

# Economics and the Dharma: Coming to realize that all profit is loss

By Rodney Stevenson

A small stone dropped in a stream can change the course of a river. For me, the stone was a political science course I wanted to take in my sophomore year. The class was full and I couldn't get in, so I signed up for Principles of Economics – it was available and didn't meet too early in the day. Assistant Professor James Pate was entertaining – bright, engaging, and animated – actually very animated. Sometimes he would jump up on a desk and wave his arms showing how lines on a graph would move about. I was captivated; I took another of his courses, and another, and another ... and ended up with a B.A. in economics. I went to graduate school, got a Ph.D. in economics, spent some time in Washington D.C., and then became a Professor of Business at the University of Wisconsin, Madison. A year after I was granted tenure, I met Geshe Lhundrub Sopa.

## Economics from an Economist's Perspective

I was drawn to economics because it addressed concerns of human well-being and because of the rigor of its analytical methods. Economics focuses on issues of how we navigate a world where demand is insatiable but production is limited. The discipline maintains three central presumptions about human nature: *people are egocentric* – they are more concerned with their own well-being than with the well-being of others; *people are materialistic* – they believe happiness comes from what they possess and consume; and *people are never satisfied* – they always want more, believing that having more will make them happier. Though demand is unbounded, supply is



Rodney with Yangsi Rinpoche



limited by scarce resources and technological constraints. A major problem of economics is how to achieve the highest overall level of satisfaction given the production constraints.

At least since Adam Smith's 1776 publication of *An Inquiry into the Nature and Causes of the Wealth of Nations*, economists have held free trade and open markets in high esteem. Smith, who wrote at a time when commerce was controlled by guilds and the crown, argued that competition, choice, and free trade would spur economic development,

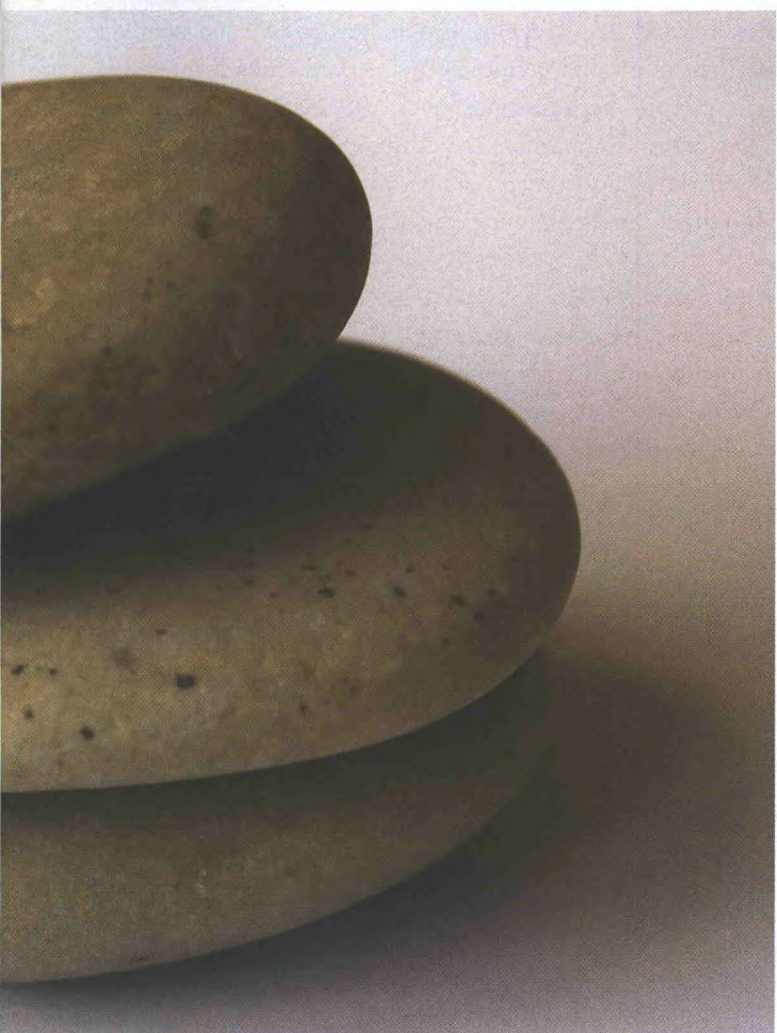
and bring about social and moral improvement. These gains would occur not because people worked for the public good, but because they pursued their own self interest. Smith argued that when people work to improve their own well-being, the market – as if driven by an invisible hand – advances the well-being of all.

