

THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

Loops, Not Levers

Chapter One of The Economy That Keeps Becoming

Ammanuel Santa Anna

Santa Anna, A. (2026). Loops, Not Levers. In The Economy That Keeps Becoming (ch. 1). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989452
Luminous Library Licence 1.0 · business.hautelumiere.life/library/the-economy-that-keeps-becoming

THE LICENCE

Loops, Not Levers
Chapter One of The Economy That Keeps Becoming

The Economy That Keeps Becoming · Chapter One. The Haute Lumière edition, 2026. © 2026 Ammanuel Santa Anna.

Released under the Luminous Library Licence 1.0 (hautelumiere.life/library-licence): free to read, share, quote, translate and teach, non-commercially, for ever. The Author keeps every other right, including every commercial right.

Published by Luminous Prosperity Inc. for Haute Lumière. Author ORCID 0009-0008-3244-0306.

DOI 10.5281/zenodo.23989452 · this record's page: business.hautelumiere.life/library/the-economy-that-keeps-becoming/01-loops-not-levers/

Please cite as: Santa Anna, A. (2026). Loops, Not Levers. In The Economy That Keeps Becoming (ch. 1). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989452

Chapter One of The Economy That Keeps Becoming. The whole book, with every chapter, is at business.hautelumiere.life/library/the-economy-that-keeps-becoming (DOI https://doi.org/10.5281/zenodo.23989451).

A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

Somewhere this week a leader will sit at a desk with a decision in front of her and a plan that assumes the world will hold still while she carries it out. The plan will have a target, a budget, a timeline and a set of levers: raise this price, cut that cost, hire into this team, close that office. Each lever is expected to move one thing, by roughly the amount the spreadsheet says, and to leave the rest of the organisation where it was. Most plans are written this way because most of the economics that leaders were taught was written this way. It pictured a market as a machine that settles. Push it, and it returns to balance at a new point. Change an input, and the output moves in proportion. Find the optimum, and stay there.

CHAPTER ONE

Loops, Not Levers



Loops, Not Levers

HAUTE LUMIÈRE · THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

A desk, and a question

Somewhere this week a leader will sit at a desk with a decision in front of her and a plan that assumes the world will hold still while she carries it out. The plan will have a target, a budget, a timeline and a set of levers: raise this price, cut that cost, hire into this team, close that office. Each lever is expected to move one thing, by roughly the amount the spreadsheet says, and to leave the rest of the organisation where it was.

Most plans are written this way because most of the economics that leaders were taught was written this way. It pictured a market as a machine that settles. Push it, and it returns to balance at a new point. Change an input, and the output moves in proportion. Find the optimum, and stay there.

This book is about a different picture, one that economists have been building carefully for about forty years and that most organisations have not yet been given in a form they can use. In this picture an economy is not a machine but a system that keeps forming itself out of the choices of the people inside it. Those people watch one another, learn, and adjust. Their adjustments change the conditions everyone else is adjusting to. Some changes feed on themselves and grow; others are corrected and fade. Small events early on can decide where a whole market ends up, and arrangements nobody would choose today can hold firm for decades because everything else has grown up around them.

The school of thought that studies economies this way is called complexity economics. Its central figure is the economist W. Brian Arthur, whose work at Stanford and at the Santa Fe Institute in the 1980s and 1990s gave the field its vocabulary: increasing returns, path dependence, lock-in, the economy as an evolving complex system. Chapter 2 tells that story from its beginning.

The question the book asks of it is a practical one. If an economy really does behave like this, what should a leader do differently on Monday? And a household?

The short answer, which the rest of the book earns, is this: look for loops, not levers. A lever moves one thing. A loop is a chain of cause and effect that comes back to where it started, so that a change at one point returns, amplified or corrected, a little while later. Organisations are made of loops. Leaders who see them make different decisions from leaders who see only levers, and the difference compounds.

Why this, and why now

Three things make this a good moment for the idea to leave the seminar room.

The first is that the evidence has matured. When Arthur's paper on competing technologies was published in *The Economic Journal* in 1989, it was a mathematical argument about what could happen under increasing returns. Since then the argument has been tested, disputed and refined. Historians have argued over whether the typewriter keyboard is a real case of inefficient lock-in. Economic geographers have shown

how industries cluster. Central bankers, after 2008, borrowed the methods of ecologists to study how banks fail together. The critics have done their work too, and some of them are right. Chapter 3 takes their objections one at a time. What survives is narrower than the early enthusiasm and much more useful, because it can be acted on without exaggeration.

The second is that the ordinary experience of running something now looks more like complexity than like equilibrium. Markets with strong network effects, where a product becomes more valuable the more people use it, are no longer a curiosity at the edge of the economy. Supply chains are long and coupled, so that a fire in one plant can stop production in another country within days. Reputations spread and collapse through networks rather than through advertising budgets. A leader who manages with levers in this environment keeps being surprised, and the surprises are not random. They have a shape, and the shape can be learned.

