Towards an Integral Economy and Integral Society: Introduction¹

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We can assume that global challenges in the context of a knowledge society require such radical changes in thinking and behaviour of individuals and societies, as probably never before in the human history – which means learning in the broadest sense. Due to the complexity of these interrelated problems and threats in the globalised world, an integral, holistic and systemic knowledge base is urgently needed. We need a new, integral paradigm (the picture below talks by itself) that can more successfully support our considerations, action plans and their implementation.

Our world is so confusing

Irmeli Halinen: CURRICULUM DESIGN: LESSONS FROM FINLAND

¹ I would like to express a special gratitude to Prof. Ronnie Lessem and Dr. Alexander Schieffer for their continuing guidance and support in my tapping into the world of Integral Economics, and for giving me the permission to use their texts and presentations.

This is an upgraded version of the text prepared for the Integral Economy and Integral Society Workstream at the Conference Trust and Integrity in the Global Economy (TIGE 2012). Creating an integral economy through transformational change, Initiatives of Change, Caux, Switzerland, 17 – 23 July 2012, organised by Initiatives of Change (IofC). Many thanks go to the Conference Team led by Mohan Bhagwandas and the Workstream participants who made our Integral Journey happen and thus enable us to acquire precious experiences for future work within the Integral Framework.
It is obvious that we have to search for a comprehensive theory (or a new paradigm) that can provide convincing explanations of, for example, successful sustainable practices, and reliable guidance in developing new models of inclusive green economy (in various contexts, on different levels, in diverse cultures). Inevitably, this theory has to be transcultural and transdisciplinary - integrating knowledge from various social sciences and humanities (like philosophy, sociology, anthropology, economics...) as well as wisdom and experiences from different cultural contexts on global level.

This is a very complex task.

A possible framework for this global learning project is offered by the transformative integral approach, guided by humanism and holism and constructed by Ronnie Lessem and Alexander Schieffer. The four research-to-innovation paths to Integral Innovation in society and economy include Southern Relational Path (Community Building – Healing the Planet), Eastern Path of Renewal (Conscious Evolution – Peaceful Co-evolution of Peoples), Northern Path of Reason (Knowledge Creation – Open Society), and Western Path of Realization (Sustainable Development – Economic Opportunity). Creative synthesis between cultures and between local (indigenous) wisdom and global (exogenous) knowledge is one of the cornerstones of this transcultural approach, the others being: fusing one discipline with another (transdisciplinarity), the individual with the community and the past with the future.

**Integral Economics in brief**

According to the Integral Approach proposed by Ronnie Lessem and Alexander Schieffer, every social system needs to find, in order to be and stay sustainable, a dynamic balance between its four mutually reinforcing and interdependent ‘worlds’ and its ‘center’. In other words, a living social system consists of:

- **Center: the realm of religion and humanity**
- **South: the realm of nature and community** (the mode of doing, associated with the philosophical approach of humanism)
- **East: the realm of culture and spirituality** (becoming – holism)
- **North: the realm of science and technology** (knowing – rationalism)
- **West: the realm of finance and enterprise** (doing – pragmatism)

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2 Suggested materials for introduction into the Integral Theory:

The same then applies to a sustainable approach to economics. An Integral Economy comprises as well of four ‘worlds’ and a center, articulated as:

- **Center**: Moral Economic Source, founded in religion and humanity
- **South**: Self-sufficient Economy, founded in nature and community
- **East**: Developmental Economy, founded in culture and spirituality
- **North**: Social Economy, founded in science and technology
- **West**: Living Economy, founded in finance and enterprise

With the help of this model, Lessem and Schieffer classified the series of new economic thinking and practice, related to and building on nature and community, culture and spirituality, science and technology, and different ways of looking at finance and enterprise.

They were surprised about the wealth of thinking and practice we can find in the world; the biggest surprise of all was the wealth of economic thinking to be found at the center, which led to the articulation of - what they call - a moral economic core. Such a moral economic core is related to the innermost value base to be found in each society and is either related to religion and/or secular, humanist articulation of such a value base.
A real wealth of functioning alternative economic models that exist around the globe in all main world cultures, has been collected, described and analysed by Prof. Ronnie Lessem and Dr. Alexander Schieffer. The Grameen banking group in Bangladesh, established by the Nobel Prize Winner Muhammad Yunus, the Sarvodaya Shramadana Movement (grassroots organization) in Sri Lanka, Mondragon Corporation – Cooperative in Basque country, the Sekem community enterprise in Egypt, founded by Ibrahim Abouleish, the winner of Alternative Nobel Prize, the Canon corporation in Japan, Cradle to Cradle (C2C) Concept, eco communes, Global Alliance for Banking on Values (GABV) and Triodos Bank, sustainable enterprises (such as the U.S. modular carpet manufacturer Interface), the concept of a steady state economy, and several others ... these models are economically successful (many already for decades), socially equitable and environmentally responsible. In the light of the Rio+20 Summit, they could be regarded as living, successfully operating examples of inclusive green economy.

