

The Current Economic Crisis: Diagnosis and Possible Solutions according to Buddhism

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Abstract

Modern economics is based on the premise that human needs are unlimited while the resources to satisfy those needs are limited. The Buddha, long before that, categorically said that craving is insatiable. Even though in modern economics human needs and resources seem to be placed in two separate, independent categories, a close inspection, according to Buddhism, of human craving always looking for ways to be satisfied, shows that this is basically a relation between a subject and an object, a conditioned, an interdependent relation. That being the case, no matter whether the resources are really limited, if craving is insatiable, there will always be scarcity and dissatisfaction. The goal of Buddhism is to reduce and eventually eradicate all craving, and in this way eliminate the problem of scarcity and dissatisfaction. In theory, at least, we can see that Buddhism not only offers an accurate diagnosis of our human condition—a diagnosis which seems to be in accord with modern economics—but also a solution to the problem from the individual standpoint. But is this solution from the individual standpoint relevant to a globalized world facing one of its worst crises in modern history? In this paper I intend to explore these topics as well as the relation between uncontrolled craving, greed, and the current economic crisis, and try to determine what practical solutions, if any, can be found in the Pali Canon.



Diagnosis

At the beginning of the twentieth century Lionel Robbins, a British economist, put forth a definition of Economics that would endure far and wide:

“Economics is a science which studies human behavior as a relationship between ends and scarce means which have alternative uses”.¹

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¹ This and other interesting explanations regarding the nature of economic science can be found in his book *An Essay on the Nature and Significance of Economic Science*.

Another way to phrase this definition is in the following way:

“Human needs are unlimited while the resources to satisfy those needs are limited”.

Perhaps the reason why this definition has endured so long and modern economics is based on it is due to its empiricism, its ability to accurately describe human nature in front of resources that are limited and have alternative uses.

A student of Buddhism would not fail to recognize that the first part of this definition, that human needs are unlimited, closely resembles what the Buddha says about craving. The Buddha says that craving is insatiable.² And when the Buddha pinpoints craving or desire as the Second Noble Truth, the Noble Truth of the Origin of Suffering, one can see, without much of a stretch of imagination, the suffering caused by those human needs always seeking satisfaction in a world with scarce resources.

It seems that the remarkable convergence between what the Buddha said and modern economics is due to the empiric approach; in the case of modern economics because of the scientific method, while in the case of the Buddha because of analyzing reality as it is.³

Now, when the Buddha sees the suffering caused by craving always looking for ways to be satisfied, economics sees this too as unlimited human needs versus limited resources. But while the Buddha occupies Himself in finding a way out of this suffering, economics occupies itself in how to satisfy this craving, or using its own terminology: how to allocate the limited resources to satisfy the unlimited human needs. One can see that the convergence between Buddhism and modern economics in diagnosing our human condition just ends there. Then, Buddhism goes one way, to offer an individual solution to the problem by eliminating craving, and economics branches off to find ways to distribute the limited resources. And how to distribute the limited resources to satisfy the unlimited human needs is the domain of different economic systems. The prevalent economic system nowadays is capitalism that allocates resources through the market, which operates through the intervention of the forces of supply and demand.

The aforementioned branching off of economics seems to be a common feature of modern science, that in its endeavor to understand reality it needs to limit its focus in order to go deeper into one thing at the expense of ignoring its relations with other

² “There is no river like desire” (*natthi taṇhāsamā nadī*—Dhammapada 251). “Not even by a shower of gold coins is possible to satiate the sense desires” (*na kahāpaṇavassena, titti kāmesu vijjati*—Dhammapada 186).

³ “Yathābhūtaṃ”.

things. In this case, modern economics seems to place human needs, demand, and resources, supply, in two separate, independent categories, and mainly focus in the way to satisfy human needs. Buddhism, on the other hand, seems to understand that this is basically a relation between a subject and an object, a conditioned, an interdependent relation.

