

Perspective Paper

The Regenerative Economic Shaper:

A Framework for Architecting the Next Economy

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Toward a New Economy

Leading edge economic thinkers and shapers are attempting to transform the way human beings build and maintain their economies. For too long, economic theories and practices have contributed to a range of destructive outcomes, such as extreme wealth inequality, conflicts over resources, and degradation of the world's ecosystems. A plethora of experiments and new theories have attempted to address these issues, loosely held within the rubric of the *next economy*. They range from *impact investment* strategies to the *localism* and *slow money* movements to retooling national policies within *well-being*, *circular*, or *doughnut* economic frameworks.

Recently a great deal of interest has arisen around ways to apply regenerative thinking to the design and development of economic systems. From our perspective, much of the resulting conversation has suffered from a lack of discernment with regard to what differentiates regenerative thinking from other approaches. This is important precisely because regeneration works on transformation, rather than on incremental improvement of existing practices. Unable to tap into the distinctive perspective characteristic of a regenerative approach, many worthy efforts to invent a new kind of economy are falling short of their transformational potential. With

this article, we hope to provide a basis for discernment in support of the many practitioners who are interested in pioneering a regenerative economy.

In what follows we offer several frameworks designed to stimulate useful questions for those who wish to pursue this inquiry. We assume that it will take several generations of sustained experimentation and effort to shift local, national, and global economies from a degenerative to a regenerative basis. For this reason, we do not propose answers or recommendations for addressing specific economic issues, policies, or infrastructure. Our purpose is to support the right level and nature of thinking required to evolve economic innovations with the potential to transform the ways people live in the world.

We have chosen to describe this article as a *perspective paper*, an essay that explores a new or unique viewpoint with regard to a specific topic. Unlike *white papers*, which are authoritative reports intended to help readers understand an issue or make a decision, perspective papers don't use documentation in support of their arguments. Rather, they are based on the observations, ideas, and concepts of the authors. Our desire is to help our readers disrupt their thinking and frame their own research with regard to new ways of approaching the subject of economics.

What do We Mean by Regenerative Economics?

We begin with definitions because so many of the concepts associated with economics are understood in fundamentally degenerative ways. In what follows, we don't make a distinction between macro- and microeconomics. Our basic premise is that, to be effective, the concepts and principles laid out here need to be applied at all scales.

First of all, economics today is generally defined as *a field of study related to the production, distribution, and consumption of goods and services*. This definition implies a world of material existence and exchange, evoking concepts such as resources, labor, trade, capital equipment, and so on. The emphasis on goods and

services, independent from the generation of systemic effects, subtly reinforces the idea of a world from which finite resources are extracted, refined, sold, and used up, creating winners and losers in a zero sum game. The field of modern economics arose in response to Newtonian physics, when Adam Smith endeavored to apply Newton's scientific reasoning to human exchange in order to reduce its complexities to predictable material mechanisms governed by universal laws.

However, the word *economics* (or *oikonomos*) comes from Ancient Greece, where Aristotle defined it as *the pragmatic science of living virtuously as a member of the polis (or community) through wise household management*. This definition offers an entirely different basis for thinking about economics. First, the household is a whole, a living system nested within larger community and landscape systems. Second, in a household wise management takes precedence over production and consumption. And third, a household's whole enterprise is oriented toward creating stronger and more beautiful (or virtuous) communities by means of the qualities cultivated in their citizens.

As seed ideas, these can be translated into a regenerative frame for a twenty-first century context. The emergence of ecological understanding and the growing influence of indigenous science have taught us that the ultimate *household* is Earth itself. When one thinks of economics as the wise management of the planet as a whole, one begins to recognize that the idea of *externality*—a cost to a third party that did not choose to incur it, such as factory pollution imposed on a local community—no longer makes sense. Instead, it is necessary to consider the systemic effects of each and every economic activity on the planet and its nested socio-ecological systems. It is not possible to throw anything away because there is no such thing as *away* in a planetary household.

Within a regenerative economy, the focus moves up from the purely mechanical activities of production and consumption to the developmental activity of *wise management*. By invoking wisdom, Aristotle is suggesting that one needs to manage for more than the present moment. One must look at how the household fits within

the nested systems of community and territory, and how the choices one makes will play out through time and over generations.

This implies that an economy of wise management seeks to grow not only *wealth* but the *wealth-generating capacity* of all of its participants. The commonplace understanding of wealth is *abundance of valuable possessions or money that can be used in transactions*. However, the etymological origin of the word (Old English *weal*) contains a cluster of meanings that includes happiness, prosperity, and well-being or health. At its root, then, the concept of wealth encompasses the range of qualities that enable us to live well.

Given this enlarged understanding, it makes no sense to think of accumulating the qualities associated with wealth through hoarding. In a living and dynamic world, they grow to the extent that they are shared, exchanged and circulated—through generosity, in other words. The superabundance of acorns produced by a mature oak tree, far beyond what is needed for simple reproduction, supports the well-being of countless other species and thereby creates the conditions within which an oak tree is happiest. This is why we assert that an economy, if it is managed wisely, will result in the continuous evolution of the wealth-generating capacity and therefore the collective or systemic wealth of all of its participants, human and non-human. The practice of regenerative economics is the art and science of building this wealth-generating capacity into living systems at all levels and scales.

