

# **Buddhism and the Study of Philosophical Approaches to Economics**

**By Lewis Lancaster**

## *ABSTRACT*

The study of economic theory has undergone major shifts during the last century. Current theories are complex and range from ways of using monetary policies to questions of the welfare of society in terms of government interventions. Applying Buddhist philosophical concepts to those of Economists adds a further layer of difficulty to any discourse. At one level, the question is whether *dhamma/dharma*, in the sense of rules and regulations for society, has a place in the study of economics. Such inquiry leads to a further exploration of how to determine the contemporary definition for such *dhamma/dharma*. One of the major concerns for Buddhists will be the question of the role of compassion and concern toward others as a viable part of economic strategy. In this respect, the suggestions of Charles Peirce that logicity presupposes the ethics of self-sacrifice can help to frame the inquiry.

The theme of this year's annual conference dealing with Humanistic Buddhism and economics has been a challenge. There are many worthy and accurate things that have been reported on in this conference about how the Buddhist tradition can be viewed from the perspective of ethical action in relationship to wealth and the accumulation of assets. Professor Ashe and others have opened up crucial portals for our consideration of economic theory and the practices of Buddhist communities. It is equally valid to consider the historical aspects as Professor Venerable Seongwon has done in his exploration of economics and the monastic system in 20<sup>th</sup> century Korea. In other papers, the study of "Buddhist economy" presses us to consider a range of ethical and moral issues.

However we define economics, Buddhist history will record how closely the religion was tied to this area of life. For example, the early history of the religion cannot be written without discussing the mercantile community.<sup>1</sup> It is important to remember that Buddhism got its early support from merchants. The lore of the role of bankers, merchant kings, and caravan traders cannot be ignored.<sup>2</sup> Only with the help of the mercantile community was Buddhism able to spread far and wide.<sup>3</sup> The caravans that wound through the deserts and mountains of Central Asia carried precious objects such as silk and glass but they also included Buddhist relics, images, and texts.<sup>4</sup> While it is the case that monastics are called upon to leave behind worldly affairs and to take vows that keep them from acquiring personal wealth and possessions, these rules do not apply to the lay community. A large part of the practice of Buddhist rituals for ordinary people, is devoted to bringing about good health, prosperity, and long life. It is a mistake to use Vinaya rules designed for the monastic community, as a guide to the way in which lay people should lead their commercial life. Successful commerce is

recognized and applauded for householders. Virtuous bankers, merchants, and traders appear in a large number of the Pali texts.<sup>5</sup> The messages given to this group in the Pali canon, do not ask them to abandon their life's work, nor to divest themselves of all their wealth. Wealth can be identified as the karmic results of good actions in past lives.

Economics is an English word, coined in the 19<sup>th</sup> century<sup>6</sup> from the work by Xenophon entitled *Oikonomia*.<sup>7</sup> Today, the term has acquired an expanded meaning far beyond anything that Xenophon included in his volume. Economics can mean the academic discipline of the theories of wealth, monetary policy and control, as well as administration of market strategies. It is not an easy task to take these elements and translate them into equivalent aspects of Buddhist thought. However, if we look at the word and its Greek origins, it is not limited to theoretical implications, but rather points to practical management. *Oikonomia* is based on two ancient Greek words *oikos* and *nomos*. *Oikos* has the meaning of household, one's home and by extension an extended family. It does not strain the concept too much to consider *oikos* as a group to which one has an obligation of support. *Nomos* means the rules, mores, and accepted behavior in relationship to the *oikos*. When reading the range of definitions for *nomos*, one cannot but be struck by the fact that it carries much of the same concept as one aspect of the Sanskrit word *dhamma/dharma*. That is, *dhamma* from the time of Asoka referred to the rules, laws, and normative behavior in society. We often see the term translated as "law" but it is not legislated jurisprudence that is meant. The accepted norms of how to act in society may be more accurately described as "mores" or expectations of behavior based on tradition, values, and attitudes. Once one sees this aspect of the word *nomos* it is interesting to ask what Sanskrit word would carry the idea of the group, the home and its inhabitants. The term that comes to mind is *grha* (i.e. household or home). I realize this is a play on words and it is not intended to be a linguistic lesson. However, it is intriguing to think of "economics" as being the rules of behavior that apply to the family or the group to which one has an obligation. The word used in this way does not have in its basic formation only the idea of production of wealth and capital. If we think of "economics" as a generalization for appropriate behavior and action toward those who look to us for support and sustenance, then it was a very good choice for the theme of this year's Humanistic Buddhist conference. This idea of "economics" can be discussed as a positive activity within the framework of Buddhist ethical practices.

