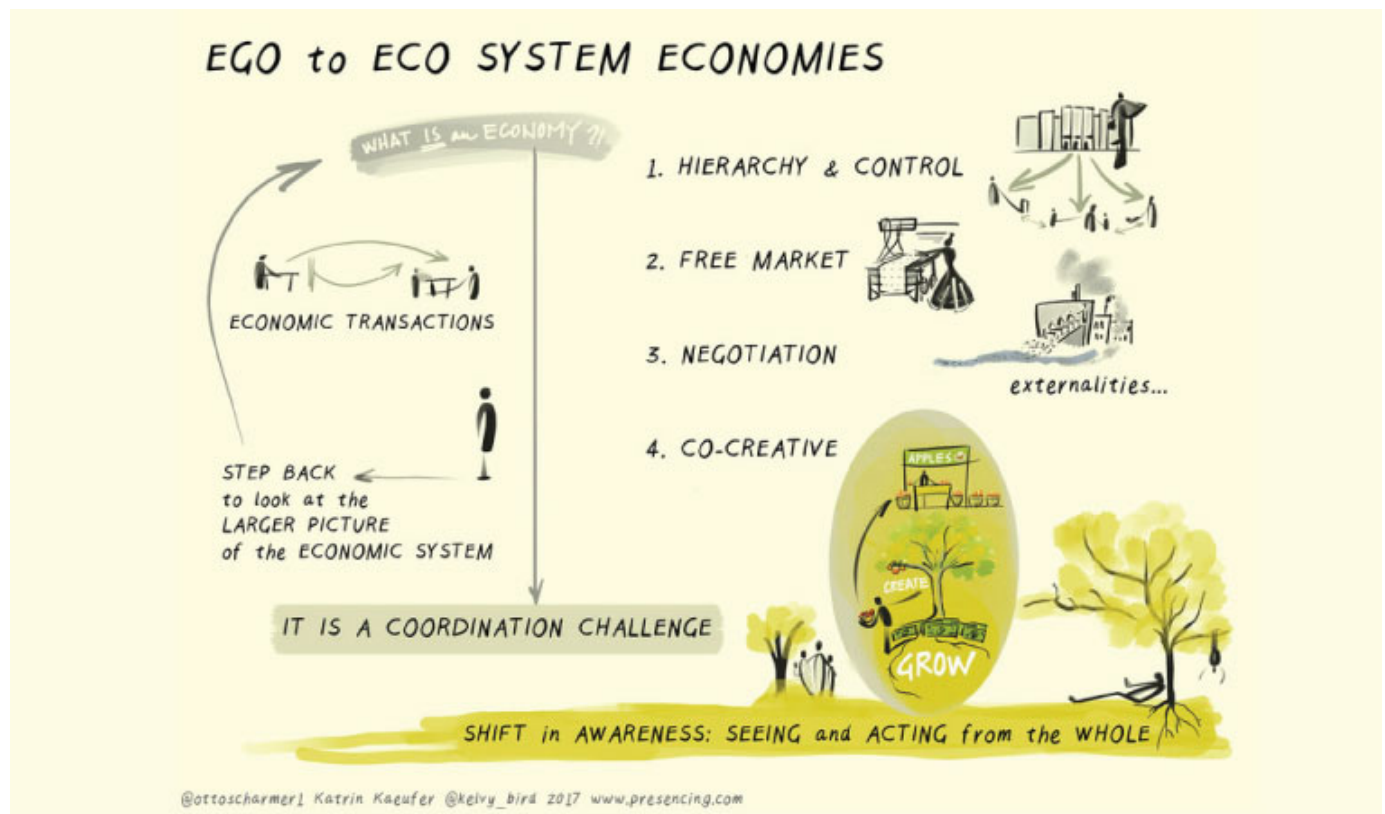


## Transforming Capitalism: 7 Acupuncture Points



*From Ego- to Eco-system Economies (By Kelvy Bird)*

Transforming Capitalism: 7 Acupuncture Points

Wednesday, April 19, 2017 -- Otto Scharmer

After a year of disheartening setbacks, many activists and change-makers may feel that the critical goal of transforming capitalism is slipping out of reach. Yet, having just returned from a four-week trip to many sites and gatherings working on social, economic, and spiritual renewal, I feel that the opposite is true. There are more fascinating and eye-opening examples of this transformation emerging worldwide than ever before. But something is missing, something that contributes significantly to the sense that we're heading in the wrong direction. Simply put, what's missing is

