

DHAMMA ECONOMICS: A RADICALLY CREATIVE APPROACH TO MINDFUL SYSTEM CHANGE

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Growing up in a minority Buddhist home in Calcutta, amid a sea of poverty and suffering, I felt great joy and relief as a child that Buddha has discovered a way out of *dukkha*! My childhood imagination also took flight with the opening lines of Dhammapada, “we are what we think”. Our thoughts create our experience (reality). My first thought was how could the thought inside our heads create reality outside? Or how would Buddha know the truth of ultimate reality without the help of science or technology? I had to leave them aside, since *dhamma* was not part of school curriculum. In college I had the option to study economics as a science subject, but it hardly gave me any insight into causes of growing economic disparity between rich and poor and developed and developing nations.

This paper is my effort to apply dhamma creatively to inspire a mindful economic system change by harnessing the power of collective attention and intention. I am using the term Dhamma economics rather than Buddhist Economics¹ (E. Schumacher) to align economics with the vision of creating a Dhammic society and enlightened civilization that value living a noble life with mindful awareness, dignity and fearlessness. Buddha himself used *Dhamma* as his guide, and investigation of *Dhamma* (Bhojjhanga, SN 46.1) is one of the seven factors of enlightenment. Thich Naht Hahn spoke about the danger to our civilization and planet from the “disease of Capitalism”. “The situation the Earth is in today has been created by unmindful production and unmindful consumption. We consume to forget our worries and our anxieties. Tranquilizing ourselves with over-consumption is not the way.”²

The Pali word *Dhamma* (Sanskrit *Dharma*) has a deep and comprehensive meaning. It encompasses all universal and natural laws that upholds and supports life and phenomena. In the fourth factor of Four Foundation of Mindfulness

(*Satipatthana*) we contemplate “*Dhamma*” (the truth of the teachings) in “*dhamma*” (mental objects and phenomena). In Dhamma economy the well being of people and planet, ethical livelihood and mindful cooperation will take precedent over harmful greed, ill will based competition and heedless ignorance. Developing wholesome qualities of mind and inner liberation will receive at least equal value as outer democratic institutional structures. New value oriented measures like Gross National Happiness (GNH), Index as started by the King of Bhutan in 1972, and the Happy Planet Index (HPI) by the New Economic Foundation, or Global Peace Index will be good measures for Buddhist economics than old measures like Gross National Product (GNP). The marginalized aspects of economy like the village and informal economy, unpaid work of mothers, caregivers and community volunteers, preservation of commons and external costs to environment need to be fully integrated in Dhamma Economics.

Engaged Buddhist and social critic David Loy, brilliantly pointed out how the three unwholesome roots of personal ‘ego’ *dukkha*, namely greed, ill will and delusion arising out of a persistent feeling of ‘lack’ gets socially embedded and institutionalized and play out in myriad ways through what he calls our collective ‘wegos’. Buddhist social theory, he says, has so far been stronger on diagnosis (first two noble truths) than solutions (last two Noble truths)³. This paper is my humble attempt to go deeper into the diagnosis of the collapse of the mind-made system called ‘capitalism’, how part of it is constructed ‘conceptually’ in human mind and institutions, and how can we apply *dhamma* to correct our course. A diagnosis of the root (*hetu*) causes and conditions may help us collectively to find skillful ways (*upaya*) to address and alleviate mass social *dukkha* in our world now. The noble eightfold path was not only meant for renunciates and monks, it was also meant

for the greater awakening and social transformation of the larger society and civilization.

