

01 The Buddha and Adam Smith

In my library I have two books with the same title of “The Great Transformation”.

These two ‘Great Transformations’ look at different episodes in human history, and dramatically illustrate different perspectives on the values that need to be encouraged if human society is to progress.

The first ‘Great Transformation’ took place during what the German philosopher Karl Jaspers called the ‘Axial Age’.

For Jaspers the axial age was that period between 900 and 200 BCE when many of the world’s great traditions of religion and philosophy came into being.

During this period new thinkers emerged like Confucius in China, the Buddha in India, the Hebrew prophets of the Old Testament in the Middle East, and Plato and other philosophers in Greece.

In her book “The Great Transformation” Karen Armstrong, writer on comparative religion, describes how the prophets, mystics, philosophers and poets of the axial age were not so much concerned with credos, with what you believed, but with how you behaved.

They put morality at the heart of the spiritual life.

The axial age thinkers described by Karen Armstrong believed that the future of humanity depended upon a turning away from egotism and greed and violence, and a turning toward the development of empathy and compassion.

Karen Armstrong’s book “The Great Transformation” was published in 2006.

But over sixty years earlier in the 1940s another book called “The Great Transformation” was published.

Written by the Austro-Hungarian political economist Karl Polanyi, this book surveys a second ‘Great Transformation’ that came with the emergence and development of capitalism between the seventeenth and twentieth centuries.

Polanyi associates this 'Great Transformation' with what he called 'market liberalism', an ideology that came to prominence in the early nineteenth century in England with the rise of capitalism, an ideology that has similarities to what we presently call 'neoliberalism' or 'market fundamentalism'.

Polanyi argues that before the nineteenth century the predominant view was that the economy should serve society. The economy was subordinate to the wider society and its system of politics, religion and social relations.

The aim of market liberalism was to turn this around, and subordinate society to the logic of the market. Instead of the economy being embedded in the wider society, society was to be embedded in the economy.

And, according to Polanyi, because of England's leading role as 'the workshop of the world' the ideology of market liberalism became an organising principle for the world economy.

This ideology is still very much alive with what is called 'neoliberalism' or 'market fundamentalism'; ideas that have played a dominant role in modern economic theory and policy around the world.

The first 'great transformation' of the axial age promoted a turning away from egotism and greed and violence, and a turning toward the development of empathy and compassion. The second 'great transformation' of market liberalism promoted a set of values that emphasised greed and self-interest.

Market liberals wished to create an environment in which self-interest would be given unhindered freedom of action. In their view the state was to stay out of the way and give self-interest and market forces a free rein, to ensure economic growth. Growth in economic output, it was assumed, equated with growth in well-being.

The domination of market liberalism in matters of economic policy in Britain in the nineteenth century was no abstract matter. It was a matter of life and death, as the Irish potato famine of the 1840s proved.

During the 1840s a large proportion of the Irish population were very dependent on the potato for their food, and when the potato crop failed for two successive years, large scale famine resulted. A million people died.

But supported by influential commentators such as *The Economist* magazine, the British Establishment adopted the attitude of market liberalism to the problem.

To send aid to Ireland, which was then under British control, would be to break the principle of non-intervention in the operation of the market. If the government were to interfere with the operation of the market in solving the Irish famine crisis, then that, according to *The Economist*, would be a 'foolish error'.

For *The Economist* magazine morality was irrelevant. For the British government to 'turn back to the old discredited principles of interference, and adopt practices the most unscientific and the most decried' would be a travesty of reason itself.

Given such uncompromising words, it's not surprising that Benjamin Jowett, then Master of Balliol College, Oxford, later expressed his distaste of market liberalism and the developing discipline of economics. This is what he said:

'I have always felt a certain horror of political economists since I heard one of them say that he feared the famine of 1848 in Ireland would not kill more than a million people, and that would scarcely be enough to do much good.'

Contained within these two 'Great Transformations' of the axial age and of the rise of market liberalism or fundamentalism are two conflicting perspectives on humanity.

For the proponents of market fundamentalism, people are naturally selfish, and should be encouraged to act primarily in their own self-interest, because through the working of free markets, this will lead to greater well-being for all.

For the thinkers of the axial age, people are capable of kindness and compassion towards others, ethical attributes that must be encouraged above all else for the future well-being of humanity.

Behind these conflicting perspectives are different assumptions about human nature. To help explore these differences, I am going to compare the ideas of two people, one from the axial age, and the other from the dawn of modern economics. They are:

The Buddha, religious leader (as well as practical philosopher and scientist of the mind)

and Adam Smith, moral philosopher (whose book, *The Wealth of Nations*, published in 1776, helped to found the discipline of economics).

First the Buddha.

