

THE CHANNEL KEEPS IT · CHAPTER FOUR

Reciprocity Is a Root System

Chapter Four of The Channel Keeps It

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Santa Anna, A. (2026). Reciprocity Is a Root System. In The Channel Keeps It (ch. 4). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989030
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Published by Luminous Prosperity Inc. for Haute Lumière. Author ORCID 0009-0008-3244-0306.

DOI 10.5281/zenodo.23989030 · this record's page: business.hautelumiere.life/library/the-channel-keeps-it/04-reciprocity-is-a-root-system/

Please cite as: Santa Anna, A. (2026). Reciprocity Is a Root System. In The Channel Keeps It (ch. 4). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989030

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ABSTRACT

In a shared office kitchen, beside the kettle, there is a glass jar with a handwritten label: Coffee fund, £1 a cup . This is a composite, the kind of jar that stands in thousands of kitchens, and its life follows a familiar course. For the first weeks it fills. Then someone notices that it fills more slowly than the coffee goes. A second note appears, sharper than the first. One person starts paying for two cups to make up the gap, and after a while stops. By the third month the jar holds a few coins and a paper clip, and the person who started it buys the coffee alone, or stops buying it. Nothing in that story is about coffee. It is about a small economy of trust, the people who fed it, the few who did not, and the way the whole thing came apart once the contributors saw that their giving was not being returned. Economists have built this jar in the laboratory hundreds of times, and what they found is the subject of this chapter.

CHAPTER FOUR

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HAUTE LUMIÈRE · THE CHANNEL KEEPS IT · CHAPTER FOUR

The jar by the kettle

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second note appears, sharper than the first. One person starts paying for two cups to make up the gap, and after a while stops. By the third month the jar holds a few coins and a paper clip, and the person who started it buys the coffee alone, or stops buying it.

Nothing in that story is about coffee. It is about a small economy of trust, the people who fed it, the few who did not, and the way the whole thing came apart once the contributors saw that their giving was not being returned. Economists have built this jar in the laboratory hundreds of times, and what they found is the subject of this chapter.

The two chapters before this traced the gift from Mauss to Akerlof and through the evidence of where it fails. This one reads it as the house reads every economic idea: as a living system. The claim is that reciprocity behaves less like a virtue that some people have and more like an organ that a group has, with its own way of growing, of defending itself and of failing, and that a leader who reads it that way can tend it.

Most people return trust

In 1995 Joyce Berg, John Dickhaut and Kevin McCabe published a simple game that became one of the most repeated experiments in economics.[18] One person, the sender, is given ten dollars and can send any part of it to a second person, the receiver, whom they will never meet. Whatever is sent is tripled. The receiver then decides how much, if anything, to send back. Both play anonymously, and the design was built so that not even the experimenters could tell who had done what.

Standard theory predicts that nothing is sent. A self-interested receiver keeps everything, and a sender who knows it sends nothing. In the experiment, nearly all senders sent something, and many receivers sent something back. Trust was offered and, unevenly, honoured. It was not reliably profitable: what came back varied widely, and a sender could not count on recovering what she had risked. That is the condition under which trust means anything.

Ernst Fehr, at the University of Zurich, spent the following decade asking who returns trust and why. With Simon Gächter, in a 2000 review in the *Journal of Economic Perspectives*, he set out the pattern that had emerged across many experiments.[19] A large share of people, often a majority, behave as conditional cooperators: they contribute to a shared good if others do, and withdraw if others do not. A minority behave selfishly whatever others do. The mix matters more than any individual.

That is the coffee jar exactly. The conditional cooperators fill it. The few free riders do not. The conditional cooperators watch the jar, see that their contributions are not being matched, and withdraw. The collapse is not a failure of their generosity. It is their reciprocity working as designed.

In 2001 Joseph Henrich and a team including Fehr, Samuel Bowles and Colin Camerer took related games to fifteen small-scale societies, from foragers to herders to small farmers.[20] The offers people made varied far more between societies than they did in university samples, and the variation tracked how much daily

life in each society depended on cooperating beyond the household and on trading in markets. Reciprocity, on this evidence, is universal and local at once: every group has it, and every group has its own setting.

The immune system

There was one more finding, and it is the one that changes the picture. In 2002 Fehr and Gächter ran public-goods games, the laboratory version of the coffee jar, with and without the option to punish.[21] Groups contributed to a common pot; after each round, in some conditions, players could pay a small amount of their own money to reduce the earnings of others. The groups were reshuffled so that nobody would meet the same person again; punishing could bring the punisher no future benefit.

People punished anyway. They paid to fine free riders, and the paper reports that negative emotions toward free riders drove the punishment. Where punishment was possible, cooperation rose and held. Where it was not, cooperation decayed round by round, as the jar empties. Fehr and Gächter called this altruistic punishment: costly to the person doing it, and beneficial to the group.

