

# **An Application of Buddhist Teachings to Economic Activities in Capitalist Society**

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This paper intends to present the findings of the research on “*Application of Buddhist Teachings to Economic Activities in Capitalist Society: A Case Study*”. The objectives of the research are to show how Buddhist teachings can be applied to economic activities, to compare them with capitalist principles and methodology, and to arrive at a conclusion whether or not they are in conflict with capitalism.

## **1. Principles and Methodology of Capitalism**

First, it is important to understand the meaning and nature of capitalism:

### **1) Meaning and nature of capitalism**

In general, “capitalism” is an economic system as well as political economics. In other words, “capitalism” sometimes refers to an economic system in which capital constitutes an important means of production, or it could refer to an economic doctrine or school of thought led by Adam Smith (1723-1790). However, there are some problems with the word “capitalism”. The current capitalist economic system does not really correspond to Smith’s idea. It is, rather, a combination of capitalism

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and socialism, characterized by monopoly and exploitation. Some Thai academics consider “capitalism” a system in which capitalists own all factors of production and benefit from the practice more than any other group of people. In addition, the economists of this school of thought prefer to call it “liberalism”, advocating liberal economy or the free market, and do not consider capital as an important factor of production. Thinkers like Adam Smith never use the word “capitalism” to describe their economic system. The first persons to use and popularize the words “capital” and “capitalism” are Karl Marx (1818-1883), a German socialist thinker, and Max Weber (1864-1920), a German sociologist and political economist.

Marx refers to capitalism as a mode of production that came into being as history changed its course. In this mode of production capital is an important factor of production just as slaves were in the time when slavery was a common practice and just as property was in feudalism. In light of Marxian philosophy, “capitalism” is a mode of production or an economic system with capital as a major factor of production. Essentially the means of production are controlled by capitalists who hire workers to produce goods and services that will bring even greater benefits or profits, leading to what Marx calls “surplus value”, labor oppression, exploitation, and monopoly.

Marxist capitalism therefore focuses on real economy, whereas liberal economists, hitherto believed to be the advocates of Adam Smith, pay attention to the economy with free private enterprise competing freely in the market without monopoly. It can be said, therefore, that capitalism in the liberalist viewpoint is different from real capitalism. According to Chatthip Nartsupha, economic liberalism is different from real capitalism which he calls “the capitalist system”.

Chatthip Nartsupha explains that the liberalist model consists of a large number of small free economic units vying with one another in the imaginary world (as opposed to the real world). The economic system of Western Europe since the democratic revolution has been dominated by monopoly. Capital is in the hands of the few. It is the capitalist system or bourgeoisie, not liberalism. Liberalism, therefore, is not the same as

capitalism. In economic liberalism, business units are small and compete freely. Capitalism, on the other hand, sees capital concentrated in the hands of a small number of capitalists who monopolize the economy. The capitalists use liberalism as a pretext for their action, which true liberals ardently oppose. For liberals like Bentham or those from the neo-classical school, economic liberalism means a system that allows for competition and no monopoly, and in which the economic units are small and powerless. On the other hand, when capitalists refer to liberalism, they mean laissez-faire with no government intervention in a market economy, free pursuit of profits and monopoly, and possession of disproportionate income and property. Although proponents of the neo-classical school like Adam Smith recommend that the State restrict its economic roles, they do not mean that monopoly should be tolerated. Smith hopes to see full competition in the market, for the practice will act as mechanism against monopoly and capital concentration. Utilitarian neo-liberals recommend greater State intervention in the economic activities than neo-classical liberals to set a framework for true competition and prevent monopoly as well as capital concentration (Chatthip Nartsupha, 2006, 122-123).

Yet, many academics have regarded such liberal concepts as capitalist. Admittedly, liberalism and real capitalism share a number of notions including private property ownership. In this light, the researcher wishes to call such liberalism capitalist as well. The difference lies in the fact that capitalism that Marx attacks is an economic system or doctrine known by such names as “monopoly capitalism”, “crony capitalism” or “mean capitalism” as opposed to “liberal capitalism”. The latter is more idealistic and, therefore, more difficult to practice.

When academics talk about capitalism (or liberalism), they tend to make a liberty-based distinction between traditional or classical liberalism on the one hand and new or neo-classical liberalism on the other. Economists often refer to the former as classical economics and the latter as neo-classical economics. Neo-classical economics is the current mainstream. For the purpose of this research, “capitalism” is used in the general sense of the word.

Therefore, although this research does not disregard historical capitalism, it wants to focus on the philosophy of capitalism or liberalism.

## 2) Principles of capitalism

Capitalism or liberalism is characterized by the following concepts:

**a. Individualism and liberalism:** Importance is attached to individual persons, companies or other business units. Individualism accounts for the right to own property, an integral part of capitalism. Individualism makes the individual the focus of capitalism, with the good of individuals as its ultimate goal. Each individual is different. An individualist enters into society to further his or her own interests or demands the right to serve his or her own interests. Self-interest guarantees that society as a whole will benefit.

Individualism promotes the exercise of one's right and liberty. Such liberalism goes well with Adam Smith's *laissez-faire* principle. (It must be noted that it is not the same as mean capitalism that has often been the target of attack.) The *laissez-faire* principle opposes the State's interference in individual economic enterprises and is presently extended to include the State not engaged in commerce or production in competition with the private sector. In other words, there is minimal government interference (Preecha Changkwan, 2002, 4).

Although individualism forms the basis of liberalism, proponents of classical liberalism or libertarianism such as Smith and Hayek hold different views from thinkers of modern liberalism or reform liberalism. This is especially true with the role of the government. The former believe that the government should not interfere with economic activities and private enterprises, while the latter advocate the government's role in welfare services such as health, housing and education as well as in the management or at least in the regulation of economy (Heywood, 1998, 26).

**b. Mechanism:** Mechanism views society as a huge machine composed of parts or units in the form of human beings interacting or counteracting with one another driven by the will. The human will is a

force or mechanism not designed to do common good but to bring about overall social harmony (Suntharaporn Techapalokul, 1991, 10-11).

**c. Egoism and rational thinking:** Egoism argues that a person is by nature selfish and greedy, acting only in self-interest. To the capitalist, greed or selfishness is not necessarily bad on the grounds that man is an economic and rational being who can reasonably choose to produce or consume anything with a view to achieving maximum utility. Likewise, a company seeks maximum profits based on the demand and supply under free market competition mechanisms, resulting in an equilibrium whereby goods are produced in the quantity and at prices beneficial to everybody (Witayakorn Chiengkul, 1999, 67).

**d. Utilitarianism, materialism, and consumerism:** As capitalism is influenced by utilitarianism, capitalist economists maintain that economic achievements and pursuits of maximum wealth are determined by the individual's decision-making activities (Suntharaporn Techapalokul, 1991, 10).

Neo-classical economists view that utilities are “pleasures” or “preferences”, probably including tastes or desires intrinsic in human nature. Utilities are basic to an economic paradigm, shaping philosophical substance, modes of analysis, and contents of the neo-classical paradigm (Suntharaporn Techapalokul, 1991, 10).

All this has moved capitalism closer to materialism, with its emphasis almost exclusively on rights, liberty and such physical interests as profits and capital. In other words, capitalism seeks wealth exclusively. Evidently, most classic and neo-classical economists view all things, including humans, as “resources” or “capital” as part of the economic system. In this regard, human status is equivalent to commodity and property. However, some economists or thinkers maintain that in economic terms human beings are more than just wealth, giving rise to humanistic economics (Apichai Phanthasen, 2001, 280). In addition, there are other neo-classical economic schools such as welfare economics and normative economics that attach importance to society and morality as well as economic activities in a different way from positive economics. Positive economics tends to focus on facts to the exclusion of values.

In the capitalist mode of thinking producers strive to achieve maximum profits from their production. This is possible only when consumers buy or use the greatest number of their commodities or services. In this way capitalism shares certain aspects of consumerism with focus on consumption and expenditure.