Thus, the ability to engage in wise management of a whole system is the core capability that a post-extractive economy requires its members to develop if they are to live in *stronger and more beautiful communities*. One could say that this is why societies build economies in the first place, to organize and fuel their own evolutionary development. From a regenerative perspective, the wisdom needed must be rooted in a shift from seeing the world in terms of closed systems or even open systems, to seeing the world in terms of living systems.

From a closed systems view, one can know, manage, and measure all of the inputs and outputs of an entity, such as a business, government, or economy. This is a way

of thinking that is deeply rooted in the ideas of control and predictability. From an open systems view, one seeks to manage one's relationships with the larger systems within which one is nested: household, tribe, community, lifeshed. This view embraces the idea of reciprocity. From a living systems view, one seeks to manage the conditions that will allow each living being to evolve its capacity to express its essence over time as a relevant contribution to a living world. A living systems approach to wise management values differentiation, wherein everything living finds its own unique way to participate in unfolding new potential for life on the planet.

Levels of Paradigm

One of the most effective ways to see the distinctions among different economic approaches is a framework that we call *Levels of Paradigm*. We define paradigm as *a cognitive framework containing the basic assumptions, ways of thinking, and methodology that are commonly accepted by members of a group*.

Donella Meadows, in her well-known article "Leverage Points: Places to Intervene in a System," concludes that the most powerful change occurs when one *transcends* the paradigm one operates within. This insight borrows from the work of Thomas Kuhn, who proposed that science advances through shifts in paradigm, so that what couldn't possibly be conceived in one era (The world is round!) becomes accepted truth in another. By calling people's attention to the new paradigm, he aimed to awaken in them an urgent sense of the importance of supplanting and replacing the old one. However, one of our observations is that old paradigms don't necessarily disappear. Even when their truths have been proven false (The world is flat!), they nevertheless continue to exert an unconscious influence. And, because paradigms are mutually exclusive, this can cause people to act in ways that contradict their own better judgment and even to become psychologically debilitated.

For this reason, individuals cannot live simultaneously in multiple paradigms and maintain coherence. Small wonder, then, that so many people and institutions resist moving to a new paradigm; it requires them to sacrifice too much of what they've held to be true, comfortable, and desirable. Yet, once a paradigm has introduced a new, internally consistent way of understanding reality, it inevitably supersedes the earlier version. And then the resisters attempt to absorb the new language and ideas into their existing understanding of reality, which results in further dissonance and debility, and even in violent clashes, internally and externally.

This clinging to familiar ways of seeing the world is common, even though it diminishes people's ability to face and work with reality. Therefore, we want to state clearly that from our perspective, *transforming the paradigm from which one is thinking is not just desirable or beneficial, it is absolutely necessary at this moment in history.*

The following framework delineates a comprehensible and recognizable set of paradigms that regularly affect current thinking and discourse. It also illustrates the idea that transcending one's paradigm is the result of a disciplined effort to move up levels. Because each level of paradigm represents an evolution of understanding beyond the paradigms that preceded it, work at the top level yields the greatest power and leverage.

Levels of Paradigm

Regenerate Life

Do Good

Arrest Disorder

Value Return

A framework like this one allows individuals and institutions to discern which paradigms are informing their decisions, giving them the opportunity to discover the dissonances between what they intend and what they actually do. Ultimately, this enables them to release old paradigms and step fully into the new.

As a hierarchy, each new level enables a different order of capacity than the one below it in terms of managing complexity and integrating systems. Whenever people approach work from within a lower paradigm, they limit the potential that can be seen and pursued, and the kinds of value that can be created. It is simply not possible to see the values held at a higher level without letting go of the old paradigm. With regard to this framework, then, the most comprehensive, systemic, and leveraged place from which to work on economic practice or policy is at the regenerate life level.

It is important to understand that this framework does not depict levels of doing or activity. Using it in this way can be a trap, as it evokes the reasonable thought that different natures of activity are necessary and even complementary. This obscures the fact that paradigms are about mentation, not activities. Paradigms shape the ways people receive and perceive information, how they make sense of it, and the possibilities they are able to conceive as a result. This means that the same subject or activity will look completely different, depending on the level of paradigm through which it is engaged. Two of the biggest challenges to moving to a new paradigm are the need to rigorously apply a new way of thinking to familiar tasks and habits and the need to unlearn and abandon patterns of thought that anchor one to the old paradigm.

Value Return

At this level, the focus is on *me* and *mine* (including the family or tribe with which one identifies). The concept of wealth collapses into financial assets or money. This causes one to engage the world transactionally in order to gain the resources needed to secure the well-being of those in one's inner circle. One invests one's energies in order to receive some value in return, hoping that the value that comes back is greater than the value invested so that wealth can accumulate. This is the foundational idea for most current economic thinking and the basis from which both mercantilist and capitalist theories (and their ongoing elaborations) arose.