A year later, with Urs Fischbacher, Fehr set the findings in a review for *Nature*.[22] Human cooperation among strangers, they argued, rests on two kinds of reciprocity together: the willingness to reward cooperation and the willingness to sanction its absence, even at a cost and with no prospect of return.

In the Luminous 100, the house's reading of a hundred and three management frameworks, Ammanuel Santa Anna's upgrade of Patrick Lencioni's *Five Dysfunctions of a Team* turns the model's pyramid of failures into a body. "Living-systems awareness inverts the pyramid from five dysfunctions to five living capacities," he writes, and then names them: "Trust becomes the root system, Healthy Conflict becomes the immune system, Commitment becomes the skeletal system, Accountability becomes the nervous system, and Results-focus becomes the metabolic system."

Read beside Fehr's experiments, the metaphor is closer to the evidence than it first looks. Trust is underground, slow to grow, and everything above depends on it. Healthy conflict, the willingness to name the free rider and bear the cost of naming, is what keeps the root system from being eaten. A team with trust and no immune system is the coffee jar in month three: generous people withdrawing quietly because nobody would say what everyone could see. A team with an immune system and no trust is a team of fines.

Three features of a living exchange

Ecstatic Economics, surveying cooperatives, commons, community currencies and steward-owned firms, names a pattern that all its working examples share. It is worth quoting in full, because it is the house's theory of why reciprocity holds in some places and not in others:

> *1. Restored feedback loops. Extractive economics systematically severs the connection between economic action and embodied consequence. Every ecstatic alternative restores that connection — making the impact of economic decisions visible, felt, and somatically real.*

The second feature, in the book's words: "Every ecstatic alternative organizes exchange between related beings through embodied mechanisms (trust, reciprocity, shared governance, direct relationship)." The third is distributed agency, power spread to the people who carry the consequences.

Set these against the laboratory. Fehr's conditional cooperators need to see what others contribute: that is the feedback loop. Their cooperation holds better when they can act on what they see: that is agency, and in the punishment games, the only agency available was a fine. And the cooperation that held in Henrich's fifteen societies held best where daily life already made people depend on each other: that is relationship.

The house's lens adds something the experiments, by design, leave out. In the laboratory, players are strangers, rounds are short, and the only tools are contribution and sanction. In a living system, the feedback can be warm as well as punitive, the relationship is long, and the immune response can be a conversation rather than a fine. *Ecstatic Economics* puts the stakes in one sentence: "economic exchange at its best is not a transaction between isolated agents. It is a relational event between nervous systems." The experiments isolate the agents in order to measure them. A firm does not have to.

The book makes the organisational version explicit in its account of self-managing firms. Where supervision and constant monitoring are replaced by trust and clear purpose, it says, "This is the gift economy principle applied to organizational life: trust circulates, and where trust circulates, value flows." The same passage adds its own caveat in the next breath, and it is the right one: such arrangements require "a level of emotional maturity, conflict resolution capacity, and mutual accountability that many organizations — and many individuals — have not yet developed." Root system and immune system, again, and the book does not pretend one can stand without the other.

A flow, not a stock

The living-systems reading has one more consequence, and it concerns time. An economist measuring reciprocity counts what came back in a round. A gardener measures it over a season. The difference is the difference between a stock and a flow.

Santa Anna's unpublished *Spiritual Abundance* series makes the point about gift circles in plain terms. A working gift economy, it says, does not balance in each exchange: "The system balances across time and throughout the entire community rather than in each isolated transaction." That sentence is a design specification. It says that a reciprocal system has to be read at the level of the whole and across a long enough period, and that a leader who audits each exchange for balance will see imbalance everywhere and conclude, wrongly, that the system is failing.

The Developmental Canon, his larger body of teaching, applies the same idea to a person's own giving. Discussing a foundation funded by a share of revenue, it describes the loop as the teaching made real: "The chapter teaches reciprocity. The foundation enacts it." And of the yearly practice of giving a share of income to a scholarship, a peer or a stranger, it says: "Do this not as charity but as ecology." Ecology is the exact word. In a forest, nothing is repaid to its source. What one tree sheds feeds soil that feeds roots that are not its own. The forest balances as a whole and over years. No single tree is in credit.

This reading changes what counts as a free rider. In a short game, a player who takes without giving is one. In a living system, a new member who receives a great deal in her first year, and gives a great deal in her fifth, is not; she is a sapling. A leader who cannot tell the two apart will either tolerate real free riding out of generosity or punish saplings out of vigilance. The tool at the end of this chapter is built to make the difference visible.

