

Buddhist Publication Society Newsletter

2nd Mailing 2011
No. 66

PROTEST AGAINST GREED

On Wall Street, the centre of the financial world, demonstrators are protesting against the greed and recklessness of financial institutions that led to the current economic woes. They also are protesting against the profiteering of traders who drive up the prices of commodities and the shameless money-grabbing of chief executives who award themselves huge bonuses while many ordinary people are out of work and can't pay their bills and mortgages. The protestors demand reforms that will lead to a fair financial system.

What should a Buddhist make of 'corporate greed' and the protest against it? What reforms would be in accordance with the Buddha's teachings to avoid financial instability and injustice and would lead to the benefit of all?

According to Buddhism any action done out of greed, hatred, and delusion—the three roots of unwholesomeness (*akusalamūla*)—will result in suffering. The more greed there is in the mind of individuals, the more suffering and instability there will be in the world. Accordingly, if the minds of those involved in the financial world are strongly influenced by these three roots, the financial system will be inherently fraught with instability and will give rise to suffering. Although some will get great financial advantages from the unwholesome system in the short term, it will lead to the suffering of these and many more people in the long term, as can be seen now with the economic recession in the USA and Europe.

From a Buddhist viewpoint, protests against 'corporate greed' will not be very effective unless there is a deeper understanding of what actually drives corporate greed. The cause of corporate greed is to be found in the delusion in the minds of shareholders, investors, bankers and politicians. It is also caused by the greed and delusion of the 'ordinary people' who buy cheap products that are produced in unethical ways by greedy companies, and who put their savings in banks and pension-funds that directly or indirectly support corporate greed and recklessness. It is due to the greed conjoined with delusion in the minds of all those involved in the financial world that the current problems are brought about. Greed is always conjoined with delusion: The more delusion there is, the more greed and anger there will be also. Many involved in the financial world are influenced by materialistic theories such as social-Darwinism, and are also influenced by the Calvinist view that wealth is a sign of the grace of God. Due to these views they regard greed and the accumulation of wealth for its own sake, and at the cost of others, as a good. They think that there is no other purpose in life than gaining financial success, accumulating more wealth than one's neighbours and competitors, and the unrestrained enjoyment of sensuality. On a more philosophical level, they think that the only way humanity can make progress is through competitive economic growth and accumulating material wealth.

Under the influence of delusion and greed, greater and greater risks are taken by financial institutions and investors to bring in greater and greater profits in shorter and shorter time spans. No account is taken of the universal characteristics of impermanence, suffering, and not-self of all worldly conditions. Any financial, economic system is dependent upon finite resources. All conditions upon which the system depends are bound to change and fall away. There will be disaster and suffering if financial leaders and economists do not take into account changing conditions in the long term, and are only focused on increasing short-term profits, disregarding decreased supplies of resources upon which growth depends, and disregard the benefit of humanity and the natural world as a whole. Thus, a financial institution or business which only functions for the benefit of its directors and shareholders, desiring to grant them ever greater bonuses and dividends, and shirks responsibility to wider society and the environment can become like a cancer or a parasite that feeds off its host, depletes it, and eventually destroys it.

The main resource which has driven economic growth during the last hundred years or so has been cheap, plentiful energy, mainly from oil. Today there is an ever-increasing demand for oil all over the world due to population growth (the world population reached seven billion in November) and economic development in developing countries. Because of this increasing demand plus the increasing difficulties in exploration and extraction, the price of oil is bound to go up ever further. This will drive up prices of products such as food and transportation, leading to further speculation and social unrest. Prior to 2008, when the foundations for the current crisis were coming to a head, the US economy appeared to be going well despite awareness of the economic impact of rising oil prices. There were no protests on Wall Street as there were few with the foresight that the ever-continuing miraculous economic growth was an empty bubble about to burst.

In Buddhism this belief in continuous economic growth could be taken as a distorted perception (*saññāvipallāsa*), i.e., the distorted perception of permanence in the impermanent, happiness in what is suffering, self in what is not self, and beauty in what is not-beautiful. Under the influence of the distorted perception of permanence, happiness, etc., investors believed that the markets would keep growing, that the investments they made would increase in value, and that growing profits would certainly be theirs. Ever more ingenious and complex methods, such as collateralized debt obligations, were invented to make more money more quickly and ever more risks were taken. And then the market crashed.