a *systemic connection* between all these initiatives — an enabling mechanism that allows us to not only connect the dots, but also to *see ourselves*, and the significance of our work, *from the whole*. Below, I take you on a tour through the landscape of some current initiatives, and at the end of this journey I propose how we might link up and support the larger landscape of economic transformation.

## **Transforming Capitalism**

In [previous columns](#) I have described our current moment of crisis — specifically the rise of Trump, the far right, and populist strongmen — as the result of two factors: (1) the increasing rate of disruption and (2) the lack of a capacity to lean into these moments by letting go of the old and letting come new patterns and possibilities (a capacity I call presencing).

At the heart of our current predicament is a disconnect between the real-world challenges — the widening ecological, social, and spiritual divides — and the outdated economic models we use to respond to them. Closing that gap will require nothing less than a transformation of the economy. The transformation of our current mode of capitalism is the key to any sustainable strategy for social-ecological change. It is as true for the United States as it is for Europe, Asia, Africa, or Latin America.

So what have we learned, if anything, about transforming our economic order? Last week I attended a meeting convened by the [DOEN](#) foundation in Amsterdam that brought together key innovators in the field of forging a new economy. It was a wonderful microcosm of change-makers from many countries and sectors, each of whom is pioneering new pathways. This column is much inspired by that meeting.

## **The New Economy**

Perhaps the term (new economy) could be used more precisely to speak about transforming capitalism toward an economic system that generates well-being and prosperity for all...

The term “new economy” was frequently used during the heyday of the dot-com bubble. It suggested a new set of rules that would replace the traditional rules of the “old economy.” Today it no longer refers narrowly to digitization but more broadly to addressing the bigger social, environmental, and cultural-creative challenges of our time. So perhaps the term could be used more precisely to speak about transforming capitalism toward an economic system that generates well-being and prosperity for all — all beings, human and non-human, including current and

future generations.

## **The Root Issue: Commodity Fiction**

The essence of transforming capitalism — or creating a new economy, if you prefer that term — is often missed or overshadowed by activities that happen under the headline of pursuing corporate social responsibility. These are worthwhile efforts, as are many of the sustainability-related activities undertaken by business. But a true transformation must deal with an essential design flaw in the core architecture of capitalism.

In his 1944 book *The Great Transformation*, political economist [Karl Polanyi](#) describes this design flaw as *commodity fiction*. Capitalism, or the market society, as he calls it, is constructed on the foundation of a fiction — namely that *nature*, *labor*, and *money* are commodities; that is, they are produced for the marketplace and for consumption. But, Polanyi argues, nature isn't produced by us for market consumption. Nor are human beings (labor). And neither is money. But in the market system they are treated as if they are commodities. That's what he calls *commodity fiction*.

The result is, according to Polanyi, phenomenal growth on the one hand, but also disastrous negative externalities in the form of environmental destruction, poverty, and cyclical monetary breakdowns. Societies responded to these dysfunctions by creating a whole new set of *institutional innovations* such as standards for labor and the environment, social security, and the federal reserve system — all of which do basically the same thing: suspend market mechanisms where they are not useful.

## **The Solution: Update the Economic Operating System**

Using 19th-century England as an example, Polanyi describes the dysfunctionality of early-stage laissez-faire (free-market) capitalism and how society responded by updating the economic operating system with a new set of institutional innovations.

Today, more than 150 years on, we find ourselves again confronted with a set of externalities — this time global ones — that again require us to update the economic operating system in ways that make it a better fit for the challenges of our century.

The good news is this: the future is already here. As was clear at the DOEN gathering in Amsterdam, a whole ecology of intriguing experiments that put new economic concepts and ideas to work already exists. Some of them concern [eco-system restoration](#). Others address the [circular economy](#) and the implementation of [cradle-to-cradle design](#) principles in the world of business. Still others experiment with [complementary currencies](#) that foster local well-being and prosperity. Others campaign for changing the [tax system](#). And still others focus on the interface between economy and society, on the question of [basic rights for planet earth](#), or on new media platforms for amplifying and sharing the emerging narrative of the new economy.