A corollary of this idea is that those who are willing to take greater risks deserve greater rewards, should their risks pay off. In this way, the value return paradigm enables self-interest to become a driver for expansion, discovery, and experimentation, all of which can at times provide social benefits. Unfortunately, self-interest and the accumulation of wealth has also historically been the driver for a host of social ills, many of which still persist into the twenty-first century. Sweatshops, child labor, poisoned water and air, mountain top removal, abandoned towns, and collapsing ecosystems continue to plague humanity, even in an era of unprecedented material abundance and technical capability.

Arrest Disorder

The arrest disorder paradigm introduces restraints on the predatory self-interest associated with value return, but in doing so it creates its own set of unintended negative consequences. At this level, one expands the scope of one's attention and awareness to include relationships within systems, which allows one to see the effects one's actions are having on others. One becomes concerned with achieving balance and the long-term sustainability of human endeavors. As a result, one seeks to correct the systemic problems created when people or institutions pursue their own narrow self-interest to the detriment of others. Many of the world's laws and regulations, including everything from environmental regulations to the oversight of banks, are specifically designed to limit the negative impacts of unrestrained

application of the value return paradigm. In the same way, socialist economic theories emerged in response to the devastation created by unfettered capitalism.

With this paradigm, the focus has moved from direct transactional benefit to systemic benefit, which represents a significant conceptual expansion based on an equally significant expansion of perception. At this level, self is no longer all there is to consider, or looked at another way, one's sense of self enlarges. Once one has achieved this shift, dropping back to the value return paradigm represents a regression, a collapsing down to a narrower and more impoverished view of the world. There is nothing that can be worked on at the lower level that can't be accomplished in a more wholesome and inclusive way at the higher.

To see the effects of one's actions on something larger than oneself requires a new level of awareness, an awareness that is inaccessible when one is focused solely on one's own benefit. This awareness is an important first step in the development of consciousness. At a political level it has led to a series of historically significant movements and reforms, including the abolition of slavery, the establishment of unions, and the fights for civil rights and environmental protections. It is the source of social safety nets that address such issues as child poverty and lack of health care.

By its nature the arrest disorder paradigm comes into conflict with the value return paradigm, which it is designed to correct or restrain. Every political effort to address disorder in our societies ends up placing pressure on those who wish to enjoy as much liberty as possible in pursuit of their own interests. In this way, activists who view the world from within an arrest disorder perspective always build opposition to the improvements they are seeking to make. Also, this paradigm's problem-solving orientation leads to approaches that are programmatic in nature, severely limiting the kinds of creativity that become available at higher levels of thinking.

Do Good

The do good paradigm removes the arbitrary ceiling imposed by arrest disorder, which devotes its energies to making the world less bad. But in its pursuit of abstract ideals, do good-ism also introduces its own unintended negative consequences. At this level, one's attention shifts to discovering meaning in life, and this awakens altruism, the desire to improve the world by moving it toward an ideal pattern. One seeks to model one's actions on an inspiring or aspirational model, often manifest as a set of values and principles, the life of an exemplary individual, or the teachings of a community. One's orientation moves from problems to be solved to potential to be pursued, away from the things one wants to prevent and toward the things one wants to create or encourage.

The do good paradigm guides the work of many philanthropic organizations, religious communities, and social and ecological movements. It can even show up in international politics. For example, the U.S. chose to change its policy and invest in rebuilding the German economy after World War II, as part of a larger aid program for post-war Europe. The Marshall Plan, as it came to be known, fostered peaceful and prosperous partnerships that had a stabilizing influence on the world for generations, and it established the reputation of the U.S. as a principled actor in world affairs.

This approach was different from containment strategies pursued in the aftermath of more recent wars and from foreign aid that was intended to address the immediate needs and problems of regions undergoing conflicts or natural disasters. With a focus on building the capacity of nations to create their own wealth, the Marshall Plan funded the construction of critical infrastructure. Although there were flaws in the plan's conception and execution, it nevertheless stood out for this commitment to the development of new capacity.

An intention to do good can actually generate energy, whereas constant effort to restrain disorder usually drains energy. One reason why it has been easy in the past to tap the isolationist impulse in U.S. politics is that most of the country's international spending, including support for the military, goes to arresting

disorder. People grow understandably tired of the endless, unrewarding effort to feed and police the world. The do good paradigm offers the appealing alternative of support for the economic and social growth of independent, thriving nations.

Yet at the same time, the do good paradigm carries within it a dangerous shadow. What one person thinks is good is not necessarily what another thinks is good, and implicit in the do good paradigm is the do-gooder, the person who decides which good to do. Out of the kind of thinking that this paradigm tends to produce have come imperialism and religious wars, as well as unintended negative consequences from a host of well-meaning initiatives. A classic example is the green revolution programs that increased farm production while decimating indigenous crop varieties and impoverishing small farmers. This kind of problem arises because the do good perspective values abstract ideals, which are always less dimensional and complex than a living reality and may or may not be relevant to the specific people or situations to which they are applied.

