit of profit, oriented to the possibility of allowing 'ethical individualism'¹⁹ to have an effect right into economic life (see *Deepening the Content: Capital and the world economy*).

The second seven-year period and the development of a sense for justice

In the second seven-year period, i.e. in the period from the change of teeth to sexual maturity, children have the need to orient themselves towards an authority that they revere from the bottom of their hearts. This feeling later develops, as Rudolf Steiner describes, into a feeling for the dignity of other people. This, in turn, is the basis of rights life: "People become mature for a socially just life together only if during their school years their life has been built upon true authority." – *Education as a Social Problem*, Lecture I, 9 August 1919, CW 296.

Rights life gives economic life its framework and conditions. One example is labor laws. These have the task of protecting people from being adversely affected and 'consumed' by economic life. Only if there is an educated sense of the protection rights life must provide in order to guarantee human dignity can a correct relationship be established between economic life and rights life.

¹⁹ After Steiner's treatment in his *Philosophy of Freedom*, ethical individualism refers to 'the 'knowing doer'; the point where mere individualism – self-serving and forgetting the rest of the world – becomes ethical, because one realises one's freest actions are those that are representative of humanity rather than oneself only.

Pre-puberty in the 12th/13th year

An important time for the introduction of young adults to the concepts of economic life is when puberty announces itself. During this time, children are specially disposed for grasping content conceptually without selfish feelings playing a role. Steiner describes this as follows:

“It is very important not to give children these ideas too late, for that would really be appealing to their egotism. We are not yet reckoning on their egotism if we teach them at about the age of twelve to grasp to some extent the principle of promissory notes and so on, commercial calculations, etc. Actual book-keeping could be studied later; this already requires more intelligence. But it is very important to bring out these ideas at this stage. For the inner selfish appetite in regard to interest, bills of exchange, promissory notes, and so on, is not yet awake in children at this tender age.” – *Practical Course for Teachers*. Lecture 14, 5 September 1919, CW 294.

This shows the special importance of teaching in the 6th and 7th grades. If, during this time, the elementary concepts of today's economic world, such as the basic elements of bookkeeping, interest, bonds, taxes, gifts, etc., can be brought to children, they can absorb this content in a completely objective way. The terms and designations used today are relevant, although their development in the historical context should always be hinted at when possible.²⁰ As a result, they do not acquire a dogmatic character. The fact that such terms are already taken up and understood with lively interest at this age has been borne out by the teaching experiences that the authors of this publication have made.

The third seven-year period and the development of economic life

With the onset of sexual maturity between the ages of 14 and 15, as Rudolf Steiner put it, a "grandiose metamorphosis" takes place.²¹ After this time, young people have other mental capacities at their disposal to deal with and connect with the world. This period is often perceived primarily in its problematic manifestations, such as the tendency towards addiction, violence, etc. If, however, the mental capacities released during this time are brought into contact with the world in the right way, then, as Steiner points out, the skills that adults need later on to shape economic life arise in terms by which people do not work for profit, but for the sake of doing so, out of love for the other:

“Brotherliness, fraternity, in economic life, as it has to be striven for in future, can only arise in human souls if education after the fifteenth year works consciously toward universal human love. That is, if all concepts regarding the world and education itself are based on love for humanity, love toward the outer world.” – *Education as a Social Problem*. Lecture 1, 9 August 1919, CW 296.

Steiner describes the change that takes place in adolescents during the period of sexual maturity, and the pedagogical consequences one can draw from it, in the following way:

“Adolescence is nowadays regarded from a very limited, one-sided point of view. The truth is that at puberty the human being opens out to the world. Hitherto, he has lived chiefly within himself, but he is now ready to understand his fellowmen and the social life of the world. Hence, to concentrate before puberty on all that relates man to Nature is to act in accordance with true principles of human development, but at the age of fourteen or fifteen the children must be made acquainted with the achievements of the human mind. This will enable them to understand and find their right place in social life.” – *Education*. Lecture 10. *Physics, Chemistry, Handwork, Language, Religion*, 15th August, 1923, CW 307.

“Instead of our gaze being turned back to the most ancient epochs of culture, which took their shape from quite different communal conditions, from the age of fourteen or fifteen the sentient soul²² begins to waken with its delicate vibrations. The human being must be led directly to all that touches us most

²⁰ For the same reason, Steiner recommends that nutrition and health education be incorporated into the lessons in these classes. At this age, children can absorb such insights without immediately considering their own advantage. (Lecture of 5 September 1919, CW 294.)

²¹ See lecture of 4 January 1922, CW 303.

²² Steiner's term for that aspect of our being that manifests as a sense of the other, be that other people, or one's social or physical environment.

vitally in the life of the time. He should have to learn what has to do with agriculture, what goes on in trade, and he should learn about the various business connections. All this ought to be absorbed by a human being. Imagine how differently he would then face life, what an independent being he would be!”
– *Social Basis for Primary and Secondary Education*. Lecture 3, 1 June 1919, CW 192.

From this time on, given authority no longer plays a role. From now on, young adults want to choose for themselves who they listen to. From now on, teachers will only be accepted as such by young people if they manage to make humanity's self-made world interesting, and interesting to them. If this does not happen, then the urge arises to experience the world in a different way – for example, through violence, eroticism or addiction.²³

This poses great challenges for teachers because this 'present life' is extremely complex! It is also very difficult for teachers to understand it. For example, how does today's monetary and financial system work? What is a base rate and how can it be negative? How does agriculture work? How is an iPhone produced? What are the most important international transport routes?

For Steiner, it was clear that here teachers can only teach appropriately with the help of people who are in these branches of life themselves.²⁴ This can still be taken as a recommendation today. From puberty onwards, teachers should increasingly try to involve those with direct experience in economic life, ranging from farmers to financiers, bakers to bankers, in order to enable young people to understand the various fields of practical life.

Further reading:

Wember, V. (2016) Sozialfähigkeiten: Siebzig Angaben Rudolf Steiners (Social Skills: Rudolf Steiner's Seventy Remarks), Stratos Verlag, Tübingen.

Eisenhut, S. (2014) Die soziale Dreigliederung als Aufgabe der Waldorfpädagogik (Social Threefolding as a Task of Waldorf Education), Special Issue die Drei, Journal of Anthroposophy in Science, Art and Social Life.

Röh C. and Thomas R. [Ed.] (2015) Unterricht gestalten im 1. bis 8. Schuljahr der Waldorf/Rudolf-Steiner Schulen (Shaping lessons in the 1st to 8th school year of the Waldorf/Steiner schools), Verlag am Goetheanum.

²³ See Rudolf Steiner's remarks of 21 June 1922, CW 302a.

²⁴ See lecture of 25 September 1919, CW 300a.

Deepening the Content

The following specializations are necessarily a small selection from a much wider range of possibilities of what can be taught in these grades. The selection has been conditioned, on the one hand, by the positive experiences that the authors have themselves had with the topics selected here during their lessons, and, on the other hand, by the fact that the topics dealt with here, such as the history of money, banking and double-entry bookkeeping, are absolutely fundamental to today's economic life, the significance of which we attempt to make clear in this chapter.

There are also other topics of great importance today. Sustainability, in particular. However, since a large amount of literature is already available on this today, a deepening of this topic will not be discussed here.

Business correspondence (6th–9th Grades)

“Now [in the sixth school year] we make the transition from personal letters to simple, concrete business essays dealing with things the children have already learned about elsewhere. Already as early as the third grade we can extend what we say about meadows and woods and so on to business relationships, so that later on the subject matter is already available for composing simple business letters.” – *Discussions with Teachers*. Lecture 1, 6 September 1919, morning, CW 295.

“In particular, however, the practical business element in language teaching must not be disregarded in the eighth grade.” – *Discussions with Teachers*. Lecture 1, 6 September 1919, morning, CW 295.

“And no child should pass the age of fifteen without taking a course of writing specimen practical business letters. Do not say that they can learn this later. Certainly, by overcoming great difficulties, they can learn it later, but the point is: not without overcoming these difficulties. You do children a great kindness if you teach them to apply their grammar knowledge, their language knowledge, to essays of a business nature, to business letters.” – *Practical Course for Teachers*. Lecture 12, 3 September 1919, CW 294.

The types of business correspondence are very diverse. However, if one looks at their common core, the pedagogical significance of this practice can quickly become apparent. As a rule, it is a matter of naming one's own interests and accepting the interests of the other person. Demands or proposals are then made as to how these mutual interests can be sensibly balanced. The attitude is therefore solution-oriented and binding. I take the other person as seriously as I take myself and look for the path that is right for both of us. Emotions have to be controlled, and communication remains composed, concise and targeted.

In the case of a business letter, it is particularly important that all the necessary information is available. If the time is not right, you may find yourself standing in front of a closed door. If the article quantity is not correct, the entire production process may be postponed by another few weeks! Also, the recipient should not have to ask again what the individual intends, which would only cause unnecessary work.

In addition to the linguistic form, of course, rules for layout must also be observed. The artistic-aesthetic sense should also be included! What does the letter look like if the title is bold and capitalized? Or does it appeal better if the title is a little smaller?

Formal matters (placement of addresses, subject, date, salutations, etc.) can be referenced to today's usual forms. Of course, the older the students are, the more important it is for teachers to inform themselves about what the current linguistic and formal customs are in business transactions. Style and form change rapidly, and students often find outdated things uncomfortable. Here are a few concrete examples.

Payment reminders

Payment reminders are an area that students (and often teachers) know and can assess well.