**e. Welfare economics with its optimality and balance:** Welfare economics analyzes situations in which an individual or society derives greatest pleasure from production, consumption and exchange of commodities and services. In its view, the optimal situation is one in which demand and supply are equally balanced. Such balance of demand and supply brings greatest utilities to the producers and consumers alike; it is called “general equilibrium”.

### 3) Capitalist methodology

There is not much difference between the old and new schools of capitalism. The methodology is characterized by the following:

**a. Free competition:** The economic system in which self-interests can bring about collective interests must be based on perfect competition in a free market with price mechanisms as a tool. Free competition as seen by the neo-classical capitalist thinkers is perfect competition, a fundamental methodology of capitalism.

**b. Profit-oriented investment:** In the capitalist view, when an individual enjoys the ownership of property, he can make an investment in the production of goods and services and sell them for greatest possible profits under the free competition system above. Profit-motivated capital and investments are another important methodology of capitalism.

**c. Mechanistic administration and management:** The mechanistic administration and management of a business organization or company is a capitalist methodology based on mechanism. Economists or businesspersons often adopt a mechanistic approach to the running of business, reflecting Adam Smith’s view on the division of labor.

**d. Use of market mechanisms or free market:** A free market is one of the most efficient tools of income or resource distribution. Adam Smith views that a free market can lead to more public good than does

Hobbes' all-powerful sovereign state. Such a sovereign power is a visible "hand" (Beauchamp and Bowie, 1993, 19). In other words, a free market is an invisible hand that can do more for society than such visible hands as state sovereignty in the guise of monarchy or dictatorship.

**e. Consumption encouragement and savings:** Attempts to encourage as much consumption as possible is a business marketing strategy to secure greatest possible profits, resulting in advertisement and production of goods and services designed to stimulate even greater consumption. However, savings are another important strategy. Without savings for investment, business operators will not have enough capital to further invest in the production of goods and services.

**f. Government assistance and support for economic activities:** In the view of classical liberal capitalism, the government should have little or no role in private business enterprise, nor should it compete with the private sector. It should focus on other functions such as national defense.

On the contrary, proponents of modern liberalism such as Keynes, argue that the government should play a greater role in the running of economy including private business. For instance, not only should it help enable the marketing system to function freely, but it should also exercise market control through tax mechanisms in order to prevent any structural distortion.

## **2. Capitalist views on morality**

Liberal capitalist thinkers hold different views on morality. However, on the whole, many recognize the important relationship of morality to capitalism. A large number of economic academics today also attach importance to the morality issue.

### **1) Belief that morality is associated with capitalism**

The proponents of this view maintain that morality is associated with or can go along with capitalism, and morality plays an important role in business success. Although most neo-classical economists do not share the classical economic view that morality is associated with capitalism, some like Alfred Marshall hold that economic activities have something

to do with morality. This view is shared by modern economic academics. The belief that morality is associated with or can go along with capitalism is characterized by the following aspects:

**a. Selfishness is related to moral values:** Although Adam Smith views selfishness as part of human nature, it is not necessarily evil. Selfishness or self-interests can motivate people to pay more attention to luck and success of others, leading to such virtues as benevolence.

**b. Selfishness leads to collective good:** Here, selfishness is not evil or in conflict with morality. In Adam Smith's view, selfishness that leads to others' interests can go well together with utilitarianism that favors the collective good.

**c. Self-interest is different from selfishness:** Hayek defends the morality of self-interests on the grounds that there is confusion about self-interest and selfishness because of the limits of human knowledge. He argues that much aversion to individualism is caused by confusion in the 18th century writing in the way self-love and self-interest, to cite just an example, are used. In essence, they do not denote a sense of narrow egoism. Rather, the real meaning of the words lies in the undeniable fact that an individual's knowledge is limited; what he knows is confined to a narrow cycle of the world that revolves around him (Hayek, 1980, 14, quoted in Shand, 1990, 74). Bound by limited knowledge, the individual can only think or act on the basis of self or self-interest. For all the good intentions, his efforts are inevitably limited from birth by what he knows.

**d. Morality is important to business or is a component of the economy:** Several economic and business management thinkers recognize the importance of morality on economy or view that it is an essential component of business.

## **2) Belief that morality has nothing to do with capitalism**

The proponents of this notion argue that capitalism or business has nothing to do with morality or does not need to involve morality for the following reasons:

**a. A business relationship is a means to an end, not an end in itself:** A business relationship or exchange in a free market is a means



to an end, not an end in itself, and has nothing to do with morality. Nor is self-interest the objective of a business relationship, just as a knife is a tool that by itself is neither good nor bad depending on the user's intention. It can be used to cut vegetables or to harm others. Being good or bad depends more on the objective of the use. Thus, a business relationship or exchange in the market has nothing to do with morality.

**b. Business has nothing to do with morality as it has its own rules to follow just like a game:** This approach views business as a kind of game with its own rules that have nothing to do with the moral rules that govern society.

**c. Economics has nothing to do with moral decisions:** Economics is a science. As a science it must be objective, empirical, and value-free. It does not involve thinking or deciding what should or should not be done on a moral or ethical standpoint.

**d. Business does not need to be moral because it is a war in which everyone has to fight for survival:** This notion is rather rare and not well-received, as it views business as having nothing to do with morality and therefore having no moral concerns. One of the academics who share such a viewpoint is James H. Michelman whose thinking is influenced by economic Darwinism.

### 3. Capitalist concepts in relation to religion and spirituality

“Religion” and “spiritually” here in this research are used in the general meaning of the words embracing beliefs, values, and practices concerning the unknown or supernatural, as well as other human values beyond such materialistic concerns as property or wealth. There are divergent views among capitalist thinkers on the relationship between capitalism, religion, and spirituality as follows:

#### 1) Belief that religion is related to capitalism

Religion is related to capitalism, or capitalism can go well with religion. There are quite a few approaches here.

**a. Protestant ethic promotes the growth of capitalism:** According to Max Weber and some economists, the Protestant ethic,

sometimes called “work ethic”, teaches that a life marked by discipline, thrift and devotion to hard work and money-making is a correct and desirable one. Such teachings form a powerful basis for development of capitalism or creation of modern capitalist psyche.

**b. Capitalism goes along with Christianity:** According to this approach, capitalist free market economy goes along with Christian teachings or theology. There is no serious conflict between the two.

## **2) Belief that religion has nothing to do with capitalism**

This approach argues that capitalism has nothing to do with religion or cannot go together with religion, especially Christianity. Some thinkers maintain that the Bible preaches against greed and selfishness. R. H. Tawney concludes that the modern way of life whose value is the complete opposite of Christian teachings is to set a pursuit of material wealth as the highest target of human efforts. There is no way to compromise Christian values with capitalist ideology on wealth. Tawney cites Keynes’ view in support of his argument, saying that modern capitalism has nothing to do with religion whatsoever. Capitalists are merely a group of (property) owners and seekers (Shand, 1990, 77).

## **3) Belief that capitalism has something to do with spirituality**

There are a few interesting approaches.

**a. Humanistic economics attaches importance to human values:** Born in the eighteenth century, humanistic economics focuses on human needs on the assumption that the right approach to economy should be concerned with human development, not profits or other external materialistic motives.

**b. Spirituality is the foundation of sustainable of economy:** One of the present dynamic trends of thought is that sustainable economy or sustainable capitalism will lead to sustainable society and that the essential ingredient to such sustainability is the kind of spirituality that embraces long-term visions, long-term thinking, social responsibility, and human values.

**c. Morality, religion and spirituality form part of economic enterprise:** At present a number of companies have applied moral,

religious and spiritual principles to their workplace. For instance, in North America, Xerox Corporation and Motorola provide training on meditation practice to their employees. Exxon includes spirituality into its executive training programs, while the Bank of Montreal develops training material of spirituality for its 36,000 employees at all levels.

