



Is Consciousness the Missing Link?

(ongoing work)

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Disclaimer: These are my own views and not necessarily those of the Deutsche Bundesbank or the ESCB.





Einstein: *“No problem can be solved from the same mindset that created it.”*

What are the shocks we are seeing?

- Perhaps best characterized as „**metacrisis**“ (Esbjörn-Hargens and Hedlund 2023).
 - Multiple crises (external and internal), including an ethical crisis, an existential crisis, one of perception / sensemaking; overlapping and intertwined
- Many suggest that the **metacrisis might be related to our minds / consciousness / values / worldviews** (e.g. Capra and Luisi 2014, Wilber 2001a, Carney 2021)
 - ...something I will explore ... specifically **consciousness, defined as awareness of reality including of who we are.**
- Are we willing to open up to **a larger framework** („metatheory“), **other disciplines** and ask ourselves **existential questions?**
- Implications for economics?

Values and the self

- Recent suggestion to re-consider **ethical values** in economics to re-align (economic) value and (ethical) values (Mazzucato 2018, Carney 2021).
- How are values grounded? Normative or positive? Universal? Why would people live according to values?
- **Values need to be deeply anchored in people's (body-)minds.** Otherwise, morals „*can change as easily as table manners*“ in difficult times. → People need a dialogue with themselves and be true to themselves. „**[T]he benchmark is the self.**“ (Ahrendt 1965).
- **What is the self?**
- Evidence from two large, consilient frameworks
 - **Integral framework (Wilber 2001b)**, based on wisdom traditions (reported experience), psychology
 - **InterPersonal NeuroBiology (IPNB) framework (Siegel 2020, 2022)**, based on psychology, neuroscience, systems theory, physics

The essence from the Integral and the IPNB frameworks

First realm of reality (Newtonian worldview)

We identify with the **separate self**.

About **survival / adjustment** to the outer world.

- There is a world „out there“, that we can observe with our five senses.
- Focus on material objects, behaviour etc.
- Causal, mechanical interaction, predictability (and fear of uncertainty).
- Feelings of separation and scarcity.

(Newtonian physics, Default Mode Network (DMN) in nervous system)

From a developmental perspective, associated with first half of life (Jung).

Flatland (Wilber) / **flat values** (Carney 2020)

Second realm of reality (new emerging worldview?)

We identify with the **extended** or **integral self**.

Being / existential levels.

- There is a „field“ from which everything arises, which is potential and identical to all.
- In the field we realize connectedness, compassion, timelessness, vitality, meaning, freedom, free will, creativity, abundance, wholeness, autonomy, unpredictability etc.
- Access of the field with **awareness**.

(Inactive DMN, systems theory, quantum physics)

Associated with the second half of life.

Values = who we realize we are. Universal, timeless. We can exercise free will and live according to values, regardless of the circumstances.

Systemic issues in economics

- **The economic system is a reflection of the first realm of reality.**
 - Key narrative: „separate individuals maximize their own material well-being and compete with others for scarce resources“
 - No direction of change.
- **Negative feedback loop between our minds (consciousness) and markets.**
 - Markets keep us stuck in the first realm, among others, through incoherent narratives, which get wired in our brain, become our beliefs and identity.
 - Markets don't work well with limited consciousness. → „Externalities“, other market failures, or an outcome that does not reflect who we are (e.g. Akerlof and Shiller 2016, Thaler and Sunstein 2008).
- **The economic system is not open to its environment** (i.e. other systems such as nature, health etc.).
 - A complex, living (self-organizing) system needs to be both closed (to handle complexity) and open (to survive).
 - Openness involves the mind. It needs a *sensing* of the environment so that the system and its environment can *co-emerge* (Varela et al. 1991, Capra and Luisi 2014).

Way ahead

- Proposal: **Realize consciousness as a coordination mechanism**, in addition to markets and governments (Scharmer and Kaufer 2013) ... with implications for:
 - goals in economics; leadership / organizations; communication; the way we deal with uncertainty, the unconscious; prediction; how the economy relates to its environment; research etc.
- Satisfies criteria for a successful policy paradigm:
 - Roots economics back into (a larger) reality. Consistent with the direction of change and people's (actual and potential) mindsets.
 - Markets work better (and as we tell other narratives, we stop negative feedback loop).
 - Consciousness development unfolds by itself if left undisturbed.
- Other advantages:
 - Address crises jointly and, hence, more effectively.
 - Mindset is the most effective leverage point in a system (Meadows 1999, O'Brien 2021).
 - Consciously shape change rather than react to crises.
 - Outer change sustained by inner change.
 - Contribute to people's freedom and well-being and peace in the world.

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