The third reason is the one closest to this house. Ammanuel Santa Anna's book *Ecstatic Economics* argues that an economy is a living system, and that its health depends on whether value circulates, whether the people who act feel the consequences of what they do, and whether the arrangements people live within carry vitality or extract it. That is a strong claim. It deserves strong support, and complexity economics is one of the most rigorous bodies of work that supplies it. The two traditions use different words. Arthur writes about positive feedback and nonergodic processes; Santa Anna writes about circulation, severed feedback loops and the felt quality of economic life. They are describing the same kind of system. Where the science gives the mechanism, the living-systems reading asks what the mechanism carries.

Santa Anna puts the circulatory principle in one line, near the end of his chapter on the economic traditions that came before markets:

> *wealth that does not circulate is not wealth. Prosperity that does not connect is not prosperity. The gift must always move.*[1]

A complexity economist would put it differently, and less warmly, but the claim underneath is close: the properties that matter in an economy are properties of flow and connection, not only of stock. A firm with large reserves and severed feedback is less healthy than its balance sheet suggests. A household with modest savings and good loops may be stronger than one with more money and none.



Who this book is for

HAUTE LUMIÈRE · THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

Who this book is for

It is written for three readers.

The leader of an organisation of almost any size, from a founder with thirty people to the executive team of a large firm, who suspects that the plan on the desk is missing something about how the organisation actually behaves. The book gives this reader a set of instruments, each written out in full at the end of its chapter, and a field manual (chapter 8) for running them in sequence over twenty-six weeks.

The person responsible for a household's money and work, who is entitled to the same instruments at a smaller scale. A household is a complex adaptive system too: its savings, skills, habits and commitments reinforce or correct one another over years. Chapter 11 is written for this reader, and most chapters close with a note on how their tool works at a kitchen table.

The curious reader who wants to understand what complexity economics actually claims, where it came from, what its critics say, and how it connects to the wider questions of the Ecstatic Economics series: Elinor Ostrom's work on the commons, the ecological limits drawn by Kate Raworth's doughnut, the evidence on gainsharing and employee ownership, and Karl Polanyi's account of markets embedded in society. Chapter 12 makes those joins.

It is not written for the reader who wants a forecast. Complexity economics is modest about prediction, and this book follows it. Nothing here is investment advice, and nothing here promises what any particular organisation or household will find when it looks at its own loops. What the book does offer is a way of looking that tends to find things worth finding.



How the book is built

HAUTE LUMIÈRE · THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

How the book is built

The book moves in four parts.

The idea (chapters 2 to 4). Chapter 2 tells where complexity economics truly began: not in Santa Fe but in Alfred Marshall's *Principles* of 1890, which already worried about increasing returns, and then in Arthur's long-delayed paper and the institute that gave it a room. It sets out the four properties of lock-in and corrects two myths. Chapter 3 states five fair critiques as their best advocates would, and offers for each a way

through. Chapter 4 reads the whole through the house's living-systems lens: emergence without a villain, the severed feedback loop, and the banking system read as an ecosystem.

The cases (chapters 5 to 7). Two public cases, cited from their sources, and one composite labelled as such. Chapter 5 compares the two great American electronics regions of the late twentieth century, Silicon Valley and Boston's Route 128, through AnnaLee Saxenian's study of why one adapted and the other locked in. Chapter 6 follows the Toyota group in the days after a fire destroyed the only plant making a small brake part in February 1997, and the self-organising recovery that followed. Chapter 7 works the instruments through on Larkfield, a composite software firm, from a Tuesday in February to a Tuesday in May.

The practice (chapters 8 to 11). Chapter 8 is the field manual: the full sequence, week by week, with roles, decisions and the mistakes to catch early. Chapter 9 is about measurement: how to know whether any of it worked, what to count, and how to read the numbers honestly in a system where every measure changes the behaviour it measures. Chapter 10 is about the hard conversations, with boards, partners, unions, families and sceptics, and gives scripts. Chapter 11 brings the whole thing home, to one person's money and work.

The whole (chapters 12 to 13, and the workbook). Chapter 12 joins complexity economics to the rest of the Ecstatic Economics series and says what to do on Monday. Chapter 13 gives the living-systems reading of everything before it, in one image. The workbook at the back gathers every tool in the book and sets out a ninety-day plan.

The instruments

Every chapter ends with a tool, written out in full so that it can be used without any software. Taken together they form one practice:

- The First Map of Loops (chapter 2) names the reinforcing loops, lock-ins and balancing loops in a system.
- The Lock-In Test (chapter 3) prices any arrangement suspected of holding the system in place.
- The Loop Audit (chapter 4) asks what each loop carries, and whether the people acting in it ever see the consequence.
- The Cluster Reading (chapter 5) reads a region, an industry or a network of firms for whether its loops are open or closed.
- The Shock Rehearsal (chapter 6) asks how the system would reorganise if one critical node failed tomorrow.
- The Loop Ledger (chapter 7) gathers the first three into a twelve-week cycle.
- The Twenty-Six Week Plan (chapter 8) is the field manual on one page.
- The Honest Dashboard (chapter 9) chooses a small set of measures that the system cannot easily game.