We depend on each other to obtain what we need – none of us is self-sufficient. Our economic interdependence manifests through markets. It is in the market where we earn income and it is from the market that we obtain what we consume. Markets are driven by profits and limited by what people are willing to buy. To the extent to which economists would encourage charity, their advice would tend to be limited to those who consume and not the firms that produce. In the words of one economist, Milton Friedman, managers should not pursue 'good deeds' with the company's money. Friedman held that the only appropriate form of social responsibility for firms is to make profits. He was given a Nobel Prize.

### Tenure and Transition

Tenure is an almost universal goal of university and college instructors. Tenure provides security; as long as the tenured meet their classes and avoid acts of moral turpitude, they have a job and a great deal of lee-way in deciding how to use their time. Five years after I joined the university, I got tenure. The five years had gone well. My university and consulting income was more than ample. I was respected in my field, and was appreciated for the work I did with a wide variety of organizations. I had achieved much of what society uses to measure success. I should have felt happy, but I didn't. Rather than being satisfied, I felt empty. Accumulation's promise had not been fulfilled – if this is all there was, then it hardly seemed worth the effort.

The next year was rather turbulent. If accomplishing what I did hadn't made me happy, than what would? Should I change fields? Should I change jobs? Should I move to the



coast or the mountains? Should I find other relationships? I knew many who had changed jobs, locations, and relationships, but their relief typically was short-lived.

Slowly I started to understand that satisfaction is a state of mind, not a state of accumulation. Economics could provide some advice on improving holdings, but it offered none on how to develop a satisfied mind. The three principal aspects of the economics path – self-centeredness, materialism, and greed – offered scant direction for mental transformation.

As the year progressed I began to pay attention to spirituality. It's often said that suffering brings people to religion; that certainly was the case for me. I delved into the writings of a wide array of esoteric religious traditions – the Gnostics, Sufis, Wiccans and Shamans; the Judaic cabalists, and the Christian mystics. One night while I was reading Richard Alpert's (aka Ram Das) autobiographical *Be Here Now*, I came across a section where he described Timothy Leary running back to their house holding a copy of *The Tibetan Book of the Dead*. Leary spoke excitedly about the mental states described in the book – mental states they experienced when they tripped on LSD, but lost when the trip was over. The next day I bought a copy of *The Tibetan Book of the Dead* and read it through in one sitting. Soon after that, by what seemed a strange occurrence, I found myself standing in the university office of Professor Geshe Sopa. When I came in, he was drawing a map of how to get to Deer Park, the Dharma center he founded in 1979. He told me that Geshe Donyo would start teaching lam-rim in a couple of days and that I could come if I was interested. Two days later, I met the Dharma at Deer Park and entered the Buddhist path.

## Economics from a Buddhist's Perspective

Economics and Buddhism share a concern with happiness, but their common ground ends there. Though most economists are decent and honest people, economics does not provide reliable advice for improving human well-being. Economics embraces egocentrism, materialism, and non-satiation. Economists believe that desire and self-interest are good, and that consuming more always brings more happiness. Buddhism teaches that looking for more things to consume only brings more suffering. To overcome suffering, we should develop a satisfied mind and end the mind of desire. Fostering self-interest only traps us in suffering. Economics assumes that we only live once, and that our actions affect this life alone. Buddhism teaches that this life is but one in an ongoing chain of migration that comes from beginning-less time, that the

conditions of this life are determined by the karma of deeds in previous lives, and that our actions in this life affect our future lives more than they do our present one. Economic thought is congruent with a system that holds that phenomena exist inherently, and that there is a duality between the object possessed and the possessor. Buddhism teaches that phenomena do not exist inherently, and, in the higher schools, that though a phenomenon may exist externally, it exists only as a mental imputation upon a basis. In short, economists believe that teaching economics is good. Buddhists know better. As a Buddhist, I can only conclude that teaching traditional economics is the promulgation of wrong views.

Some years back, I asked His Holiness if he would advise that I leave the School of Business and go elsewhere. He said stay. So I did. However, I am still struggling with how to teach those courses for which I am responsible in a manner that is, at least, not patently contrary to the Dharma. If economics teaches anything helpful for Buddhists, it is that, in general, if there are two goods of equal quality, buy the one that costs less. Beyond that, teaching people how to live and conduct business in a world permeated by markets and self-interest is best left to organizations such as the Foundation for Developing Compassion and Wisdom (see page 52) and its Essential Education programs fostered by Lama Zopa Rinpoche, carried out under the direction of Alison Murdoch.

## Profit is Loss

Some twenty-five years ago, I met Geshe Rabten. He invited me to go with him to a teaching he gave in Zurich. On the way back, he suggested that next time I visited I could teach about economics. "The only thing I could teach," I said, "is that all profit is loss." I could have added that not all profits are lost.