In the recent decades, the emergence of Engaged Buddhism has been one response to economic issues. The focus on creating an environment for the welfare of humanity rather than wealth has been in forefront of that movement. Social service, ecological concerns, and appeal for governmental action to support such goals have found voice through this form of Buddhist practice.

Master Hsing Yun and the Fo Guang Shan Order pursue Humanistic Buddhism as a method for bringing the Buddhist teachings into everyday life and that includes the economic sphere. The moral values found in the texts are

explored and used as models for behavior. Much of the teaching from this group provides practical advice for life management.

For my contribution to the conference, I would like to look at the issue of whether the world of successful business is only possible by focusing on the need to make a profit. This motivation and necessity to create wealth seems on the face of the matter to be far removed from compassion and loving kindness that are the signs of an enlightened person in Buddhism. My paper will be less an answer than an attempt to find some method for the research of looking at the concepts of profit and compassion.

I have chosen to approach the methodological theme in a manner that may seem strange at best and nonsensical at the extreme. The unusual strategy is necessary because the problem is so complex. In order to find a defensible argument for the solution to such comparisons between elements that seem to have a negative relationship to one another, I turned to the work of a 19<sup>th</sup> century American philosopher, Charles Peirce.<sup>8</sup> While he is not widely known and studied outside of a small group of specialist, he was, so I believe, one of the most influential thinkers of the United States. Max Fisch said of him:

“...the most original and most versatile intellect that the Americas have so far produced....any second would be so far behind as not to be worth nominating.”<sup>9</sup>

It is difficult to say that Peirce was just a “philosopher” since he was in Fisch’s listing, a true Renaissance person:

“mathematician, astronomer, chemist, geodesist, surveyor, cartographer, metrologist, spectroscopist, engineer, inventor; psychologist, philologist, lexicographer, historian of science, mathematical economist, lifelong student of medicine; book reviewer, dramatist, actor, short story writer; phenomenologist, semiotician, logician, rhetorician and metaphysician.”<sup>10</sup>

Bertrand Russell<sup>11</sup> agreed with Fisch and called Peirce “one of the most original minds of the later nineteenth century and certainly the greatest American thinker ever.”<sup>12</sup> Both Alfred North Whitehead and Karl Popper acknowledged that Peirce had anticipated their own approaches. For example, before the time of Popper, Peirce had put forward the concept that any truth is provisional and propositions are not certain, only probable. He used the word “fallibilism” for this approach.<sup>13</sup> Today, following the lead of Popper, we use the term “falsifiability.” Popper admits that he was unaware of Peirce’s work on “fallibilism” when he was doing his own research but he praised him as “one of the greatest philosophers of all times.” Most works on philosophy will list him as the founder or co-founder of pragmatism. However, the breadth of his work makes it impossible to define or explain him or his system of thought by referring only to pragmatism.

The approach of Peirce that attracted my attention was the way in which he described the emergence of novel ideas. He felt that some of the greatest insights

arise within us, not as the result of careful thought but as an intuition. When we come in contact with large amounts of data, our brain processes it very quickly and we have an impression, an immediate response. This first response may be very different than our normal ways of thinking and so we often reject it in favor of a more carefully crafted solution. Peirce asks us not to discard the “bursting out of a startling conjecture” for it is from this process that we have new insights that may be more valuable than the usual solutions.<sup>14</sup> Trying to rescue the value of intuition, he wished to show that it was an integral part of logic. Toward this end, he gave the name “Abduction” to the moment of first impression. After one has become aware of the results of the abduction, it is then possible to use deduction and induction to determine the plausibility of the “startling conjecture.”<sup>15</sup>