Sekem, Grameen, Canon, Mondragon, Interface and Sarvodaya are the most representative cases for each of the Four Worlds and the moral economic core. Each of these cases is completely different in the sense that Mondragon remains archetypically Northern despite Western, Eastern, and Southern elements, while Sarvodaya remains archetypically Eastern despite involving Northern, Southern, and Western traits. The originality of each initiative is that both remain contextually

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3 Most of these models are included in the material INTEGRAL ECONOMY AND INTEGRAL SOCIETY: USEFUL LINKS.
rooted and take crucial elements from other moral economic cores and other economic wisdom paths.

The Transformational Integral Paths

The Integral Approach enables us to reframe economics in a way that it accommodates nature and culture, science and enterprise, across the whole world. The transformational paths that can support the renewal of society and economy are described by Lessem and Schieffer (2010b) as the four research-to-innovation paths to Integral Innovation, which include:

- Southern Relational Path (Community Building – Healing the Planet),
- Eastern Path of Renewal (Conscious Evolution – Peaceful Co-evolution of Peoples),
- Northern Path of Reason (Knowledge Creation – Open Society), and
- Western Path of Realization (Sustainable Development – Economic Opportunity).

According to the authors: based on the theoretical and methodological synthesis of the four research-to-innovation paths, transpersonal and ultimately transformational learning processes can and should be designed to redress states of local and global imbalance on an organizational, communal, and societal scale.

Practical cases demonstrate that almost all societies hold locally relevant impulses for economic renewal, on which we can build. In an attempt to provide further guidance to local developmental agents, Lessem and Schieffer defined five critical success factors:

1. Implement an Integral Economic Laboratory as a local Catalyst. Its task is to contribute to an integral understanding of economics and to engage itself with the rich diversity of economic theory and practice from all over the world (using the Integral Economic Map). It articulates the particular economic challenges of the specific society it is based in, and it needs to be interlinked with other similar laboratories from all over the world, to stimulate cross-fertilization.
2. Focus on a real Burning Issue and Decide on the most relevant of the four Realms to start with.
3. Maintain Interconnected Focus: The economy does not work mechanically and in linear fashion, but resembles a highly complex living system. Any approach towards economic renewal requires us to build and navigate within an interconnected web of macro and micro, local and global, individual and communal, academic and practical, elements.
4. Build an Economic Ecosystem: It is recommended to build communities of co-creators around burning issues, communities that form innovation ecosystems. These communities should be built up so that they form innovation ecosystems, providing the necessary ‘support structure’ for social and economic transformation.

Integral Approach in national policy planning

“Integral Four Worlds and the Center Framework”, as a new paradigm for social research and innovation on different levels, has already been partially applied in the process of developing the strategy for the transition of Slovenia to a low-carbon society, as described by Dr. Darja Piciga, co-author of the strategy. Draft Strategy for the Transition of Slovenia to a Low-Carbon Society by

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4 Available at: http://www.dpiciga.com/trajno1.html
2050, submitted in September 2011 by the Government Office of Climate Change to public consultation, proposes the vision of Slovenia in 2050 as a highly integrated and inclusive society with an excellent business sector and a high quality of life, space and natural environment. The holistic feature of the Slovenian Low-Carbon Strategy is the result of several integrative processes in general policy planning and implementation as well as in relevant sectoral and cross-sectoral policies during the past decade – linked to the strategic and programming exercises on EU (e.g. Lisbon strategy, EU 2020 strategy) and international levels (e.g. OECD Green Growth Strategy, as an example of Western approach). Two approaches are especially promising for the enforcement of integral policy planning, namely the scenario planning exercise in 2008 (as an example of a Southern approach – story telling) and the application of the International Futures (IFs) model in the project Slovenia – A Low Carbon Society (as a scientifically based Northern methodology). In the participatory process of building the strategy, the holistic and systemic character of the process, in line with the principles of sustainable development, as well as the five constitutive elements of the new Integral Approach were carefully nurtured.

