

A Skeptical (and Buddhist) Take on “New Economy” Approaches*

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Abstract

Buddhist critics of the contemporary economic systems rightly point out persistent problems of poverty and growing environmental crises. Attributing these problems to various principles thought to underlie present systems (such as greed and competition), some of these critics advocate for a “new economy” that would be, it is said, governed by diametrically opposite principles (such as altruism and cooperation). This paper takes a skeptical view. First, it argues that such a stance takes mainstream economics teachings about how firms and markets work far too seriously. Economic life is already highly social and cooperative, even if these dimensions have long been hidden by teachings about the system’s “mechanisms,” and even if cooperation may have both positive and negative effects. Second, the paper argues that the “new economy” approach runs counter to basic Buddhist teachings about the sources of delusion and suffering. Turning our focus away from thoughts of essential principles and ideal societies, this paper argues, would actually strengthen our efforts towards a better world.

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Introduction

Before I get into the “skeptical” part of my argument, let me first outline a few points on which I enthusiastically agree with the views expressed by John Tomer (2017), Clair Brown (2017), and Joel Magnuson (2008). First, we are in deep trouble. Climate change and other forms of environmental degradation are real; injustices are widespread and persistent; human misery is rife. Second, many of these problems can, in fact, be traced to economic phenomena. These include fossil-fuel-based industrialization, a narrow focus on material satisfactions and GDP growth, and policies that allow the few to get rich at the expense of the many. Third, Buddhism has something important to offer. This is particularly true in regard to its warnings about the “three poisons” of greed, anger, and ignorance.

But here is where I differ: These authors (along with other notable Buddhist writers such as David Loy (2015) and the Ven. Bhikku Bodhi (2015)) locate the root of these problems in various *principles*, such as greed and competition, which they believe are part of the *inherent nature* of our present economic system. Often this system is labeled simply as “capitalism.” They then advocate for dismantling the present system and replacing it with a “new economy” that would be governed by diametrically opposite principles. In the “new economy,” altruism and cooperation would, presumably, rule. I do not find this dualism helpful.

I will argue that, first, such a “new economy” view takes mainstream economics teachings about how firms and markets work far too seriously. Secondly, I will suggest that the “new economy” approach runs counter to basic Buddhist teachings about the real sources of delusion and suffering. Finally, I will posit that turning our efforts towards a better world would actually be *strengthened* by not getting caught up in notions of essential principles and ideal societies.

1. Don't Believe Economists

What I was taught, in college and grad school in economics, was consistent with how “new economy” thinkers characterize the “old economy.” That is, I was taught that people in our current economy are driven by self-interest. Firms are

entities whose essence is to maximize profits. Individuals maximize satisfaction from consumption. Markets are arms-length and impersonal “mechanisms.”

But perhaps what drew me further into the study of economics was the same thing that later drew me to Zen: A tendency to entertain doubt, and try to look afresh at the world with a “don’t know mind.” And so I became curious about how economists figured out that self-interest, competition profit-maximization and so on were the fundamental laws and principles underlying economic activity. Economists don’t generally like to talk about where our assumptions come from. So my explorations took me into many areas, from the history of economic thought to the history and philosophy of science to contemporary corporate law. And what I discovered is that economists *made this stuff up*. Really.

Economists, for example, invented the belief that corporations maximize profits. The common belief that profit-maximization is mandated by law is simply factually erroneous. Really. Nor do shareholders regularly force corporate executives to act in their interests, by bringing lawsuits against them, as is sometimes asserted. Nor, in many cases, does intense market competition, in goods markets or capital markets, force companies to pursue every last dollar of profits. Large parts of the economy are dominated by relatively few firms. The idea that firms are always running after the last dollar of profits was also not derived from observation of actual businesses. Some corporations are more oriented towards innovation, or expansion, or maximizing CEO compensation. Others focus on preserving a tradition, serving a community, or providing a beneficial, quality product. Still others are rather a mess and don’t seem to effectively pursue any goal at all (Nelson, 2011, Nelson, 2018).

And let me mention a few additional mythical creations. A “free market” has never existed, and could never exist. Markets are totally entwined with government and other forms of social regulation. “Imperatives to grow” are also largely a fiction, whether we are talking about individual firms or larger economies. The degree of “consumerist” values displayed in capitalist societies is not something inherent, but rather is historically and culturally variable. Cooperation and trust, not just “self-interest and competition,” are rife in, and essential to, our economic system. If you

can't cooperate with your suppliers or coworkers, how could you ever create anything? Unethical cooperation is, alas, also a feature of economic life. Failure to study the high levels of pernicious cooperation between, for example, financial institutions and financial regulators is a sign that we economists have blinded ourselves, not that we are "rigorous" and "scientific" (Nelson, 1996, Nelson, 2018).

Do why did economists invent these so-called "principles"? Economists have long wanted to be more like high-status physicists, than like lower-status sociologists. The dogma of "profit maximization" allows us to analyze "the firm" as though it were an autonomous entity that finds the highest point on its mathematical profit function. This is much easier than dealing with corporations as complex social organizations involving many different people working together and interacting with political, social, and physical environments. Growth models, standard utility functions, and ideas of arms-length competition similarly simplify the world to an unrecognizable abstraction, all for the sake of mathematical tractability.