A three-stage dunning²⁵ procedure is interesting and common – this procedure can be used to deal with the change in the business relationship in a linguistically productive way and to train the ‘concrete imagination’ (konkrete Fantasie). It also enables discussions on legal issues, which are often of lively interest to the students:

Does a creditor have to issue a reminder at all? (No!) What is the procedure if a debtor does not react? (Debt collection agency / Debt Enforcement Office.) Here it can be made clear that the rights community (‘the state’) has created institutions with the debt enforcement office (the bailiff) to ensure the well-being of the entire system by providing creditors with an appropriate and legal way to obtain their claims and at the same time protecting debtors from vigilante justice (violence) by the creditor. This relieves the burden on the justice system.

In the first reminder, the ‘world is still in order’. The debtor is simply reminded of the outstanding claim and its reason, the possibilities for settlement are shown again and confidence is expressed. Linguistically, it sounds something like this:

‘Reminder for mutual control’ – ‘In everyday life, it can easily happen that...’ – ‘Dunning is unpleasant...’ – ‘Unfortunately, when reviewing our documents, we found out...’ – or even more succinctly: ‘Your payment for ... is due.’ – ‘With your payment, you help us to continue to offer our customers the best possible service.’ – ‘We ask you ...’ – ‘If your payment has crossed with this letter, so...’

In the second reminder, one usually becomes clearer. They offer to find a solution in the event of payment difficulties, but on the other hand make it clear that they insist on the demand. Reminder fees are incurred or increased compared to the first reminder:

‘Payment reminder’ – ‘For some time...’ – ‘Despite our letter from...’ – ‘In order to avoid further costs, please transfer by...’ – ‘If it is not possible for you to ... individual solution...’ or (still!) humorous: ‘please, please send the money!’

In the third reminder, while respecting decency, it is made clear that a different approach is pending (there is practically never a fourth reminder):

‘Request for payment’ – ‘Last reminder’ – ‘Despite our / multiple requests from... Are you unfortunately failing to comply with your obligation to pay?’ – ‘Unfortunately, you have not reacted.’ – ‘If you decide by..., we will be forced to take legal action...’

Other topics that are relatively easy for students to grasp include the following:

– *Contract terminations*

e.g. with a short explanation, a note as to why the contract is being terminated, appreciation.

– *Offers*

Thank you for the enquiry – ‘we are happy to offer you the following...’ – ‘we would be pleased to be able to take on your order and guarantee its professional execution.’

– *Announcing price increases*

‘Thank you very much for the many years of cooperation’ – ‘For many years we have been able to add you to our customer base...’ – ‘due to the development on the international gas market...’ – ‘Our Services as a local commercial bank...’ – ‘We are currently experiencing major challenges in many areas of our product range.’ – ‘worldwide supply bottlenecks...’ – ‘unfortunately we are forced’ – ‘we are trying to continue in the future...’ – ‘we hope ...’

– *Request for a refund* (e.g. after duplicate or incorrect transfer):

‘By a carelessness ... double payment...’ – ‘I politely ask for a refund...’ – ‘...to apologize for the inconvenience...’

²⁵ Making persistent demands on someone, especially for payment of a debt.

On the history of money (5th–9th Grades)

“Concerning the teaching of ancient Greek history in 8th grade, a teacher asks: Is Greece’s internal politics not also important? Steiner: Of course, it is. Just consider the way that money came about there.”
– *Faculty Meetings with Rudolf Steiner*. Second Meeting, 25 September 1919, CW 300a.

Introduction

History lessons begin in the 5th grade with the treatment of the ancient advanced civilizations in the Orient and ancient Greece. In the 6th and 7th grades, the Roman Empire is dealt with in depth and in the 7th and 8th grades, the children are led in history lessons up to the present day. It is important not only to convey an understanding of the spiritual development of humanity, but also of how social and economic institutions have changed over the course of history.

With regard to the history of money, teachers today are often faced with the difficulty that today’s monetary system is not understood even by experts. Without an understanding of today’s money, however, the past cannot be properly understood.

The reason for today’s difficulty in understanding is that the fundamental idea that money is a kind of accounting has not yet found its way into economics. Rudolf Steiner comments on this in 1922 as part of his economics course. If one starts from this understanding of money, a new illumination of the history of money also emerges. The following illustration is a summary of the book *Money as Accounting* by Fionn Meier.²⁶

Money as Bookkeeping

*A brief consideration of the history of money from the point of view that money is essentially always a form of bookkeeping, that, when understood as a mirror of the evolution of human consciousness, can be seen to have evolved in three stages.*²⁷

Money is omnipresent. At the same time it seems to be increasingly disappearing. Due to the developments of recent years we need ever fewer notes and coins today. Not only do we receive our income directly into our account, but we also increasingly pay bills by electronic transfer when we do our daily shopping. In this process, no coins and notes are exchanged for goods and services. All that remains are numbers. Bookkeeping numbers.

This development has given some historians and economists the idea of the ‘end of money’. We will soon be living in an economy where cash stops circulating and only figures in accounts reflect the economic process. And yet in principle money is nothing else; it always was, is now, and will always be a form of bookkeeping. Is now the time in human history when we can finally and generally understand that this is the very essence of money as such?

Commodity theory and law theory

In economics today, by and large, there are two opposing views concerning the very nature of money: commodity theory (Metallism) and law theory (Chartalism). However, neither considers money as bookkeeping, but as a ‘thing’ with specific properties.

²⁶ <https://aebookstore.com/publications/associative-economics-worldwide/authors/fionn-meier/money-as-accounting/>

²⁷ Originally published in German in *Das Goetheanum*, Wochenschrift für Anthroposophie, 17.11.2017 (Nr. 47) and here rendered into English by Christopher Houghton Budd, this article is a summarized (and partially extended) version of the lecture on the historical part of a master’s thesis, ‘Money as Accounting, historical and theoretical issues’, which was presented as part of the Rudolf Steiner Research Days (1 - 3 Sept. 2017) in the Fields Center, Nailsworth, England. In the context of the ideas presented here, although the result of independent research, I would like to thank Marc Desaulles, Christopher Houghton Budd and Cristóbal Ortín, who were essential on this journey.

The commodity theory regards its commodity character as the essential property of money. Money is accepted because it is inherently valuable (e.g. gold or silver coins). The theory of law, on the other hand, states that money's essential characteristic is its official and protected issue (e.g. bronze coins or uncovered banknotes). It is accepted because you have to use it to pay taxes. Depending on which attribute one avers, there is a corresponding story about the evolution of money. The question is which story belongs to the view, which understands money not as a thing but as bookkeeping? Can one understand the often-contradictory historical representations in their actual inner coherence? And what insight can this contribute to the challenges of today?

Temple administration in Mesopotamia: centralized, single-entry bookkeeping

We begin our reflection on the history of money with the high culture of Mesopotamia, i.e. about 3000 years before the birth of Christ. In those days, society was administered by temple priests and a market economy, as we know it today, did not exist. The temple priests were responsible for spiritual life, rights life and economic life, which formed an undifferentiated unity.



A complex temple administration managed the means of production, and the production and distribution of goods. Coins and notes had not yet come about. In order to manage the economic administration, all economic processes were accounted for. For this purpose, a sign system was developed (which only later became a script). Printed on clay tablets, these signs made it possible to record working hours, production volumes and goods distribution accurately.

Mesopotamian clay tablet with cuneiform
© CC BY-NC-SA @ Heinz Nixdorf Museums Forum

The temple administration fixed the prices of the goods in either silver or cereal units. These units of account made it possible to record the economic processes. Hardly any economic process was disregarded. In historical research, this clay tablet system is therefore also variously compared with our modern, computer-based bookkeeping systems. Despite this similarity, however, there are two main differences. On the one hand, the bookkeeping, which is evident from the written traditions, was conducted at the behest and on behalf of the gods. On the other hand, only single-entry bookkeeping was used, rather than the double-entry system of today.

Public coinage in Greece and Rome: externalised bookkeeping

About 700 years before Christ, a new development begins. For the first time, state structures with formalized legislation emerged in the region of modern Greece. As did coinage also. While in ancient Mesopotamia temple servants and workers were rewarded with rationing, now they were paid with coins bearing the mark of the city-state in which they were minted.



The very first mint coins were issued by the temples. Paying state employees, however, was the main factor contributing to their spread, with the military playing the most important role. Thanks to the campaigns of Alexander the Great, coinage reached the East, where it sealed the fate of the ancient temple bookkeeping systems. The Romans then introduced coinage in the northern European area and England, from where it spread almost over the whole world.

Kingdom of Lydia, Croesus, Light Stater © Money Museum, Zurich

The written single-entry bookkeeping disappeared. However, if one regards the function of bookkeeping as being the very essence of money, then it can be stated that bookkeeping did not cease, but – in a transformed

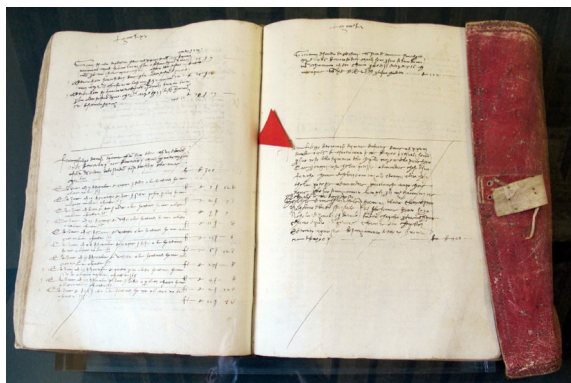
form – was now done by means of coins: the transfer of a coin (or banknote) is only an externalized form of bookkeeping. A process that was previously expressed in numbers was now carried out virtually on the material plane, giving individuals the freedom to dispose of their income and expenditure independently of external authorities.

Commercial revolution in Italy: decentralized double-entry bookkeeping

Another decisive development began in the late twelfth century in what is today northern Italy. On the one hand, people began to see themselves as 'spiritual individuals', on the other hand, they were discovering the 'objective world'. Perspective in drawing and double-entry bookkeeping emerged, the latter a concomitant of the emergence of an autonomous economic life independent of church and state.