Regenerate Life

At this level, intention shifts from doing good to serving as an instrument for the evolution of being. One comes to understand oneself as a living process, embedded and intertwined within all of the other processes that make up a living world. The sense of personal identity drops away, to be replaced by a deep and caring resonance with each specific living being one encounters. This resonance creates an unshakeable commitment to enabling all living entities to awaken and express their indwelling potential in service to life's evolution.

One has moved in a dramatic way from the broad and general to the concrete and specific. One can only regenerate life for something particular—a friend, a beloved town or landscape, a favorite business—and only when one has a deeply embodied understanding of it, alive and at work, mutually engaged with its proximate environment. One can work on regenerating larger and more complex systems, such

as watersheds, nations, or industries, but only when one has developed the capacity to understand them as whole living beings rather than as abstractions. When this living understanding is present, it opens the door to enormous creative energy as the being, whether an individual human or an entire ecosystem, discovers new ways to express its essence in reciprocity with the evolving life around it.

At the level of the regenerate life paradigm, one's thinking moves from doing things *for* others or *to* others toward serving the development of their capacities, capabilities, and agency. This implies respect for and faith in the ability of living beings to become their own sources of creativity and self-determination. We do not mean to suggest a *laissez-faire* approach that forces individuals and communities to sink or swim, depending on the resources they can muster. Rather, we are pointing to an unwavering commitment to provide the infrastructure necessary to support the development of living systems as they become increasingly successful participants in evolutionary processes. Available energy is invested in helping everyone and everything tap its inherent orientation toward growth.

This dedication to developing the potential and effectiveness of every living being, from smallest to largest whole systems, is the hallmark of a regenerative economy. It invites everyone onto a path of evolution, growing their ability to manage increasingly complex relationships in ways that produce wealth and new capacity for all stakeholders. A degraded watershed evolves its ability to integrate increasingly complex biological communities so that the river it feeds can provide healthy, oxygenated water for humans, ecosystems, and eventually the ocean. A business evolves its ability to manage innovation, production, and distribution, and becomes increasingly able to bring products to market that have the power to transform the lives of its customers and its industry. A child evolves toward adulthood by taking on increasingly ambitious and personally resonant challenges, extending her ability to think, collaborate, and express herself in the process.

A path of evolution cannot be predetermined, and thus the invitation to step onto such a path must be made without preconceptions with regard to the speed or

direction of growth. These must be dictated by the living being on the path, in dialogue with its context. After all, for the process to be evolutionary this being must make a meaningful contribution to the future health of its environment, thereby securing a role and a place for itself in this future. This is how the regenerative paradigm addresses the shadow side of the do good paradigm. The good that one sets out to do at a regenerative level is always guided by the perspective, inherent potential, motivation, intention, and drive to contribute of that which one seeks to serve.

A regenerative economy works to realize the potential and grow the wealth generating capacity of every living entity it touches. The focus of such an economy is on the matches among what a living entity has the potential and aspiration to become, the role that this allows it to play within the context of a larger system, and the value that it can therefore contribute.

From a regenerative perspective, the role of social institutions, including economic institutions, is to foster and nurture this living development for all. Although we stress the importance of growing self-determination, we always intend this to be understood as occurring within a context of mutualistic exchange and cooperation, supported by developmental infrastructure. We do not mean to suggest that there is no role for social institutions, but that these institutions need to evaluate their effectiveness based on the degree of self-determination and capacity they have helped to generate.

Working Regeneratively

Although the regenerate life paradigm has since time immemorial been familiar to indigenous peoples, it has only now been rediscovered in the industrialized world and is therefore new to most others. Modern habits of thought, developed and reinforced for centuries, tend to produce in most contemporary cultures a fragmented and abstract view of living processes. These deeply engrained habits

must be unlearned in order to make way for a completely new experience of the world as a living phenomenon.

It takes effort to evolve one's thinking and practices in order to access the regenerate life paradigm at will and then maintain its integrity as one brings it to bear in work. How does one know that one is working at the regenerate level? A practical answer to this question is that one works from the principles that govern living systems. Regeneration is a property of living systems and can only occur within a context of evolutionary dynamism. This means that to lift themselves to the level of the regenerate life paradigm, humans and their institutions must learn to generate a comparable pattern of dynamism, change, and complexity in their thinking.

We have found that the application of all the following first principles of living systems is a good way to help ensure that the mind is operating at the right level.

Seven First Principles of Regeneration

Wholes – experiencing a being as singular, unified, and with a role to play within a larger system, rather than as made up of interconnected parts.

Potential – experiencing something in terms of what inherently it could become and contribute, rather than in terms of its current existence.

Essence – recognizing that each being is different, has its own nature, and will express itself distinctively, rather than lumping things together in generic categories.

Development – bringing forward the essence, potential, and distinctive contribution of a whole being so that it can be more fully manifested.

Nestedness – recognizing that every whole is embedded within other wholes, such that impacts to one level affect all levels and the potential of one contributes to the potential of all.

Nodal – revealing essence-sourced dynamics within a system in a way that allows one to find focused interventions that transform it toward a greater expression of its potential.

Fields – discerning and shaping the source of the qualitative state of something, which either limits or enables the work it could be doing.

