

Book Review

Book

Title: Putting Buddhism to work: A New Approach to Management and Business

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Buddhist Economics: The Emerging Middle Path between Capitalism and Socialism

Shinichi Inoue, a former President of the Japanese Miyazaki Bank and reputed economist, has proposed a novel approach to economic management that goes beyond socialism and capitalism. He calls his proposed economics for the 21st century 'Buddhist Economics ', a phrase first used in print by Dr. E.F.Schumacher in 1973 in his best-selling book " Small is Beautiful ".

Based on the insight of the Buddha that spiritual liberation is attained by avoiding extremes, whether by indulgence in worldly pleasures or severe asceticism, and treading namely ' the Middle Way ', Inoue recommends 'Buddhist Economics ' as the ideal middle path between the competing models of capitalism and socialism. Both these systems, Inoue argues, have failed to contain the relentless destruction of the natural environment and the human community, thereby forcing leading executives and planners to search for new solutions for planetary problems.

Inoue draws on the best aspects of both capitalist and socialist economic systems, in his ' Buddhist Economics ' model. It supports the conventional forces of a free market and competition without destroying either nature or human society. His alternate vision of sustainable economics is meant to be more just and more ecologically sound.

Inspired by the fundamental Buddhist insight of the interconnectedness existing among all living things, Inoue says that Buddhism, Economics and Ecology are all interrelated. He places a heavy emphasis on the concept of freedom as understood in Buddhism in contrast to the Western concept of 'freedom'. In the West 'freedom' revolves around the rights of the individual i.e. freedom to do what one wishes. In Buddhism, 'freedom' means freedom from personal desires or attachments.

In Inoue's view, a Buddhist approach to economics requires an understanding that economics and a moral and spiritual life are neither separate nor mutually exclusive. The 20th Century has been ravaged by a materialistic, selfcentered consumerism. The next century needs to focus on the quality and spirituality of life itself. Buddhism, which advocates the 'Middle Path', serves as an important resource to pursue an alternative to the extremes of capitalism and socialism, or pure selfinterest and utter selfnegation.

The Essence of Buddhist Economics

Inoue identifies three key phrases that underlie his model of Buddhist Economics. They are:

1) an economics that benefits oneself and others 2) an economics of tolerance and peace 3) an economics that can save the earth.

An Economics that benefits oneself and others

Adam Smith developed his theory of free enterprise based on the concept of 'selfbenefit'. This led to people being more concerned with enriching themselves and disregarding the interests of others. At the international level, during Adam Smith's day, major colonial powers such as England, Netherlands, France, Portugal and Spain developed their economies from the resources taken from other poorer regions, without an adequate resulting benefit accruing to the colonies. In

contrast, the earlier Buddhist societies such as India during the time of the Buddha or Japan during the time of Prince Shotoku (574 622 AD) existed with a radically different social approach. In Japanese society where the density of population was high, human relations were tightly interwoven, and Japanese people were encouraged to pay great attention to how other people thought or reacted. In the Japanese world of business, earning the trust of others and entering into mutually beneficial transactions have always been given priority. Such conduct was the result of deep-seated Buddhist influence.

The Western obsession with 'selfbenefit ' and indifference to the rights of nonEuropean people has been well analysed by former Indian diplomat K.M.Panikkar in his ground breaking book 'Asia and Western Domination A Survey of the Vasco De Gama Epoch of Asian History 1498 1945, published in 1953. Panikkar says that western colonial powers were reluctant to recognise that doctrines of international law applied outside Europe or that European nations had any moral obligations when dealing with Asian people. For example, when Britain insisted on the opium trade against the laws of China in the 19th Century, there was a prohibition by law on opium smoking in England. In countries under direct British occupation eg. India, Ceylon and Burma, though there were equal rights established by law, there was considerable reservation in enforcing the law against Europeans. Maurice Collis, a British magistrate in Burma, gives a rare candid account in his book 'Trials in Burma' (1938) about the pressures brought upon him by the members of the Colonial Government and the British expatriate community, to be partial towards Europeans in his judgments. Panikkar avers that this doctrine of different rights (which made a mockery of the concept of the Rule of Law) persisted to the very end of western colonial domination and was a prime cause of Europe's ultimate failure in Asia.

