

Book review / Critical Note

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Ethical Principles and Economic Transformation – A Buddhist Approach .

Edited by Laszlo Zsolnai. Berlin: Springer-Verlag, 2011, series: “Issues in Business Ethics” volume 33; xi + 213 pages, ISBN 978-90-481-9310-3, \$159 (hardcover or softcover), \$119 (eBook).

Reviewed by Jun Nishikawa

Professor Emeritus
Waseda University, Tokyo
jnishi@waseda.jp



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B O O K R E V I E W / C R I T I C A L N O T E

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In our time of economic globalization, many people are attracted to spiritual and moral virtues easily forgotten in this unstable and uncertain world. It is no wonder that Buddhist Economics (BE) has been developing over the last several decades, both in theory and practice, in parallel to developments in Buddhism itself. This book, edited by Laszlo Zsolnai, Professor at the Business Ethics Center of Corvinus University in Budapest, gathers contributions from economists and business scholars on Tibetan, Zen, Theravada and Western Buddhisms, and proves a timely and valuable work showing the state of the theory and practice of BE across the world.

The book is divided into four parts. Part one includes a preface and chapter one, “Why Buddhist Economics?” by Zsolnai. These explain why the subject of BE matters in this age of globalization, and recount the development of the discipline over the last half century. The first chapter also gives us a summary of the successive chapters.

Zsolnai judiciously points out that today’s Western way of life, which pursues constant capital accumulation and consumption as the satisfaction of desire, is based on an egocentric principle that tends to multiply one’s greed (the “maximization” principle). This has led to a crisis of contemporary capitalism both internationally (the North-South split) and domestically (the so-called 1% versus 99%), an accumulation of state debt, financial bubble crises, environmental harm, etc. Buddhism, by contrast, “suggests not to multiply but to simplify our desires” (p.3). Buddhist doctrine adds that everything in this world is based on the principle of dependent origination and that we should realize that our life is a part of this web of causation. Our economic activities should, therefore, be moderate, following the middle way. BE teaches that, after the fulfillment of basic needs such as food, clothing, shelter, medical care, education, etc., we should curb our desire (greed), which is, as above, harmful to community life and the environment.

Zsolnai traces BE from E.F. Schumacher (author of *Small is Beautiful*) and Phra Prayudh Payutto (who took up BE from Schumacher, teaching that economic activities should be a means to a good and noble life). Though Zsolnai’s review is not exhaustive (for example, Buddhadhasa Bhikkhu is not mentioned), this rapid retrospective is useful, as it shows the affinity of BE and the happiness/well-being notion advocated by UN developmental agencies and the Organisation for Economic Co-operation and Development (OECD). The chapter also indicates that BE opens the way toward qualitative development, something more and more emphasized in today’s paradigm shift for developed economies.

Part two, “Buddhist Ethics Applied to Economics,” deals with the theoretical relationship between Buddhist ethics and economics. Chapter two, “The Relational Economy,” by Julie A. Nelson, discusses the nature of the relationship between Buddhist thinking and economic life. Some Buddhists believe that Buddhist teachings are compatible with profit-seeking economic systems as long as wealth is accumulated in non-violent ways. Others reject the latter as an expression of the acquisitive mind. The latter view often advocates for non-profit, cooperative, communal, and solidarity-based economies. These two typical Buddhist views are sometimes seen as overlapping with Theravada and Mahayana, respectively. Nelson rejects this, arguing that the whole Cartesian cognitive system of opposing human being (self) to economic life (the world) is influenced by typically gender-biased Western cultural constructions, denying the interdependence of physical and spiritual worlds, economic and social life, male and female, rationality and passion, abstract and concrete, etc. The actual economic system is far more complex than described in this dichotomy. The teachings of non-attachment and interdependence warn against such dualisms. If we are aware of the interdependent nature of this world, we will necessarily be led to a convivial life with less “me” and less “us versus them” thinking. For Nelson, this opens the possibility of wise and compassionate action and leads us to more positive engagement with business, government, and this world.

Chapter three, “Buddhism and Sustainable Consumption,” by Peter Daniels, examines possible Buddhist contributions to modifying our consumption-oriented life. Daniels notes that, though our consumption-oriented life style has been contributing to natural disasters, discussion of sustainable development has mainly been concentrated on the production side, BE included (as in *Small is Beautiful*). Daniels argues our level of consumption greatly exceeds our needs and is not compatible to the long-term welfare of humanity. Lowering consumption is connected with a different theory of happiness and the establishment of citizens’ responsibility and sovereignty. Shifting our societal metabolism to a more sustainable one, characterized by non-violence, moderation, and less disturbance to the environment, will also allow greater autonomy and greater possibilities for spiritual practice.