These principles can be used to generate images in the mind, which is very different from adopting them as abstract concepts to be manipulated in mental sequences. This is also different from visualization, which has to do with producing mental pictures that illustrate a desired condition. By contrast, imaging is the mental activity of simply seeing things as they are and observing the way they work. These images can then be woven together in order to produce a rich, multi-layered understanding of the livingness of a system.

One of the biggest challenges to learning how to work regeneratively is the assumption that one is *already* working regeneratively. We are aware that for many of our readers, the set of principles described above will be conceptually recognizable and even familiar. Unfortunately, this sense of familiarity can rob them of their disruptive potential. One must break the unconscious habit of resisting the new paradigm by familiarizing it, reinterpreting and appropriating its ideas and language in order to integrate them into old ways of thinking. Getting comfortable is a process that extends the content of one's thought without actually lifting and transforming it.

We acknowledge that surrendering to the power of a living principle, rather than keeping it at arm's length and using it as a tool, may feel alien and uncomfortable at first. Nevertheless, these principles, used skillfully, can undo a lifetime of conditioning if they are applied, regularly and rigorously, to catching oneself whenever one drops below the regenerative level of paradigm. Each time they are used, they must be brought to life (that is, regenerated) by imaging and weaving them together in the context of a specific living system. They must not be turned into a checklist of abstract concepts, which not only robs them of meaning but also

creates the illusion that one is thinking regeneratively, when in fact one is clinging to an older paradigm.

Understanding Levels of Paradigm as a System

In *The Sciences of the Artificial*, Nobel economist Herbert Simon quoted Voltaire, who said, “Better is the enemy of best.” Simon was highlighting the hazard that comes from trying to make systemic change through incremental improvements. Each time one makes something better, there is a built-in tendency to become satisfied with and attached to the improvement. In this way, improvements become barriers to finding radical, disruptive breakthroughs.

The Levels of Paradigm framework carries with it the same hazard, if it is misinterpreted as a list of options that can be applied depending on circumstances. For example, one can move one’s thinking from the value return to the arrest disorder level and immediately experience significant improvements in the scope and wholeness of one’s efforts on the ground. But if one stops there, satisfied by the better results one’s improved thinking has produced, one will inevitably fail to access the transformative change that comes from seeing the world through the regenerate life paradigm.

The regenerate life paradigm allows one to address the intentions that informed the earlier paradigms in a way that is coherent and whole, leaving behind the language, methods, and mindsets that fragment a living world. For example, the value return paradigm has a core intention to enable everyone to contribute something to society and, in return, receive an equitable share of the accrued benefits. But for this intention to be realized, the social system must be designed for this purpose. When instead it is designed to allow the extraction of value, concentrating the accrued benefits into the hands of a few, the system will eventually collapse.

Shifting paradigms, making a profound change in one’s assumptions and ways of thinking, should feel like stepping into a new world. From this new world, the old

ways of framing reality no longer make sense. It becomes possible to see potential that was invisible before and to reconcile conflicts that seemed irreconcilable.

Without adequate consciousness, it can be all too easy to slide backward into an old paradigm, for example pursuing an arrest disorder approach when one had intended to regenerate something. In our experience, this is a common occurrence for many of our peers, who sincerely wish to work on regenerating social and economic systems in order to transform the ways humans inhabit Earth. Without more fully developing their mental capabilities, they inevitably attempt this work using paradigms that are inadequate to the task, inadvertently reinforcing the attitudes and practices that have led us into the current state of crisis.

Substitution of the language and assumptions of a lower paradigm for those of a higher is commonplace. Much current interest, thinking, and experimentation with regard to the next economy has its roots in one of the three lower paradigms. This severely limits the effect of work aimed at reconciling human economic activity with the evolution of life on our planet.

For example, the co-operative, slow money, and peer-to-peer movements are primarily about access to and participation in a value return economy. Doughnut economics seeks to find the sweet spot between reducing social inequity and reducing planetary impacts, making it a good example of an arrest disorder approach. The well-being economies movement seeks to establish a standard of health and well-being that communities and nations can endeavor to live up to, providing an example of a do good approach.

Every one of these efforts is worthy and has made a real contribution to the growing recognition of the need for profound economic change. Most of them have also adopted the language of regeneration, without a full understanding of the underlying principles that distinguish it. We propose that were they to rigorously apply the seven first principles to their efforts, they could become regenerative in their approaches. This application of principles would result in conceiving and committing to new levels of aspiration, rigorously examining and upgrading

language and methods, and generating qualitative measures for the living effects they produce.

The localization movement, as one example, has enormous potential to work from the regenerate life level because of its deep commitment to and understanding of local places. The shift from a generalized belief in the importance of small-scale economies to an appreciation and even reverence for the unique essence of particular places could profoundly increase the transformational impact of these efforts. Places are examples of the whole living beings we spoke of as fundamental to the regenerate life paradigm. They are nested within larger systems, and each has some distinctive role that it could play. When this becomes the starting point for thinking about economic development, communities focus on differentiating themselves, rather than copying one another's best practices. As communities come to define distinctive niches within their economic ecosystems, so do the individuals, businesses, and institutions that make them up. A collective community direction provides a coherent context within which community members can discover and align their own value-generating roles and developmental paths.