These moments of intuitive insight can be compared to the detective fiction of Sherlock Holmes, the creation of Sir Conan Doyle. Holmes walks into the scene of a crime and absorbs every detail without judgment. Only later does he solve the mystery and explain how some very small detail showed him the way, rather than the obvious ones that lead to a wrong conclusion. This is similar to the situation that occurred recently at the Getty Museum.<sup>16</sup> They were offered a statue of a *kouros* i.e. a “youth,” that might date back to a Greek production many centuries ago. When experts were called in, some performed chemical tests and others compared the image carefully with all other known examples of this type of art.<sup>17</sup> The conclusions from this research suggested that the image was indeed a rare and valuable ancient artifact. Another group, who came to view the image, were museum curators and art historians. Several of them reacted negatively immediately on viewing the image. As they later stated, it seemed “wrong,” “cold,” “too clean,” “disturbing.” They did not have an explanation for these feelings but they recommended that the museum not buy it. As time went by and further studies and examinations were made, the earlier expert opinions based on detailed study turned out to be wrong and the impressions of those who only glanced at the image are now considered to be correct.

Peirce attempted to make use of abduction for new discoveries and he would use inference through deduction and induction for later efforts to understand the nature of the discovery.<sup>18</sup> At first, he saw abduction as a way of trying to justify his conjecture, but in later years this gave way to a recognition that it was at the core of his moment of discovery. He was very aware that an immediate impression could be wrong and misleading but nonetheless he was not willing to turn away from his intuition.<sup>19</sup> It was obvious to him that humans have a capacity to make judgments in a very short time and this capacity has been essential for survival. Opponents attacked the notion of abduction indicating that it is based on a weak inference. Peirce admitted that it was so but argued that a stronger inference of probability is always at hand for later reflection. This is like the old use of the snake and rope example. A person seeing a rope on the ground immediately thinks that it is a snake because it closely resembles one. We use this example to say that our first impressions can be wrong. But we never hear anyone saying that a man walking down a forest trail and seeing a long curling object is probably safer to jump back and examine it carefully before proceeding.

After all, the probability of finding a snake on the jungle path is much higher than finding a rope. Peirce felt that the benefit of the intuition is too valuable to be discarded out of hand without looking at it with care. He believed that a succession of inferences from parts to the whole would inevitably lead to valid knowledge. He also looked back at the history of the human record and recognized that right choices have often been made through discovery. He pointed out that humans have not been “thoroughly unlucky in their inductions.”

All of this has been a long way to reach my main point of dealing with the motive of profit in relation to compassion and loving kindness. I have given this discussion of Peirce’s abduction because I think he had a moment of intuition that allowed him to see something startling and crucial to our understanding. As a pragmatist, he believed that if there is reality, even if it is a virtual mental reality, it will eventually appear or surface from our inferences. One cannot hide the way things really are for ever. If all experience is mind only, then this will always be available and people should through discovery and inference be able to find it and understand it. We cannot live in ignorance and survive for long.

So what was the insight about life and commerce and compassion that Peirce discovered in a flash of intuition followed by reasoning. It is a simple statement and at first does not seem to say much but on reflection is profound. Peirce said:

**“nothing which can happen to a man's self, should be of more consequence to him than everything else”<sup>20</sup>**

This is a remarkably subtle and I believe one of the most important insights for religion. It is a logicians way of dealing with compassion and loving kindness. Note that he says “everything else” not “anything else.” One way to understand his statement is to think about terrorism. If an individual has a belief in something that he thinks to be of more consequence than all other things, then there can be no security with such a one. Once a person makes the decision that there is something of such importance that it outweighs all other considerations, Peirce says there is no longer any possibility of a valid inference to be made from this basis. That is why he makes such an effort to teach that **“nothing which can happen to a man's self, should be of more consequence to him than everything else.”** Buddhists can surely see this in terms of the ideas expressed in the *Vajracchedika-prajnaparamit-sutra*. If we take something to be of more consequence than everything else, this will allow us to assign a permanent nature to that idea and once there is a concept of a permanent nature, we will have the wrong views about the self.