Chapter four, “Economic Sufficiency and Santi Asoke,” by Juliana Essen, presents two case studies of BE in Thailand: first, the doctrine of “Economic Sufficiency” (SE) advocated by King Bhumibol Adulyadej and its application by the Royal Chaipattana Foundation; second the Santi Asoke (Peaceful Asoke) Buddhist Reform Movement (AM). These cases differ greatly. SE is based on the king’s initiative at a time of economic crisis. SE was launched to support a massive laid-off population obliged to go back to rural areas, and complements public welfare policies. AM is a monastic movement independent of the Thai sangha, set up in the mid-1970s when Thailand started its march toward industrialization and economic growth.

SE advised self-reliance and self-sufficiency both for Thais in Thailand and for Thailand in the world economy. It advocated moderation, reasonableness, and self-immunity. This wisdom, especially as promoted by a Buddhist monarch, grows from Buddhist notions, as other chapters have argued. As part of the king’s work, the Chaipattana Foundation, a royal instrument promoting social welfare and development, initiated a number of model projects promoting the practice of SE, in particular in the deprived North and North East areas of Thailand.

By contrast, AM is a Buddhist moral reaction against the loss of social equilibrium and the deterioration of moral values caused by rapid industrialization and modernization. In the 1980s,

three types of this reaction arose. First was the practice of Socially Engaged Buddhism (SEB), both in rural and urban areas. Thai SEB was initiated by monks influenced by the teachings of Buddhadasa Bhikkhu and has elements (even projects) in common with SE. Meditation, organic farming, conservation of forests, and promotion of mutual help and cooperative business, all are practices shared by SEB and SE. Second we have Wat Phra Dhammakaya which offers meditation and healing time for the Bangkok middle class. Thousands of followers take busses every Sunday to practice meditation in this huge new temple located on the city's outskirts. The third type of Buddhist reaction to social change is Santi Asoke, a movement devoted to forming Buddhist communities, each having a wat (temple) and pavillions. Its members, both monks and laity, engage in the simplest communal life under the slogan "consume little, work hard, and the give the rest to society." I agree with Essen's assertion that both SE and AM have introduced an ethical dimension to the Thai economy. She might, though, have examined the rural grass-roots initiative for self-reliance and self-sufficiency conducted by SEB for decades as a precedent for SE. For the urban middle class, she might have examined the contributions of AM as well as Dhamammkaya. Further, in this context it would have been fascinating to study the contributions of an AM associate, Major General Chamlong Srimuang, founder of the Palang Dharma (Power of Dharma or Moral Force) Party and Governor of Bangkok from 1985 to 1992.

Chapter five, "Pathways to a Mindful Economy" by Joel C. Magnuson, introduces the notion of "mindful economies" (ME), likely inspired by the teachings of Thich Nhat Hanh. ME works toward systemic change of economic institutions and even local community governance through mindful practices. Indeed, he imagines ME leading to a total transformation of society, including establishing social justice, ecological sustainability, and economic and social stability. In ME, participants are brought together by shared values which help to integrate ownership, work, and consumption. In ME, non-profit financial institutions associate, community-based firms adopt ME principles, democratic practices in management promote more participative local governance accountable to every citizen, and so on.

Perhaps, if this chapter had included concrete examples of this progression, it would have been more convincing. We cannot say that ME is a dream, as there *are* examples such as the cooperative regional economy of Mondragon in Spain. Mondragon's example, though, is Catholic and Basque. If this chapter indicated examples of local economies where community enterprises are active and the local governance open and friendly to citizen participation (perhaps Portland or another sustainably oriented city on the West Coast of America), readers might have a concrete image of firms, community organizations, and governments closer to Buddhist ideals. This brings up the question: Are Buddhist ideals always to be realized through meditation and other Buddhist practices? Or can Buddhists approach their spiritual ideals ecumenically, through other paths? We will discuss this question later.

Next come the three chapters of part three, "Achieving Happiness and Peace." In chapter six, "Do Our Economic Choices Make Us Happy?", Colin Ash examines the relationship between BE and happiness theory. Ash starts with a concise and solid account of today's happiness theory. A sense of happiness can be identified in three dimensions: pursuit of pleasure, balance of pleasant and unpleasant feelings, and quality of life (Aristotle's *eudaemonia*). The first two are directly related to utilitarianism and subjectively evaluate happiness. In general economic theory, an increase of income is automatically considered to increase happiness and well-being. Ash contends, however, that, after basic needs are met, income increases do not automatically

increase happiness in developed countries. Rather, relational factors such as family, work, financial situation, community and friends, health, personal freedom, and personal philosophy of life have a more significant impact on quality of life, which has recently become the focus of research interest of some economists and international organizations. Ash reminds us that the goal of Buddhism is not the pursuit of happiness, but the cessation of suffering in which *tanha*, strong desire, and *upadana*, attachments, dominate our choices. To escape from this vicious circle, to leave *avijja*, ignorance, behind, we have to train our mind through meditation, looking clearly at various components of dependent origination. For Ash, meditation cultivates loving-kindness, compassion, enjoyment of others' success, and equanimity. All this depends on our will and self-determination, not on our income and consumption. Ash argues that economic progress is not wrong as far as it alleviates suffering. But, when economies stimulate attachment and greed, we have to return to the teaching of Buddhism.