In reality much of the stock-market value of companies, commodities, etc., is not there at all. It is only there in the minds of investors. Much of the 'value' is in people's expectation that the stock value will increase and that they can sell them. The Dutch, who experienced the first stock-market crash in 1637, call this 'wind-trade,' i.e., trade in something which is not owned by the trader and whose value is talked up by the trader. The "tulip mania" speculative bubble in 1637 was due to a rapidly increasing demand for the bulbs of the highly fashionable tulip flowers. Shrewd traders created futures contracts for bulbs which still had to be grown and sold them at high prices to gullible buyers who hoped to sell them on at a high profit. Many greedy, deluded people started to trade in bulbs and bulb futures. The prices skyrocketed so much that for one bulb of a highly desirable novelty tulip variety the equivalent of twenty-five tons of butter was paid. However, this profitable trade could only last as long as new buyers were willing to pay the extremely inflated prices, and when these buyers could not be found, the bubble burst, prices rapidly plummeted and the trade collapsed.

Investors invest in companies or commodities that they hope will increase in value in the future, so that they can sell their stocks at higher value, but this is not certain at all, as the Dutch already experienced in the 17th century. Likewise, most financial systems are based on prospects of continuing economic growth, and certain levels of growth. A decrease in economic growth, not to speak of a recession, is disastrous to these systems.

In 1720 there was a stock-market crash in the UK, France, and the Dutch Republic. Companies had issued stocks for enterprises in remote colonies which were paid for by bonds. Gullible investors lured by the prospect of huge returns flocked to buy the stocks and the prices skyrocketed. Then the confidence of the investors suddenly fell away and the bubble burst. In Amsterdam angry crowds—jealous of the traders' profiteering and fearful of their livelihoods because the traders were neglecting the traditional trades—stormed a stock trader's centre. Police had to free the besieged traders. Sarcastic cartoons, poems, and plays mocked the 'wind-traders,' as well as depicting the suffering that was caused by the 'stock-plague.' The authorities attempted to create and enforce legislation.

These crises in the 17th and 18th centuries are similar to the current crisis. And just as the traders were besieged then in Amsterdam, disappointed and resentful crowds now occupy Wall Street and other financial centres. The current crisis may have been brought about by quite sophisticated schemes of large banks and investment companies, but the basic mechanisms of both the current crisis and the earlier ones remain the same: the deluded greed of investors; the trade in commodities which do not yet exist and are uncertain; buying frenzies; the deluded confidence that expectations will materialize and the market will keep growing endlessly; the stubborn unwillingness to learn from earlier financial crises; the panicky fear and sell-offs when value doesn't increase; and the angry unrest by those who feel deceived and threatened by the traders and bankers.

Here in Sri Lanka, a few years ago, the Golden Key investment company, which had promised exceptionally high interest rates to investors, collapsed. Lured by these golden promises, a great many fell into the trap. When the company's own investments did not yield the desired results, they were not able to pay the promised high returns to investors. The company then started to offer even higher interests to new investors so that it could pay back old investors with the money from new investors. When reports of this scheme leaked out, investors panicked and started to withdraw their funds *en masse*, causing the company to collapse. Many people lost their life's savings and there were angry protests. What first appeared to be a golden key to wealth turned out to be a key to ruin.

Protests are often due to resentment and anger, which are based on the same delusion that causes greed. Demonstrators might be justified in protesting against corporate greed, but if they are not discerning and don't understand the mental mechanisms underlying that greed, and if they there are not careful enough to recognize and avoid resentment and anger, then they are likely to fall into the same trap as earlier movements, which turned violent, and only led to short term reforms followed by many years of misery. Dr. David Loy makes this point in his article, "The Three Institutional Poisons: Challenging Collective Greed, Ill Will, and Delusion" (*Insight Journal*, Winter 2006). He writes: "Why have so many revolutions and reform movements ended up merely replacing one gang of thugs with another? If we have not begun to transform our own greed, ill-will and delusion, our efforts to address their institutionalized forms are likely to be useless, or worse."

The greed of financial institutions and businesses is mutually dependent on the greed of consumers and investors. Most consumers buy the cheapest goods available, and most shareholders buy shares they can make the

most profit on. Both disregard ethics. The ever-increasing demand by consumers for cheaper and cheaper goods, and by shareholders for more and more profits in the short term, encourages companies to behave unethically. Conversely, if consumers and investors didn't buy the products, services, or stocks of a company which behaved unethically, then that company would be forced to change its ways for the better.