The Buddha identified greed, hatred and delusion as the root causes of the human predicament. Because of greed, hatred and delusion the path to Enlightenment may be blocked, and people will be unable to find true fulfillment in their lives.

We are born with the potential for greed, hatred and delusion.

But we are also born with the potential for generosity, loving kindness and wisdom.

Which potential dominates depends upon what we turn our minds towards and what we cultivate in our lives.

The Buddha, like the other thinkers of the axial age, emphasised placing ethics at the centre of life, in the pursuit of fulfilment and a new kind of humanity.

Empathy and compassion have to be developed, whilst greed and egotism, violence and unkindness are to be shaken off.

And, like the other sages of the axial age, the Buddha taught that compassion and altruism should not be confined to one's own people or group, but instead should be extended beyond.

The Buddha prescribed the practice of kindness towards *all human beings and all living things found in nature*. In the Karaniyametta Sutta the Buddha enjoined his followers to cultivate the following intention:

“Whatsoever living beings exist,

Without exception, whether animal or plant,

Whether tall and large, middle-sized, or short,

Whether very subtle or very gross,

Whether visible or invisible,

Dwelling far away or not far away,

Whether born already or not yet born

—May all beings be happy in themselves.”

As well as enjoining us to practice kindness towards all living things, the Buddha asks us to direct our kindness towards those ‘not yet born’, towards future generations of humans and other species. We are being asked to act with kindness towards our descendants and the descendants of other species.

In addition the Buddha always emphasised the practice of generosity as the foundation and the seed of spiritual development.

If we are to fulfill our progressive evolutionary potential, the Buddha is advocating the cultivation of an ethical path of kindness and generosity. This is a path to be followed at the level of the individual and at all other levels of society and of the world.

It's often thought that the Buddha's teachings were directed only at monks and nuns, those who had left home to pursue individual enlightenment.

But a significant minority of the Buddha's teachings were concerned with the wider society, with the world of the family and local community, of work and business, of kings and queens, and government policy makers. The Buddha engaged with social and economic issues.

The Buddha's concern was to help create a stable society governed by ethical principles that would create the conditions to assist people generally to develop their potential and to find fulfillment.

Now let's turn to Adam Smith, moral philosopher and 'founding father' of economics.

Adam Smith is famous for his book "The Wealth of Nations", published at the end of the eighteenth century, and for the idea of what is called 'the invisible hand'.

Advocates of market liberalism and fundamentalism have seized upon the idea of this 'invisible hand' and placed it at the core of their beliefs, although in fact Smith only ever mentions it once in 'The Wealth of Nations'.

Adam Smith wrote:

"It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages."

And he continued:

"Every individual ... necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it ... *He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his*

intention By pursuing his own interest he frequently promotes that of the society more effectively than when he really intends to promote it”.

In other words, Smith is arguing that what motivates the butcher or the brewer or the baker – what drives them – is their own self-interest, their own profit.

And this, he says, is a good thing, because, as long as every individual in our society pursues their own gain or profit, chases after their own self-interest, then, through the working of the market, everyone in society benefits.

From the modern presentation of Adam Smith’s ideas by neoliberal and other economists you could be forgiven for thinking that this is all there is to Adam Smith. But you’d be wrong.

Besides being the author of “The Wealth of Nations”, Adam Smith also wrote a very different book, “The Theory of Moral Sentiments”.

In this book Smith revealed a different view of human motivation.

In the opening lines of this other book Smith wrote: “Howsoever selfish a man may be, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except pleasure of seeing it.”

In the book Smith argued that ‘our fellow feeling for the misery of others’ is founded on our capacity for ‘changing places in our imagination with the sufferer’.

Adam Smith understood that people’s behaviour is not just dictated by self-interest but derives from a variety of motives. He understood that there are two sides to human nature; the selfish, self-interested side, and the kind, compassionate side. The one-sided presentation of Smith’s ideas by modern economists does not do justice to the full complexity of his views.

Nevertheless, to my mind, Adam Smith’s eloquent defence of empathy and compassion in his “Theory of Moral Sentiments” does sit in an unresolved tension with his emphasis on self interest in “The Wealth of Nations”.

This unresolved tension in Adam Smith's position does, I think, point to a social and political tension in our modern world between the undeniable dynamism and energy of capitalism and the need to subordinate the economy to the needs of a society based on the values of kindness and compassion.

However, the Buddha was clear that selflessness must win out over selfishness, that values must win out over the impersonal forces of the economic market.

Earlier in this talk I contrasted two 'great transformations'; the great transformation of the axial age and the great transformation of market liberalism with the advent of capitalism.

Market liberalism, like its modern counterpart neoliberalism, sought to subordinate society to the needs of the economy. A Buddhist economics would seek to subordinate the economy to the needs of a society based on the values of kindness and compassion.

References

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