Applying what has been said to the current economic crisis, there seems to be two factors. The first one is that it is related to uncontrolled, unregulated craving. The second has to do with the failure of most economists and experts to predict it, and, therefore, to have those incumbent public actors do something about it in a timely manner.

The first factor points to the blind, egotistic desire which sees only for itself without regard to others and the effects to the environment, to the ever unsatisfied desire seeking gratification in new objects, and by extension to the unregulated caterers and creators of new needs.

The second factor leads one to believe that there are flaws in the current economic models and theories. One would expect prominent economists and financial experts such as the US Secretary of the Treasury and the Chairman of the Federal Reserve, among others, who have unhindered access to the markets' information and economic variables, to have done much better in their ability to predict and act before this crisis came to be. Unfortunately for the world the truth is otherwise. This failure of the brightest minds to foresee and forewarn the rest of us of the impending economic and financial crises is enough for some to lose faith in those experts and leaders who have an excessive influence in the material destinies of others. However, this failure is pointing to something deeper, as it was said, to the inability of modern science to see the interdependent relation between the parts—which it seems so adept to comprehend at the expense of the whole.

These two factors that appear to be at the root of the current economic crisis, according to Buddhism are nothing else but modes of the mental factors of craving and ignorance.

Solutions

Buddhism not only offers an accurate diagnosis but, with its Noble Eightfold Path, which goal is to reduce and eventually eradicate all craving, and in this way eliminate the problem of scarcity and dissatisfaction,⁴ it also offers a solution to the problem from the individual standpoint. But is this solution from the individual standpoint relevant to an ever interdependent, globalized world?

At first sight the answer is no. Although Buddhism seems to offer an individual solution to the problem, the fact remains that only the few seem to be aware of it, needless to say, those who know it and practice towards this end. Also some could

⁴ "Contentment is the greatest gain" (*santuṭṭhiparamaṃ dhanam*—Dhammapada 204).

argue that Buddhism has been around for a long time but its teachings have not had a significant influence in reducing greed and making the world a better, more peaceful, and a more equal place to live. Is this a deficiency of the teachings or of something else?

Let us face it, just like when one is told by the doctor that the disease is such and such but it is terminal, incurable, an accurate diagnosis, as the one that Buddhism seems to offer to the current economic crisis, is nothing without a practical solution, a global solution that goes beyond the individual realm. Can such a solution be found in the Buddha's teachings? Or should His teachings be applied only to the psychological and spiritual realms where its effectivity has already been proved?

The fact that almost nobody has been able to foresee this economic crisis adds an worrying dimension to it. Now we are only left with one option: finding a remedy. And the short and medium term remedies, as they are being applied, are mainly in the domain of fiscal and monetary policy. I do not see, and I hope somebody can prove me wrong, any effective global solution coming from Buddhism to the current economic and financial crises in the short or medium term. Of course, this does not mean that we should not devote our energies and resources either individually or institutionally to help others in need. This may take different forms and should be done without delay. But even in this area of compassionate help, Buddhism seems ill-prepared to serve those in dire need situations.

What I see is a lesson and an opportunity for Buddhism to earnestly prepare itself and be better able to serve this globalized world when other situations like this may arise.

What is the lesson? The lesson is that greed, a state of mind, if left uncontrolled and unregulated, has the potentiality to destroy the world. The danger is in the mind⁵ long before we could see the harmful results of the actions of the people. The institutions that we humans form, from the family to the enterprise to the government, are the reflection of the minds of those who form them. Although we may put the blame of this crisis in the failure of institutions such as the banking system, the truth is more complex because of the interdependence between the mind and the actions of the different social and economic actors. That is why it is so difficult to pinpoint where the problem is when we only look at concepts such as a lender and a borrower, a consumer and a producer, a teacher and a student. The real problem is never in the concept but in the ultimate realities of the mind.

But what happens when we blame greed instead of the actors? There is non-delusion. And when there is non-delusion we could start to see the interdependence of things. Otherwise if we keep focusing in concepts we will continue missing understanding the true cause of the problems that plague mankind.