Chapter seven, "Gross National Happiness," by Sander G. Tideman, analyzes the theory and policy of Gross National Happiness (GNH) as put into practice in recent decades in Bhutan, a small Himalayan Buddhist kingdom. Tideman views GNH as a valuable indicator for sustainable development, something conventional monetary indicators such as GDP do not measure. Echoing themes of BE explored in prior chapters, Tideman examines first the major characteristics of Buddhism, then those of conventional economics, and shows that the latter, based on the competition for acquisition of scarce resources, has led to over-consumption and destruction of common natural goods, such as water, forests, air, democratic values, etc., as well as to an artificial expansion of monetary economies. Tideman then goes on to examine GNH more specifically. GNH has four main pillars: economic development with social equity, cultural preservation and promotion, environmental conservation and its sustainable use, and good governance/decentralization. Despite Bhutan's being ranked as one of the "Least Developed Countries" in world GDP rankings, these four values were incorporated in the first "Constitution of the Kingdom" adopted in 2008. The Center for Bhutan Studies and other concerned researchers are working on elaborating GNH indicators. The author discerns an "emerging new paradigm of non-material interconnectedness" (p.150) in these values. However, each of these terms can be found in today's development economics and, as such, cannot be called particularly Buddhist. I discuss the relationship of GNH and Buddhism in this review's conclusion.

Chapter eight, "The Application of Buddhist Theory and Practice in Modern Organization," by Bronwen Rees and Tamas Agocs, treats the application of Buddhist practices in improving labor relations in the modern factory system. The chapter is an interim report made by two universities, one in England and another in Hungary. There is a wide range of sociological reports that account for the alienated state of workers in the modern factory system, as this system is based on the technological division of labor which isolates each worker in fractionalized and monotonous labor. In this factory system the worker loses a feeling of teamwork as well as a sense of his or her work as meaningful; absenteeism is very frequent; workers tend to fall easily into depression; and discrimination against female workers is wide-spread in hierarchies and in terms of salary, wages, and labor conditions. By contrast, several Buddhist research centers have begun proactive projects in schools and factories in England and Hungary introducing body awareness techniques or walking meditation practices to help participants become aware of their states and of the importance of rediscovering

relational situations. In this, the projects offer reflective ground, encourage a sense of embodiment, promote reflection, and activate dialogue. It seems these reports are of ongoing processes involving limited successes and some challenges. Since detailed comparative data are not presented, we cannot evaluate the relative success of the projects. We do see, though, differing reactions to adopting Buddhist practices, according to social class and work status.

Chapter nine, “Leadership the Buddhist Way,” by Laurens van den Muyzenberg, is an account, by an international business consultant, of Buddhist principles useful in business leadership. The account grows from van den Muyzenberg’s dialogues with the Dalai Lama. His premises are twofold: that everyone seeks happiness, and that worldly phenomena are impermanent. Therefore, the aim of applying Buddhist principles to business leadership is facilitating and producing happiness in a constantly changing situation. Leadership has three dimensions: that of your own mind and behavior, that of an organization, and that of society. Leaders should be concerned with the well-being of all stakeholders including, ultimately, all members of society. Right view and right conduct are crucial and, in order that leaders have these virtues, they must to train their minds in meditation as well as 1) principles and causes, 2) objectives and results, 3) oneself, 4) moderation, 5) the occasion and efficient use of time, 6) their organizations, and 7) people surrounding them and their organizations. Every businessperson knows that business has to make profits. Making profits, however, is not the purpose of a business: making a positive contribution to society is; profits will follow. As business becomes transnational, it should take into account cross-border interdependence and universal responsibility. As the United Nations Global Compact stresses, this will be the way for business to become socially responsible in a global free market. Right view will be represented in the firm’s vision and right conduct in the practice of BE principles. Van den Muyzenberg’s chapter does apply Buddhist principles to business leadership and management, and his description is clear and logical. Still, after reading it, the reviewer does not know how far the principles of Buddhist leadership have been influencing the business world. The reviewer hopes that the author will follow up on these subjects.

At last we come to the book’s conclusion: “The Contributions of Buddhist Economics,” by Laszlo Zsolnai, summarizing the major findings of the book. Zsolnai states, “BE can be seen as a radical alternative in the Western economic mindset. Western economics represents a *maximizing* framework... and tends to build a world where ‘bigger is better’ and ‘more is more’” (p. 183). For Zsolnai, this framework is the origin of today’s unsustainable world where social division, ecological deterioration, and economic instability are universally visible. The book promotes a “small is beautiful” world, where we might restore sustainability and promote right livelihood.