- The Conversation Cards (chapter 10) prepare the hard conversations.
- The Kitchen-Table Map (chapter 11) runs the whole sequence for a household.
- The Monday Sheet (chapter 12) is a fifteen-minute weekly practice.
- The Desire-Line Walk (chapter 13) is a single habit to carry when everything else has been put away.

No tool needs the others, and each is more useful with them. A reader with one free hour should begin with the First Map of Loops. A reader with a quarter should begin with chapter 8.



Three habits before beginning

HAUTE LUMIÈRE · THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

Three habits before beginning

The book asks three habits of its reader, and it is fair to name them now.

Write predictions before acting. Complexity makes hindsight unusually persuasive. Almost any outcome can be explained after the event by a story about loops, which is exactly the weakness critics of the field point to. The only defence is to write down, before a decision, what you expect to happen and what would prove you wrong. Every probe in this book has a prediction, and most have a stop condition. Chapter 9 explains why this matters more than any measure.

Treat every claim of lock-in as a hypothesis with a price on it. Not everything that persists is a trap. Many arrangements persist because they are adequate and switching would cost more than it returned. Chapter 3 gives the test; the habit is to apply it before calling anything a lock-in.

Put the consequence in front of the person who acts. This is the habit that joins complexity economics to the living-systems reading, and it is the one most often skipped. A feedback loop restored to a manager's dashboard is not restored to the people whose daily choices drive it. Santa Anna's book names the structural shift directly: when people feel the impact of their economic choices, it says,

> *When you feel the impact of your economic choices — in your body, not just your mind — you make different choices.*[2]

The sentence is about individuals and their spending, but it holds for organisations as well. A team that hears, unedited, what its work did for the people it served behaves differently from a team that reads a quarterly summary of the same facts.

What the book will not do

It will not reduce complexity to a formula. Some writing about complex systems offers a model that promises to compute the right decision; this book does not, and it is suspicious of any that does. The instruments here are ways of seeing and of testing, not engines for producing answers.

It will not treat complexity as a reason to do nothing. A theory that leaves its readers less willing to act has failed them. The response to complexity is small, deliberate, well-recorded action, repeated, with the results put in front of the people who can learn from them.

And it will not claim more than the evidence allows. Where a source is a model, it says so. Where a case is a composite, it says so in the same paragraph. Where a figure is illustrative, it says whose figure it is. The notes at the end of each chapter say what each source cannot show.



An image to begin with

HAUTE LUMIÈRE · THE ECONOMY THAT KEEPS BECOMING · CHAPTER ONE

An image to begin with

Picture a lawn on a university campus, crossed at its edges by paved walks set at right angles, and across the middle by a thin line of worn earth that nobody laid. The first walker cut across because it was shorter. The second followed the faint trace the first had left. By the hundredth, the grass had given up.

That line is increasing returns, path dependence and emergence, written on a lawn. It is also an instruction. It tells whoever is responsible for the lawn where people actually go. The book ends on the same lawn, in chapter 13, and by then the reader will have the instruments to see the lines in their own organisation and household, to ask what each one carries, and to decide which to pave.

The Tool: The One-Hour Start

For the reader who wants to begin before reading further. One sheet, one hour, pencil.

1 · The system

The system I am responsible for, in one line (a firm, a team, a product, a household):

The decision currently on my desk:

2 · The levers I was planning to pull List the levers in the current plan. For each, write what you expect it to move.

LEVER	WHAT IT IS EXPECTED TO MOVE	BY HOW MUCH, AND ON WHAT EVIDENCE

3 · The loops each lever enters For each lever, ask: what will the people affected by it do in response, and how will that come back to me?

Lever 1 enters this loop:

Lever 2 enters this loop:

Lever 3 enters this loop:

4 · One thing that is already growing by itself

A practice, relationship or habit in the system that seems to be reinforcing itself:

Who knows most about it:

5 · One prediction, written now

What I expect to happen in the next ninety days if I carry out the plan unchanged:

What would show me I was wrong:

The date I will read this sheet again:

Keep the sheet. Chapter 2 turns it into the First Map of Loops.

A note on method

The dates and sources for Arthur's work, the Santa Fe Institute, Saxenian's study and the Aisin fire are given in the chapters that discuss them. Nothing in this book is investment advice.

References

1. Santa Anna, A. *Ecstatic Economics*. Luminous Prosperity, 2026. Chapter 2, "The Gift Economy: Wealth as Flow, Not Stock". The italics are the author's.
2. Santa Anna, A. *Ecstatic Economics*. Luminous Prosperity, 2026. Chapter 3, "The Somatic Dimension of Wealth". The italics are the author's.

Loops, Not Levers

Ammanuel Santa Anna · Luminous Prosperity Inc. · Haute Lumière

Set in Cormorant Garamond and Manrope.

Read the Business Library at business.hautelumiere.life/library.

Luminous Library Licence 1.0 · hautelumiere.life/library-licence

REQUEST A CONVERSATION

business.hautelumiere.life/book/?kind=gainshare

The Business Library

business.hautelumiere.life/library/

The packages

hautelumiere.life/pricing/