#### **4. Principles and methodology of Buddhist economics**

This section touches upon a number of selected Buddhist principles and explains how they form the basis of the principles and methodology of Buddhist economics.

##### **1) Buddhist economics:**

There are a large number of Buddhist teachings or concepts, called “Buddha Dharma”, that touch upon economy or can be applied to economic activities. However, Buddhism does not have a systematic approach to economics in the way that Western economic systems do, nor does it offer any clear preference one way or another. The general belief seems to be that Buddhism does not have any economic model, but has only “principles” that can be applied to all economies. This is in line with the approach adopted by the Buddha who does not support or reject any kind of government or State in a clear-cut manner. His principles can be applied to all governments. However, if one is to present Buddhist economic principles in comparison with the Western model, the researcher thinks that one could call it a “mixed economic system” similar to the way real capitalism is being practiced. Like capitalism, Buddhism recognizes the ownership of property by individuals and their liberty to use such property as they see fit. At the same time, it recognizes the necessity of the economic role of the State; one may call the approach “statism”. Such thinking, in combination with morality and human values, may be called “Dharma-based economics” or any other name depending on what one wants to emphasize. For instance, if the system relies on wisdom (*Paññā*) as a major factor of production, one may call it a “*Paññā*-based approach” as suggested by Apichai Phanthasen (Apichai Phanthasen, 2001, 436). If the system focuses on doing charitable deeds (*Puñña*) or reducing

worldly desires, it might be called a “*Puñña*-approach” as suggested by the Santi-Asoke group (Samma Sambhutta Sawok, 1988, 19). If the emphasis is put on sufficiency similar to that recommended by the late King Bhumibol’s Sufficiency Economy Philosophy, the system might be called “sufficiency economy”. Therefore, Buddhism-based economics may be called by different names including “Buddhist economics”, “Dharma-based economics”, “*Puñña*-based economics”, or “sufficiency economy”, depending on the point of focus.

Here are some of the main characteristics of Buddhism-based or Buddhist economics:

**a. Possession of private wealth:** In Buddhist economics, individuals or groups of individuals can own private wealth as long as its acquisition is justly and morally done. The ownership of private property is evident in “*Pañcasīla*” or the Five Precepts, especially the second precept “*Adinnādānā*” which states that taking the property of someone else without his/her consent is a moral violation and a sinful act.

**b. Freedom to do business:** Private property can be used to conduct an honest work to support oneself and to perform good deeds in society in accordance with the Buddhist principles. In the Buddha’s time, a large number of Buddhist lay-followers, both male and female, were traders or wealthy citizens living honest lives and financially supporting the Buddhist cause, e.g. Millionaire Anāthapindika.

**c. Cooperation in doing business for the good of self and others:** Buddhist livelihoods focus on cooperation and mutual support in the manner similar to the practice of community economy or cooperatives. Buddhist economics is not really capitalist. Although competition is allowed, it is not a cut-throat competition designed to take the utmost advantage for self. Rather, the competition takes the form of producing quality goods and services for the benefits of the consumers rather than taking away customers and destroying competitors. The objective of Buddhism is to develop the quality of life for oneself, physically, spiritually, and morally, not to seek greatest possible benefits in the capitalist manner.

**d. Observance of moral principles with due regard to all sectors concerned:** In various Buddhist scriptures one will find many traders and wealthy citizens engaged in transaction or exchange of goods and services. This shows that Buddhism accepts the market or transaction system as long as it is morally correct. In an exchange of goods and services, any methodology will do as long as it is morally conducted, does not involve fraud or exploitation, and takes into consideration all factors concerned. Such practice constitutes the holism of Buddhism underlying long-term thinking with no adverse effects on other people and the environment. Production that causes damage to natural resources or ecology as well as other adverse social impacts is, therefore, not acceptable to Buddhism. In the light of such practices, Buddhist economics will lead to sustainable economy, a topic currently receiving considerable attention. It is a part of sustainable economic and social development focusing on the long-term quality of life of the people and avoiding destroying natural resources or the environment. An example of the practice is organic farming (Witayakorn Chiengkul, 1999, 22).

**e. Economic practice based on the middle path and sufficiency principles.** The Buddhist economics follows the principle of the middle path. Nothing is done to the extreme; the focus is on simplicity, sufficiency, and balance. For example, excessive investment beyond a person's capacity is discouraged. Investment must be manageable, and consumption kept within the bounds of reason, both financially and physically, with all the values kept in check in line with the Middle Path concept. This approach is based on sufficiency and balance. It involves the value of having enough (the principle of contentment) and knowing when to suffice (the principle of moderation). This is in line with the late King Bhumibol's Sufficiency Economy Philosophy. Thus, one could call Buddhist economics "sufficiency economics".

**f. The State's duty to support and facilitate economic activities:** The State or government can intervene in the economic activities of the individuals as long as it does not exploit or force the people to comply with its orders without good reasons. In addition to keeping law

and order, a legitimate state needs to give a helping hand when an unjust issue occurs or when the public faces an economic crisis.

Thus, Buddhist economics may be practiced by a democratic government or an authoritarian state including absolute monarchy if it allows the people freedom to conduct economic activities to a certain degree. In this connection, Buddhist economy can be applied equally to capitalism and to other systems including socialism if the government or its ruler allows its people sufficient freedom to conduct economic activities. This may take the form of mixed economics like present-day capitalism.

## 2) Buddhist economic principles

Buddhist economic principles may be explained in the manner used to describe capitalism above.

### a. General principles:

(1) **Holism:** Some thinkers maintain that Buddhism is collectivist in its approach similar to socialism with some notable differences (Preecha Changkwan, 2002, 41). In the researcher's view, it may seem that Buddhism in some ways respects the wish of the majority as it is only natural to do so. However, in general or metaphysically, according to the Buddhist principle of Dependent Origination (*Patīccasamuppāda*), all things depend on each other or relate to each other in an unbroken chain. Individualism is not a means to a collective end, and the end or society is not just an illusion for certain groups of individuals. Judging from the importance attached to individualism and statism described above, one can see that all parts are important and related. It is not possible to say once and for all whether the parts are more important than the sum or the other way around. Likewise, the natural environment is related to humanity. Buddhism attaches no less importance to the environment than to man. In the Buddhist code of monastic discipline (*Vinaya* code) there are rules forbidding monks to do certain acts toward nature such as trees and rivers. Therefore, it is not conclusive that Buddhism is all for majority rule. In this light, the author would rather use "holism" in its place. Admittedly, this word has been used by some thinkers to refer to a collective approach;

however, it also covers several meanings (Weera Somboon, 2007, 6-7). In Buddhism, all things relate to one another and depend on one another. Likewise, people depend on each other as well as on the environment or nature. They are interdependent in order to survive. Likewise, economic activities are part of human acts and do not exist in isolation. They too relate to other activities; their impacts are felt by other spheres. In general, any economic, social and political events are inter-related and mutually affect one another. They have world-wide repercussions. In this way knowledge and expertise in all fields are interrelated.

**(2) Human nature: Man cares for self as well as for others:** In Buddhist terms, a “common man” is governed by a number of desires, good and bad. These desires include care for self and others at various degrees. Depending on the level of self-development, some are less selfish and more moral than others. A common man must possess both good and bad desires. In *Abhidamma*, a common man has wholesome as well as unwholesome thoughts. As he develops to become a holy person, moral thoughts increase in greater numbers. When he attains the highest level and becomes an *arahant*, he will have only functional consciousness and a supramundane state of existence.