By way of another example, the well-being economies movement is sophisticated and embraces a plurality of place-based approaches and solutions. However, it is missing two dimensions that are critical to moving up to the regenerative level, the first of which is *essence-sourced potential*.

Essence serves as a kind of intellectual antidote to the modern tendency to classify, categorize, typecast, and commoditize. It is almost impossible to overstate the extent to which contemporary cultural systems condition their members to sort people, the world, and even personal experience into generic categories. For instance, every time one classifies an acquaintance's behaviors or anxieties with some popular psychological diagnosis, one assumes that something meaningful has been said about them. Yet the underlying lived experience of a singular individual has been lost in the process.

When one sees the universe through the lens of essence, then the singular and particular become the starting point for one's thinking. One first tries to understand and appreciate what makes a living being unique, before even considering the possibility of applying general rules to it. Anchoring to the essence of a place, for instance, allows one to work in ways that are harmonious with its nature and character. It also allows one to discover and then develop its inherent potential based on what it is rather than what one wants it to be. One's relationship to the world changes when one is attuned to the nature and potential of people, their places, and the lifesheds in which they are nested. Instead of imposing one's own will and ideas about how to improve them, one adopts a stance of deep, experientially based co-exploration of their potential.

Learning to discern the essence of things is not a casual undertaking—it requires discipline and a willingness to be reflective. It is not a capability that is widely understood or valued in modern culture, and so for the most part people are not educated in how to do it. Nevertheless, today's economic systems are rooted in centuries of industrial thinking that have placed humans in terrible conflict with the natural world. New, more harmonious systems will need to be designed from entirely different patterns of thinking, and we believe that essence is foundational to these.

With regard to well-being economies, our point is that well-being is a characteristic of individuals (people, communities, institutions, whole places, living systems) and that individuals must be educated and enabled to manifest it. The work of the collective is to grow the capability and the capacity of its members to participate and contribute to the well-being and essence-sourced potential of the whole. They do this through the ongoing development of their own essence-sourced potential.

This leads us to the second critical missing dimension that we believe limits the regenerative potential of the well-being movement, the *developmental imperative*. Given how deeply engrained the tendency toward generalization is in every aspect of modern culture, it takes significant effort to replace it with an approach that

focuses on the unique character of the specific phenomena one is encountering. One must become skillful at managing one's own state and thought processes if one is to counteract one's conditioning. In our experience, such an effort requires both sustained will and a commitment to remaining conscious. This inner development is not easy and it requires support, but there is very little recognition of its centrality to transforming economic systems, and virtually no institutional infrastructure to enable it.

Conventional educational programs are not adequate to the task of building the capabilities needed for a regenerative economy. Such programs emphasize imparting knowledge rather than encouraging self-reflective observation of the structure and source of one's own thinking. This emphasis on knowledge transfer reinforces existing cultural patterns because that is exactly what it is designed to do.

If one seeks to introduce a new, transformative pattern, then one must build an entirely new, *developmental* approach to education, one that grows regenerative literacy across communities. This developmental approach, to be an effective engine for change, needs to be pervasive, showing up in everything from parenting to schools to workplaces to political institutions. This is why we refer to it as a developmental *imperative*. For those whose work is designing new economic systems and instruments, it is imperative to build development of thinking and self-management into every aspect of the process.

This last thought reflects an underlying theory of change—*the most effective way to create change is not by encouraging more and more actions but by building the thinking capabilities that enable discernment about which actions to take*. Without these capabilities, old paradigms are unconsciously dragged into almost everything that people do, severely limiting what they see as possible and desirable. The fastest way to bring profound change to our economies is to interrupt this tendency to think in familiar and comfortable ways. Over and over again, people and institutions need to be invited up to a regenerative way of viewing things. Through repeated

disruption of their patterns, they will begin to transform their thinking processes and, ultimately, the world they are able to image, long for, and create.

Evolving a Practice of Regenerative Economics

To evolve a regenerative theory and practice, thinkers about economic change will need to reign in their dependence on outdated ideas while pushing their thinking into new territory. The developmental imperative particularly applies to this group of change agents, who are as prone as everyone else to collapsing into familiar patterns sourced from unconscious paradigms. In doing so, they unwittingly reinforce the dysfunctional systems they wish to replace.

To counter this tendency, economic change agents can work on the conscious development of four capabilities, within themselves, their organizations, and the larger systems they seek to influence. The first, *dismantling certainty*, has to do with unlearning mental habits that block transformation. The second, *paradigm discernment*, has to do with generating clarity about what's informing one's thoughts and actions. The third, *living systems framework thinking*, has to do with disrupting the mechanistic mental models that drive most decision making, replacing them with processes that reflect the complexity of a living world. The fourth, *self-determined accountability*, has to do with managing one's own mental processes and state of being so that the other three capabilities become possible.