These fanciful theories have had such staying power, I believe, for at least two reasons. One is political, in that they provide an intellectual cover story that greedy people can use to excuse their greed, saying this is "just the way the system works." But there's another reason—a gendered reason—as well. What economists chose to notice in economic activity were elements of competition, self-interest, autonomy, rationality, precision, and mechanism. What was ignored? All the equally present elements of cooperation, other-interest, connection, emotion, complexity, and sociality. Notice that that the former have an aura of masculinity and toughness about them, while the latter seem more soft, more feminine. In a sexist culture, they are easily dismissed as of lesser importance (Nelson, 1992).

So, to recap my first point, I think the "new economy" approach, that prescribes replacing the current economy (characterized by bad principles) by a new economy (characterized by good principles), has gotten its facts wrong. It has made a category error, or fallen into the "fallacy of misplaced concreteness," taking abstract ideas invented by economists and confusing them with how the world actually works. Furthermore, repetition of these myths tends to turn these beliefs

into a self-fulfilling prophecy. When Buddhist social activists claim that greedy, opportunistic behavior is the norm in capitalist systems, they actually *reinforce* those values. Such a fatalistic belief in “essences” tells us that we can’t do anything much that is good in the system we’re in, here and now.

2. Buddhism Isn’t Just About Giving Up Greed for Material Goods

Certainly, looking into how greed for material riches actually fails to give us true satisfaction is one important aspect of Buddhist practice. But this barely scratches the surface of Buddhist teachings. We can also suffer from the other two “poisons,” that is, anger and ignorance--or, as some translations have put the latter, “delusive certainty.” In addition, Buddhist philosophy presents a deeply relational understanding of how our universe works, that upends our usual preconceptions. It talks about existence having “three marks.” These are *anatta*, the fact that all phenomena lack any essential nature; *dukkha*, ever-present suffering; and *anicca*, the inescapability of impermanence and change.

I’m afraid I see contradictions all over the place between the “new economy” approach and these basic teachings. The belief that capitalism *has* an “essential nature” denies *anatta*, the fact that nothing has an essential nature, and the belief itself is a form of delusive certainty. The lust after a totally different form of economy and society is a form of greed: Fundamentally, greed or grasping is telling the universe, “You can’t be as you are; you have to be the way I want you to be.” (Forgoing this view does *not*, however, mean just turning a blind eye to suffering, as I will explain below.) Envisioning a more perfect, just, infinitely peaceful and infinitely sustainable society--a society that has a *good* “essential nature”-- denies all three of *anatta*, *dukka*, and *anicaa* (Nelson, 2016).

And, try as we might to resist it, the “new economy” model tempts us towards the poison of anger, and the deep delusion of “us versus them” thinking. It’s all too easy to see ExxonMobil as motivated by greed, and our own anger as righteous. If we tend to see the people “inside the system”—and especially “corporate elites”—as no more than weak, deluded, role-playing robots, we deny them their humanity. And if we think that “they” are uniquely motivated by greed,

and we are not, we deny our own humanity. Greed for money is only greed's least subtle form.

Buddhist teaching tells us that suffering and impermanence are fundamental marks of existence. Recognizing these marks doesn't at all mean that we sit on our hands and don't do anything. But I think we want to look twice at a plan that is built around imagining an existence without them.

3. Do Use Buddhist Insights to Work for a Better World

So, while our hearts yearn to make things better, I think we need to be very careful about how we go about acting on this, and keep our actions well-informed by Buddhist insights. I'm afraid that keeping our eyes on that imagined "new economy," created by "us, the good folks," can cause us to overlook what we can do, and urgently need to do, here and now.

Releasing the beliefs about the "essence" of capitalism allows us to recognize that the economy that we are in is emergent and ever-changing—just like everything else. We can realize that there are and have been, in fact, many different capitalisms, across space and time. While we may, quite rightly, engage in boycotts and movements for legislation to shape the behavior of corporations, we can also recognize that when change happens it is likely because we've had allies on the inside of those corporations all along.

I believe we also need to let go of any naïve faith that some other institution, structure, or system will be inherently free of greed. No human organization—business, government, non-profit, local enterprise, community, family, or, alas, even a Buddhist sangha—has an essential "nature" that makes it automatically serve good ends. The current US federal government is more involved in plundering the public than serving it. You like nonprofits? The National Rifle Association is one. The new media every day carry stories of domestic violence. Sanghas are far from immune to scandals over money and sex. The three poisons are everywhere.

Yet while we do not need to swap our "old economy," wholesale, for a diametrically opposed "new economy," this doesn't mean that we don't need "systemic" and "structural" changes. These are badly needed at a number of

different levels. *Within* nations, communities, businesses, and other organization are systems and structures that shape the flows of information, the values, the decisions, and the patterns of activity. As individuals, we need to act from where we are to help shape the specific institutions that we can influence. With our dedicated work, we might make progress in the direction of justice and sustainability.

Conclusion

Economies, markets, and corporations, like human individuals, or like any other institutions, have no essential nature. They arise contingently, historically, and in deep interdependence. I believe that this recognition opens many possibilities for wise, compassionate, pragmatic, and deeply engaged action, in the messy and painful world here-and-now.

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