**(3) Liberalism: Man has the right to life and property and liberty to act accordingly:** Although there is no direct allusion to rights in Buddhism, and the issue remains academically controversial, the notion of rights goes well with the Buddhist thinking. Buddhism has a similar approach to rights in that it recognizes the ownership of life and property. Its advocacy on self-control through moral precepts (*Sīla*) is tantamount to granting rights to others. Similarly, the notion of liberty goes well with the Buddhist approach although Buddhism focuses on nirvana (*Nibbāna*), freedom from the control of desires. This may be completely different from the Western notion of liberty governed by a set of desires. In addition, Buddhism recognizes the right to physical liberty. It recognizes a person’s ability to choose and support the legitimacy of his choice in accordance with his wish. In its teaching on karma and rejection of the nation of castes, a person can choose his status and livelihood of his own accord. There is no coercion involved. A person who decides to be a merchant or

a thief does so by choice. Thus, it can be said that Buddhism recognizes the notions of rights to life and property and liberty to act accordingly in a manner similar to the Western model except for some minor details.

**b. Moral and spiritual principles:** Besides advocating some general economic principles, Buddhism is “spiritual” in nature. In conducting economic activities, consideration must also be given to moral and spiritual principles in two ways:

**(1) Adherence to morality and social assistance:** There is a large number of Buddhist teachings, such as Right Livelihood, Abstention from Immoral Business, karma, and Ways of Making Merit. In particular, the sections on giving (*Dāna*) and precepts (*Sīla*) teach Buddhist followers how to conduct activities based on moral principles without harming or exploiting others. The teachings on Six Directions (*Disā*), Five Religious Offerings (*Bali*), and *Saṅgahavatthu* deal with doing good for others and society in the Buddhist manner. Economic activities must be conducted on moral grounds and for social good.

**(2) Spiritual objectives:** Besides morality and ethics, spirituality or spiritual values and inter-personal relationships constitute major Buddhist economic principles. Buddhism attaches importance to spirituality and human values above materialistic gains. Achieving maximum profit is not the target of Buddhist economics. What is more important is the spiritual dimension, embracing meritorious act, spiritual liberation and other moral issues including loving kindness and compassion. Helping people and society thus is one of the major principles, leading to the development of quality of life or spiritual development.

**c. Methodology of Buddhist economics:** The methodology that accompanies the principles of Buddhist economics can be summarized as follows:

**(1) Cooperation, sharing and mutual assistance:** One of the primary methodologies for doing business in Buddhist economy is to cooperate and share the work or other economic activities without turning its back on competition. Most Venerable P.A. Payutto explains that “in economic terms people say that it is human nature to compete,



but Buddhism says that it is human nature to compete and cooperate” (P.A. Payutto, 2000a, 102-103).

**(2) Action taken within the framework of morality and social service:** As Buddhist economics is essentially based on morality, any economic activity must be undertaken within the moral framework. No unethical or improper code of conduct is allowed. All action must be socially acceptable at least to a certain degree. It must have no serious social impact. Morality or legitimacy must govern all economic action. This is in line with the current trend of “good governance” or “corporate governance” in management or decision making.

**(3) Work driven and motivated by spiritual values:** With spirituality as one of the objectives of Buddhist economics, the Buddhist methodology is driven by spiritual values rather than monetary or material gains or wealth. Morality, development of the quality of life, and human worth are forces that motivate economic activities in a more peaceful and sustainable manner.

**(4) Adoption of the middle-path approach focusing on simplicity, sufficiency, and balance:** All economic activities must not be too rigid, lax, or greedy. One must know what constitutes the right balance. For example, a balanced diet is an example of the middle path approach in line with the Buddhist teachings of the Middle Path, Contentment, and Moderation.

**(5) Exercise of wisdom, knowledge, reason and prudence:** For the Middle Path approach to be effective, one must also exercise wisdom, knowledge, reason, and prudence. Moderation is a result of careful reflection backed up by wisdom, knowledge, and reason. The Buddha himself often talks about moderation in conjunction with the restraint of the senses. The latter deals with care in the sensory perception as described in *Sukhavihārasutta* (*Khuddakanikāya Itivuttaka*, 25/29/376). Moderation and sense restraint also relate to other dharma principles, including wisdom, mindfulness, and the state of a person with great learning. The examples can be found in the Buddhist teachings on 15 conducts (the 15 Carāṇa) or on “the way of a constant learner” (*Sekha-Patipadā*) in *Sekha-Patipadā-Sutta* (*Majjhimanikāya Majjhimapaññā-saka*

13/23-26/25-30). In other words, the teachings and guidelines for action lend force to each other.

**(6) Economy and savings:** Economy and savings are inherently part of the above mentioned methodology. Sufficiency, moderation, and wise consumption will result in prudent and money-worth spending. This is what is meant by economy, leading to savings and increase in wealth. All this is made possible by surplus money. To put it in another way, when one saves, one spends carefully, knowing what to spend and what to save. Those who can save must know what to spend and what to keep. Economy and savings thus accompany each other.

**(7) Self-reliance:** All the methodologies mentioned above show that Buddhist economics focuses mainly on self-reliance. All economic activities depend to a large extent on the people who exercise moderation and possess knowledge. It can therefore be said that Buddhist economy places an emphasis on “self-reliance”.

**(8) State participation:** In a number of sutta, such as *Aggañña-sutta* and *Kūṭadanta-sutta*, mention is made of the role of the state or the administration to help facilitate economic activities of its subjects to ensure quality and efficiency.

## 5. Comparison between capitalism and Buddhism

**1) Principles:** There are some similarities and differences.

**a. Individualism and mechanism in capitalism versus holism in Buddhism:** Capitalist individualism attaches importance to individualists and rejects the existence of what is known as “society” or “collectivism”. It also supports mechanism in which things are treated separately without real interconnectedness. This notion may initially seem to be in conflict with the Buddhist view in which all parts are important, socially and collectively, and are interconnected. The conflict is not serious despite their inherent differences. Holism as advocated by Buddhism attaches no less importance to individualists than do individualism and mechanism.

**b. Liberalism in capitalism versus Buddhism:** Buddhism does not directly advocate liberalism in the same way as capitalism does.

It also focuses more on duty than on rights and liberty. Nevertheless, the Buddhist notion of duty encourages people not to violate the rights and liberty of others. Such violation goes against the notion of duty, something that a person should do. In other words, it is “not one’s duty” to violate the rights and liberty of others. A dutiful person has no right to commit such acts.

**c. Selfishness and reasonableness in capitalism and**

**Buddhism:** Capitalism maintains that it is human nature to be selfish or favor self-interest within the bounds of reason in such a way that makes it possible for people to conduct economic activities together. This is not in serious conflict with Buddhism. Adam Smith recognizes in man such virtues of compassion and care for others, while Buddhism accepts a capitalist view of man’s fundamental selfishness. While Buddhism admits that man loves himself more than others (see the Buddha’s sayings in *Piyatara-sutta* [*Khuddakanikāya Itivuttaka*, 25/41/254]), it mentions that man can love others as well. Sometimes people are tied down by self-interest or self-love, as in parental love for their children; yet, they can evolve to a level which allows others’ interests to take precedence over self-interest and put an end to selfishness at the same time.

**d. Utilitarianism, materialism, and consumerism in**

**capitalism versus Buddhism:** While capitalism focuses on materialistic utilitarianism and consumerism, Buddhism’s attention is on the mind, morality, and spiritual values. Nevertheless, the two systems are not in serious conflict. Recognizing the importance of materialism and necessity of consumerism, Buddhism complements the approach by giving a value-added dimension to the pursuit of wealth and materialistic consumption.

**e. Optimality and balance in capitalism versus Buddhism:**

Welfare economics seeks the optimal situation in which every party or everyone concerned will receive the maximum satisfaction from the distribution of resources and income. Within this conceptual framework, capitalism attaches importance to optimality whereby no one will be adversely affected leading to a balance between demand and supply. In a sense, this is similar to the concept of the Middle Path and balance

advocated by Buddhism against economic extremes that would harm self and others.

**f. Religion, morality and spirituality in capitalism and**

**Buddhism:** As discussed above, we find that many capitalists, including economic thinkers and modern business management, are aware of the importance of religion, morality, and spirituality in economic affairs. Likewise, Buddhism has contributed to the economy through a number of Buddhist businesspersons.