Due to the influence of technology and media such as the internet and television, people increasingly expect and demand instant results. Weekly approval ratings and regular opinion polls put politicians under pressure and impel them to implement policies that gratify short-term desires of voters and thereby increase their ratings, rather than implement policies that lead to long-term benefits. Likewise, companies feel pressured by the focus of financial markets on short-term quarterly results rather than on long-term strategies that create more lasting results but might decrease current profits. Desirous of more profits, companies influence governments through lobbying, through giving large donations to fund election-campaigns of politicians who will implement policies that further the interests of the companies, etc. This results in a lopsided political system that tends to serve the short term interests of business people and investors rather than the long term benefits of ordinary people.

The best resolution of this complex situation is a well-regulated economic system. Instead of focusing on increasing short-term material profits through ever-increasing consumption and trade, the aim of economic and political systems should be to prioritize long-term benefit to society as a whole and create a stable sustainable system that does not impoverish society, deplete resources, and destroy the environment.

A system like this has already been implemented in the Buddhist country of Bhutan. Instead of gross domestic product (GDP), gross national happiness (GNH) is used as the basis for economic development plans of this country. GNH focuses on well-being and happiness and specifies factors that contribute to happiness such as physical, mental, and spiritual well-being; balanced use of time; social, communal, cultural, and ecological vitality; proper living standards; good governance. GNH has so far not been taken very seriously in other Buddhist countries, which is a pity because it provides a Buddhist alternative to unstable and destructive economic systems which are influenced by materialist and theist doctrines.

From a Buddhist perspective, any economic system, if it is to be successful and beneficial in the long term, needs to apply the three Path factors of virtue, concentration, and wisdom. Virtue, *sīla*, is morality: it is conduct that does not harm oneself and others, and leads to the benefit of all. Concentration, *saṃādhi*, in this mundane context, can be taken in a liberal sense as establishing an economic system that aims at long-term stability. Wisdom, *paññā*, is the right view that discerns what is wholesome and unwholesome and gives rise to right decision-making. With wisdom, those actions which will be to the benefit of all are furthered and those which will lead to loss and destruction are abandoned.

In his discourses to lay-people such as the Sigālovāda Sutta, the Buddha encouraged his followers to wisely manage their possessions and affairs; to wisely use, invest, and save their finances; to take care of their families and employees; and to be discerning, frugal, patient, fair, and honest. Those who take the Buddha as their guide should therefore manage their assets with wisdom and avoid risky and unwholesome financial dealings. The Buddha did not discourage his lay followers—some of whom were very rich traders and bankers—from engaging in trade and earning money, but he discouraged rapaciousness and stinginess. The wealthy should be benevolent and help those in less fortunate circumstances. Greed leads to suffering, while generosity leads to the welfare and happiness of the donors as well as the recipients.

When there is a recession, countries cut spending and take 'austerity measures' which mostly affect those who did not create the problems in the first place. However, it is better if austerity measures are always in place and are preventive, rather than remedial. If a fair, balanced economic system can be effected that provides stability, sustenance and comfort to everyone, avoiding excesses and indulgence, then there will be no need for great spending cuts. It is only when there is excessive spending for the sake of indulgence, fuelled with reckless borrowing and lending, that there will eventually be collapse and recession that require compensatory austerity measures. Here the Buddha's middle way—the avoiding of extremes—can be taken as an example. Further, if investors and traders had a more equanimous, balanced, long-term outlook that took into account the impermanence of worldly conditions and the danger of blindly following rumours in the media, then the financial market would be more stable.

In conclusion, a truly effective protest movement should call for a financial and economic system that is directed towards the benefit of all beings, focuses on the development of virtue, stability, and wisdom, and promotes the elimination of greed, hatred, and delusion. For, according to the Buddha, true wealth is not found externally in material things; instead it consists of good qualities developed within one's own mind. In the Dhammapada, it is said that contentment is the highest gain, and Nibbāna is the highest wealth. All external, material wealth is fraught with impermanence and suffering and is bound to be lost. On the other hand, one who has contentment, wisdom and equanimity does not grieve when material conditions change.

NEWS

Increase of Membership Fee

The BPS regrets having to announce that the annual foreign membership fee has to be increased by US\$5 to US\$25. This is due to a drastic price increase by the postal department. The current membership fee no longer covers the costs of printing and mailing the membership books. The 10-year membership fee will have to be increased to US\$200. To limit the membership fee increase, the BPS also will have to discontinue sending the membership books by air mail and will instead send them by surface mail, which will add an additional one to two months delivery time.