An Economics of Tolerance and Peace

The Indian Emperor Asoka established the world's first welfare state in the third century BC upon embracing Buddhism. He renounced the idea of conquest by the sword. In contrast to the western concept of ' Rule of Law ', Asoka embarked upon a 'policy of piety or rule of righteousness'. The basic assumption of this policy of piety was that the ruler who serves as a moral model would be more effective than one who rules purely by strict law enforcement. The right method of governing is not only by legislation and law enforcement, but also by promoting the moral education of the people. Asoka began by issuing edicts concerning the ideas and practice of dharma, dealing with universal law and social order. Realizing that poverty eroded the social fabric, one of his first acts was to fund social welfare and other public projects. Asoka's ideals involved promoting policies for the benefit of everyone in society, treating all his subjects as if they were his children and protecting religion. He built hospitals, animal welfare shelters and enforced a ban on owning slaves and killing. He gave recognition to animal rights in a number of his rock edicts and accepted state responsibility for the protection of animals. Animal sacrifice was forbidden by law.

An important aspect of Asoka's economics of peace was tolerance. In one of his rock edicts, Asoka calls for religious freedom and tolerance, and declares that by respecting someone else's religion, one brings credit to one's own religion. Inoue says that the idea of religious tolerance only emerged in the West in 1689 with the publication of John Locke's book ' A Letter Concerning Toleration '.

Inoue says that from a Buddhist perspective, politics can be summed up by the Sanskrit word 'cakravartin ' (the wheel turner), which means a king or political ruler who protects his people and the Buddhist teachings. Asoka was the prototype of this ruler whose political ideas were to inspire a countless number of other Asian Emperors and rulers. One enthusiastic follower of Asoka in Japan was Prince Shotoku. (574 622 AD). An ardent believer in Buddhism, Shotoku drafted a 17 Article Constitution (the first Buddhist Constitution of Japan), which was promulgated in 604 AD. Shotoku appeals neither to 'selfevident truths ' (as in the American Constitution) nor to some divine right of kings as the basis of law. Instead he begins pragmatically by stating that if society is to work efficiently for the good of all, then people must restrain factionalism and learn to work together. A key feature of this Constitution is the emphasis placed on resolving differences by appeals to harmony and common good, using the procedure of consensus. This approach is in marked contrast to the western view that factions can be controlled only legally by a balance of powers. Decision making by consensus is a significant characteristic of Japanese society. Every effort is made to ensure that minority dissident factions are not allowed to lose face.

The influence of Buddhism in Japan was such that in 792 AD Emperor Kammu (781 – 806 AD) despite constant threats from Korea, abolished the 100 year old national army, except for one regiment to guard the region near Korea. National security was maintained by sons of local clan leaders somewhat similar to the present day police. Japan was effectively without an army until the emergence of the new warrior class before the Kamakura, Shogunate (1192 – 1333 AD). Tibet is another example of demilitarisation (in the 17th century). What is significant to note here is that long before the ideal of demilitarisation was espoused in western countries, ancient Buddhist countries had already implemented it. In Japan, beginning from the 9th century, the death penalty was abolished for nearly three and a half centuries.

An Economics to save the Earth

Inoue is vehemently critical of the practice of industrial societies indulging in a policy of takeandtake from nature, despite economics being fundamentally about exchange or giveandtake. He identifies a passage in the Bible (Genesis 1: 27 – 28) as a possible root cause of the western attitude towards nature. This passage declares:

"So God created man in his own image, in the image created he him, male and female created he them. And God blessed them, and God said unto them, "Be fruitful and multiply, and replenish the earth and subdue it, and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth".

Some have interpreted this passage literally, as one giving divine sanction to domination of the earth for the benefit of only human beings and disregarding the interests of both plants and other living creatures of this world. In contrast, Buddhist sacred texts are much more humble and always emphasise the need to live in harmony with nature and peacefully coexist with other living creatures, as the ideal and noble way. In the Buddhist worldview, humans rather being masters of this earth, simply make up one tiny element in a vast cosmos. In the Buddhist Economics that Inoue proposes, the earth rather than human beings will be placed at the center of our worldview.

History of Economics

Inoue examines the major ideas in the theories of prominent economists such as Adam Smith (1723 – 1790), David Ricardo (1772 – 1823), Karl, Marx (1818 – 1883), John Keynes (1883 – 1946) Joan Robinson (1903 – 1983) and the German Economists Friedrich von Hayek (1899 – 1992), Wilhelm Lopke (1899 – 1966) and Ludwig Erhard (1897 – 1977). Inoue singles out Lopke's best-selling book 'Civitas Humanas (Human Citizen) published in 1949 as laying the foundation for the new humanistic school of economics. Inoue uses the concept of 'social market economics' advocated by Ludwig Erhard in his 1957 book 'Woffistand fur Alles (Happiness for All) as the precedent for developing the new Buddhist Economics. Erhard called for the need to overcome the inherent tensions between the haves and havenots in society, through such governmental policies as the banning of cartels, using government 'price valuation' to ensure fair pricing, rent control and supporting people with disabilities.