**2) Comparison between capitalist and Buddhist methodologies**

**a. Competition in capitalism and Buddhism:**

According to P.A. Payutto, Buddhism maintains that it is human nature to compete as well as to cooperate (P.A. Payutto, 2000a, 102-103). In other words, Buddhism acknowledges legitimate or moral ways to compete and cooperate. Emphasis, however, is on cooperation as an ideal method to pursue, as it leads to stable economy and mutual friendship. In ideal capitalism, free competition is also legitimate.

**b. Profit-oriented investment in capitalism and Buddhism:**

There is nothing morally wrong about profit-oriented investment, whether in the capitalist or Buddhist framework. It is only natural that when a person invests, he expects a profit in return so that his business and livelihood could continue. In Buddhism, there is a mention of trade and profit in several places. For example, in *Kūtadanta-sutta*, the Buddha advises a prince to grant funding to those who are keen on doing business. A pursuit of maximum profit, if honestly acquired, is not morally wrong. This is acceptable to Buddhism. Although it does not put maximum profit as its real target, it does not deny such a pursuit as long as the practice is morally conducted. That is to say, a pursuit of profit must observe certain propriety. For instance, no dishonest means is employed. Profiteering is discouraged. Advantage must not be taken over others or society. Profit must be fairly distributed to other co-producers and society. This implies that profit-making is not an end in itself but a means to further distribution for collective good (Preecha Changkwan-yuen, 2002, 51).

**c. Mechanistic administration and management in capitalism versus Buddhism:** Mechanistic administration and management in capitalism is based on the notions of individualism and mechanism as mentioned above. The conflict between such an approach and a holistic cooperative practice in Buddhism is not really very serious, thus making it possible to integrate Buddhist methods into the capitalist practice.

**d. Market-driven consumerism and savings in capitalism versus Buddhism:** The exercise of marketing mechanisms, including pricing in the exchange or distribution of goods and services is acceptable to Buddhism if it is legitimately and morally conducted, without any dishonest and exploitative practice. Buddhism recognizes the notion of exchange. Market-driven consumerism, as part of the marketing mechanism, is acceptable to Buddhism as long as it is honest and legitimate. With regard to savings, this is something that Buddhism always promotes, the difference being in the goal and motivation advocated by capitalism and Buddhism.

**e. Government role and function in capitalism and Buddhism:** The laissez-faire as advocated by traditional capitalism about government non-interference in the running of business of the private sector is in conflict with Buddhism. Buddhism argues that the State or government should assist the private sector in the running of business. However, the new generation of capitalists views that the state should play a role in the running of private businesses. This approach is not in conflict with Buddhism. So, as a whole, there is little conflict between Buddhism and capitalism.

## **6. Application of Buddhism to economic activities**

In the present capitalist setting, a large number of Buddhist businesspersons have applied Buddhist principles to their economic activities. Many have given interviews and written articles and books about their practice, e.g. Paron Isarasena na Ayudhya, former Managing Director of the Siam Cement Group; Danai Chanchaochai, CEO, DC Consultants and Marketing Communications; Wisit Chaisuwan, Managing Director,

ESTEL Co. Ltd.; Pavichaya Sriwanwat, Managing Director, Bucky Fabric Co. Ltd.; Somdet Supradit-apon, President, S.N. Sportswear Com Ltd.; Watcharamongkol Benchathanchat, President, Bathroom Design Co. Ltd.; and Chantana Wattanarom, Vice CEO for Marketing, Volvo Cars (Thailand) Co. Ltd. The ways that these Buddhist business executives have incorporated Buddhist principles in their businesses could be summarized as follows:

### **1) Reason for applying Buddhism to business**

Thai Buddhist entrepreneurs who use Buddhism as a basis for their businesses usually practice the faith in their daily lives. They regard Buddhism as applicable and capable of turning businesses into successful ventures. The benefits and satisfaction thereof are greater than those brought about by capitalism-driven profits.

### **2) Principles for applying Buddhism to business**

According to a number of Thai business executives, the application of Buddhism to business is based on the following principles:

**a. A number of Buddhist teachings can be selected to suit different roles, functions, or missions:** Buddhist entrepreneurs will choose certain Buddhist teachings for different tasks. For instance, in financial management, they can choose the principle of contentment or knowing when to stop, the principle of balance and sufficiency, as well as the principle governing the division of money (*Bhogavibhāga*). *Bhogavibhāga* teaches how to divide the earnings into expenditure and savings. In personnel management, there are principles on the Four Prejudices (*Agatī*), the Four Sublime States of the Mind (*Brahamavihāra*), the Four Virtues for Group Integration and Leadership (*Saṅgahavatthu*), and the Ten Virtues of a Ruler (*Rājadhamma*). All these principles are about how to offer help to co-workers and employees and how to treat them without prejudice or unfairness. Some Buddhist business people may put these principles into practice without knowing the names of the principles, because they have not studied Buddhism in great depth, or because they apply them automatically. Paron Isarasena na Ayudhya once said that he never analyzed how he followed the religious principles; his work ethic

follows the same principle of how he lives his life, i.e. “do your duty at the best of your ability” (Paron Isarasena na Ayudhya, 2007, 48-49).

**b. An effective application of Buddhism requires a substantial amount of practice and internalization:** The real practitioners often have to undergo a long period of self-improvement and practice of the dharma until the internalization or a profound understanding of the dharma occurs. Once reaching that stage, they can readily put the religious principles to good use and will have a natural tendency to do so. In other words, they will apply Buddhist teachings automatically.

**c. The notion of capitalism is adjusted to fit in the Buddhist framework:** Certain aspects of capitalism need to be modified or toned down to fit in the Buddhist economics, for instance, a pursuit of maximum profit or a tendency to mechanically treat the workforce merely as a resource in capitalism.

**d. Buddhist teachings can be applied, modified or expanded to fit in the model of running a business alongside the Western model:** Such application, modification, or expansion will make it easier to integrate Buddhism into business or mission. The approach to be adopted is “the Middle Path”. Teachings will not be treated rigidly in a traditional idealistic mold of thought; care is also taken for them not to be too lax or distorted. In addition, some useful Western notions in line with Buddhism can be applied.

**e. Buddhist teachings can be gradually integrated into businesses:** The application of Buddhist principles is such that no-one is coerced to follow. Coercion will cause resentment and a feeling of discomfort. When the application is done too quickly, co-workers will not understand its implication or outcome. A gradual approach will enable the workforce to better adjust themselves and appreciate the benefits of Buddhist principles. The more they practice, the better the results. Inspiration and motivation will follow suit. The introduction of Buddhist teachings into business settings takes time. The workers should not be rushed into the practice.

**f. Workers should be allowed to have direct experience:** One of the principles that facilitate the successful application of Buddhism to

business is to create a scenario allowing the workforce to apply Buddhist principles as often as possible until the practice becomes natural to them.

**g. The law of cause and effect (the Karmic law) is used to persuade and inspire the workforce to apply Buddhist principles at work:** The cultivation of the law of karma in the workers will contribute to the desire to apply Buddhist teachings to their work. They will come to feel that good deeds will reap good results. This applies equally to the management. As Buddhists, business executives and owners believe in the karmic law and are more willing to practice the dharma. Such application can be seen in people like Wisit Chaisuwan, who strongly believes in karma and runs his business on the teachings of karma (Wisit Chaisuwan, in an interview, 23 September 2008).

### **3) The application of Buddhism to various aspects of business**

Under this section, the researcher presents the thinking of Thai businesspeople to illustrate how they apply Buddhist teachings to their business.

**a. General organizational principles or philosophy:** Buddhism forms part of the general organizational principle or philosophy of Thai businesses as follows:

**(1) Consideration is given to every stakeholder:** This constitutes one of the most fundamental organizational principles. Consideration is extended to all stakeholders, including local people. The business is stakeholder-oriented in line with the Buddhist principle of Dependent Origination (*Paticcasamuppāda*) governing the chain of causes and effects. It rejects a capitalist culture of business that regards shareholders as the most important group of people. The people-centered approach is in line with the principle of Dependent Origination (*Paticcasamuppāda*) and with other Buddhist tenets including giving (*Dāna*), loving kindness (*Mettā*), as well as doing good for self (*Attadattha*) and for others (*Parattha*).