For the first time, a self-standing economic life arose, manifesting especially through the newly-created monetary system, which was born completely out of entrepreneurial activity. The collapse of the Roman Empire also led to the collapse of its cash-based monetary system. In the context of the resulting monetary confusion, entrepreneurs, starting from northern Italy, developed a European trading and payment network in which trade was no longer mediated by exchange of coins, but through debits and credits. Large markets lasting several weeks were organized, to which entrepreneurs from all over Europe travelled and in which only debits and credits were written down in 'commercial banks' and periodically offset against each other – a process that was only possible through trust, cooperation and the use of double-entry bookkeeping.

This self-standing nature of economic life is also reflected in the development of modern corporations. Capital broke away from the hereditary stream and was brought into more general circulation. Thanks to these newly-created corporate forms, everyone was able to capitalize his entrepreneurial project, insofar as he was able to convince others to lend to him. No longer was origin decisive, but ability. Mutual investment confidence was created through the use of double-entry bookkeeping, which allowed traders to portray the capitalization and success of their entrepreneurial activities accurately. The process of economic bookkeeping was thus brought to a third level. Money now took the form of decentralized double-entry bookkeeping. This form of money not only enabled free disposal of income and expenditure, but also free and individual use of capital.



Accounts receivable and accounts payable book with last payment to Filippo Lippi for the frescoes of the Cathedral of Prato, 1465 (Palazzo Datini, Prato)

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<https://commons.wikimedia.org/w/index.php?curid=29762012>

Hybrid money system

The further development of nascent non-national economic money was stopped by the emergence of nation states. Under Mercantilism (the advancing of the economic interests of one's nation), state-issued coinage revived and pushed back commercial banks and their payment networks. This was most pronounced in England, which in the sixteenth century, about a thousand years after the fall of the Roman Empire, rebuilt its monetary system almost unchanged.

In the further course of history, instead of a non-national, economy-based bookkeeping money, a 'hybrid' monetary system developed. By creating state-owned banks, nation-states gained access and control over the credit-based payment networks of commercial banks. Money systems emerged, based on deposits at state banks and banknotes issued by nation states.

The big detour

At about the same time as the expansion of state-owned banks, an opposite trend set in – the emergence of globally-integrated global economy. Individual nation states therefore linked their currency to gold at a fixed exchange rate. This resulted in an international monetary system – the gold standard – which collapsed with the First World War, facing humanity for the first time with the need for a money for the world.

In the summer of 1922, in his course for students of economics, Rudolf Steiner pointed out that money should be seen in the future as 'fluid world bookkeeping', a clearing system of debits and credits. In 1944, at the Bretton Woods Conference in New Hampshire, British economist John Maynard Keynes put forward his idea of an international clearing house, originally proposed in 1941, which in principle would have been a practical implementation of Steiner's idea of world bookkeeping.

Neither Steiner nor Keynes was heard. After the First World War, contrary to the advice and warnings of Keynes, politicians restored the gold standard from before the war. After the Second World War, the Americans took advantage of the hour and, disregarding the proposal of Keynes, created a world financial system predicated on the US dollar as the world's reserve currency. With the financial crisis at the beginning of the 21st century, this system collapsed, and we are once again before the question of a money for the world – only this time as a matter of urgency.

World bookkeeping = I-bookkeeping

From the synopsis of the preceding consideration, an inner connection between the single-entry bookkeeping of temple priests and the entrepreneurial double-entry bookkeeping of today opens up. At that time, the temple priests did their bookkeeping on behalf of and in service to the gods, who directed in those days the destinies of humanity from outside. But now, having passed through Christ's death on Golgotha, this responsibility needs to be resurrected today directly in the human souls.

Accordingly, the form of bookkeeping has changed. Double-entry bookkeeping is today, in the same sense, an instrument of the resurrected god within the human being, just as single-entry bookkeeping in pre-Christian times was the instrument of the gods outside human beings. In the resurrected god, the spiritual world today lives in the individual ego. When double-entry bookkeeping is used in service to this inner divinity - for initiatives that serve the progress of humanity - it is therefore individual bookkeeping and world bookkeeping at the same time.

The necessary step today towards 'world money' is therefore primarily a step in consciousness. When this is done, double-entry bookkeeping allows people to illuminate their individual initiatives from the world point of view and to coordinate them with other initiatives consciously. Individual double-entry bookkeeping is thus not only the first step towards world bookkeeping, but also an instrument for the coordination of our individual will with that of our fellow human beings – in other words, it is an instrument for the creation of sun karma.

Excursus: Double-entry bookkeeping

All economic activities have two sides. For example, if we buy a dough machine to bake bread, we have an output of a certain amount. But how will this be paid for? In cash, or with a loan? Double-entry bookkeeping gives both sets of information. On the one hand, all our revenues and expenses are recorded. If we look at the income and expenditure calculation (also called the profit statement), we see exactly our past reflected (red). The balance sheet shows on the assets side (also called active) what we have available to carry out our initiatives (our 'means of production'), and on the liabilities side (also called passive) it shows how we are financed: debt or equity (blue). Between the income and expenditure account and the balance sheet, at the same time connecting the two sides, lies a mystery – the closing entries (yellow). Here, the free human spirit finds itself mirrored.

I don't pay my mobile phone subscription fees? Or, why does a corresponding contract always have to be signed by a parent?

How does a bank work? (7th grade)

Today, every cashless payment involves the banking industry. No longer are wages, taxes, rents and much more transferred in cash, but by payment order. In this case, the numbers are transferred to the accounts of the respective banks. Although this 'infrastructure', i.e. the functioning of banks and so-called 'book money', is fundamental to our society today, it is rarely looked at closely.

And yet, in principle the basic processes are not complicated and can be easily implemented in a simplified form as early as the 7th or 8th grade. This can be done in connection with the introduction of double-entry bookkeeping, which in turn can be linked to history lessons during this period. From the 15th to the 17th century, this 'cultural technique' played a major role in society – that is, in the period that is particularly important at this grade (see the following chapter on double-entry bookkeeping). Experience also shows that, building on these foundations, in the 11th grade a sound understanding of today's central banking system and monetary policy can be imparted.²⁹

A creative introduction could be done as follows.³⁰ Towards the end of a lesson in which the production of notes and coins is discussed, the teacher can discuss with the students what would happen if all the money suddenly disappeared. Presumably, the students would say we can go back to bartering. The advantages and disadvantages of bartering can then be discussed briefly and vividly. However, the next day, at the beginning of the class, the teacher can introduce the idea of, instead of going back to bartering, opening a bank for the class. If the class agrees, the following can happen. In order to keep things clear, it takes four students to join in and open an account with a bank organized by the teacher, e.g. Fionn Meier Bank.³¹ Account balances are zero at the beginning. The teacher can write this on the board as follows:

'Fionn Meier' Bank			
Student A		Student B	
In	Out	In	Out
Student C		Student D	
In	Out	In	Out

To keep the process simple, and simple to understand, one can say 'in' and 'out', just as in the sense that, physically, money comes into one's pocket or purse, then goes out again. But at the time this technique became established, it was used by merchants, not goldsmiths, as part of the internal accounting of their closed system of bookkeeping. That is to say, it did not refer directly to the movement of goods or their values, but to their money equivalents or proxies. In that sense, the terms belong to finance, not the real economy. At this point, therefore, the students can also be told that the terms 'shall give' and 'should have' actually come from the first banks in the 13th century in northern Italy (Ital. *dover dare* = 'shall give' and *dover avere* = 'should have').³²

²⁹ Fionn Meier's teaching experience at the Rudolf-Steiner-Schule, Wetzikon.

³⁰ The example comes from an 8th grade economic main lesson of Fionn Meier at the Steiner School Steffisburg.

³¹ Note: This recapitulates the development in the Renaissance of the 'head' of a merchant family or group of merchants establishing a shared ledger for all participants in what is in effect a closed, albeit private, system of bookkeeping. Within that system both sides of every transaction are visible, so that, while one party may have a negative position, the corresponding positive position is always visible; i.e. the system as a whole is in balance.

³² See Appendix 3: Concerning double-entry terminology.

The teacher can now show that without money in the form of coins or notes – that is, when money has become bookkeeping – people are not dependent on barter.

The four students are now asked to think about what they can offer for sale. After that, they can buy and sell the goods they offer to each other. Payments are to be made by means of a payment order from the teacher's bank.

In order to illustrate the matter, assume the following. Student A is a baker, student B is a carpenter, student C is a farmer and student D is a tailor. Now, baker A wants to buy a large table for the bakery from carpenter B. It costs 300. The teacher's bank provides the baker with an overdraft of 300 and executes the payment order. The accounts will look like this after the transfer:

'Fionn Meier' Bank			
Student A (baker)		Student B (carpenter)	
In	Out	In	Out
300			300
Student C (farmer)		Student D (tailor)	
In	Out	In	Out

The overdraft is recorded in the teacher's bank's accounts under 'In' ('shall give'). Student A is now in debt to the bank by this amount. Conversely, student B will be credited with the amount on the 'Out' ('should have') page. This amount is now her/his credit and is available to student B for her/his purchases. We can now make numerous other purchases and sales of this kind by means of a payment order from the teacher's bank. These can be recorded in tabular form as follows:

Transaction No.	Buys (In)	Sells (Out)	Amount
1	Baker (A)	Carpenter (B)	300
2	Baker (A)	Farmer (C)	200
3	Farmer (C)	Tailor (D)	150
4	Carpenter (B)	Baker (A)	25
5	Tailor (D)	Baker (A)	25
6	Carpenter (B)	Tailor (D)	200
7	Farmer (C)	Baker (A)	50
8	Carpenter (B)	Baker (A)	50

The corresponding entries in the accounts of the teacher's bank are as follows:

'Fionn Meier' Bank			
Student A (baker)		Student B (carpenter)	
In	Out	In	Out
(1) 300	25 (4)	(4) 25	300 (1)
(2) 200	25 (5)	(6) 200	
	50 (7)	(8) 50	
	50 (8)		
-350		25	

Student C (Farmer)	
In	Out
(3) 150 p.m.	200 (2)
(7) 50	
0	

Student D (Tailor)	
In	Out
(5) 25	150 (3)
	200 (6)
325	

If the respective 'account balances' are calculated after these eight payment transfers, it can be seen that baker A has a balance of –350, carpenter B has a balance of 25, farmer C has spent and earned exactly the same amount, and tailor D has a balance of 325.