There are so many fascinating and eye-opening examples and stories. But what's missing? **What's missing is a systemic connection between all these initiatives.** They are often grown and implemented in silos because there are **no shared platforms, coordination mechanisms, or shared mental maps** that make visible how all these initiatives can be linked to support the larger landscape of economic transformation.

## The Emerging Landscape of Economic Transformation

Today we can see an emerging landscape of at least seven acupuncture points that, if focused on simultaneously, would allow us to fully *update the economic operating system* by shifting it from an ego-system to an eco-system mode of functioning.

The referenced media source is missing and needs to be re-embedded.

*Figure 1: From Ego- to Eco-system Economies (By Kelvy Bird)*

## The New Economy Matrix

Table 1 below outlines these seven acupuncture points: Nature, Labor, Money (the three classical production factors), Technology, Management (the two more recent additions to the modern production function), Consumption (the user side of the equation), and Governance (how to stitch the whole thing together). Along the vertical axis we find: symptoms; frames; and leverage points.

The main purpose of the new economy matrix is to situate the various new economy initiatives and projects in the context of the larger landscape of transformation and its leverage points. The outline below can serve as a starting point for discussion and revision of this map.

(W)e must treat  
the natural  
world as a  
circular ecology  
that we need to  
cultivate and co-  
evolve with.

## **1. Nature: From Resource to Eco-system**

The challenge here is to close the disconnect between infinite growth and finite resources. Today, in the course of a year, our one planet uses the natural resources of 1.5 planets. Thus, the challenge is to reframe nature as an eco-system rather than a resource. Instead of treating nature's gifts as commodities that we buy, use, and throw away, we must treat the natural world as a circular ecology that we need to cultivate and co-evolve with. Leverage points for shifting the system in this

direction include:

- A circular economy and cradle-to-cradle design principles
- Eco-system restoration and circular agriculture

## **2. Labor: From Jobs to Doing Your Own Thing**

The challenge here is to rethink our concept of work. By 2050, about 40 per cent of our current jobs will be replaced by automation. Instead of thinking of labor as a “job” that we perform in order to earn money, we must link work with the sources of our creativity and with the journey of realizing our highest potential. Leverage points that could shift the dynamics in this direction include:

- Basic Income Grants (BIG)
- Learning to activate your highest future potential

## **3. Money: From Extractive to Intentional**

The challenge here is to redirect the flow of money to better support the real economy and the regenerative commons. Today there is way too much money in one place — speculative money — and too little money in another — impact money that serves the regeneration of our ecological, social, and cultural commons. The main use of money should not be extractive; it should be intentional, serving the real needs, initiatives, and commons. Leverage points for redesigning the flow of money include:

- Circular currencies
- Tax system reform: from labor to resources

## **4. Technology: From Creativity-reducing to Creativity-enhancing**

The challenge here is to use technology to empower all people to be makers and creators of their worlds and systems rather than their passive recipients, regardless of the level on which they operate. Most of the global R&D resources focus on

product innovations for people who happen to be in the top 20 per cent of the income pyramid, while very few if any resources are being spent on innovations for folks who happen to live near the bottom of the pyramid. Leverage points for new social technologies include:

- Tools for real-time impact visualization for individuals and communities (bridging the social-ecological divides)
- Tools for seeing yourself through the mirror of the whole, both individually and as communities

## **5. Leadership: From Top-down to Co-create**

The challenge here is to counteract massive leadership failure in all major institutions and sectors. Instead of creating more individual super-egos, we need to build the capacity among leaders to co-sense and co-shape the future on the level of the whole system. Leverage points for moving in this direction include:

- Infrastructures for co-sensing: seeing the system from the edges
- Large-scale capacity-building mechanisms that support ego-to-eco shifts