The further process of building the Low-Carbon Strategy as a substantial part of the Slovenia’s Developmental Strategy would include setting out, and facilitating, supported by Ronnie Lessem and Alexander Schieffer, the four paths to research and innovation that underlie the strategy. In Ronnie’s and Alexander’s words: “This development would establish Slovenia as a model in the process of creating a more resilient global economic system, giving intrinsic value to cultural diversity and rediscovering the spiritual and moral economic core, from which our economic systems have been detached.” This project would, by all means, contribute to the obvious and desperate need to revisit the European Economic Formula.

**Integral Approach and Sustainable Development**

*Our vision for the future is of a region that embraces common values of solidarity, equality and mutual respect between people, countries and generations. It is a region characterized by sustainable development, including economic vitality, justice, social cohesion, environmental protection and the sustainable management of natural resources, so as to meet the needs of the present generation without compromising the ability of future generations to meet their needs.⁵*

The Rio Outcome Document, adopted at the recent UN Conference on Sustainable Development (Rio de Janeiro, June 13 – 23), leaves us deeply concerned about the present global situation. Agreements reached in Rio de Janeiro are not sufficient to change the trajectory of unsustainable development in the direction of a green and inclusive transition. Further endeavours of individual countries, communities and organisations, with participation of all stakeholders, are urgently needed. They can be supported by a more integral, holistic approach in policy planning and education, imposed by the complexity and interrelatedness of the challenges humanity is facing today. In continuous striving for a sustainable (and the only viable) future, also building on “levers” in the Rio+20 Outcome Document, it would be wise to apply the transdisciplinary and transcultural theoretical framework. We could, for example, reflect on the Lessem’s and Schieffer’s Integral Theory from different Rio+20 perspectives:

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In the light of several reports and forums that called for more integrated approaches in coping with urgent and future environmental economic and social challenges (e.g. UNEP’s GEO5 or European Report on Development).

From the point of view of civil society – for example thousands of NGOs, institutions and individuals that have signed the petition calling Rio+20 "The Future We Don't Want".

To help companies and financial institutions to support the transition to a green economy and, as required by several Rio+20 actors (in this context, Greenpeace even declared war on the finance sector to make it to stop funding the destructive fossil-fuel industry).

To assist local, regional and national authorities in sustainable, integrated cross-sectoral policy planning.

Application of the Integral Approach in envisaged projects of the 10-year global sustainability research initiative called Future Earth, a platform to coordinate interdisciplinary studies, launched at the Forum on Science, Technology and Innovation for Sustainable Development, a five-day session held ahead of the main event, attended by around 500 scientists from 75 countries.

Possible contribution for achieving a new Social Contract, called for by leading international thinkers - Prof. Ignacy Sachs, Mr. Achim Steiner (UNEP), Mr. Carlos Lopes (UNITAR), Dr. Rajendra Pachauri (IPCC), and others, at a high level panel convened by UNITAR and the Ethos Institute on 23 June, one day after the Rio+20 Conference.

The all-encompassing integral theory can provide a common platform for integrating actions and reflections of different stakeholders. It can be further argued that in looking for solutions that would give best results in developing countries one should not only think about transferring and adapting concepts and practices from Western or Northern cultures to developing countries but rather about integration that leads to transformative action. This thesis is supported by practical examples of alternative models of development, stated above, that are economically successful (many already for decades), socially equitable and environmentally responsible.

**Integral Economy and Education for Sustainable Development (ESD)**

Several principles of the Education for Sustainable Development (ESD) (UNECE, 2005) could be efficiently implemented through Integral Four Worlds and the Center Approach, supporting a holistic, transformative, transcultural learning process. The development of a sustainable society is per se seen as a continuous learning process, where appropriate answers and solutions may change as our experience increases (EAST – developmental perspective). Addressing the ethical dimension is central to sustainable development and, therefore, vital for ESD. Addressing divers themes in ESD requires a holistic approach, and to acquire systemic thinking is among the principal goals of ESD. As are valuing and conserving traditional knowledge and, at the same time, respect for and understanding of different cultures and embracing contributions from them. Etc.