Clearly, therefore, if carpenter B buys 25 loaves of bread from baker A and tailor D, who wants to organize a wedding party, orders 325 fine pastries from baker A, all accounts will then be brought to zero.³³ No one has a credit or debt with the bank anymore. The teacher can now happily tell the class that s/he is very happy about this, as s/he has noticed that s/he prefers to give lessons rather than be a banker. S/he wipes the blackboard and now stands in front of the class again as an ordinary teacher... If this example (or a variation of it) has been carried out up to this point, then the time has come to reflect on what has happened – namely, purchases and sales could be made without the need for coins and notes, and all without the need for barter! How did it all happen?

In a simplified way, this example shows how today's 'book money' works, when banks provide credit facilities for their customers. This technique was developed by merchant companies based in northern Italy at the end of the Middle Ages and it is from there that we are still in debt to double-entry bookkeeping today with its designations of 'debit' and 'credit'.

In this example, many things have been simplified or omitted altogether. In order for the teacher-banker to be able to make a living from her or his work, for example, s/he must also have income. Should s/he charge interest or simply set a basic fee for account management? (Students can now answer this question themselves.) However, not shown was how the banks settle accounts *with each other* and what role central banks play today. These relationships are too complex for this grade, but if the principle of offsetting becomes understood at this age, it is much easier to show the further connections in the upper grades – an historically valid approach, given that central banks did not come into being until a later stage,³⁴ i.e. after this technique was developed.

For teachers interested in today's monetary system, we recommend the brochure *How money is created and destroyed* by Jean-Marc Decressonnière, which is mentioned below. Furthermore, it is advisable for all teachers to invent their own independent examples on the basis of the above example in order to familiarize themselves with what has just been explained about this type of 'book money' and how it behaves quite differently from money in the form of coins and notes.

Further reading:

Decressonnière, J.M. (2018), *Vom Werden und Vergehen des Geldes* (How money is created and destroyed), published in *Transparenz*, the newspaper of the Freie Gemeinschaftsbank in Basel, Switzerland.

³³ Note: This is how local exchange trading systems do their accounts.

³⁴ Bank of Sweden 1668; Bank of England 1694.

Double-entry bookkeeping (7th and 8th grades)

In the 7th and 8th grades, students learn how to solve systems of equations in mathematics. In this way, they get to know a way of thinking that always has 'both sides' in mind. In drawing lessons, perspective is looked at with the students during this time. This provides them with a tool for the objective representation of the visible world. With regard to these two teaching topics, one can understand why Rudolf Steiner attached great importance to the fact that double-entry bookkeeping should also be taught in these years of life. It is related to these two topics, also historically!

There are also two sides to double-entry bookkeeping, the equilibrium of which can be grasped with clear concepts, and the numerous processes of economic life can be brought into an objective form of presentation through them. The topic can also be linked to the history lessons, which are intended to lead these grades to an understanding of the present. In particular, Steiner points out the significance of the period from the 15th until the 17th centuries:

"In the seventh grade, it is important to get the children to understand how the modern life of humanity dawned in the fifteenth century, and we then describe the situation in Europe and so on up to about the beginning of the seventeenth century. This is one of the most important historical periods, and we must cover it with great care and attention. Indeed, it is even more important than the time immediately following it." – *Discussions with Teachers*. Lecture 1, 6 September 1919, CW 295.

In the 15th century, double-entry bookkeeping became widely known. True, it was born a little earlier, i.e. at the beginning of the 14th century the merchants developed it in northern Italy for their business activities. However, it was not until 1494 that the Franciscan friar Luca Pacioli published a treatise on double-entry bookkeeping, which was translated into various languages and was intended as the first teaching tool for double-entry bookkeeping. It was during this period that this technique became part of the cultural world. It was taught at that time in the schools to which the entrepreneurs sent their children – the same technique as is now used in almost all companies today. All over the world, economic processes are brought into a clear and transparent form of presentation with the help of this technique!

In double-entry bookkeeping, all forms of assets, debts, capital, income and expenditures are meaningfully structured and related to each other. The balance sheet, which is prepared for a specific point in time, reflects the assets and liabilities at that point in time, while the income statement reflects the results of business transactions within a certain period of time. This twofold presentation depicts the economic activity of an institution with its internal and external effects in a comprehensive and structured manner.

Double-entry bookkeeping has therefore become the 'language of economic life', in which those involved can communicate globally across cultural and linguistic borders. It is a language that can be used both for an environmentally friendly, cooperative and fair economy, as well as for a 'predatory capitalism' that exploits people and nature. Accounting as a technique is neutral in this regard.

The basic principles of double-entry bookkeeping are much less complicated than most people think. This is due to the fact that today accounting is often taught in such a way that its various more complex applications are part of the lessons. For understanding the principle of accounting and its application however, in simple cases this is not necessary. It can be learned at a later stage when needed.

Double-entry bookkeeping also makes it possible to understand elementary economic processes. It makes visible economic phenomena that are described in accounting with precise terms. These terms, such as assets, debt and equity, income and expense, are terms that are fundamental to understanding today's economic world.³⁵

If these terms when taught in the 7th and 8th grades are well laid out (before egotism relates them to one's own advantage, see chapter 'Concerning 'The Study of Man''), many other topics can be dealt with in the upper grades, such as the various legal forms (limited liability company, stock corporation, foundation company or responsibility company, cooperative, etc.) or the working of today's central banking system.

³⁵ Eds. A glossary would be good to develop.

The most effective way to teach accounting is when it is introduced in the context of a small entrepreneurial project. This can be a class company (see, for example, the teaching example by Oliver van der Waerden in the Appendix 1), or projects that the students undertake themselves in small groups. The entrepreneurial experience – of working on one's own initiative and responsibility but for the needs of other people and receiving appropriate compensation for these services – can become one that lasts for life and gives an adult the basis, in the sense of a 'life entrepreneur', of authoring one's very own, individual biography.

A simple lesson example for the 7th or 8th Grades

The following is an example of how accounting can be introduced in the 7th or 8th grades.³⁶

At the end of a lesson, the teacher can talk about a baker's apprentice who comes from a poor background and would like to open a bakery immediately after completing her/his training. How could s/he proceed? In class, this question can lead to a lively conversation. Where does s/he get the money to get started? What purchases are incurred? How much are the loaves sold for? The teacher must now structure this process. S/he writes down on the board some typical 'business transactions'. Nowadays, such an overview is compiled by every company and is referred to as a 'journal'. For example, for the first two weeks, the journal might look like this:³⁷

Journal			
No.	Date*	Description	Amount
1	01.01.23	Loan from the teacher	30,000
2	03.01.23	Purchase of machinery	15,000
3	03.01.23	Rent for the bakery	900
4	04.01.23	Purchase of baking ingredients	500
5	05.01.23	Expenditure on advertising	500
6	07.01.23	Sale of breads	1,200
7	10.01.23	Purchase of baking ingredients	200
8	14.01.23	Sale of breads	1,800
9	14.01.23	Partial repayment of the loan	500

** Note: The date sequence is also true to life. Money cannot be spent until it is first made available (in this case by a loan).*

The company is now up and running. After a certain period of time, however, (two weeks in our example) the question may arise as to how the company is doing financially. Has it already made a profit? Or has it incurred losses? It quickly becomes apparent that this question is not so easy to answer! The students are now dismissed from the lesson with this question: Can anyone bring a convincing answer by the next lesson?

In the next lesson, the teacher tells them that the entrepreneurs in northern Italy in the Middle Ages had developed a technique that provided a good overview of an entrepreneur's activity. This technique – double-entry bookkeeping. With the help of this technique, we can easily answer the question of profit, which we now apply to the small bakery.

First, the ledger (derived from Dutch for 'a book lying or remaining regularly in one place') is opened. In this account, the effects of the business transactions are precisely recorded in T-accounts. For example, there is a T-account for the cashier, in which is recorded what goes *into* the cash register and what goes *out of* the cash register. There is also a T-account for the machines (means of production) that are owned by the company, for the loans that still have to be repaid, and for each one for the company's income and expenses. In the business transaction no. 1, in the ledger you can quickly see that corresponding entries have been made in the T-accounts 'Cash Register' and 'Loan'. If you go through the individual business transactions one after the other, it becomes clear why this technique is called double-entry bookkeeping: Each business transaction is recorded twice using two T-accounts, once on 'In' ('debit' or 'shall give') page and once on the 'Out' ('credit' or 'should

³⁶ In this way, Fionn Meier has already introduced double-entry bookkeeping at various schools in the 8th and 9th grades.

³⁷ The journal presented here is not yet complete in that in a further step the entries can be distinguished via two columns where the debits and credits are shown.

have') page. (The students will have already learned where these terms come from if the example from Deepening the Content: How does a bank work? has been dealt with beforehand.)