In this frankly partisan cause, the book’s chapters make useful contributions, describing major components of BE not deeply addressed during the Schumacher period. The theoretical and practical contributions of Thai Buddhists, including Buddadhasa, Phra Payutto, Sulak Sivaraksa, and others, are well-integrated. Additionally, the relationship of BE and happiness theory is well-explained. The book, while describing current research, opens and suggests new agendas in the formulation of BE. Having said this, it might have been better if some chapters focused more, in both time and space, rather than exploring BE in the abstract. One crucial question arises: Is there a particular model of BE? Zsolnai convincingly writes, “It is not the primary aim of BE to build an economic system of its own. It is better to see it as an alternative strategy,

which can be applied to any economic setting, anytime” (p. 196). The reviewer subscribes entirely to this final remark. The book adds a useful bibliography that lists major books in the intersection of Buddhism, ethics, psychology, and economics.

Critical Note

As a conclusion, I would like to add two discussions furthering BE. The first is related to chapters five and eight, that discuss the pathway to realize BE-related economic activities. Let me quote three Japanese examples. First, the experience of Komeito (literally, the “Party of Fairness and Openness”) in their political work to realize Buddhist social welfare. Komeito (based on Soka Gakkai, a Nichiren school) does not use any Buddhist slogans except “middle way politics,” in their political campaigns. They emphasize the welfare policy that the dominant Liberal Democrats (LDP) tend to forget in the course of economic growth. We might note that Komeito currently forms a coalition government with the LDP. Komeito believes that, with a more humane economic life, people will ultimately become aware of Buddhist values. This could be another application of Buddhist values to our daily and political life.

Second, in Japan many enterprises emphasize collective mind and teamwork under paternalistic patronage. This is “Japanese style management.” Though this system is dissolving with the introduction of globalization into large Japanese corporations, these practices are still prevalent, particularly in small and middle-scale enterprises. These local enterprises might be illustrative in restoring collective values to economics.

Third, the tsunami disaster of March 11, 2011, led to the birth and rebirth of many social, local, and communal enterprises—some explicitly inspired by Buddhism—with egalitarian human values: collective capital, cooperative work, women’s initiatives and participation, gender equality, etc. In some cases, just after the tsunami, Buddhist temples surviving the disaster provided places for public gatherings to discuss the restoration of communities. Some temples provided networking for villages and towns. And, of course, temples offered caring places for families who lost relatives.

These are examples of the realization of Buddhist ideals in economic life. Japanese Buddhists are now opposing the reopening of atomic energy plants in Japan as well as the exporting of nuclear plants to other countries, a practice of non-violence and conviviality. This may be “BE” even if it does not identify as such. We might analyze various practices and identify the best ways for Buddhists to realize and promote their spirituality in this world.

My second discussion is a call to examine the relationship of GNH and Buddhist values, especially in Bhutan. I have remarked that major components of GNH have common language with development economics and no particular Buddhist meaning, yet I believe they are interrelated. Let me explain. Of course, major pillars of GNH have a clearly non-materialistic message: economic and social development with equity, cultural and environmental conservation, and democracy/decentralization. But how closely is this linked to Buddhism?

The Bhutanese constitution states an intent to maintain the national unity through Buddhism. Buddhism will promote peace, non-violence, loving-kindness and generosity, all spiritual values. It is considered the country’s proud heritage. However, is the cautious attitude of the Bhutanese toward GDP based only on the positive appraisal of non-material traits in the daily

life of this nation? I believe that it is also connected to geopolitical concerns. Bhutan is surrounded by large neighboring countries, in particular, India, but even Nepal is much larger. This small country might easily pursue economic growth, as many countries of the south have, by importing capital from India and manpower from Nepal. This might, though, be the road toward Bhutan's dependency on India, as exemplified by India's annexation of Sikkim in 1975 (even before that, Sikkim's politics were controlled by immigrant Nepalese who accounted for a majority of the population). At the same time, Bhutanese are aware of the deterioration of Nepal's environment, as Nepal has been repeatedly hit by natural disasters caused by deforestation. Further, Bhutan has had problems with Nepalese in its south: thousands of Nepalese, expelled from the kingdom, live in barracks just outside the border. I believe all these factors helped to lead Bhutan to develop an alternative indicator of development to GDP. The adoption and development of GNH can be considered a wise political choice for this small country. This is not to deny that GNH is theoretically linked to Buddhism, but we have to take into account the historical and geopolitical circumstances of the adoption of GNH by Bhutan. Doing this, we will understand both the potentially universal value of GNH as well as particular historical circumstances which enabled this country to adopt this alternative indicator of development. In this way, both the theoretical value and the historical limit for this indicator can be more clearly understood.