However, while the ESD concept addresses explicitly all three pillars of sustainable development, the practical implementation of ESD in the UNECE region is still very much focused on the environmental pillar. The second national implementation reporting, conducted in 2010, showed that the environmental component of sustainable development still largely prevails. As in phase I of the implementation of the Strategy, the least attention is given to the economic component of sustainable development; in particular, little attention is given to the issues of corporate social responsibility and rural/urban development. According to the UNECE working document,
embracing the economic component of ESD might prove to be necessary to foster the transition to a green economy in the region.

A conceptual model, inherently linking all dimensions of sustainable development, connecting them to the moral economic (and societal) core, and explained through a series of successful, culturally embedded economic models – as the Integral Approach by Lessem and Shieffer does - could represent an effective learning tool in this respect. It could also help to upgrade the existing collections of good sustainable practices and learning materials to encompass all relevant dimension of social and economic innovation.

Integral Economics for enriching the economic thinking

As the education, research and sustainable policy specialist from Slovenia I have chosen various starting points for the journey towards the Integral World, connected to my fields of expertise. For an economist, the obvious point of departure would be to ask himself/herself about the weaknesses of the mainstream economic theory and approach. Why is the present macroeconomic system such a failure for the global society? Possible answer is in Appendix 1.

After disastrous results of unsustainable economic policies globally and the shocking disclosure of mechanisms of neoliberalism by several distinguished economists, we can ask the following key questions:

1. Do we have any alternative or do we have to agree with Margaret Thatcher: “There Is No Alternative (TINA) to the current capitalist economic system”? And, secondly:

2. If there is an alternative (or even more than one), what are the promising paths to develop socially equitable, economically prosperous and environmentally friendly model(s)?

As evident from the previous text, the answer to the first question is positive: Yes, there is an alternative. And not only that: we have several alternatives. A real wealth of functioning alternative economic models, described and analysed in the volume Integral Economics, represent alternatives to the mainstream liberal capitalism as well as to communist model(s) which have largely failed in providing a sustainable and fair model of development.

What about the second question? Which model is the most promising, what kind of path should we follow? The answer to this question is not so simple. According to Lessem and Schieffer, we have to design our own transformational path, ”equipped” with the integrated knowledge and wisdom, briefly presented above and summarised in materials suggested for introductory reading. Excerpts from the review by Christian Arnsperger, in Appendix 2, provide another perspective to help the reader in these introductory steps.

For a more informed and thorough search, the reader is suggested to explore the original volumes by Lessem and Schieffer, developed in TRANS4M Four World Center for Social Innovation in Geneva.

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6 In case we are sceptical about the picture of neoliberalism in the bestseller The Shock Doctrine – The Rise of Disaster Capitalism by Naomi Klein, we can explore the scientific references, cited in Wikipedia (Liberalism – Opposition).
Appendix 1

“... This macro-economic system is failing us to such a degree that we are collectively called upon to seek a more viable alternative. To those who claim that the existing system still works and may only have to be tweaked a bit here and there, we argue that it only works for an elite few, and that the time has come for us to develop an economic system that works for all of us and for the planet. We regard such a system as a crucial prerequisite for our collective survival. Our painful observation had been, that after the demise of communism we were caught in one economic world – capitalism – and with it in one particular western – or, better, Anglo-Saxon – frame of mind. Muhammad Yunus once commented that mainstream free market theory suffers from a conceptualization failure, a failure to capture the essence of what it is to be human. And indeed this was what some of Britain’s leading economists – among them Geoffrey Hodgson, Paul Ormerod and Bridget Rosewell – admitted in an open letter to the Queen of England in August 2009, after the Queen had publicly posed the question, why economists had not foreseen the financial and economic crisis the world was facing. The following excerpt from their letter is most illuminating.

‘We believe that the narrow training of economists – which concentrates on mathematical techniques and the building of empirically uncontrolled formal models – has been a major reason for this failure in our profession. This defect is enhanced by the pursuit of mathematical technique for its own sake in many leading academic journals and departments of economics. There is a species of judgment, attainable through immersion in a literature or a history that cannot be adequately expressed in formal mathematical models. It’s an essential part of a serious education in economics, but has been stripped out of most leading graduate programs in economics in the world, including in the leading economics departments in the United Kingdom. Models and techniques are important. But given the complexity of the global economy, what is needed is a broader range of models and techniques governed by a far greater respect for substance, and much more attention to historical, institutional, psychological and other highly relevant factors ... As trained economists and United Kingdom citizens we have warned of these problems that beset our profession. Unfortunately, at present, we find ourselves in a minority.”