Ledger					
Cash Register		Means of Production		Loan	
In	Out	In	Out	In	Out
(1) 30,000	15,000 (2)	(2) 15,000		(9) 500	30,000 (1)
(6) 1,200	900 (3)				
(8) 1,800	500 (4)				
	500 (5)				
	200 (7)				
	500 (9)				
	15,400		15,000	29,500	
	Balance		Balance	Balance	
Expenses		Income			
In	Out	In	Out		
(3) 900			1,200 (6)		
(4) 500			1,800 (8)		
(5) 500					
(7) 200					
	2,100	3,000			
	Balance	Balance			

In the above diagram, the balances of the individual T-accounts have already been calculated and shown, and assumes that the machines will be sold again at the same price as they were bought. Though not in this example, consideration should also be given to whether depreciation would be necessary. For the time being, however, we have made sure that the example remains as simple as possible. For this reason, it is also assumed that the loan is interest-free.

The colors blue and red already indicate that there are two different categories of T-accounts. The blue T-accounts provide information about the state of the company at a certain point in time. How much money is in the cash register? What is the current value of all machines?

The red T-accounts, on the other hand, provide information about all activities that affect the success of the company. How much did it earn from the sale of bread? How much was the rent?³⁸

As a rule, the ledger is closed once a year, exactly at the turn of the year. To do this, the balances of all T-accounts are calculated first, followed by the income statement (the difference between income and expenses) and then the balance sheet is drawn up. In principle, however, these can be created at any time. After two weeks, the young baker's balance sheet and income statement are as follows, with the 'profit' transferred to the equity (own capital) account on the balance sheet:

Closing					
Income Statement from 1 – 14.1.23		Balance Sheet at 14.1.23			
Purchases	Sales	Assets		Liabilities	
2,100	3,000	Cash register	15,400	29,500	Loan
900 (Profit)		Means of Prod.	15,000	900	Equity
		Total	30,400	30,400	Total

³⁸ The blue and red accounts also describe the two types or qualities of accounts, Real or Permanent and Nominal or Temporary, as taught in standard bookkeeping.

This form of presentation now clearly reflects the situation of the company. The question of profit can also now be answered simply with the help of the income statement. The students now also learn to distinguish between business transactions that have an impact on success and those that are neutral in terms of success. Looking again at the first business transaction. For example, taking out a loan is not an income or expense. The amount in the cash register is offset by exactly the same amount as a loan. Nevertheless, the situation has changed considerably. With the money in the cash register, the bakery can now be put into operation!

However, the balance sheet now also shows that there is an obligation to use this money in such a way that the loan can be repaid over time. In another lesson, students can consider which factors play a role in this.

In addition, a whole series of similar entrepreneurial initiatives can now be viewed in the form of exercises. Instead of a baker, for example, it can be someone who wants to work as a taxi driver. How much does the car cost? How much for gasoline? There are no limits to one's imagination. It is important that the students learn to get an overview of the whole bookkeeping process so that they can master the three steps 'journal → ledger → closing'. This enables them to find their way around the double-entry bookkeeping and not to get lost in the details.

If this technique is mastered by the students, they can start their own entrepreneurial project! (See the example by Oliver van der Waerden in the Appendix 1.)

Our teaching material recommendation

This example above does not replace textbooks on double-entry bookkeeping, though it might highlight the shallowness of their treatment. For those teachers who have yet to learn double-entry bookkeeping, this also has advantages, as it gives them the opportunity to discover something new together with the students! For self-study, we recommend the book *Buchhaltung in 20 Stunden* by the publisher SKV, which contains a number of simple exercise examples that can be used directly or slightly modified for teaching. In this way, various teachers have already been able successfully to acquire double-entry bookkeeping in a short time.

Further reading:

Hardorp B. (1994), *Life orientation through accounting? On the occasion of the 500th anniversary of double bookkeeping*, in Perspectives in Finance, Fionn Meier and Christopher Houghton Budd, Associative Economics Worldwide, 2018. Search aebokstore.com.

Gleeson-White J. (2015), Soll und Haben. *Double-entry bookkeeping and the emergence of modern capital*, Verlag Klett-Cotta.

Leimgruber J. and Proching U. (2015), *Accounting in 20 hours*, Verlag SKV.

Capital and the world economy (9th grade)

For history lessons, Steiner recommends teaching more narrative in the 8th grade. However, in the 9th grade the class is more responsive to the ideas of recent centuries.³⁹ The same guiding principle can also be applied to the understanding of economics if in the 7th and 8th grades economic views were first taught in narrative form.

In order to penetrate to the ideal of economic life, the question of capital is particularly suitable. Through capital, people with their ideas and abilities have an impact on economic life. For example, if I have an idea of how environmentally friendly plastic could be produced from the waste plastic floating around in the oceans, I can only realize this idea if I design the appropriate work processes. It is only through the combination of a wide

³⁹ See Rudolf Steiner, lecture of 15 November 1920, CW 300a.

variety of components that a production facility is created in which waste products are suddenly valuable. Once this connection has been formed, new capital has emerged.

In his economic course of 1922, Steiner took as his starting point observing the economic effectiveness of an idea in order to form a concept of capital by precisely characterizing economic events (see quotation of 27 July 1922, CW 340). If this is done thoroughly, it becomes clear that it is always ideas and skills that originally underlie the creation of capital. The extent to which these ideas serve humanity depends on many other factors that need to be discovered with the students in further steps.

“Take the perfectly simple example of a certain district, in which a number of people have been doing a certain piece of work. From the various places where they live, they have walked to the common scene of their labour – to a place where some particular product of nature is elaborated. Suppose we are still in a very primitive period and that there is no other means of arriving at the work-place other than on foot. But now someone conceives the idea of making a cart, and using horses to pull it. Henceforth, what formerly had to be done by each one alone will now be done in conjunction with the provider of the cart. A certain piece of work is thus now divided. It will, of course, be the case, that everyone who makes use of the cart will have to pay a certain quota to the enterprising individual who provided it... The inventor of the cart, however, thereby enters the category of capitalist. For him, the cart is now genuine capital... Wherever you look, you will always see that this is so: Capital always originates in the division of labour. But now, how was the cart invented? It was invented through intelligence.” – *Economics, the World as One Economy*. Lecture 4, 27 July 1922, CW 340.

It is of central importance to make it possible for the students to experience the work of the personalities through whom ideas become real in the first place. These should be selected in such a way that they can serve as role models for young people. This can be done with the help of well-documented entrepreneurs or by establishing contact with entrepreneurs from the school's neighborhood.

As a possible example, the company Remei can be mentioned here.⁴⁰ Today, Remei produces organic cotton for dresses sold in Coop stores. What is taken for granted today is the result of an immense effort of will on the part of its founder, Patrick Hohmann. His discovery in 1981 that cotton farmers in India do not even earn enough to make a living, while profits are bubbling up in the clothing industry, and his establishment of fair and organic cotton production, are worlds apart. It was only through great perseverance, foresight, empathy and a lot of patience that the idea – organic cotton, produced under fair conditions – could become reality!

Another example of an entrepreneurial personality with high ideals, as Steiner points out in one of his lectures, is the following. Andrew Carnegie (1835–1919) was born into a Scottish family of weavers who had to emigrate to America in the course of industrialization because there were no longer any income opportunities for weavers in Scotland. Growing up under very poor circumstances, Carnegie skillfully worked his way up to become the largest steel entrepreneur in the USA and became one of the richest people of his time. He developed views on the nature of wealth, in which an ideal shines forth, which, from Steiner's point of view, is more revolutionary than some of those that Leo Tolstoy produced!

Carnegie sees wealth not only as an opportunity, but also as a duty to work for humanity. Assets must therefore not simply be bequeathed to the descendants who use them for their own needs and thus squander them, but the entrepreneur must ensure that a capable successor continues to run the company in the service of humanity. From this basic idea, Carnegie coined the following phrase: “He who dies rich, dies dishonored.” (Rudolf Steiner's remarks on this see lecture of 28 January 1909, CW 57.)

If the teacher succeeds in bringing such ideals of humanity, which are connected with the full power of real personalities, to life in young people, this can be a great boon to them at this age:

“Just as the human body needs a solid bone system to prevent it from sagging, so does the astral body, with its enclosed ego, need ideals at this age if it is to develop in a healthy way. We must take this seriously. Ideals, strong concepts that are permeated with will, these we must impart into the astral body⁴¹ as a firm, solid support.” – *Education for Adolescents*. Lecture 5. 16 June 1921, CW 302.

⁴⁰ Eds. Need US/UK examples.

⁴¹ In Steiner's terminology, the locus of one's feeling life.

Once the connection between idea and capital has become clear to young people, the next step is to look at how capital is placed in society today. It will quickly become clear to young people that such idealism, which characterized the above-mentioned entrepreneurial personalities, is not (or no longer) present in many companies. Why is that so?

On the basis of this question, the following process can be looked at with the students, through which their understanding of today's capitalism can be deepened. This process has to do with the saleability of capital. Today, the right to own a company is often auctioned off on the stock exchange to the highest bidder. But what happens in the process? The company thus becomes an investment object for owners who do not manage the company themselves, whose managers now become externally tasked with maximizing profits. If they succeed in doing so, they will receive corresponding bonuses. As a result, it quickly becomes clear that in such a context, the managing director often no longer realizes his human ideals through his management of capital.

In the 9th grade it is too soon to give a systematic overview of the various legal forms. This can be done in the 10th or 11th grades. However, it can already be shown that the saleability of companies is related to the legal form. This had become clear to Robert Bosch and Carl Zeiss, for example.⁴² Their wish was that their companies should never be sold to the highest bidder. As a result, they transformed their companies into foundation companies.