## **6. Consumption: From GDP to Well-being**

The challenge here is to bring well-being to communities and countries where currently more GDP does not translate into better lives for citizens. More output, more consumption, more busy-ness does not translate into more happiness. Rather than promoting consumerism and metrics like GDP, we must implement sharing-economy practices and measurements of well-being such as gross national happiness (GNH) and the genuine progress indicator (GPI). Leverage points in this domain include:

- Sharing-economy practices and new economic indicators
- Participatory budgeting

## **7. Governance: Awareness Based Collective Action (ABC)**



The challenge here is to close the globally growing disconnect between decision making in our complex systems on the one hand and the lived experience of the “forgotten people” on the other hand. Reinventing governance means complementing the three older coordination mechanisms that we are familiar with (the visible hand of hierarchy, the invisible hand of the markets, and the multi-centric coordination among special interest groups) with a fourth mechanism: acting from shared awareness, acting from seeing the whole. Leverage points in this domain include:

- Infrastructures that make the *system see itself* (awareness-based collective action)
- Commons-based ownership rights that protect the rights of future generations (as a third category next to private and public property rights)

The referenced media source is missing and needs to be re-embedded.

*Table 1: The New Economy Matrix (adapted from [Leading From the Emerging Future](#))*

## **Ego-to-Eco Shift**

Stepping back and looking at the bigger picture, what do we see? We see that the seven acupuncture and leverage points do basically the same thing. Each one addresses the core issue articulated by Polanyi, the *commodity fiction* of nature, labor, money, and the rest.

The point of a circular economy and eco-system restoration is to relink nature and human eco-system cultivation.

The point of a circular economy and eco-system restoration is to relink *nature* and *human eco-system cultivation*. The point of basic income grants and quality education is to relink *work* with our *highest future potential*. The point of circular currencies and a new tax system is to relink *money* with *shared intention*. And so on... The goal of commons-based ownership rights and eco-system coordination is to relink the *traditional coordination mechanisms* (the visible and the invisible hand) with an emerging *fourth mechanism* that works by *making the system see itself*.

## **The Missing Link**

So if all these pieces are already prototyped and in place somewhere, why hasn't the system shifted yet? Why do we seem to be moving backward, not forward?

I suggested an answer to this question in yesterday's column on [Trump and Dark Money](#), where I pointed out the remarkable effectiveness of those who have built that "alternative" movement. Compared to them, we really look like amateurs.

I've also written extensively about the need to shift underlying mindsets and described a [methodology](#) that has proven effective for doing so.

What we need now is a new online-to-offline platform that helps the emerging global movement for a new economy *to see itself*, to learn from the most successful innovations and initiatives, and to engage in focused sharing of methods and tools.

Beginning on April 20, on a small yet global scale, my colleagues and I at the Presencing Institute will prototype such a platform. We'll offer monthly interactive live broadcasts from MIT, featuring stories and living examples from around the world. In each session we will present an inspiring case or two, engage in mindfulness moments, and create global-to-local dialogue practices that allow us to connect to each other in small groups.

In addition, the movement needs a much larger institutional holding space. I am envisioning a global think tank and action research institute dedicated to transforming the economy around some loose framework like the one shown in the matrix above, that blends systems thinking, with the evolution of consciousness and hands-on methods and tools. This institute would have locations and deep roots in all major world regions and cultures. It would focus on linking three types of core activities:

- (1) **creating thought leadership**, action research and tools for leading transformational change,
- (2) **co-convening innovation labs** around the above-mentioned acupuncture point areas in order to help such diverse groups of stakeholders to jointly shift the way their system operates, and
- (3) **developing broad capacity-building mechanisms**, including new media platforms, for shifting the public discourse from reacting to scandals to co-creating the new — and to link change makers across systems and sectors and cultures.

Most of these elements already exist on a smaller scale, but they are not connected and amplified at a level that produces the higher-level global impact that is called for now. The time seems ripe for such a bold initiative. Let's do it — April 20 will be a first starting point...

*For more detail: [Book](#)*

*Thanks to Kelvy Bird for the drawing and to Adam Yukelson and Katrin Kaufer for their helpful comments.*

*This blog was originally posted at [HuffingtonPost.com](http://HuffingtonPost.com) and appears here with permission.*