“Bhikkhus, just as the dawn is the forerunner and first indication of the rising of the sun, so is right (wholesome) view the forerunner and first indication of wholesome states. For one of right view, bhikkhus, right intention springs up. For one of right intention, right speech springs up. Then ...right action, right livelihood, right effort, right mindfulness, right concentration springs up. For one of right concentration, right knowledge springs up. For one of right knowledge, right deliverance springs up [Anguttara Nikaya 10:121].” Buddha calls right (skillful) view the forerunner of the path (*pubbanga*), which gives direction and efficacy to the other seven path factors. There are two kinds of right view : Conceptual right view and experiential right view. The first comes from clear understanding of the dharma based on contemplation of the meaning of the teachings by Buddha. It imparts the germ of wisdom that is penetrated in one’s immediate experience [Bhikkhu Bodhi]. It also entails understanding the Middle way of balance and abandoning extreme views and attachment to false views. “And what is right view? Knowledge with regard to *dukkha*, knowledge with regard to the origination of *dukkha*, knowledge with regard to the cessation of *dukkha*, knowledge with regard to the way of practice leading to the cessation of *dukkha*: This is called right view.” — (DN 22)

In Buddha’s time society was falling under the oppressive authority of Brahmanism, social injustice, obligatory rituals, sacrifice and segregation of lower castes. By relinquishing his throne, Buddha eschewed the path of aggression as was customary to the warrior caste he was born. He broke the social tradition by leaving the comfort of his palace, his wife and newborn son for search of enlightenment, reserved for Brahmins. His sangha was open to all castes and Buddha called his followers *Patisotagama* and *Patasotagamini* “those who go against the stream⁴. Free market based Capitalism has become the new theology and economics the new religion of free market. Going against the stream means going against the decadent and ego driven culture of the time by freeing the minds from the fetters of delusion.

Skillful action (*Kamma*) is a primary factor

that contributes to happiness in this life and next. Buddha realized the mind’s role in determining the moral quality of actions. His analysis of the process of developing a skill showed him that skillfulness depended not so much on the physical performance of an act as on the mental qualities of perception, attention and intention, that played a part in it. Of these three qualities, the intention formed the essence of the act - as it constituted the decision to act - while attention and perception informed it [Thanissaro]. Whenever something is falling apart like our economic system, it is a good time to turn towards it, learn about the causes (co-dependent arising) and gather insight on collective kamma as One Sangha.

Capitalism is an economic system where means of production (resources) are privately owned and operated for a private profit. There are five kinds of capital: natural capital, human capital, infrastructure capital, social capital and financial capital. It is the financial monetary system that has come to dominate, globalize and leverage all other forms of capitals. The two interlocking blind spots and sustaining causes in modern “capitalism” have their origin in ‘fractional reserve banking’ and the practice of ‘usury’ (now described as capital cost and time value of money). The entanglements within the system kept getting compounded in past 300 years. As democratic governance was forming and industrial revolution was in full swing in the 18th and 19th century, the deep mistrust of the Church, Monarchy and the Government and the wars kept people divided. The nature of ‘fiat money’ (legal currency) was not clearly and widely understood by the people, their government or the monarch. A few wealthy money-lenders and merchant bankers capitalized this mass ignorance early on with connection to European Royalty.

The first companies like the East India Company around 1600 AD, secured their charters from the Royalty or Government for the purpose of exploration, monopoly trade and ruthless colonization. The initial stock offering of Bank of England (called the Mother of all Central Banks including the USA) around 1700 AD said, “The Bank has benefit of interest on all moneys which it, the bank creates out of nothing.” The power to control a nation’s money was transferred from the

Government of the people and privatized through a scheme called 'fractional reserve banking', which gave the illusion that value of money is secured by reserve of gold.

The English tally system (money as account of tallies), made of long pieces of woods, provided the bulk of money supply for more than five centuries (1100-1650AD), before bank notes arrived. Early American Colonies experimented with debt-free public money issued by the provincial governments and the peace and prosperity it generated made the Bank of England nervous. Benjamin Franklin wrote, "In the colonies there is not a single unemployed person, neither beggars, nor vagabonds". He said, "You see, a legitimate government can both spend and lend money into circulation (debt free) while banks can only lend (as debt, bearing endless usury); they can neither give away, nor spend but a tiny fraction of the money people need [Web of Debt, pg 41]." British financiers (Rothschild with roots in Germany) funded the opposition to the American War for Independence, the war of 1812 and both sides of the American Civil War. Lincoln attempted to foil the bankers plan to split the Union by issuing debt-free Greenbacks to pay the soldiers.⁵ Hitler took that cue from Lincoln to uplift Germany from a crushing depression to a world power within five years. Germany financed its entire government and war operation from 1935 to 1945 without gold and without debt, and it took the whole Capitalist and Communist world to destroy the German power over Europe and bring Europe back under the heel of the Bankers.⁶