**(2) Business is conducted within the moral and ethical framework with spiritual values as guiding principles:** Buddhist moral values and teachings provide an important organizational framework.



Buddhist businesspeople invariably pay attention to them when conducting their business. All activities follow the moral and ethical principles. Hence, Buddhist businesspeople are moral, compassionate and honest. They conduct their business with transparency. No dishonest or fraudulent act is committed. They do not take unfair advantage of others and do not hurt or harm other fellow beings.

**(3) Buddhist businesspeople accept change and continuously learn something new:** They recognize that nothing is constant. Everything is in a state of flux. They are prepared physically and mentally for any change that may occur. They constantly learn how to problem-solve and make adjustments accordingly. This is another philosophical milestone of Buddhism, especially the notion of impermanence (*Aniccatā*) and tenets on wisdom, knowledge, and education. Recognizing the impermanence of things, constant change, and importance of constant learning will enable the company or organization to survive any business adversity and prosper in a sustainable manner.

**b. Goals: Buddhist businesspersons base their business goals or aims on Buddhist teachings:**

**(1) Goods and services produced with quality are beneficial to consumers, society and environment:** All Buddhist businesspeople have similar goals in producing goods and services. The products must be of high quality and reasonable in price. The producers do not take advantage of consumers or deceive them. Their products are beneficial to consumers, society and the environment, or at least do not cause them any harm. Such goals revolve around concepts like honesty, loving kindness, and compassion.

**(2) Work intended for the benefits of others as well as for Buddhism:** Buddhist-based business is directly aimed toward the good of others. It is not concerned only with production of quality goods and services. There is a selfless aspect to doing good deeds for others, something that Danai Chanchaochai called a “public mind”.

**(3) Self-development:** It is the view of many Buddhist-educated businesspeople that work is a form of dharma practice or self-training to develop the quality of life or heighten their moral virtues.

The ultimate aim is their spirituality. These people see that they attain happiness while at work and need not wait for materialistic gains. They are not afraid of the consequences.

**(4) Doing charitable deeds (*Puñña*) as a profit in itself:**

Doing charitable (*Puñña*) or wholesome (*Kusala*) deeds is one of the goals of practicing Buddhists. The act of *Puñña* will bring about good and felicitous outcomes, enabling the doer to reach nirvana, the state in which there is no more suffering but true happiness, the *summum bonum* of Buddhism. Thus *Puññā*, rather than materialistic profit, is the aim of Buddhist businesspeople.

**(5) Development of quality people:** Another Buddhist business goal is to develop quality people, both within the company and the public at large.

**c. Ways to achieve the goals:** To conduct their business with great efficiency, Buddhist businesspeople adopt the following practices:

**(1) Exercising mindfulness (*Sati*), wisdom (*Paññā*), perseverance (*Viriya*) or the Four Bases of Accomplishment (the Four *Iddhipāda*):** Some of the most important Buddhist tenets for doing business are mindfulness (*Sati*), wisdom (*Paññā*), and perseverance (*Viriya*). They provide a correct, stable and efficient way of doing business, as well as laying the groundwork for other Buddhist principles.

**(2) Working within the framework of the Five Precepts (*Pañcasīla*) and the Five Ennobling Virtues (*Pañcadhamma*):** *Pañcasīla* work in tandem with *Pañcadhamma* and form the basis of Buddhist business undertaking. *Pañcasīla* are basic principles for everyday life in all of its aspects. Practicing *Pañcasīla* also means doing all the accompanying virtues of *Pañcadhamma*.

**(3) Working economically and paying attention to details and speed:** The teachings on economy, attention to work details and no backlog give rise to what is called “a livelihood free from complications”, one of the 38 blessings (*Maṅgala*). Such tenets when practiced lead to work efficiency.

**d. Management:** Good management, whether personnel or financial, is key to business success based on a number of Buddhist principles.

**(1) Management with the Four *Brahamavihāra*, the Four *Saṅga-havatthu*, and *Agati*:** The Four *Brahamavihāra*, consisting of loving kindness (*Mettā*), compassion (*Karuṇā*), sympathetic joy (*Muditā*) and equanimity (*Upekkhā*), are religious teachings for adults, including managers, administrators and rulers. They are used as a rule by all Buddhist businesspeople. Usually they go together with another set of tenets called the Four *Saṅgahavatthu*, designed to win the hearts of others. The latter consist of giving (*Dāna*), speaking kind words (*Piyavācā*), doing good deeds to others (*Atthacariyā*), and conducting oneself properly in all circumstances; however, they are not as often referred to as the Four *Brahamavihāra*. In addition, the correct application of the *Brahamavihāra* and *Saṅgahavatthu* must be made in conjunction with the *Agati* principle in which care is taken against prejudice caused by love, enmity or delusion.

**(2) Management in full knowledge of reality:** In the carrying-out of management, good as well as bad things can occur. It is important to take cognizance of the situations and try to improve upon them. This is in line with the teaching on *tathatā* (such is the reality) that tells us to accept that all things in nature follow the rule of cause and effect. They are not always under our control.

**(3) Karma-based management:** The law of karma constitutes a principle of justice in Buddhism. It motivates people to work with moral justice and is a keystone of fair and just management. A worker is rewarded according to his performance. In management terms, a problematic management shows that a bad karma or mistake has been committed; one needs to come up with a different set of karma to resolve the issue.

**(4) Management with less focus on the self and more on others:** Buddhism teaches us to attach less importance to the self, including our status and all things that somehow involve ourselves. The practice will bring us less suffering and is a management technique.

**(5) Management by the principle of Four Noble Truths (the Four Ariyasacca):** Not only can the Four Noble Truths be used to free us from suffering and provide us with a problem-solving approach, but they can also be applied to the management and solution to personnel problems.

**(6) Management with a combination of Buddhist principles and other modern management methods:** Buddhism needs not be the only management tool. Other modern Western non-Buddhist management models can also be applied alongside for greater efficiency.

**e. Personnel development:** Buddhist businesspeople often apply Buddhist teachings to personnel development through a number of religious trainings, especially insight meditation and development. These programs are intended to enhance spiritual or moral development of the workers, leading to greater work efficiency.

**f. Organizational culture:** There are a number of practices based on Buddhist teachings that go to form various organizational cultures.

**(1) Culture of mindfulness:** Mindfulness is crucial to work. Care is taken to do things properly and avoid making unnecessary mistakes. This will enhance work efficiency. The Buddha has attached great importance to mindfulness or non-negligence (*Appamāda*). He urges the people to perform their duties with mindfulness (*Dīghanikāya Mahāvagga*, 10/218/166). Many Buddhist businesspeople pay attention to the issue of mindfulness, such as Danai Chanchaochai (in an interview on 20 November 2008).

**(2) Culture of giving:** Giving is one of the most fundamental Buddhist teachings contributing to winning over the heart of people and fostering greater friendship. It is, therefore, a crucial part of doing business. If giving is made an integral part of the organizational culture, greater work efficiency will be insured. Thus, it is adopted by many Buddhist businesses.

**(3) Culture of collaboration:** Buddhist businesspeople often adopt a collaborative approach to work commonly called “team work”. Such collaboration is similar to the teaching on unity (*Sāmaggī*) and mutual assistance (*Saṅgahavatthu*) based on the notion of Dependent

Origination (*Paticcasamuppāda*) whereby all things relate to one another. The compliance with this law of nature will bring fruitful results.

**(4) Culture of learning:** Knowledge is important to all aspects of life. In business, businesspeople or executives must possess enough knowledge to carry out their tasks. Knowledge is something the Buddha values highly. There are many teachings on this issue, such as Great Learning (*Bāhusacca*), one of the 38 blessings in life (*Maṅgala*).

