

Regional Economic Impact of a Non-Profit-Organisation the Case of the Anthroposophical Society in the Greater Basle Area

Alain Thierstein
Christian Seiger

The anthroposophist movement

The Anthroposophical Society is based on theosophical beliefs of Rudolf Steiner and has its center place in the greater Basle area, Switzerland. The Anthroposophical Society is basically a non-profit organisation, although there are commercial enterprises located nearby which follow the anthroposophical beliefs.

Figure 1: The Faust Theatre at the Goetheanum



The anthroposophists offer a variety of educational, scientific, medical and artistic activities and teaching courses.

Figure 2: The Goetheanum Building in Dornach



The architectural core of the Anthroposophical Society is the breath-taking Goetheanum building. (Figure 2). The anthroposophical movement is no formal organized 'holding company'. Beside the Anthroposophical Society itself, there are dozens of affiliated institutions, located around the Goetheanum building. Together they developed a kind of innovative milieu where in 1994 around 1000 people are employed.

- These non-profit institutions can be divided in five groups:
- schools: kindergärten, Waldorf and Steiner schools, teacher and curative education, training in therapeutic and artistic skills.
- medical institutions: medical care, medical training, manufacture of medicine.
- curative institutions: schooling for handicapped children and adults, medical and therapeutic support, training in social therapy, creative courses for mentally handicapped people.
- homes for elderly people
- financial institutions: savings & loans (on basis of ethical criteria), fundraising for education, research and artistic projects, subsidies for real estate costs of anthroposophical institutions.

Theory and Methodology

The effects of private - households and firms - and governmental actors on a regional economy, always have been one of the main subjects in regional science. In the last decades private non-profit organisations (NPO) or non-governmental organisations (NGO) developed an increasing importance in politics and economy. In legal terms these organisations are private, but they differ in behaviour and structure from profit oriented private firms. They often supply goods with a character of goods traditionally offered by the public sector - e.g. education, healthcare, non-profit oriented science etc. For most of these goods there is no market allocation, because the activities of NPOs usually are financed by donations and subscriptions of their members. This induces spatial spillovers similar to governmental activities: some regions benefit more than they have

to pay for. Thus, a large NPO may have influence on a small region's economy.

The **incidence analysis** has been applied in the USA during the 60s and 70s to evaluate the redistribution effects of federal fiscal policy. In the 80s the instrument had been adapted in Switzerland as **regional incidence analysis (RIA)** to investigate spatial effects of governmental infrastructure investments. In this study the RIA is applied to complement the economic impact of a large NPO - the Anthroposophical Society - on the location region.

Regional redistribution effects first concern **flows of money, goods and benefits** which are caused by the construction of the operation of a infrastructure (Figure 3).

Figure 3: The Effects of a NPO to a regional economy.

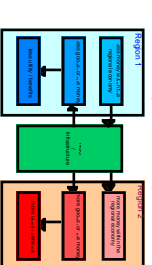


Figure 4: Types of analysed impacts.

	Primary	Secondary	Tertiary
1. money	Yes	Yes	Yes
2. goods	Yes	Yes	Yes
3. utility/benefits	No	Yes	Yes

- In a second dimension, three levels of adaptation of a regional economy must be taken into account:
- primary: short-run changes of regional income, offer of goods and direct benefits for the local population;
- secondary: medium-run adaptations, with regional multiplier effects and shifting burdens of costs;
- tertiary: long-run adaptations in locations of households and firms.

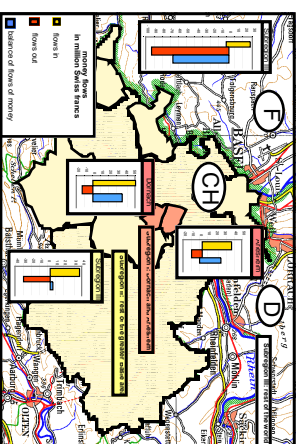
Figure 4 shows the effects analysed. First we focused on the distribution of incomes and expenditures of the Anthroposophical Society. For the year 1994 all money flows of the Society were analysed concerning their spatial incidence. Then we used three questionnaires to gather information on the interregional money flows caused by: the over 540 students and 159,000 annual visitors, and the more than 40 anthroposophical institutions located close to the. Finally, long-term effects on the level of goods and benefits were evaluated on grounds of plausibility.

Empirical findings

Level of flows of money.

Figure 5 shows the redistribution of money among the three subregions: Dornach and Alesheim as the location communes of the Goetheanum (subregion I), the rest of the greater Basle area (subregion II) and the rest of the world (subregion III). Together, all anthroposophical institutions have an annual turnover of more than 150 million Swiss francs.

Figure 5: Interregional redistribution of funds



This redistribution of purchasing power is comparable to some Swiss universities, but there is a much higher share in the Goetheanum case coming to the location region from outside. The positive flow of money into the Basle area amounts to 65 million Swiss francs. The two location communes get the chunk, the positive annual balance for Dornach is over 35 million francs, which equals 6 080 francs per capita, without considering regional multipliers.

- Level of flow of goods and services:
- The spatial distribution of costs and earnings was estimated according to the use of provided goods and services. This goes by the assumption, that the value of the provided goods and services equals their production costs.
- The balance of incidence on the level of goods shows, that the spatial redistribution effects are rather small. Still, subregions I and II profit due to the worldwide significance of the Goetheanum.
- Subregion III shares the biggest part of the costs of infrastructure. Subregion I uses, due to its large proportion of anthroposophical institutions, a fair amount of anthroposophical goods and services locally.

- Since the anthroposophists provide various goods and services that in general are delivered or subsidized by public bodies, there are external financial savings, especially for public education and hospitals in subregion I.
- While in education regional redistribution effects are relatively low, external savings for anthroposophical kindergarten and schools are quite significant, especially in subregion I.
- Anthroposophical hospitals provide services and goods to the local and regional public which reduce the payment of deficits to public hospitals by regional authorities.
- Some peculiarities: in the two location communes, one can detect a kind of 'internal' economic circle, due to the anthroposophists' own consumption patterns. Money is spent in favor of anthroposophical goods and services and thus gets 'recycled' within their own spheres. Although this circle is not fully closed, it still parallels the normal economic flow of funds to a certain degree.

Level of benefits/utility.

- The benefits the population draw from funds and the provision of infrastructure to person, from region to region.
- Dornach has a bigger share of annual income in exchange generate must less financial benefit.
- Thinking in welfare economics, some impression of not profiting enough. Real estate which is used to could yield much more money while real estate could mean better than the above mentioned 'internal' economic circle due to old prejudice towards the area Alesheim is more open, their intention and therefore their share is bigger.
- Education, medical therapy and artistic events are accepted by 1 use of, whereas non-anthroposophists get involved with other aspects of external effects, e.g. arising from the Goetheanum influence how are Renowned cultural events or the increase the attractiveness of the area. Probably most of these external area itself and only to a lesser extent Negative external effects, especially Goetheanum's many visitors, which and jam the area at certain days; ; tation draws many people from ; than average percentage of fore combination with a high percentage the once rural village undergoes evokes ill feelings with certain people.

General conclusions

- The anthroposophical 'milieu' contains value added and generates over or more than its own costs.
- There is an annual flow of additional Swiss francs into that region.
- In contrast to the level of flow of funds, the provision of goods is much less than the bulk of institutional flow of funds than the ones in Alesheim.