Federal Reserve system, the Central Bank of United States, formed after a series of financial panics ending with 1907 Banker's Panic following 50% fall of NYSE. The Bretton Woods Conference of 1944 held by over forty major industrial nations led to monetary policy agreements, establishment of World Bank Group and IMF, and fixing US dollar as the reserve currency of the world. In 1971 the US government suspended the convertibility of the US dollar to gold unilaterally. This created great volatility in the foreign exchange market and prompted a shift from fixed to floating currency exchange system making the domestic currency of many countries vulnerable to foreign speculation. Many developing countries saddled with IMF and

World Bank loans needed debt relief after price of oil quadrupled in 1974. It happened soon after the OPEC oil producers settled with the US requirement to sell oil in dollars. Oil effectively replaced gold as the "backing" for US dollar.

Bernard Lietaer, an economist, Central Banker and complementary currency advocate, said: "Your money's value is determined by a global casino of unprecedented proportions: Over \$1.3 trillion is traded per day in foreign exchange markets, which is 100 times the trading volume of all stock markets globally. Nearly 96% of these transactions are purely speculative; they do not relate to the "real" economy of actual goods and services. This highly unstable monetary situation has resulted in the many foreign exchange crises that have affected no less than 87 different countries over the past 25 years, as in Mexico, South-East Asia, Russia and Argentina."⁷ There are over 4000 complementary currencies in the world today and it is growing. The oldest local currencies known to be in continuous use are the WIR in Switzerland (1934), and the Labor Banks in Japan.

Money originated as a great social and community innovation, perhaps led by women to overcome the limitation of direct exchange or barter as commerce grew with growth of agriculture, urban settlements and central market places. Money (as credit) was not a usury bearing debt or IOU originally. Cash or coin functions in reality not as a promissory note (IOU), but a socially accepted token of trust, a transferable acknowledgement receipt, or thank you note (ITU) with which members within a community can freely exchange goods and services. Cowrie shells were used for centuries in Africa, China and India as currency. They were viewed as symbol of womanhood, fertility, birth and wealth. Wampum beads were the currency of native Indian in America. The idea of Gift Economy evolved from mothers and elders. With the rapid expansion of cities and urban-industrial economy, the knowledge of 'currency as commons', as I see it, was wiped out along with destruction of native and indigenous cultures. Modern fiat currency evolved from 'gold receipts' for golds kept with goldsmiths and early bankers. Gold was heavy and unsafe to carry for trading purposes. These receipts kept recycling as money as few bothered to come back for their gold.

Soon goldsmiths started to issue more credit receipts than they had reserve for. Thus fractional reserve banking was born.

Usury (Riba) is the practice of making profit out of money via exorbitant interest without any use of labor. Modern banking, finance and usury seem to have its root in ancient Sumeria (Mesopotamia) as evidenced by archaeological findings in the city of Uruk.⁸ Usury has been a source of corruption, slavery and economic instability historically. This ancient mind virus (meme) has been institutionalized through modern fractional reserve based Central Banking making the life of people and planet unsustainable. The code of Hamurabi (1760 BC) mentions slavery and the Bible refers to it as an established institution. Usury was denounced by Plato, Aristotle, Cato, Seneca, Plutarch, Solomon, Aquinas, Mohammad, Moses, Philo and Buddha for its power to deceive people, corrupt society and create invisible slavery. Mahacattarisaka Sutta, describes several dishonest means of making money by practicing deceit, treachery, soothsaying, trickery and usury as wrong livelihood (MM 117). The power to issue, hoard and control currency lies at the heart of History's great empires, conquests, crusades and war. Modern day currency wars just play out on fast paced computer terminals.