Victorinox is another such example, in which the entrepreneur transferred the entire share component into a foundation. One of the headlines in 2022, was about the largest outdoor clothing manufacturers, Patagonia, which, instead of going public, transformed itself into a foundation company. In Germany, there is currently a movement called 'responsible ownership' that is campaigning for a new legal form that will lead to companies no longer being saleable and which should be much easier to implement than the foundation model. The details of the legal forms are usually too demanding at this age, but the ideas behind these aspirations can be well understood by young people at this age. Christopher Houghton Budd's *The Right On Corporation*⁴³ also treats this in a more Anglo-Saxon context, while the l'Aubier company provides a good example in Switzerland.⁴⁴ In those case, however, through careful construction of shareholders' voting rights, the power of the majority is tilled rather than neutralized or taken away.

Likewise, many examples of entrepreneurs are suitable for making visible the global interdependencies of today's economic life. If the example of the Remei company is used for the development of the concept of capital, this example can also be used at the same time to make visible how we are interdependent today in relation to the worldwide economy. The clothing sector is particularly well suited for this purpose, to look with the students at where the materials they wear every day come from. Which people on which continents were involved in production? What are the living conditions of these people? What do they receive for their efforts? In this context, efforts must be made to ensure that abstract ideas are not conveyed, but that a feeling for the people involved in the production processes is awakened. For the teacher, it can be a great help to exchange ideas with experts in the respective industries. In this way, the content is filled with life and young people can immediately perceive that these are real matters. It is best if a person is invited to the class who is active in international business life and personally knows the people who are involved in it worldwide. Here, too, it is true that a systematic development of globalization is not the goal. It is important to use individual examples to evoke what Steiner calls the "universal love of humanity" (see chapter 'Concerning 'The Study of Man)').

During this lesson, it is also useful to repeat and deepen the accounting lessons given in the 8th grade. This can be done, for example, by looking at the balance sheets of the respective companies and repeating simple exercise examples. There will always be students who only fully understand double-entry bookkeeping through this repetition, but who are all the more likely to do so, and so can make it more their very own possession.

⁴² Eds. Also need US/UK examples.

⁴³ The Right On Corporation – Transforming the corporation. A micro response to a macro problem, Christopher Houghton Budd. Search aebookstore.com.

⁴⁴ www.aubier.ch.

Further reading:

Purpose Foundation, Responsible Property – Corporate Property for the 21st Century, Hamburg, (1st edition 2017).

Theurillat M. (2023), Temporary Property, published on [https:// www.dreigliederung.ch](https://www.dreigliederung.ch) (under Fields of Work/Company Ownership).

Müller N. (2019), Patrick Hohmann – The Organic Cotton Pioneer, Verlag rüffer & rub, Zurich.

Ketels J. and Zech M. (2010), Globalized Economy using the Example of Cotton, Pädagogische Forschungsstelle Kassel.

Appendix 1: 8th Grade Student Enterprises / Double-entry Bookkeeping

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Overview

This article⁴⁵ describes a one-year student company project, combined with lessons in double-entry bookkeeping, and explains why it makes sense to establish such lessons in the 8th grade (or lower secondary level).

The student company project grew out of the circumstances of the class at the time and should only serve as an example here. Lessons in double-entry bookkeeping also have their value independently of this, but of course it becomes more attractive due to the practical connection.

The appendix in particular gives beginners an overview of the structures of double-entry bookkeeping. These are relatively easy to grasp even for lay people if they do not claim to want to understand every aspect of business life that is relevant today.

Why double-entry bookkeeping?

In double-entry bookkeeping, all forms of assets and debts, on the one hand, and income and expenditure, on the other, are sensibly structured and related to each other. The balance sheet, which is drawn up at a certain point in time, shows the relationships as in a stationary picture, whereas the income statement (the difference between income and expenditure) shows processes within a certain period of time. This double representation depicts the money flows of an institution with its internal and external effects in a comprehensive and structured manner. For a few centuries now, double-entry bookkeeping has therefore become the 'language of business life' worldwide, in which those involved can clearly communicate across cultural and linguistic boundaries.

The image shows two hand-drawn T-accounts on a chalkboard. The left T-account is titled 'BILANZ' (Balance Sheet) and is divided into two columns: 'Vermögen / Aktiven' (Assets) on the left and 'Schulden / Passiven' (Liabilities) on the right. The right column has a box at the bottom labeled 'Eigen-Kapital' (Equity Capital). The right T-account is titled 'ERFOLGS-RECHNUNG' (Income Statement) and is divided into two columns: 'Aufwand' (Expenditure) on the left and 'Ertrag' (Income) on the right. The left column has a box at the bottom labeled 'Gewinn' (Profit).

The way to the project

In the 8th grade, money is raised at our school by the students for their joint graduation trip. The idea arose to combine Steiner's suggestion⁴⁶ that accounting should be carried out before the 15th year of life with the bookkeeping lessons. For this purpose, small student company was founded, accompanied and recorded from an accounting perspective throughout its existence from opening to liquidation. This was not about setting up an early commercial training, but simply about the motto: "I am human and nothing human is alien to me!"

Preparation of the teacher

For those who are not yet familiar with double-entry bookkeeping, much teaching material and many online courses are too specific and user-unfriendly. It is advisable to work through a book such as a book such as *Bookkeeping in 20 hours*.⁴⁷ Here the technical basics are presented briefly, and in a generally understandable and comprehensive manner. The book suffices well as a tool for the class teacher!

⁴⁵ Also at <http://associative-financial-literacy.com/wp-content/uploads/2022/03/AFL-3-en-OvdW.pdf>

⁴⁶ In fact, no child ought really to reach the age of fifteen without being led from arithmetic to a knowledge of the rules of at least the simplest forms of book-keeping." – Practical Course for Teachers. Lecture 12, 3 September 1919, CW 294.

⁴⁷ Jürg Prochinig, Urs Leimgruber: „Buchhaltung in 20 Stunden“, Verlag SKV, 8. Auflage 2019, ISBN 978-3-286-32448-0

Preparation of the class

First of all, an understanding of the balance sheet was developed, in which the assets of a person or institution (cash, account balances, inventories, means of production, intangible assets, etc.) are set alongside their liabilities (outstanding invoices, loans, mortgage debts, etc.). Equity (or own capital) is also on the liabilities side. It expresses what proportion of the assets I myself am entitled to. (The fact that equity appears on the 'debit side' was a tough nut to crack for some of the students!)

People also take stock of their lives from time to time, certainly at the end. What did I bring with me? What was given to me? What have others contributed to my life? What remains? It becomes noticeable that the balance sheet is less about external success or failure, but that it touches on questions that can also concern a young person in the depths of his soul: "Who am I? What I want?"

In its classic presentation, the balance sheet was treated as a T-account (see blackboard illustration). It thus conveys within it the image of the scales (*bilancia*, balance), the equilibrium between assets (*Aktiven*) and liabilities (*Passiven*). This can be an advantage for understanding compared to the vertical format that is widespread in business today. Incidentally, it can also be instructive for adults to draw up their own balance sheet for a purely economic point of view. What economic values do I have at all? Who do I have economic obligations to? Or does my life mainly consist of expenses and income, so that I have a rather small 'balance sheet total'?



The income statement, the second part of the bookkeeping, was not specially prepared because the nature of it is more familiar to the students (milk booklet invoice, bank account statement, etc.). The only thing that was new for most of them was the form of the T-account. (See image of a student notebook.)

Then various imaginary companies (baker, bicycle dealer, stone grinder) were run through for accounting purposes. The business cases presented were chosen in such a way that the start-up impulse, capital procurement, type of income and expenditure, use and formation of equity (own capital), various forms of asset accumulation and depreciation (used-up value) became comprehensible.

Even with these 'theoretical' companies, it was noticeable how the skills and intentions of the company founder are shown in his/her balance sheet, while his/her active relationship to the social environment is more likely to be shown in the income statement. (See Student Example at end.)

The practice continued until the feeling for the correct booking (posting of entries) was definitely present in the students as a skill. The principle that each amount must always be booked twice, once on the left in an account ('shall give'), once on the right ('should have'), was very helpful. An income, for example, once in the 'have' of the income statement (income), a second time as an increase in value in the 'shall give' of the balance sheet (assets). During a tour of an actual company, to our astonishment, even the professional accountant confessed that sometimes he only knows that, for example, a 'shall give' booking has to be posted somewhere in 'should have' and only then can he find out where exactly.

Founding of the company

Our 'company' had the goal of earning money for the graduation trip. As usual, we wanted to achieve this through a weekly break sale. An elaborate and uncertain development of 'markets' was therefore not necessary. It was also clear to everyone that we would orientate ourselves in a socially acceptable and ecological manner. The idea of offering sweets to younger students, for example, was quickly rejected: a good deal is only really good if it is good for both parties! The decision was made to sell warm, flavored apple punch and the company was named 'Punsch & Co'.

Regarding the “type of business”: It was clear that the company would need a managing director (CEO), but no student wanted to take on this position. On the other hand, it was unthinkable to use the class teacher as an ‘employer’ and the students as ‘instructor-bound employees’. Management guidelines and the ultimate distribution of profits were to be decided jointly. From a strictly legal point of view, the students were addressed as ‘co-partners’.

Start of business activity

During all these preparations, the first business transactions were already being processed, which were now listed chronologically on the board (as a ‘journal’): cider orders, change, accessories, donations, creation of first supplies and others. The picture was confusing; an assessment of the company's situation seemed impossible. However, a student's objection that it was enough to keep an eye on the cash balance was already recognized as a mistake by the class at this point.⁴⁸ In what followed, it became clear how clarifying the double-entry bookkeeping system is.

Opening the accounts took a whole lesson. The necessary accounts (books) were discussed together and then noted down by the class teacher on the blackboard and by each student in a separate notebook.⁴⁹

Once a week, the sales figures and other bookings were entered together, each of which took a few minutes. At the end of the calendar year (December), we prepared an initial interim report, the statements of which were eagerly awaited.