Inoue was also inspired by Dr. E.F Schumacher's book 'Small is Beautiful', which has a chapter on 'Buddhist Economics.' Schumacher was heavily influenced by Buddhist meditation and wisdom during his time in Myanmar (formerly Burma). Though Schumacher recommended a new approach to economics based on Buddhism, Inoue says that Schumacher's ultimate solutions were sought in Christian oriented ethics. Nevertheless, Inoue says that Schumacher's book should serve as a wake up call for those living in Buddhist countries. He further says that given the destruction of the natural environment that has taken place in the industrial West, the time has come to use a Buddhist approach to economics.

Historical Background of Buddhist Economics

The life story of the Buddha offers a valuable lesson when focusing on Buddhist economics. Prince Siddhartha rejected the

material comforts of a royal life, and also realised the futility of asceticism and denial of natural physical needs. Inoue says 'The Buddha walked a fine line between materialism and denial of the world, and this middle way or moderate standpoint is fundamental to understanding Buddhist Economics'.

The ordinary public and the merchant class supported Buddhism from the very outset. As Buddhism moved eastwards over the centuries, to China, Korea and Japan it absorbed elements of the culture of these countries and became transformed along the way. It also managed to transform the societies and economies of these countries by introducing ethical concepts into the pursuit of profit. In Japanese history there has been substantial Buddhist support of commerce, which had come to fruition during the Edo period (1603-1867). This period witnessed an explosion of economic activity. Some sociologists have found interesting parallels in the connections between the Protestant work ethic and capitalism, and between the rise of Japanese Capitalism and the religious thought of the time.

Unrestrained Consumption

The world's natural resources would be depleted if two factors are not immediately addressed:

- 1) the ever increasing population growth, and
- 2) the mismanagement of desire (particularly of those people in the so-called advanced countries)

In the Ryoanji, the Buddhist Temple of Kyoto, famous for its stone and sand garden, there is a poem carved on a stone, which says ' Know what one really needs '. Inoue says that this is no simple injunction. To know what one really needs in life requires great wisdom. But to have the strength to say 'no' to the unessential products in life would release a person from the coils of consumption. Inoue says that this view i.e. of wanting what is really essential reflects the Buddhist view of consumption and it is the ideal attitude to be promoted in the coming century.

Right Livelihood

Right livelihood is one of the components of the Noble Eightfold Path. Its importance lies in the fact that the work one does for a living influences a person's thinking. The Buddha has named five types of occupations as unwholesome ways of earning a living. They are 1) Selling liquor or being connected with the production and sale of liquor 2) Sale of flesh or being connected with the raising and killing of animals 3) Poison (includes drugs) 4) Trading in living beings (includes slavery or for similar purposes) 5) Dangerous weapons.

Inoue uses the 'Sigalovada Sutta ' (which is also called the layman's code of discipline or gihī vinaya) as the premise for developing the right work ethic for the next century. In one passage of this Sutta, the Buddha says "One should work like a bee to earn one's livelihood. Do not wait for others to help, nor depend on others foolishly". In the Sigalovada Sutta, the Buddha showed his concern for the material welfare and the spiritual development of his lay disciples. In the discourse to young Sigala, the Buddha explained the full range of duties owed by a layman to all those with whom he interacts. The Buddha also indicated how wealth has to be spent i.e. one portion for one's needs, which includes offerings to monks and charity, two portions on investment and the fourth portion to be kept for an emergency.

The Author

Inoue was born in 1918 in Southern Japan. Upon graduating from the Department of Economics of the University of Tokyo, he joined the Bank of Japan. In 1975 he was made the President of the Miyazaki Bank. Throughout his career Inoue has sought to combine the practice of Buddhism with his expertise in Economics and Management. He is the current Chairman of the Foundation for the Promotion of Buddhism, and a member of the Buddhist Economics Research Institute of Komazawa University.

In the concluding chapters of this book, Inoue illustrates his creative approach to business with a number of anecdotes of leading Japanese entrepreneurs who had incorporated Buddhist principles and meditation techniques in their day to day work in an effort to develop a more humanistic and environmentalist business ethic.

Buddhist Economic Vision

Though much of the postulates of Inoue have been developed in a Japanese Mahayana Buddhist context, the contents of this book nevertheless provide food for thought to anyone wishing to adopt an innovative approach to Management and Business. However the greatest appeal of this highly readable book lies in the elaborate development of Schumacher's profound insight that there is another way of approaching economics, based on the ideas taught in the East 2500 years ago, particularly of the fundamental interconnectedness of people and nature. It is upon this premise that the world can shift from a throwaway culture to a more sustainable* civilisation. This work also throws a challenge to governments in Buddhist countries to develop a Buddhist economic vision as a part of national planning, as we move towards a new millennium.

Senaka Weeraratna