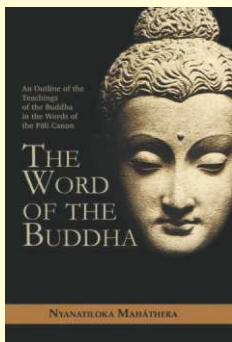
Internet payments

For the past two years BPS was able to receive funds via Paypal through the help of a supporter who set up a bank account for the BPS in Germany. Due to new EU policies he will not be able to continue this service. The BPS is therefore setting up a new payment system with the Sampath Bank, a major, reliable Sri Lankan bank. The Sampath Bank Internet Payment Gateway provides a secure means to make on-line payments via credit card. Many retailers in Sri Lanka use this bank's IPG. Soon the BPS web site will add other internet payment options such as Alertpay which provide on-line payment services similar to PayPal, but which can transfer funds to Sri Lanka.

Changes to the Web Site

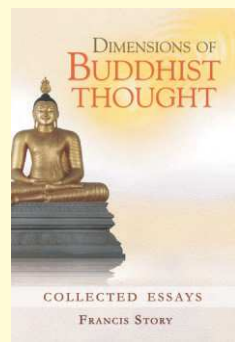
The BPS is migrating its web site to a new web hosting company. We hope this change will reduce the delays and downtime that have become common with the old hosting company. We have also implemented major changes to our on-line bookshop, shopping cart, and checkout pages to accommodate the Sampath Bank payment gateway. Due to these and other changes there might be a few errors in the website. If you discover any bad links, typographical errors, misspellings, or formatting errors, please report your findings to webmaster@bps.lk.

NEW & REPRINT BOOKS



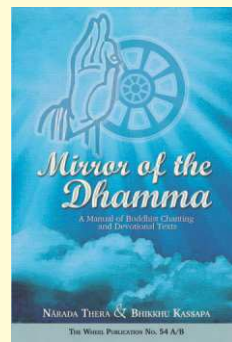
Word of the Buddha

Nyanatiloka Mahathera
BP 211 S
Rs. 100/- US\$ 2.00



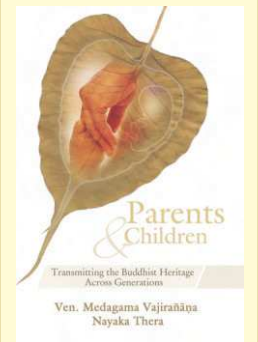
Dimensions of Buddhist Thought

Francis Story
BP 403 S
Rs. 575/- US\$ 11.50



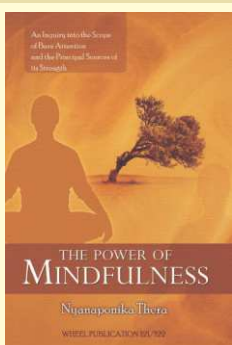
Mirror of the Dhamma

Narada Thera & Bhikkhu Kassapa WH 054
Rs. 75/- US\$ 1.50



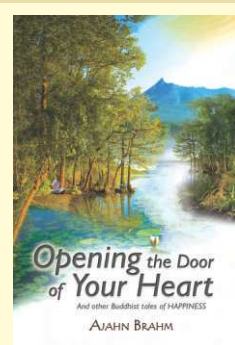
Parents & Children

Medagama Vajirānā Thera
BP 109 S
Rs. 70/- US\$ 1.25



The Power of Mindfulness

Nyanaponika Thera
WH 121/122
Rs. 50/- US\$ 1.00



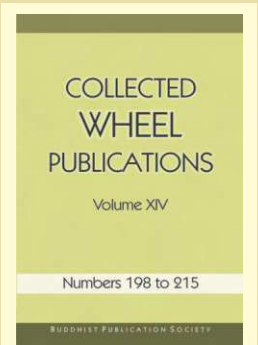
Opening the Door of Your Heart

Ajahn Brahm
BP 619 S
Rs. 300/-



Collected Bodhi Leaves III

Various
BBL Series
Rs. 450/- US\$ 9.00



Collected Wheel Pub. Vol XIV

Various
BW Series
Rs. 600/- US\$ 12.00

BPS

P.O. Box. 61, 54, Sangharaja Mawatha, Kandy, Sri Lanka.

Tel: 0094 81 2237283/0094 81 2238901 Fax: 0094 81 2223679 E-Mail: bps@bps.lk Website: www.bps.lk