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7 Website: http://www.trans-4-m.com/
THE FOUR WORLDS OR PATHS

“The four worlds or paths that make up the landscape of economic wisdom, according to Lessem and Schieffer, are: (1) the pragmatic Western path of realization and “doing,” which emphasizes finance, management, and enterprise, and potentially opens into a “living economy” centered around the private sector; (2) the rationalistic Northern path of reason and “knowing,” which emphasizes science and technology, and potentially opens into a “social economy” centered around the public sector; (3) the holistic Eastern path of renewal and “becoming,” which emphasizes culture, spirituality, and consciousness, and potentially opens into a “developmental economy” centered around the civic sector; and (4) the humanistic Southern path of relationality and “being,” which emphasizes nature and community, and potentially opens into a self-sufficiency economy centered around the environmental sector.

These are, of course, ideal types, since in many Southern or Eastern areas there has already been an invasion of Western traits, while in all Northern and Western regions there are, even today, remnants and revivals of Southern and Eastern characteristics.”

ALL DIFFERENT, ALL EQUAL. TINA

“What is eminently integral about their method is that they carefully stay away from ideological stalemates. None of these four paths or worlds is taken to be in any way superior, in all dimensions, to any of the others. What is problematic is that one of the paths – namely, the Western path of private enterprise and finance – has effectively silenced the others and deprived them of a distinctive voice on the global scene. Consequently, the overwhelming majority of official and academic discourse is skewed towards a small subset of the Western tradition of economic thought that, very interestingly, the authors show to be itself much richer and more varied than what orthodox economists are teaching today. The widespread claim that “There Is No Alternative” (TINA) to private-capital driven trade and finance globalization, infamously put forward by Margaret Thatcher in the 1980s, is based on a stark form of cultural and spiritual reductionism.”

RICH HERITAGE OF HUMANITY IN ECONOMIC THOUGHT AND ACTION

“The journey through this vast landscape is both dizzying and exhilarating. The reader is hit with the realization of how wealthy humanity’s heritage actually is when it comes to resources for economic thought and action. We are initiated into such diverse currents as Mfuniselwa Bhengu’s African economic humanism, Vandana Shiva’s eco-feminist “Earth democracy movement,” Veronika Bennholt-Thomsen’s and Maria Mies’s “subsistence economics,” Muhammad Yunus’s “social business” current, Richard Norgaard’s “co-evolutionary economics” and the whole approach of ecological economics, E. F. Schumacher’s Buddhist economics rooted in the “Small Is Beautiful” principle, the school of associative economics influenced by such diverse minds as Rudolf Steiner and Christopher Houghton Budd, the Japanese Kyosei philosophy of sound business management, Mark Lutz’s and Kenneth Lux’s “humanistic economics,” the newly arising stream of network and complexity economics championed by thinkers such as Manuel Castells and Eric Beinhocker, the “open society” economics inherited from Karl Popper and put forth by Amartya Sen in academia and George Soros in the financial world, the Mondragon philosophy of cooperative economics rooted in Catholic personalism, the “new economics” emerging today from such diverse minds as Hazel Henderson, Manfred Max-Neef, Herman Daly, James Robertson, or Susan George, and which stresses sustainability and stationarity, the economics of new wealth and money developed by Riane Eisler, David Korten and Bernard Lietaer, who stress the importance of Jungian archetypes and also of the Chinese yin-yang process, and the “sustainable enterprise” movement promoted by people such as Ray Anderson and Paul Hawken.”
"Lessem and Schieffer offer several concrete examples throughout the book of how the Path GENE and the Four World GENE processes, combined with the IUS process, can make organizations more integral. These examples are the Sekem community enterprise in Egypt (chapter 4), the Grameen banking group in Bangladesh (chapter 8), the Canon corporation in Japan (chapter 12), the Mondragon cooperative group in Spain (chapter 16), the U.S. modular carpet manufacturer Interface (chapter 20), and the Sarvodaya grassroots organization in Sri Lanka (epilogue). Each of these cases is, obviously, completely different in the sense that Mondragon remains archetypically Northern despite Western, Eastern, and Southern elements, while Sarvodaya remains archetypically Eastern despite involving Northern, Southern, and Western traits. The originality of each initiative is that it both remains contextually rooted and takes crucial elements from other moral economic cores and other economic wisdom paths. Each is integral in its own specific, culturally rooted, and problem-driven way.”