With right understanding of currency, the concept of Basic Income Guarantee (BIG) can be used as the most powerful tool to break entrenched poverty and inequality everywhere. It is a social security or social credit payment to all citizens from the Government of the people. It has the potential to meet the UN Millennium Development Goals. Gandhian economic thinking of self-sufficiency, simple ashram (commune) living and revitalized village economy inspired movements like voluntary dana of land (bhoodan) in India and dana of labor as in Sarvodaya Shramadana Movement, founded by A.T. Ariyaratne in Sri Lanka. The latter is a shining example of world's largest Dharma-based people's development movement for the poorest of the poor.

Namibia, a nation of 2 million people with ample mineral and marine resource adopted a market-based economic system after achieving independence from apartheid - era South Africa in 1990. Despite political stability, it could not break the vicious cycle of mass unemployment, inequality and poverty. After years

of internal and external political resistance, notably from IMF, a pilot project was adopted in a settlement named Otjivero in January 2008. All residents below the age of 60 years received a Basic Income Grant of N\$100 (USD \$12) per person per month - no strings attached. Within six months malnutrition of children and school dropout rates dropped more than 50%. After sixteen months majority could increase their productivity and income dramatically. Average household income from wage went up by 19%, from farming by 36% and from self-employment by 301%.⁹

In Buddha's time there were two systems of governance, monarchy and small city republics. He did not take preference of one over the other, but advised that state needs to be administered in terms of the ethical rule of Dhamma. He also advised Kings on the ten guiding principles (*dasa-raja-dhamma*) for a Wheel Turning Queen/King (*Chakravartin*). Among other things a *Chakravartin* must not cling to wealth and property and give it away for the welfare of people. He must be ready to sacrifice name, fame, even his life in the interest of the people; promote peace; must not deceive public and oppose will of the people or obstruct measures conducive to the will of the people, [Walpola Rahula, *What the Buddha Taught*, 1959]. Contemplate how this relates to our own values on wealth and private property and the conduct of our elected leaders, high officials and CEOs.

Women perform two-thirds of all labour and produce more than half of the world's food. Yet, women own only about one percent of the world's assets, and represent 70 percent of those living in absolute poverty. Two-thirds of the world's uneducated children are girls, and two-thirds of the world's illiterate adults are women [Global fund for Women]. Women tend to make up the greatest portion of the informal sector (not taxed and monitored by government), often ending up in the most erratic, abusive and corrupt segments of the economy, including sexual slavery. All unpaid caregiving work provided by women inside of the home, in agricultural fields and on community projects was devalued with the growth of an urban, industrial economy.¹⁰ If only a few hundred of the three million Buddhist women globally (half of the Buddhist sky), as estimated by Yen. Karma Lekshe,¹¹

engage our collective intention and attention to this mindful system change experiment may be we can initiate a coemergent journey to joyful social liberation. This is bound to transform both self and society and alleviate suffering by changing the oppressive, dominator-patriarchal economic paradigm to something wholesome, sustainable and empowering for all women and men and sentient beings.

In conclusion I have outlined an overview of how financial capitalism developed and came to dominate over other forms of real capital, natural wealth, real economy of people, household and planet. Thich Naht Hahn recently spoke about “the disease of Capitalism”. He warned, “Without collective awakening a catastrophe will come”. If the compounding ills of usury, fractional reserve banking, debt-based currency, cancer of speculation, and true nature of money are not widely understood, then we will miss the opportunity to contribute and participate in the conversation going on about new economic paradigm and system change. “From ignorance as a requisite condition come fabrications. Whether or not there is the arising of Tathāgatas, this property stands - this regularity of the Dhamma, this orderliness of the Dhamma, this/that conditionality.” Ignorance is a dependently co-arisen phenomenon [*Paccaya Sutta, SN 12.20*].

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