⁵ "The world is led by the mind, by the mind it is dragged around" (*cittena nīyati loko, cittena parikassati*—S. i 36).

And what is the opportunity? It is the opportunity for Buddhism to embrace the whole world with the wisdom of its teachings and its compassion. Only in this way, when Buddhism could embrace the whole world with its wisdom and compassion, we could start to see the release of the grip of greed from the mind of beings.

Although Buddhism has gradually spread around the world and now increasingly is found almost everywhere, it has mostly remained culturally linked to its countries of origin. This inward-looking-and-then-outward-spreading model seems narrow when we take into account the universality of the Buddha's teaching. We urgently need to take the universality of the Buddha's teachings to this globalized world. And this universality is nowhere better embodied than in the first component of the Eightfold Noble Path: Right View.⁶ This is so because Right View, which involves individual responsibility, is the firm foundation of the set of norms of universal ethics by which human beings would cease to harm each other and relate one another with respect, generosity, and loving-kindness. This is much needed so global greed could start to come down to normal levels.

A quick survey of the world we now live shows that Right View is scarce. Even among Buddhists, if we ask, we may find that many do not know what Right View is. Actually, there is an inverse relation between Right View and greed and the other unwholesome mental states. The Buddha says that just as the aurora is the forerunner and first sign of the rising of the sun, so is Right View the forerunner and first sign of wholesome states.⁷

It is through the teaching of Right View that there is this opportunity. And to take advantage of this opportunity a concerted effort is needed. It is through education that this is possible. We Buddhists need to invest in the right kind of education so the true message of the Buddha is brought to every human being who wants to listen.

When we study the history of Buddhism we learn that for the first two hundred years or so after the death of the Buddha, Buddhism almost remained confined to the places where it was found when the Buddha was alive. Then it was during the time of King Asoka when Buddhism started spreading outside the borders of his vast empire and started reaching other regions and cultures. As King Asoka was instrumental to the spreading of Buddhism at that time, so, I believe, it is education nowadays.

This opportunity resides in education. If Buddhism is to become a relevant force in improving the material well being of the world, if Buddhism is to become a significant force in making a more equal, a more humane world, if Buddhism is to be prepared to meet new challenges and crises with solutions, Buddhism will need to invest in the right kind of education.

⁶ "Sammā-ditṭhi".

⁷ "Sūriyassa bhikkhave udayato etaṃ pubbaṅgamaṃ etaṃ pubbanimittaṃ, yad idaṃ aruṇuggaṃ. Evam evaṃ kho bhikkhave kusalānaṃ dhammānaṃ etaṃ pubbaṅgamaṃ etaṃ pubbanimittaṃ, yad idaṃ sammāditṭhi". See Pubbaṅgama Sutta (A. iii 449).

The current financial, economic and environmental crises are more than that. They are also religious crises insofar religions, Buddhism included, have not been able to prevent them from happening. Those religious teachings that were supposed to prevail in the minds of beings and made them less greedy, less violent, etcetera seem to have failed.

And now we are just left with this lesson and this opportunity. We should thoroughly learn this lesson once and for all, and take this opportunity to bring the Buddha's teachings through the proper kind of education to the whole world. This education should focus in the need to bring Right View and the other universal teachings of the Buddha, such as the ten conditions of rulers and institutions,⁸ to the world. Through this kind of education Buddhism should be able to bring a different set of conditions to the global mind of mankind and usher a new civilization where greed is gradually replaced by generosity, hatred and violence by loving-kindness and compassion, and blind-faith, intolerance and fanaticism replaced by wisdom.



⁸ These "*dasa rājadhamma*" are (1) charity (dāna), (2) virtue (sīla), (3) altruism (pariccāga), (4) honesty (ājjava), (5) gentleness (maddava), (6) self-control (tapa), (7) non-anger (akkodha), (8) non-violence (avihimsa), (9) patience (khanti) and (10) uprightness (avirodhana). See *Jātaka-Aṭṭhakathā* iii 300.