We emphasize the importance of developing consciousness in this process because it is all too easy to rob these capabilities of their meaning and power by making them automatic and habitual rather than using them as instruments for disruption. In each case, the capabilities we've proposed have the inherent ability to interrupt patterned or conventional modes of thought and behavior. But to use them this way, one must cultivate a sustained intention and discipline with regard to observing one's mental processes and then choosing those that are appropriate.

The consciousness-developing dimension of this work can be conceptualized as a dual discipline: forming an image of the person one wants to become *through time* and then monitoring how one's choices affect this intention *in time*. These two practices are sometimes called *self-remembering* and *self-observing*. Using them, as one works to develop the four recommended capabilities will help ensure that they remain alive and meaningful, with the potential to generate profound changes in perception and action.

Finally, we advocate for developing these capabilities within a community of practice. This is because it is too easy to fool oneself that one is being rigorous when it comes to self-examination. In our experience and the experience of countless traditions throughout time, consciousness is best grown in communities of shared commitment.

Dismantling Certainty

It is not easy to unlearn and let go of everything one believes in order to recognize something genuinely new. The default position for most human beings is to cram new ideas into the old, familiar paradigm, regardless of how badly they fit. Then, because they don't fit, one begins to alter the language used to describe them, altering their meanings in the process. We noted earlier that adopting a new paradigm is difficult, life-changing work. But it isn't even possible to begin, if one isn't willing and able to let go of certainty.

We want to pause at this point to make an outrageous proposal to our reader—that *you have failed to understand what we've written*. This is not because the ideas are too difficult, but because you are reading them through the lens of a different paradigm than the one from which they were generated.

To test this, take a few moments to reflect on the experience of reading this paper, or, better yet, reread it with these questions in mind:

- *Did I find myself fitting these ideas into a frame of reference I already know?*

- *Did I uncritically assume that I'm already doing what's being described?*
- *Did I find myself annoyed with the language, wanting to change it to terms that are more familiar and flow more smoothly?*
- *Did I take an idea that was unfamiliar or hard to grasp and move it toward me rather than moving myself toward it?*

If you recognize yourself in one or more of these questions you are not alone. One's paradigm *is* one's reality, and it doesn't release its hold easily. This is why learning to dismantle one's certainties and to make space for a completely unfamiliar reality is a necessary first step in the pursuit of profound change.

Paradigm Discernment

The first step in building the capability of paradigm discernment is waking up to the fact that paradigms exist and have enormous influence on the ways that the world works. Pretty much everything that is dysfunctional about existing economies, everything that one is trying to change, is informed by paradigms that fail to adequately reflect a complex, living reality. How ironic then, that the only ways people know how to work on these problems are derived from the same paradigms. Society is trapped in a self-reinforcing loop that can only be addressed through a shift in paradigm—Einstein's oft-quoted admonition to seek a solution from a different level than the one at which the problem was created.

The next step in building paradigm discernment comes when one applies this realization to assessing the nature of current thinking and planning in the field of economics. One must overcome the tendency to accept at face value the authority of well-established figures and institutions. Instead, one must rigorously examine the level from which their ideas are sourced. If one accepts their initial axioms, then the conclusions they come to make sense. But should these axioms be accepted? What do they reveal about the paradigms that lie behind them? At the same time, one must also overcome the tendency to reject out of hand ideas that are unfamiliar or difficult to grasp. These too should be examined for the paradigms that inform them.

In both cases, comfortable and uncomfortable, the point is to cultivate paradigm awareness.

The third step is to shift from observing paradigms at work in the world and begin proactively to apply this consciousness to oneself, using it throughout the day to upgrade the ways one thinks, works, communicates, and relates. This means cultivating the ability to prepare in advance to work from the appropriate level of paradigm. It means learning to observe and, if need be, alter the paradigms that are shaping one's actions, and to do this in real time. It also means noticing the impacts of one's choices on others, learning to track the effect of paradigms on the will and conscientiousness of individuals, groups, or systems. This will build awareness of the pervasiveness of unconscious paradigms and how easy it is to introduce a carelessly worded thought or question that unintentionally triggers in others a response from a lower level of paradigm than the situation requires.

Living Systems Framework Thinking

A framework is a way of mapping or revealing the underlying structure of a thinking process in order to understand or improve it. To generate or engage with increasingly complex orders of thought that mirror the complexities of a living, evolving world requires correspondingly complex frameworks. The hallmark of a true framework, and what distinguishes it from a mental model, is that it generates questions rather than supplying answers.

Living systems frameworks are specifically designed to enable people to think about the underlying dynamics and energies that give coherence to complex, self-evolving systems. They can be used diagnostically, to understand existing phenomena, or creatively, to enable systems to shift to higher orders of expression. They allow the human mind to manage dynamism and change as living aspects of the world, without the need to atomize or dumb things down.

Used inappropriately, living frameworks can easily be converted to mental models, which are patterned sequences or recipes. As we have pointed out before, generic,

mechanistic thinking is antithetical to understanding living systems. To be used regeneratively, frameworks must be applied to *specific* phenomena, which have been brought to life as images in the mind. This specificity contains the livingness of these phenomena and, when viewed through the lens of a framework, enables profound insight into potential that is present but not manifested. Bringing this potential forward is a defining characteristic of regenerative work.