Another way of dealing with this is to look at insurance. Peirce compares our life to the risks taken by an insurance company.<sup>21</sup> He points out that if an insurance company has taken on a number of risks, it cannot take on one that is greater than the sum of all others. If it has the risk of a million dollars for a number of customers and it keeps in the bank 100,000 dollars at any time for payouts to one or more of those customers, the company is considered to be

sound. However, if the company writes a policy for one person for five million dollars and gambles with only 100,000 in reserves then it will have given more consequence to that contract than to everything else. This being the case, Peirce says there can be no security in such a company. Security results when the insurance company avoids a gamble of putting profit ahead of remaining committed to everyone.

If profit is more important than everything else and I remind you that the key phrase is “everything else”, Peirce says, logically, social principles will fail. If a terrorist puts one idea as more important than everything else, it is easy to plant a bomb on a train loaded with people and to destroy them and oneself. Business that is run on the idea that profit has more consequence than everything else is, in the reasoning of Peirce, like a terrorist. If a person chooses one way of acting...that is self serving to the rejection of loving kindness or compassion and all of the other issues of life...then this hides the way things really are says Peirce. He arrived at this premise through abduction rather than just inference. Experience showed him a range of actions and he intuitively came to the idea that **people can willfully perform actions that are not self serving**....parents risk their own lives to save a child in a flooding river...soldiers give their life for the sake of others in acts of bravery...individuals donate resources to others in need...all of these are attested. Thus we can say that compassion and loving kindness are a part of reality. We need to remember that Peirce was writing in the decade after the American Civil War. His generation had to face the reality of the slaughter of people based on certain principles that were taken to be more important than everything else...on both sides of the War.

I recently visited the battle field of Al Alamein in Egypt, a barren desert region along the Mediterranean coastline.<sup>22</sup> There, 120,000 men were killed in a battle that shifted the second World War. As I wandered through the thousands of grave stones, many that said “An Allied soldier, known only to God”, or in the German memorial for unknown soldiers from the battle, a plea “let their sacrifice lead us to peace.” I was deeply moved. Those young men, and most of the slain were in their 20s, had done what Peirce describes as “willfully perform actions that are not self serving.” But behind the battle was the ideology of Hitler and others that could put one issue above everything else.<sup>23</sup> I suspect that Peirce must have felt the sadness of the loss of so many during the Civil War. The only secure thing from Peirce’s logical point of view is compassion and loving kindness rather than having a single self-serving goal that is put before “everything else.”

If the idea of compassion is seen in this light, then the Buddhist teachings regarding business are of great importance. Security in business, as with insurance, or with life, cannot be based on one principle above everything else. Profit cannot be more important than everything else and leave the company or society with security. Currently our courts are filled with executives who put personal gain and profit before everything else. Many of them are discovering the harsh truth that Peirce has uncovered. There can be no valid inference for behavior when profit has more consequence than everything else. There can also

be no secure future for those who follow a dictum of total self-service. As Peirce would say, a person who puts profit before everything will discover by a “sufficiently long course of reasoning” that the hypothesis on which that person’s life is based will be shown to be logically absurd.

I realize that this is a very short time to present something so complicated. Let me attempt to summarize. Charles Peirce proposed that the driving force in successful and productive human life and economics is not greed or self-service, but rather loving kindness. This hypothesis was put forward as a logical basis for understanding human existence. Peirce emphasized that the range of options for humans in every situation are enormous and yet he believed that throughout history, humanity has made many right choices among that myriad host of possibilities. If humans had not made correct choices, it would be hard to explain the survival of the race. The serious question asked by him was how people make the right choice. Since there are so many options, the time required for consideration of all of them would require more years than our lifespan provides. Instead, Peirce suggests that many right choices are made immediately based on some intuition or structure of the processing of the brain. We cannot, at the moment of facing a dangerous situation such as how to avoid an accident on the freeway when going sixty miles an hour, take five hours to consider all the possible ways of reacting. Our brain process must give us the immediate choice. As Peirce points out, survival indicates that the right choice has been made at a level that is not dependent on inference and inductive thinking. When he turned his attention to how people react, he noticed a choice that is hard to explain. Why is it that people so often choose loving kindness and self sacrifice rather than self serving options? Since willful acts of self sacrifice can occur in a moment, Peirce could only conclude that loving kindness has to be built into the brain process. This first came to Peirce as a rather startling conclusion. We often think that compassion and self sacrifice can only occur if we teach people and finally convince them to follow such an approach. However, there are many situations in which individuals make an immediate choice to be self sacrificing and loving. If it is the choice that allows survival, then we can agree with Peirce that loving kindness is a human response that appears in observable action without reference to changing our nature. We can also make the choice of self service but that is seen as a learned response and is the result of thinking out a situation and making a conscious decision. It is doubtful that the complete focus on profit above everything else practiced by the Enron executives came as a startling conclusion of intuition. The lessons that led to their decisions was the result of years of conditioning and long sessions of planning. In other words, Peirce makes the point that compassion is a part of human nature while complete self-serving actions above everything else are learned attitudes.