What the lens can and cannot claim

A metaphor is not a measurement, and the house's reading should be held to the same standard as the economists'. Calling trust a root system does not tell a leader how deep the roots are in her team, or how long they took to grow, or how fast they would die if cut. Calling healthy conflict an immune system does not say which sanctions heal and which become autoimmune, attacking the generous along with the free riders. When Benedikt Herrmann, Christian Thöni and Simon Gächter ran punishment games in sixteen cities in 2008, they found that in some places players also punished the cooperators, a pattern the authors called antisocial punishment, and that where this happened, cooperation suffered.[23] That is the laboratory's version of an immune system turned on its host.

What the lens does claim is narrower and testable. It claims that reciprocity should be read at the level of the group rather than the individual, which is what the conditional-cooperation findings show. It claims that a reciprocal system needs both nourishment and defence, which is what the punishment experiments show. And it claims that the system is best read over seasons rather than rounds, which the laboratory, built on short games, cannot yet show and does not contradict.

There is one strand of evidence that bears on the giver herself. In 2008 Elizabeth Dunn, Lara Aknin and Michael Norton reported in *Science* that people who spent more of their income on others reported greater happiness, in a national survey, in a study of employees spending a bonus, and in an experiment in which people were randomly assigned to spend a small sum on themselves or on someone else.[24] It is one paper, of modest samples, and later work has debated the size of the effect. It suggests, and no more than suggests, that the giving end of the loop is not only a cost. That is the claim the Developmental Canon makes when it calls giving an ecology rather than a charity.

Listening to the system

There is a final element in the house's lens, and it is the one that most distinguishes it from the economics. The experiments ask what people will do under given rules. The living-systems reading asks what the system already knows about its own health.

Santa Anna's upgrade of Appreciative Inquiry, the method of organisational change built on studying what works rather than what is broken, puts this in a sentence that applies directly to reciprocity: "the system knows what it needs, and Appreciative Inquiry is the practice of listening." In a team, the people who give most know where their giving is not returned. The conditional cooperators in Fehr's games could see exactly who was free riding; they simply had no voice to say so, only a fine. In a firm, they can be asked.

That suggests a practical order of work, and Chapter 8 turns it into a sequence. First find where value already circulates: the favours, the knowledge, the discretionary effort, the care. Then find where it pools, where one person or team gives and nothing returns. Then ask the people at the pooling points what they see, before designing any rule.

Two sibling volumes read the same organ from different sides. Elinor Ostrom's design principles (*The Pasture Was Never Empty*) are, in effect, a field guide to the immune systems that real communities built for their commons, graduated and local rather than punitive and anonymous; Chapter 7 visits one of them. And complexity economics (*The Economy That Keeps Becoming*) explains why a small number of free riders can tip a cooperative system into collapse, as the jar tips in month three.

The coffee jar, read this way, did not fail for lack of generous people. It failed because its root system had no immune system and no one was listening at the pooling point. The person who started it knew in week two.

The Tool: The Circulation Map

A one-sheet map, drawn once a quarter, of where value moves in a team or a household and where it stops. It takes forty-five minutes. It works best drawn by two people together, one of whom gives a great deal.

1 · Place the people (5 minutes).Write each person's name in a circle, spaced around the page. For a household, include anyone who regularly gives or receives: a grandparent, a neighbour, a child at university. For a team, include the people in adjacent teams who are part of its daily exchange.

2 · Draw the flows (15 minutes).For every regular gift that is not required by contract or rule, draw an arrow from giver to receiver. Label it in two or three words: *covers Friday*, *reviews drafts*, *school runs*, *knows the client*. Use a solid line if it happens weekly or more, a dashed line if monthly.

3 · Mark the pools (5 minutes).Find any person with three or more arrows leaving and none or one returning. Shade their circle. These are the pooling points: people whose giving is not circulating back to them in any form.

4 · Separate saplings from free riders (10 minutes).For each person with many arrows arriving and few leaving, write one line: are they new, recently moved, carrying something heavy at home, or still learning the work? If yes, they are a sapling, and their position is expected for now; write the month you expect it to change. If none of those applies, mark them for a conversation, not a sanction.

5 · Listen at the pools (5 minutes, then a week).Write one question for each shaded person, to be asked privately in the coming week: "Where does your giving here feel returned, and where does it not?" Write nothing else until you have heard the answer.

6 · Choose one return (5 minutes, after listening).For one pooling point, choose one specific way the system can give back to that person: a task taken off them, a named acknowledgement, a choice they have been asking for. Not money unless they have asked for money. Record the date.

Next quarter, redraw the map. Count the shaded circles. The aim is not a page of balanced arrows; the forest is never balanced tree by tree. It is fewer pools, and saplings that have begun to send arrows of their own.

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