This is why frameworks are almost always learned within an oral educational tradition, where students have an opportunity to apply them directly to real experience. Like the Japanese martial art of aikido, which cannot be learned from reading a book or watching a video, the art of using living systems frameworks happens in dialogue with others who share a dedicated discipline. Happily, the numbers of people who have developed a strong interest in regenerative practice is growing rapidly around the world, and the opportunities to learn living systems framework thinking are growing as well.

Self-Determined Accountability

It may be apparent that we are proposing a radical departure from economics as usual. To create an economy that works in harmony with the planet will require enabling every participant to become increasingly self-determining and committed to accountability for the systemic effects they produce. It will no longer be acceptable to give away one's authority or responsibility to experts, asking them to do one's thinking and decision making. Experts, in turn, will need to shift their role from supplying answers to resourcing the efforts of others to find their own answers by developing discernment and thinking skills.

One of our colleagues was a pioneer in the application of regenerative thinking to designing change processes for large, complex organizations. He had a saying, "Everything for someone; nothing for the shelf." It was a vivid way of capturing what it means to work specifically rather than generically. His purpose was to help people connect their actions and choices to the real lives that their work would touch.

This meant getting people to do their own thinking, ask their own questions and find their own answers, continually growing themselves in the process. It also meant getting them to set their egos aside so that they could imagine what would make life better for others. And it meant cultivating a culture of open-ended exploration, encouraging the humility needed to start afresh as a beginner in each new situation and letting go of the arrogance that comes with so-called expertise.

It isn't that there is no place for experience or skill in a regenerative economy, but all of this experience must be placed in service to overcoming the comfortable belief that "we already know how to do this." A truly regenerative economy is one where no one is an expert and everyone is using their experience to stretch beyond what they already know and believe. This can be profoundly challenging to one's sense of self and value because modern culture places so much emphasis on certainty and knowledge.

A Developmental Economy

A regenerative economy is a developmental economy. It grows, thrives, and evolves to the extent that all of its participants are becoming increasingly intelligent about how to work within and contribute to the well-being of living systems. With regard to self-determined accountability, this can be a real challenge. It is one thing to say that one should set aside ego and learn to foster the self-determination in every person and system one encounters. It is quite another thing to do it. After all, everything in the existing infrastructures of education, design and engineering, policy, employment, and economic valuation are opposed to this way of conceptualizing social interactions.

For this reason, those who wish to change current economic practices will need to recognize that this is, in the deepest sense possible, a systemic undertaking. Social institutions produce and reinforce the economies that exist, and without shifting these social institutions, one can't shift economies. Developmental economies aren't

possible without developmental cultures and practices. It took generations to first coerce and then to educate populations to fit into industrial economies, a mostly top-down effort that was imposed and reinforced by a host of governmental, educational, social reform, and financial institutions. It will take a better and equally massive educational effort to help people learn how to take charge of and co-create their own regenerative economies, which will work from very different premises and capabilities than the economies that have preceded them.

We believe that the place to start is by cultivating the four capabilities described above within those who have a strong interest and desire to bring the next economy into existence. Each of their efforts, endeavors, and communications should be informed by their own reflective experience of a developmental approach. This will build their understanding that any effort to regenerate an economy should be accompanied by an equal effort to help *everyone* who participates develop their own capacities and capabilities. This broader educational undertaking will ensure that the groundwork for successful economic change is built into each of the projects and initiatives that are designed to produce the new economy.

In Summary

We have written this article for engaged practitioners, people who care deeply about addressing destructive economic impacts on the lives of people and the planet. Our aim is to provide a sound basis from which to explore a regenerative theory and practice of economics. We have proposed several key concepts that we hope will be useful in moving this exploration forward.

First, it is necessary to redefine the meaning of the word economy. We believe that the idea of economy has become debased, robbed of its life-giving intention and replaced by mechanistic and materialistic functionalism. We propose revisiting and regenerating Aristotle's definition, which addressed not only the functional dimensions of economic activity, but also its qualities and larger purposes. Aristotle

reminds us that a healthy economy is grounded in the wise management of households, nested within and contributing to a community and cultural context. With the advent of the space age and growing awareness of planetary dynamics, the idea of the household must now encompass the whole of Earth, and wise management must take into consideration the interrelatedness of all scales of living systems.

A regenerative economy will require a profound shift in the way people see and think about the world. For this reason, we place strong emphasis on the need to adopt a regenerative paradigm informed by living systems principles as the basis for economic designs, decisions, and actions. This implies the need for an extended and pervasive process of education—encompassing institutions responsible for everything from governance to education to business to child-rearing—to enable society to step into and then act from a new paradigm.

Finally, as a focus for this education process, building wealth-generating capacity in human and natural communities requires work on regenerative capabilities, not just equitable distribution of resources. Specifically, it requires dismantling certainty and building paradigm discernment, living systems framework thinking, and self-determined accountability. We propose that the development of these capabilities is the quickest and most effective way to create the conditions for transformation of economic systems. It is also the most democratic way to enroll communities in shaping their own economic destinies.