When we explore the world of economics, we sometimes look in vain for loving kindness and self sacrifice in the curriculum of MBA programs. These are certainly not listed as necessary and best choices. From Peirce’s point of view, we cannot have survived without these traits that emerge in everyday life. Therefore, it is only when we include loving kindness in our hypothesis that we can have

valid inference whether in business or daily life. Psychological research in more recent times has given greater weight to his proposal. For those who have no empathy for others, we understand it to be abnormal and sociopathic behavior.<sup>24</sup> It is not normal to have no empathy and therefore is potentially very destructive. This is not to say that Peirce's logical research has no place in business. The validity of an argument for Peirce depends on two criteria: its security and its productiveness. If this is so, there is every reason for business to take seriously his claim that security and productiveness will logically result from loving kindness.

As I said at the outset, my approach to this issue of Buddhism and economics can be faulted as strange and unusual. However, I think that Buddhist teachings must be submitted to the strongest possible test. In this case, I have tried to see if the teaching that an enlightened person will make the choice of compassion and loving kindness will stand up under the scrutiny of the methodology proposed by a scholar who is considered to be a giant of Western logic. Using an external source to review the Buddhist concept of compassion gives us another way of looking at the idea that the *dhamma/dharma* should always be an expression of the way things really are. It appears that loving kindness stands the test of both religious and logical approaches.

### Notes

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<sup>1</sup> Jagchid, Sechin and Symons, Van Jay. *Peace, War and Trade Along the Great Wall: Nomadic-Chinese Interaction through Two Millennia*. Bloomington: Indiana University Press, 1989.

<sup>2</sup> Tambiah, S. J. *World Conqueror and World Renounce: A Study of Buddhism and Polity in Thailand against a Historical Background*. (Cambridge Studies in Social Anthropology, vol. 15). Cambridge: Cambridge University Press, 1976.

<sup>3</sup> Aalto, Pentti. "On the Role of Central Asia in the Spread of Indian Cultural Influence" in *India's Contribution to World Thought and Culture*, Lokesh Chandra, et al. (eds.). Madras: Vivekananda Rock Memorial Committee, 1970, 249-262. See also Bailey, Harold Walter. *The Culture of the Sakas in Ancient Iranian Khotan*. (Columbia Lectures on Iranian Studies, no. 1). Delmar, New York: Caravan Books, 1982.

<sup>4</sup> Kwanten, Luc. *A History of Central Asia, 500-1500*. Philadelphia: University of Pennsylvania Press, 1979.

<sup>5</sup> We see many examples in the birth stories. Cowell, Edward B. (ed.). *The Jataka or Stories of the Buddha's Former Births*, Translated from the Pali by Various Hands, 6 vols., vol. 3. New Delhi: Cosmo, 1979; 1st edition: 1901.

<sup>6</sup> While the term economy can be attested in the late 14<sup>th</sup> century, the popularization of "economics" came with Alfred Marshall in 1870. Peter Groenewegen. *A Soaring Eagle: Alfred Marshall, 1842-1924* (1995) gives an account of his life and the impact of his writings.

<sup>7</sup> *Xenophon, Memorabilia and Oeconomicus*, E.C. Marchant, trans. Loeb Classical Library (Cambridge: Harvard University Press, 1979), see Xenophon, *Mem.* 3.4.