Profits exist both on and off the path. Profits that are earned, but not on the path, are profits that can be used to buy things like clothing, cars, and computers. Though these profits might appear to come from one's labor, sharp trading, or acts of fraud and abuse, they really don't. Profits off the path are a withdrawal from the bank of virtuous karma. The source of the profit is not giving the customer what he wants, but prior acts of giving. Profit off the path is caused by the potential of virtuous karma, but once the karma has ripened, its potential is lost. Profit is the loss of that potential. Not only is this profit loss, it will also be lost. Profits can amass into wealth; but the wealth is transitory. Any wealth we build up in this life, we will lose when we pass through the bardo.

Profits can also be earned on the path. Profits earned on the path are not profits that would be used to buy things that would only reduce the suffering of suffering temporarily. The profits of the path result in the exhaustion of all three sufferings. This profit is the loss of negative karma that has arisen but not yet ripened, and the loss of the seeds or predispositions that give rise to negative karma. Profit on the great path also includes the loss of a mind that does not cherish others. Unlike profit that can be spent on houses or cars, the profits of the path will never be lost. Once one attains release from samsara, suffering will no longer arise. Of the two profits, the profit of the path is the one of infinitely greater value.

## In Retrospect

I was fortunate that the political science course I wanted to take in college was closed. Had it not been, I would not have taken the economics course, and the flow of my life may have been very different. Though I have come to recognize that the path of economics does not lead to a release from the samsara of suffering, only to a different part of samsara, nonetheless, I do not regret becoming an economist. Economics in its own way brought me to Deer Park and the Dharma. Economics in its own way brought me to my close teachers – to Geshe Lhundrub Sopa, Gyume Khensur Rinpoche Lobsang Tenzin, and Yangsi Rinpoche. I wish that I could say that I have taken full advantage of the advice given to me by my teachers, and that I have become an excellent practitioner, but I can't – I took a vow not to lie. But because of my teachers, I can now say, "once I have heard," and for that I am extremely grateful. Hearing is the first step on a path that leads to inestimable and inexhaustible profit. ●

*Dr. Rodney Stevenson is a Professor of Business at the University of Wisconsin-Madison. Recent publications include "Exploring the Ethics and Economics of Global Labor Standards: A Challenge to Integrated Social Contract Theory" with L. Hartman and B. Shaw, Business Ethics Quarterly, vol. 13, no. 2, 2003, and "An Ethical Basis for Institutional Economics," Journal of Economic Issues, vol. 36, no. 2., 2002. Dr. Stevenson lives in Madison with his wife Karen.*

## Economics and the Four Seals

Economics has its own language complete with syllabary and syntax. Though spoken by only a few, I decided to translate the four seals of Buddhism into the language of economics.

### The Four Seals

1.  $\frac{\partial x_{it}}{\partial t} \neq 0 \quad \forall i$
2.  $U(\underline{x}, g(\underline{x})) < 0$
3.  $x_{it} \neq x_i$   
 $x_{it} \neq f(x_{it-1})$   
 $x_{it} \neq f(\emptyset)$  where  $\emptyset$  is the null vector  
 $x_{it} = f(\underline{x}_{t-1}, \underline{x}_{t-2}, \dots, \underline{x}_{t-n}, \dots, \underline{x}_{t-\infty})$
4.  $U(h(x_{it} \neq x_i, x_{it} \neq f(x_{it-1}), x_{it} \neq f(\emptyset))) = \infty$

Assuming that  $\underline{x}$  is the set of all phenomena that arise as imputations on a basis, then:

- **Proposition one** states that *all phenomena are impermanent*. The derivative of any phenomenon with regards to time ( $t$ ) is non-zero.
- **Proposition two** states that *contaminated phenomena are suffering*.  $U(\dots)$  is a utility function, a measure of the satisfaction that arises from the possession and consumption of any and all phenomena ( $\underline{x}$ ) and any transformations of phenomena ( $g(\underline{x})$ ). Since the value of the satisfaction function  $U(\dots)$  is negative, consumption brings only suffering.
- **Proposition three** states that *phenomena do not exist inherently but arise based on cause and effect*. The first equation states that a phenomenon does not merely exist. The second equation states that a phenomenon does not arise from itself. The third equation states that a phenomenon does not arise from nothingness. The fourth equation states that a phenomenon is the result of – or is caused by – prior moments of itself and other phenomena.
- **Proposition four** states that *nirvana is peace*. Nirvana arises from the direct realization of the absence of inherent existence. The function  $h(\dots)$  is a statement of direct realization of the nature of phenomena.  $U(\dots)$  is the level of satisfaction that arises from the realization  $h(\dots)$ . The level of satisfaction is infinitely positive, meaning that there is no suffering, there is only peace.