

## From ego-system to eco-system economies by Otto Scharmer

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We live in an age of profound disruptions. Global crises in finance, food, fuel, water, resource scarcity and poverty challenge every aspect of our societies. These disruptions also open up the possibilities for personal and societal renewal. To seize these possibilities we need to stop and ask ourselves some basic questions: why do our actions collectively create results that so few people want? What keeps us locked into old ways of operating? And what can we do to transform the root problems that keep us trapped in the patterns of the past?

Here's a clue to the answers to these questions: the root causes of today's global crises originate between our ears, in our outdated paradigms of economic thought.

The symptoms of these crises can be summarized in three divides that disconnect us from each primary source of life: ecological, social, and spiritual. The ecological divide manifests in symptoms like environmental destruction. We currently use one and a half times the regeneration capacity of planet earth in our economic activities. The social divide manifests in increasing rates of poverty, inequity, fragmentation and polarization. And the spiritual divide shows up in increased rates of burnout and depression, and in an increasing disconnect between GDP and people's actual wellbeing.

These structural disconnects indicate a broken system. But what is the root cause that produces them? I believe it originates directly from the ways in which we currently think about economics.

Like most things on earth, economic frameworks have their own life-cycle of birth, development and growth, before they finally outlive their usefulness. Modern economic theory is no exception. For example, after the global depressions of the 1930s, mainstream economic thinking evolved by opening up to Keynesian macroeconomics, which then shaped policy-making for the better part of the remaining century. Then, after the stagflation crisis of the 1970s, the mainstream moved to adopt Milton Friedman's articulation of monetarism, which influenced policy-making for the next 30 years.

How has this lifecycle continued? Has mainstream economic thinking changed as a result of the global financial crisis of 2007 and 2008?

Unfortunately, not much: economic debates are still shaped by the same frameworks, faces, and false dichotomies that ushered in the crisis. The successful intervention of Wall Street banks after 2008 to prevent effective banking regulation and the collapse of the global climate talks in Copenhagen at the end of 2009 are prime examples of the systemic failure of capitalism in its present form to deal with the major challenges of our time.

The main shortcomings of conventional economic theory can be summarized in two words: externalities and consciousness. Economic externalities - the costs of economic activity - have been discussed at length by policy-makers and researchers. They have been dealt with, at least in part, through successive attempts to regulate and incentivize corporate behavior in order to reduce pollution and the exploitation of human beings - small first steps, though much remains to be done. By contrast, consciousness is completely ignored, not even registering as a legitimate category in economic thought. Why is it so important?

The current capitalist economy is fundamentally ego-centered: it is structured to satisfy my wants as an individual and to privatize or even atomize decision-making. Most attempts to deal with this problem (like corporate social responsibility) do so by extending the awareness of consumers and producers beyond themselves to take in the welfare of other stakeholders. But this process is inadequate to deal with the size and complexity of the crises that we face.

What's really needed is a deeper shift in consciousness so that we begin to care and act, not just for ourselves and other stakeholders but in the interests of the entire ecosystem in which economic activities take place. Otherwise, there is a danger that these externalities will be mitigated while the consciousness that creates them is left untouched, allowing the same costs and inefficiencies to re-appear in a different guise. There is little point, for example, in arguing for commons-based property rights and shared ownership if people's consciousness is still stuck at the individualist, self-interested, ego-driven level.

Therefore, the economic imperatives of our time call for an evolution of our consciousness from an ego-based system to an eco-based system, from one state of awareness to another. To paraphrase Einstein, the problem with today's capitalism is that we are trying to solve problems with the same consciousness that created them. How can we construct pioneering pathways into a co-creative, eco-system economy?

The shift from ego- to eco-system awareness requires a journey that involves walking in the shoes of other stakeholders, and fine-tuning the instruments through which consciousness is created: namely an open mind, an open heart, and an open will.

An open mind represents the capacity to see the world with fresh eyes and to suspend old habits of thought. An open heart means the capacity to empathize, to see any situation through the eyes of someone else. And an open will is the capacity of letting-go and "letting-come:" letting-go of old identities (like "us versus them"), and letting-come a new sense of self and what that shift can make possible.

Moving the economic system to an eco-centered model is impossible without this shift in consciousness, but on its own it will not be enough. What's really required is a threefold revolution: an individual, relational, and institutional process of inversion, or turning current practice inside-out and outside-in.

Individual inversion means opening up our thinking, feeling, and will so that we can act as instruments for the future that already wants to emerge.

Relational inversion means opening up our communicative capacities, and shifting from a focus on conformity and defensiveness to generative dialogue, so that groups can enter a space of thinking together, of collective creativity and flow.

Institutional inversion means opening up traditional geometries of power that are characterized by centralized hierarchies and decentralized competition, and re-focusing institutions around co-creative stakeholder relationships in eco-systems that can generate wellbeing for all.

Fostering these inversions requires new types of innovation infrastructures that can build collective leadership capacities on a massive scale. Many people think that what's missing in order to move societies towards a new economy is just a set of ideas and policy proposals that are better than those we have already. But that's not the case. We also need new structures and technologies that enable groups to move from their habitual thinking and practices to co-create an eco-centered economy.

These infrastructures include spaces for convening stakeholders in efforts to co-initiate new systems, and also:

- "co-sensing," or going to places that allow us to see the system from the edges - if listened to with one's mind and heart wide open, they hold the golden keys to the future;
- "co-inspiring," or creating channels for connecting to the sources of creativity;
- "prototyping," or exploring the future by doing things in the present in very different ways; and
- "co-shaping" the spaces in which these prototypes can be embodied and scaled-up.

Of these various infrastructures, those for co-sensing and co-inspiring are particularly underdeveloped in society today. Trying to advance societal innovation through prototyping and scaling-up alone is like building a house without foundations. That's why so many current efforts fail, because they ignore the deeper conditions of the social field (the mindsets, attitudes and intentions), and focus only on the superstructure of incentives and institutions. Without a fundamental shift in consciousness it will be impossible to sustain an eco-centered economy.

A profound renewal of this kind at the personal, societal and global levels is crucial for our planetary future. What's needed to underpin these renewals are change-makers who are willing to lead from the emerging future: leaders who are willing to open up to, learn about and practice the journey from ego-system to eco-system thinking. We already have much of what we need to hand in the form of living examples, tools and frameworks. What's missing is the co-creative vision and the common will to make this revolution a reality.