**g. Production:** Buddhist-based production of goods and services makes sure that the products are of good quality and at a reasonable price. No party is taken advantage of. No fraudulence is involved. No harm is done to other people, society and the environment. This is in line with a number of religious teachings such as honesty, the Five Precepts (*Pañcasīla*), the Five Ennobling Virtues (*Pañcadhamma*), and Dependent Origination (*Paticca-samuppāda*). Besides, the practice of such dharma as the Six Directions (*Disā*) will bring about more effective production.

**h. Marketing:** In competitive marketing and distribution of goods and services, as well as in creating a consumer demand, Buddhist businesspeople will take into account friendly co-existence and mutual reliance as defined in the notion of Dependent Origination (*Paticca-samuppāda*). They also pay equal attention to resources and the environment.

#### **4) Principles and methodology of applying Buddhism to business**

From the discussion above, one can conclude that there are five aspects to the application of Buddhism to business:

a. Buddhism provides a moral and ethical basis for doing business without causing harm to self, others, society and the environment. Buddhist business operates within the framework of Right Livelihood (*Sammā-ājīva*) and the Five Ennobling Virtues (*Pañcadhamma*), making sure that no harm is done to resources and the environment.

b. Buddhism helps to promote business ethics, creating a good working condition and relationship among the workers and with outside

organizations. Fairness and effectiveness go hand in hand. A practice of *Brahmavihāra*, *Saṅgahavathu*, and *Agati* will help to win the support of all parties concerned.

c. The Buddhist concept of truth (*Sacca*) helps to set the organization policy, operation, and development. It emphasizes the recognition of change as the basis for continuous improvement.

d. The Buddhist methodology helps to enhance the efficiency and effectiveness of the business performance, for instance, the application of the Four Noble Truths (*Ariyasacca*).

e. Buddhist ideal or life goal can help set business goals. For instance, doing charitable deeds (*Puñña*) is more profitable than accumulating assets, and work is a practice in dharma or self-development.

The application of Buddhist principles and methodology to business, therefore, can be seen in the setting of the business goals, framework, and operation. They are not incompatible, and businesses are enhanced by such application.

## **6. Possibility of applying Buddhism to capitalist society**

The above discussion shows to a large extent the possibility of applying Buddhism to capitalist economy. The following is the summary.

1. Capitalism in its ideal or pure form is not in conflict with Buddhist teachings on economy. One can integrate the two systems with some small adjustments. For example, the capitalist pursuit of maximum benefit could be toned down to a pursuit of legitimate gains and incorporate the Buddhist goal of the development of the quality of life for self and others. In this way, economic activities will embrace worldly and moral dimensions. Both materialistic and spiritual considerations are, thus, taken care of, leading to sustainable economy and development.

2. The current capitalist economy is not in its pure form but consists of mixed elements. Buddhism is not in conflict with such mixed capitalism either. In general, mixed capitalism cares for morality. Its notion of just administration and the state's involvement in the private business sector goes well with the Buddhist viewpoint. Admittedly, some economic

practices are evil, mean and corrupt, but they are committed by only some people or corporate entities. If economic and political authorities want to resolve such issues, Buddhism will be able to contribute to the effort. The issues in question are usually due to short-sighted selfishness. Buddhism can help point out the long-term benefits of doing business on moral and ethical grounds.

3. There is evidence that many organizations and corporations worldwide attach importance to morality and not exclusively to profit, testifying to the fact that Buddhism can be applied to business. Although these companies do not act out of the Buddhist faith, their actions are similar in spirit to Buddhist teachings. For instance, corporate social responsibility corresponds to Buddhist teachings on loving kindness (*Mettā*), compassion (*Karunā*), and giving (*Dāna*).

4. There is evidence that many corporations and Buddhist entrepreneurs have applied Buddhist principles to their businesses. This is a significant indication that Buddhism can apply to business or economic undertaking.

5. The fact that Thai society has adopted the late King Bhumibol's Sufficiency Economy Philosophy shows that Buddhism and sufficiency economy are in unison. The sufficiency economy philosophy clearly bears witness to Buddhist influence. In other words, Buddhist economics can also be called sufficiency economics.

6. Buddhism touches upon many economic dimensions, including production, marketing, distribution and consumption. There are a great variety of teachings that can be applied. In a sense, a Buddhist can exercise Buddhist principles to his daily economic activities one way or another. Some activities are not too complicated. For example, in consumption, a Buddhist can apply the tenets on sufficiency, true and false values, and savings. The more he practices, the greater benefits will go to self and society at large.

So, it is possible and feasible that Buddhism can be applied to modern capitalist economy. The extent of the application depends on a number of conditions, such as the ability of the executives and the nature of work.

## **7. Conclusion**

From the above discussion, it can be argued that Buddhism is not in serious conflict with capitalism or liberalism. They are in fact quite compatible, especially if capitalism is not practiced to the extreme, for example, if it does not preach excessive greed. Admittedly, there are some differences. There are also similarities, and it is possible to tone down several aspects of capitalism. Many Buddhist businesspersons have shown that it is possible to apply Buddhist teachings to economic enterprises in the present capitalist society.



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# Buddhist Influenced Objections to the Rule of Law and the Implications for Social Policy

*Mark Tamthai\**

Having been involved in social policy design and implementation for the past 10 years (primarily in security and political development matters), I have become fascinated by the influences on people's ideas regarding society and the acceptable ways to deal with its problems which seem to come from their Buddhist backgrounds. [For example, in drafting a new National Security Policy for the Southern Border Provinces in 1998, there was initially great hesitation and uncertainty in the different committees that had to pass the new policy (made up almost entirely of Buddhists) because it stood out from past policies in its high level of inclusiveness and acceptance of diversity. The policy was eventually approved, not however by intricate security based arguments but by introducing into the discussion the idea of the Muslim population in the region as being "friends in the birth-ageing-sickness-death cycle".] Two things stand out pertaining to these Buddhist influenced views. First, only a few Buddhist points of references are usually used over and over (karma, friends in suffering, good society coming from good people, etc.), and secondly, these points of reference are so entrenched that any new proposed understanding of such commonly held views which come

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out of Buddhist scholarship and research are either ignored, or those who make such suggestions are considered to need more study, or if they are monks are considered as “monks at the end of the line”, a common phrase that senior monks use to describe such monks. This perspective raises the question of in what way is Buddhist doctrinal scholarship relevant to understanding how Buddhism influences actually held views on the rule of law and other legal issues.

In many parts of Thai society there has always existed a sense of uneasiness in discussions about ways to improve society when the question of building strong institutions is raised. The uneasiness most often comes because it seems as if we are walking someone else’s path, a path alien to our own way of understanding what the foundations of a desirable society should be built on. As the discussion on social policy progresses, whether it be in official meetings or academic seminars, the counter position most often raised is that good societies come about by having good people making decisions and not by having strong institutions such as rule-of-law. Upon further probing it will then be suggested that this is the Buddhist way of understanding human beings and society. [The term “Buddhist way” is used here to refer to Thai Buddhism at the level of a moral system (in this case a moral system for social ethics) and not as enlightenment or as a philosophical system, using the typology of Saeng Chandra-ngarm]. To find the roots of this understanding of what the features of a Buddhist moral system are, we need to look into two kinds of sources for such ideas - the writings of Buddhist scholars written for the general public and the sermons delivered by Buddhist monks on various occasions. This paper will discuss the views on this topic of two such Buddhist scholars, the late Professor Emeritus Preecha Changkhwanyuen from the Royal Institute and Professor Somparn Promta, Ph.D, formerly from the Chulalongkorn Centre for Buddhist Studies (one of the purposes of setting up this center was to encourage the study of the relationship between one’s understanding of Buddhism and one’s social-political-economic views). The analysis of Buddhist sermons requires another kind of study which

goes beyond the scope of this discussion, though the views of some influential monks will be discussed.