It was impressive how much the equity already formed differed from the cash balance. This is instinctively perceived as a significant asset, but this can be very deceptive. In our case, this was mainly due to the fact that the company had a lot of free capital (the advance from the teacher) on the liabilities side (debt); stocks on the assets side (assets) were formed primarily by cider stocks. At that time, the equity in the balance sheet, i. e. the value that ‘belongs only to the company itself’, corresponded numerically exactly to the profit in the income statement. During later assessments, the students were able to experience the difference between these two values.⁵⁰

Company visits

In addition to working in ‘our own company’, we also got to know real companies. First we visited some production / work rooms, then we got an insight into the bookkeeping, preferably together with the boss or the accountant.

A school father with his own bakery / café visited us in the classroom. We also visited a stonemason and a medium-sized remedy manufacturer in the region. The annual financial statements of our school association were also studied. (The visit to the offshoot of a US defence company fell victim to the corona measures in 2020.)

The accounts of the companies visited were inspected on the basis of older or expressly changed figures; anything else would have meant asking too much. The numerical proportions and the account structure were decisive.

Liquidation of ‘Punsch & Co.’

Towards the end of the school year we were able to dissolve our “company” as planned, meet all liabilities and distribute the profits fairly.

⁴⁸ Although this shows the ‘cash flow’, it does not reflect the overall economic situation of the company.

⁴⁹ An introduction to spreadsheet programs in connection with accounting is of course a good idea, but can also take place later, e.g. in the 9th grade. Writing down by hand has its value in the learning process.

⁵⁰ Each year the net profit or loss is added to or deducted from the Equity account, showing that it is an addition to or reduction of own-generated capital. It is from this account, in the case of self-employed, that the entrepreneurs take their income as ‘drawings’, i.e. transfers of capital to their private balance sheets.

Conclusion and evaluation

- The students were happy to take part in this lesson. For the 'maths muffle' there was a new, motivating point of contact with the world of numbers. Much of the terms that had already been 'picked up' from the business world could gradually be clarified.
- The bookkeeper has to meet the strict requirement of 'truth, clarity and completeness of the presentation'. This is of great educational value.
- Company visits: The double view of a company, on the one hand, its visible processes and on the other the accounting running in the background was enriching.
- Further questions emerged: What actually is a share? Do we want to look for investors and expand our business? What kind of demands will they have? How is the relationship between the company owner and the employees to be regulated in a human way? These questions can probably be answered at the earliest from the 9th grade, even if, of course, for many things already in the 8th grade a feeling is present. However, the knowledge of accounting offers students the opportunity to develop their objective judgment. This is certainly helpful for in-depth work in later school years.

Student voices (from a survey carried out a year later)

"The balance sheet is an important part of accounting because it gives you an overview." "Liquid, liquid assets are that which are not invested in material, e.g. cash."

"The lessons made sense because bookkeeping is something that, unlike other school subjects, you really need in life."

"The lessons were necessary to understand what was going on in the background of companies." "Accounting is important to understand and apply."

"I can now better understand how companies work and how you can keep an eye on your numbers." "It was good, because now I have at least a little idea."

Student Example

Business transactions before the opening of the "Punsch & Co." bookkeeping:

2.9. The class teacher ordered 100 liters of sweet cider (2.– / liter) from a farmer.

4.9. The price for a cup of punch is set at 1.–.

6.9. Students pick up change for the cash register on the post office. The teacher advances the money for this (50.–).

10.9. A student buys paper cups, spices and napkins. The money for them (15.–) is given to the company. (Unsaleable inventories → expense.)

12.9. We borrow 10 liters of sweet cider (worth 20.–), from the bazaar team, we will refund it from time to time. (Stock of goods.)

16.9. In the second-hand store we buy a hot plate for 5.–. We expect to get rid of it at this price after the liquidation.

23.9. The first sale (turnover 24.–). The number of cups sold is recorded in a booklet. Cider consumption 5 liters → 10.– deduct from stock.

24.9. The ordered cider (see 2.9.) Is delivered, private transfer 200.– by teacher.

25.9. Second day of sale, turnover (16.–), Used-up cider 8 liters (16.–), see above.

27.9. The portions offered turn out to be too big. We decide to only offer 1.5 dl – for the same price(!)

27.9. We pay back part of our debt to the bazaar committee (10.–).

28.9. The school kitchen gives us 5l of cider as a donation (value 10.–).

Balance sheet accounts:

Dr.	Cash		Cr.
6.9.	50	16.9.	5
23.9.	24	27.9.	10
25.9.	36	Result*	95
Total	110	Total	110

* Here cash balance.

Dr.	Stocks / Inventory		Cr.
12.9.	20	23.9.	10
24.9.	200	25.9.	16
28.9.	10	Result*	204
Total	230	Total	230

*Here stocks/inventory.

Dr.	Means of Production		Cr.
16.9.	5	Result	5
Total	5	Total	5

Dr.	Loans		Cr.
27.9. Bazaar	10	6.9. Teacher	50
		10.9. Student	15
		12.9. Bazaar	20
Result*	275	24.9. Teacher	200
Total	285	Total	285

* Here debt and equity combined

Assets	Balance Sheet		Liabilities
Kasse	95		275
Vorräte	204		
Produktionsm.	5	Result*	29
Total	304	Total	304

*Here equity (own capital).

Expense	I&E Account		Income
10.9.	15	23.9.	24
23.9.	10	25.9.	36
25.9.	16	28.9.	10
Result*	29		
Total	70	Total	70

* Here profit.

Notes:

The events associated with 2.9., 4.9. and 27.9. are not reflected in accounting.

In the case of cider sales, turnover is always recorded in cash ('debit') and income ('credit'), on the one hand, and on the other hand, the decrease in the cider stock ('credit') and an increase in 'sales' in the 'debit'.

It is a great help to the students if the respective offsetting bookings, as here, are color-coded. The figures on the balance sheet are the balances of the corresponding accounts.

Reflections on the pedagogical significance of the audit

For everyone who has to keep accounts, there is a moment at certain intervals where their work in the past period is examined, evaluated and completed by an independent specialist, an auditor – the audit. Are all records traceable? Have the applicable laws been observed? Has the accountant carried out her or his task correctly in the service of the community? Or do the findings of the audit perhaps put the entire company in a skewed light?

Before the audit, the accountant takes the time to view, clear out and sort all the documents. With a clear conscience, but with a pounding heart, he faces the test. If the audit has turned out to the satisfaction of the auditor, the excitement gives way to a feeling of liberation! Now the old can be left behind and the future can be tackled.

Even those who are not responsible for accounting themselves can recreate how biographical laws resonate here. What is completed 'in the account book of life' leaves complete freedom for the future! Rudolf Steiner also drew attention to this connection with the laws of life and death:

"Thus, in our Book of Life there is a kind of account-sheet, with debit and credit sides, and the balance can be drawn up at any moment. If I close the account and draw up the balance, that will show my destiny. At first this seems to be a hard, unbending law, but it is not so. A true comparison with the ledger would run as follows: each new transaction alters the balance and each new action alters the destiny (...) Just as the merchant is not hindered by the ledger from doing new business, so in life one is not hindered from making a new entry in one's Book of Life." – *At the Gates of Spiritual Science*. Lecture 6 27 August 1906, CW 95.

Students are relatively familiar with the experience of being audited in their performance, as we teachers constantly correct and evaluate their work and also issue an annual report. For those in puberty who are beginning to free themselves from subordination to a single (hopefully, well-loved!) authority, it can be an objectification and expansion when they realize the legitimacy of how their work is assessed by adults, and if they can tacitly guess at the functioning of great laws.

Appendix 2:

Relationship to *Curriculum 21*

In *Curriculum 21*⁵¹ of the Swiss Elementary Schools, economics (called WAH – Economy, Work, Household) is taught in the first two cycles, i.e. from the 1st grade up to the 6th grade in the NMG competence area (Nature, Man, Society). In the third cycle, i.e. 7th to 9th grades, WAH is a separate area of competence (LP 21: Nature, People, Society / Meaning and Objectives). An educationally effective development of central questions and contexts is sought through close integration of the three areas of economy, work and household. Based on their own experiences, which are closely linked to their living environment, the students become aware of the facts of securing their livelihoods, consumption and production and the distribution of goods as well as entrepreneurial activity in companies. Through actual encounters, they question adults in production and working environments about their experiences, procedures and justifications. They examine consumption and trade by asking other people about their criteria for consumer decisions. For example, the students make a study of what is available in the local shops. They record the results, reflect on them and discuss the connections. You create an actual budget, etc. (LP 21: Nature, Man, Society / Meaning and Objectives)

"Students are thinking about values and conflicting goals and are increasingly justifying decisions in a more differentiated and independent way. In doing so, they acquire skills for responsibly helping to shape a present and future world for all." (LP 21: Nature, People, Society/ Meaning and Objectives)

1st Cycle

With the aim of experiencing working and professional worlds, the students of the first cycle explore different places of work in their nearby surroundings. They learn how to report on specific activities, typical work equipment or work clothes. They describe domestic work, gainful employment and volunteer work in terms of performance and wages. In concrete activities, they organize the division of labor for a project, for example a school festival or a sales stand, under guidance. In class, they learn about raw materials such as wood, water and clay. They also explore the processing of raw materials, for example how apples are turned into apple juice, how bread is baked from grain or how cheese is made from milk. By bartering, for example on swap meets, they discover activities and interests that play a role in the purchase of goods or services. Based on this, they recognize the rules that apply to purchasing: 'supply and demand' or 'goods for money'. They become aware of conflicts of interest and opportunities for cooperation with their exchange partners. They recognize the function of money in barter transactions. The students practice naming and arranging the individual wishes and needs of their personal consumption and comparing them with others. They develop ideas on how they can fulfil these wishes and needs, for example by formulating birthday wishes or thinking about what they are saving their pocket money for. They compare the prices of goods such as toys or services from their everyday life such as a post office, hairdresser or indoor swimming pool. They are planning a simple purchase. In doing so, they weigh up the benefits, costs and savings opportunities. (LP 21, NMG 6.1 to 6.5)

2nd Cycle

In the second cycle, students compare choices and opportunities in working life. Which jobs do women prefer to do? Which tend to be done by men? They consider and discuss how injustices could be eliminated. A distinction is made between manual work, head work, machine work and service. They describe the differences between the various forms of work as well as working time models, full-time, part-time or on-call work. They also learn about the reasons for unemployment. They discuss possible consequences for the individual and the family.