<sup>8</sup> The work of Charles Peirce is now partly available online at <http://www.peirce.org/writings.html>. Among his important papers are: "On a New List of Categories," *Proceedings of the American Academy of Arts and Sciences* 7 (1867), 287-298. See also his "Questions Concerning Certain



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Faculties Claimed for Man. *Journal of Speculative Philosophy*, 2 (1868), 103-114.

<sup>9</sup> Sebeok, Thomas A. (Editor). *A Perfusion of Signs*. Bloomington, IN: Indiana University Press (1977).

<sup>10</sup> Max H. Fisch has done the task of preserving and making known the work of Peirce. See for example of his praise see the preface in , Charles S. Peirce, 1839–1914: An intellectual biography **Deledalle**, Gérard 1990. xxxii, 92 pp. Fisch was editor of the *Peirce Edition Project* Volume 1: 1857-1866. Max H. Fisch, General Editor. Bloomington: Indiana University Press, 1982.

<sup>11</sup> See the interesting discussion by Jan Dejonozka in “Origin of Russell’s Early Theory of Logical Truth as Purely General Turth: Belzano, Peirce, Frage, Venn or Maccol? *Modern Logic* 8, no. 3 and 4, May 2000-October 2001) pp 21-30.

<sup>12</sup> See Irving H. Anelles article “How Charles Peirce and Bertrand Russell Viewed Each Other’s Work in Logic. In *Modern Logic 5* (1995), 270-328. It is also instructive to look at Russell’s own view in, My Philosophical Development, London: George Allen & Unwin 1959.

<sup>13</sup> For this issue it is instructive to see, Karl R. Popper, *Objective Knowledge: An Evolutionary Approach*, Oxford 1972, p. 116.

<sup>14</sup> Charles S. Peirce, *Reason and the Logic of Things: The Cambridge Conferences Lectures of 1898*, edited by Kenneth Laine Ketner with an introduction by Kenneth Laine Ketner and Hilary Putnam (Cambridge: Harvard University Press, 1992), p. 112.

<sup>15</sup> An excellent review of the concept of Abduction is found in the article by Sami Paavola. “Abduction Through Grammar, Critic, and Methodetic” *Transactions of the Charles S. Peirce Society: A Quarterly Journal in American Philosophy* 40(2), 245-270.

<sup>16</sup> This story is presented in Thomas Hoving, *False Impressions: The Hunt for Big Time Art Fakes*, London: Andre Deutsch, 1996.

<sup>17</sup> Stanley V. Margolis described his study of the statue and his calculation of its ancient date from chemical tests in “Authenticating Ancient Marble Sculpture” *Scientific American* 260, no. 6 (June 1989): p. 104-110.

<sup>18</sup> For the complete works see *Writings of Charles S. Peirce: a Chronological Edition*, Volume I 1857-1866, Volume II 1867-1871, Volume III 1872-1878, Volume IV 1879-1884, Volume V 1884-1886. Edited by the Peirce Edition Project (Indiana University Press, Bloomington, Indiana, 1982, 1984, 1986, 1989, 1993).

<sup>19</sup> An excellent article of Peirce’s position is found online as of 2006 at <http://plato.stanford.edu/entries/peirce/#dia>.

<sup>20</sup> Peirce spells this out in “Grounds of Validity of the Laws of Logic: Further Consequences of the Four Incapacities” *Journal of Speculative Philosophy* 2 (1869), 193-208.

<sup>21</sup> **Charles Peirce** MS L75 Ver. 1 Part 7.

<sup>22</sup> Alexander McKee, *El Alamein: Ultra and the Three Battles*, Souvenir, London, 1991.

<sup>23</sup> Jay Y. Gonen , *The Roots of Nazi Psychology: Hitler’s Utopian Barbarism*, Lexington: The University Press of Kentucky, 2003.

<sup>24</sup> A good study of evolution and social behavior is E. O. Wilson, *Sociobiology: The New Synthesis*. Cambridge, Mass.: Harvard University Press . (1975). Another approach can be seen in P. Kitcher, *Vaulting Ambition: Sociobiology and the Quest for Human Nature*. Cambridge, Mass.: MIT Press (1985).