At the same time in present day Thailand there are attempts to solve various social problems by exactly the methods being opposed, namely by the strengthening of institutions. Two such directions which shall be discussed are The National Reconciliation Commission's proposal to deal with the violence in southern Thailand by reform of the legal system and strengthening rule of law, and the advocacy position of the Asian Human Rights Commission on the connection between rule of law and the protection of human rights, a position taken by Thai human rights organizations as well.

Until these opposite ways of understanding how to work towards a better society are reconciled, there is the risk of much of the progress from each side canceling each other out. In the conclusion we discuss a possible path towards this reconciliation.

### **The view of two Buddhist scholars**

The two scholars whose writings on this topic will be discussed are chosen because of the nature of their works. Preecha's style is very accessible to the general public and he also gives numerous talks to a wide range of institutions such as schools, military academies, political institutions. Because of this, the impact of his ideas goes beyond the walls of academe and can continually influence public debate. Somparn, on the other hand, intentionally writes to engage the public (as he explains in detail in the preface to his book *Buddhist Philosophy*). Though he takes a somewhat controversial position in his understanding that being a Buddhist does not mean being just a follower of the dharma but also means debating with the dharma on some issues while still following the Path, his ideas are influential because of his many "popular" books on the Buddhist view of such things as abortion, cloning, violence, law, environmental problems, etc., which are written for general public consumption. He also

has a close involvement with the Buddhist monastic universities both as an alumnus (of Mahachulalongkorn) and as a lecturer.

Preecha's view on the Buddhist way to build a better society begins with his understanding of what the nature of a Buddhist society should be like. For Preecha, it is a society whose members are compassionate human beings. Such a society could be referred to as a compassionate society. The question for our concerns then is whether the rule of law is a feature of such a society. Preecha's general answer is that the rule of law is irrelevant to building a compassionate society because if people are not compassionate they will either take advantage of imperfect laws or find a way around the better ones. On the other hand, if people are compassionate then there is no need for the rule of law.

Somparn's view on this matter is slightly different. Though he begins with the same understanding as Preecha that a desirable society in the Buddhist sense means a compassionate society, he sees the necessity of having the rule of law present in such a society. His view is that there are people who can become compassionate and others who are not able to so easily. The rule of law is a means to protect the compassionate members of society from those others who would otherwise do them harm. What Somparn is proposing is that a desirable society must have rule of law but only as a tool and not as a fundamental feature of such a society. He disagrees with Preecha in that he believes that there can be laws which effectively curb the behavior and the ability to harm others by those members who might wish to do so. However, in the important question of whether the rule of law is a fundamental feature of a desirable society, both Preecha and Somparn are in agreement that it is not.

We might ask why views like those of Preecha and Somparn are so opposite to many who see the rule of law as not only being a fundamental feature of a desirable society, but in some cases its defining characteristic. Can there be a greater contrast between "We wish to be a nation of laws, not of men" and "We wish to be a nation of compassionate men, not of laws"? One answer might be that the two views understand the meaning

of ‘rule of law’ differently. But whether the definitions given by each view be formal, substantive or functional (following the classification used by Matthew Stephenson), once the difficulties with the different definitions of ‘rule of law’ are worked out (e.g. not allowing for the desirability of the rule of law to be tautological) it seems likely that both views will tend to understand the meaning of the rule of law quite similarly, and so this should not be the answer. I think that a more accurate answer to the above question is that the two views begin with different ideas of what a desirable society is. For one view it is a society whose members are compassionate human beings, for the other it is a society whose members do not infringe on each other’s rights. With such a difference we can see how the role played by the rule of law in working towards such societies would be different. Taking a Buddhist cosmology seriously would mean many more such differences in regards to issues pertaining to law, for example the possibility that some commonly considered criminal acts might be a compassionate act on some occasions. Such possibilities would then have to be dealt with in the legal code in use. When discussing how to actually put such ideas into practice it is often said that the direction of a person’s karmic status might be too difficult to substantiate. But projecting the direction of a person’s behavior is done in many other contexts (advertising, voting behavior, etc.) and so it seems as if the real obstacles lie not with those types of problems but with the idea of preventing something not yet done. This is only a problem if we accept an “innocent until proven guilty” position with the usual accepted understanding of proof.

### **The impact on social policy**

#### *Dealing with the violence in the South*

The National Reconciliation Commission’s recommendations for dealing with the violence in the south have the strengthening of rule of law as one of its main pillars (in the past, extrajudicial killings and state hit squads operated unhindered, or at best ignored). The recommendations cover such things as expanding responsibility for investigation of criminal

cases beyond just the police force, establishing a center to handle cases of disappearances and abductions, putting into place mechanisms that provide wider access to the justice system, introducing ADR mechanisms, creating ways for the justice system to be accountable to the public, etc.

But in order to be successful these recommendations need general public support to create society-wide ownership of the process of reform, otherwise the reforms will just be another case of trying to seem up to date in matters of the justice system.

### *The Protection of Human Rights*

Strengthening the rule of law is necessary to counter impunity, something which is mainly responsible for human rights abuses (see the 3 articles from Article 2). Protecting rights and affording remedies are all about strengthening institutions such as the Department of Special Investigation, Department of Rights and Liberties Protection, Central Institute of Forensic Science, National Human Rights Commission, etc.

### **Reconciling the two attitudes towards the rule of law in Thailand**

The debate between the two attitudes towards rule of law discussed above is based on one view believing that no matter what institutions are put in place they can be undermined by immoral people in charge (either by good laws and institutions being undermined, or by weak laws being used for justifying improper acts). Examples of this way of understanding such matters are widespread in Thai society. Consider the following:

(1) The view of the prominent monk Phra Khru Dhammatornnipol, the abbot of Wat Toongkoi in Pattani. Himself a member of the NRC, he told the commission that "...we need moral human beings to deal with the violence in the south, not more institutions and legal reforms..."

(2) A Sunday morning Buddhist sermon on TV explaining that solving social problems with institutions is like having an itch and dealing with it by scratching the wrong place.



(3) A radio talk show on politics with a call-in guest giving his opinion on the uselessness of reforming the Constitutional Court because no matter how good the law governing the workings of the court is, it comes down to what kind of people the members of the court are.

However, from the other view we have the rejoinder that until we can come up with concrete ways to move Thai society towards a “compassionate society” there seems to be no better alternative than relying on the rule of law.

*Engineering Compassion, but with a safety net*

So how might we proceed? One way is to revisit the possibility of finding concrete measures that can make Thai society become a more compassionate society. Most of the pessimism relating to such projects stem from the fact that past attempts center around different forms of moral education, all of which have been failures. But there might be other ways to proceed. For example we could think about the possibility of ‘engineering compassion’. Though this might sound strange it is because ‘engineering’ usually leads us to thinking about constructing manuals. But in this case it could be engineering by ‘showing truth’. Such a project could begin the building of a more compassionate Thai society through policy: for example there could be daily TV spots, after the news, of hospitals and funerals showing people from all parts of society going through the cycle of Birth-Ageing-Sickness-Death, thus creating feelings throughout Thai society of everyone being fellow sufferers. From this recognition of our common humanity will then flow feelings of compassion towards our fellow citizens. Engineering compassion could also be a task for the King to engage in. One such task would be for the King to become the transitive point of passing on ‘caring’ among citizens. [I have proposed such a rethinking of what it means to be a good King and have suggested the necessity of going beyond the “Tossapit Rajadhamma” (the 10 Kingly virtues) in my paper on constitutional monarchies.]

Meanwhile, as these projects make slow but steady progress, we proceed with programs to strengthen the rule of law as a temporary safety line tied around our waist as we make our climb towards a compassionate society. This line keeps society afloat while ‘bad’ people are still in positions of power, allowing for the gradual change of these people (either internal change or by replacement). But since safety lines not only prevent falls, but also puts a limit on how high we can climb, eventually this line must be cut loose if we are to reach the peak.

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