The students reflect on the importance for people of crude oil, glass, metals and other raw materials. You can use examples to describe and illustrate the production process of goods made from raw materials, for example from crude oil to Lego bricks. They collect and compare information on transport and production routes of everyday products such as potatoes, chocolate, T-shirts or mobile phones. The pupils explore production and service companies in their immediate vicinity. There, they document processes and production processes in connection with the tasks and goals of the company they are visiting.

⁵¹ It would be useful to compare this to the national curriculums in the USA and Great Britain.

The availability of goods and their influence on price formation are examined by the students in the case of products from their everyday lives. In doing so, they recognize the function of money. They then put this into practice when selling products for a school project. They plan the process from an economic point of view and finally reflect on purchasing, material costs, quantities, sales price, advertising and profit margin. Consumer goods serve as status symbols and as signs of belonging to or demarcation of groups are discussed. Using actual examples, the students examine consumption decisions. In doing so, they take into account the financial possibilities and discuss alternative ways of meeting needs. They ask themselves whether they might be able to produce the desired product themselves.

Prosperity and poverty are analyzed in terms of the distribution of specific goods. The students recognize and discuss these differences and discuss the reasons for them. (LP 21, NMG 6.1 to 6.5)

3rd Cycle

In the third cycle, the previous topics are examined in more depth and in a more complex way. However, there are also many new topics that are very much related to everyday life to prepare young people for professional and adult life. They will learn about the requirements of an independent lifestyle. The challenges and room for manoeuvre depending on the available financial resources are discussed. The students can plan a budget for their living expenses. Awareness is growing of the effects of changes in income on room for maneuver and savings opportunities. The forms of payment transactions such as cash, bank transfer, online shopping, credit card, small loan and leasing are discussed. Students understand contract terms, can comprehend rental and purchase contracts, and assess legal and financial obligations. They can explain the causes of youth debt as well as the debt spiral. They develop the responsible use of their own financial resources and their needs in the variety of current market providers and market offers. Comparison of consumer offers, taking into account product information, material properties and practicability, is practiced. The students think about safety and precaution in dealing with the risks of daily care of life. They become familiar with compulsory and voluntary insurance, know about pension provision and sensible financial reserves. (LP 21 WAH 1 to 5)

An essential part of the curriculum of the secondary school is also the preparation for the start of a career, which begins with the start of the apprenticeship after the 9th birthday school year from the 8th. During the school year, young people are actively supported by the school and prepared to find an apprenticeship in a company. Within the school, questionnaires are available to clarify their interests. Documents on all professions are studied. This is followed by information events such as the career fair and, later, trial apprenticeships. With the help of their teachers, the students learn to formulate their CV and letter of application in the classroom and to design them in an appealing way.

Similarities, differences and concerns of the two curricula

Both curricula aim to ensure that students take away from their school days a sound understanding of economic interrelationships and the forces on which they are based. This can lead to a broad awareness of the need for economic policy changes in the future. Both curricula also combine economics with other subjects, which then occupies its place in various contexts. This opens up a wide range of creativity and choice for teachers as to when, where and what flows into the lessons.

Curriculum 21 tends to focus more on consumer behavior and on the theories and principles taught in universities, such as the law of supply and demand. The present suggestion of the Rudolf Steiner School Movement Switzerland, on the other hand, tries to bring the students as entrepreneurs to an understanding of the economy with the help of entrepreneurial experience. The students should thus see themselves as co-creators of economic life and not as passive consumers who merely react to the incentives on the goods, labour and capital markets. In *Curriculum 21*, however, it is also possible to take up this entrepreneurial side.

At secondary schools, career choice offers a practical starting point for imparting economic knowledge that is directly linked to the lives and concerns of young people. In this context, the interest of the students is extremely awake due to the circumstances of their lives. The Steiner School assumes a 12-year school period and is therefore looking for other ways to gain the interest of students in economics of this age group. For example, through internships, larger projects such as student companies, etc., but especially through the discussion of historical events and their consequences for the present.

Appendix 3: Concerning Double-entry Terminology

Two topics stand out in Sangster's genesis of double-entry bookkeeping.⁵² 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.

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.⁵³

In 'Where's the 'r' in debit?', Richard Sherman⁵⁴ 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 (Local Exchange Trading Systems) 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.'

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.

⁵² See <https://pdfs.semanticscholar.org/b8aa/2499cc830194891d0d2f9ab7798f14dcee44.pdf>; also, the notes following this text.

⁵³ Economics, the World as One Economy, op. cit., lecture 10, CW 340.

⁵⁴ The Accounting Historian's Journal, Vol. 13, No. 2, Fall 1986.

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. Jackson⁵⁵, 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]
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

⁵⁵ <https://www.tandfonline.com/doi/pdf/10.1080/03057875280000041>

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?

Some Editors' Observations

These notes from Daniel Osmer amount to observations that are what one might expect in the USA in particular, and could be used to start the discussion about the usefulness of this publication in Steiner and Waldorf Schools in the Anglo-Saxon world and those countries, such as Mexico, who take their cues from there rather than Germany or Switzerland.

1. What is the difference between economist, banker, entrepreneur; business, economics, economic life?
2. In America, middle school is 7th and 8th grade; high school is 9th through 12th grade.
3. What are the primary assumptions of associative economics? Can the history of economic thought be researched by the students themselves, say 7th or 8th grade? FYI: I just checked out Wikipedia and looked up 'History of Economic Thought: at the top of the page Aristotle then Aquinas.
4. Is teaching the evolution of economic life and thought equivalent to teaching business? Is idealism automatically abandoned upon entering entrepreneurship?
5. In America, so-called, business math is taught along with compound interest in the conventional fashion. Economics 'blocks' for economics are, generally speaking, presented in 12th grade. AWSNA has a 'Entrepreneurship' pilot program with a few participating schools (on-line with in-person gathering at the end of program. Have not found any info.
6. Would one also introduce Greece, Ephesus, Coins, & Alexander at the end of 5th grade?
7. Is 8th or 9th grade the ideal time to introduce money issue and credit creation (macro) in relationship to V1 and V2 and purchase money and loan money, respectively? Meaning; teaching double entry bookkeeping along with macro economics and finance to show how double entry is the link of sorts between micro actions (individual accounts) and macro effects (macro policy)?
8. What about trial balance and financial statements?
9. Re. contracts, it would be good to link this to the essential elements of a good contract.
10. At what point would it be useful to mention that money is an idea and not a thing; along with the observation of a differentiated concept of money (twin theory of value)?
11. Is the idea of money implicitly still operational, even in a so-called barter situation? Each side of the transaction is making comparisons to something in order to decide to make the exchange; in addition, considering present and future needs?
12. When and how should biographies and symptomatic historical events are be used? Maybe 7th and 8th grade now appropriate for using bio's and historical timeline events and overview?
13. Under 'Deepening the Content' it is mentioned that certain 'specializations' are needed as a supplement. As I was reading the page and a half devoted to business correspondence (pages 21, 22) I noticed it was in large part aimed at collecting money due from sales and how to write collection letters, etc. But what is behind these collection letters?: *accounts receivable* (A/R). This is an important accounting / bookkeeping category and it goes both ways. The enterprise can be a receivable for another enterprise.

Having to write a letter to collect money for sales presumes an agreement was made with a customer to buy on time, so to speak. So, I thought, let's get to the essence of this situation and deal with it. Do I only except immediate payment or will an account be set up for receiving payment after the product is sold and out the door? On the other side, the enterprise itself may not always make 'immediate' payment and may have agreed to pay a wholesale vendor later – *accounts payable* (A/P). So, A/R & A/P go together. Can an enterprise even afford to delay payment for a product or service and for how long?

In the USA, in both cases above, A/R & AP, payment terms are expressed in the phrase: 30/60/90. So, this is a good little title for an explanation of these two bookkeeping terms. Now we are in 'contract' mode, in that qualifications are checked and terms are written and agreed to. Good customers may get 60 days to pay; others 30, etc. Also, it is possible that an enterprise can fall into a cash crunch and must delay payments due, etc. So, what does one do and what kind of business letter do you write if you are overdue? A good point to talk about contracts in general, perhaps?

14. A decision needs to be made at some point as to how you will keep track of inventory: Does one keep up with sales of inventory as it happens so one has an accurate count of what is for sale almost immediately – perpetually? Or will it be sufficient to check inventory every so often as needed – periodically? A lot easier.

Choosing perpetual or periodic inventory changes how the T-accounts are done. Periodic is simpler for introduction. Also, FIFO (first in first out) and LIFO (last in last out) are standard choices that need to be made at some point. Even if not currently an issue for a small business, the concepts are straight forward and could be lightly touched on.

In the introductory first semester accounting course at college both choices, FIFO/LIFO and Perpetual/Periodic inventory, are introduced early on. For most students, it is their first experience with double-entry bookkeeping as 18-year olds. I am guessing there are about a million freshman and sophomores taking introductory accounting every year in the USA.

15. Early on, the 'Separate Entity' concept in accounting is also defined and stressed in college introductory accounting (with 18-year olds coming in cold). The separate entity idea may be linked to the issue of understanding the place of the 'mission' in any enterprise, recognizing and sticking with it. This requires looking at one's own activity as a separate object, via the numbers.