

Buddhism and Economics (©2017-2020)

Lecture 12: Reviews and Revisions

In the last few lectures, we have discussed the Buddhist idea of interdependence, the environment issues, the widening gap between rich and poor, the obvious level of extreme poverty and the economic policies that have tried to reduce it, and the holistic economic model which some Buddhist socio-economic ideas are integrated.

In this lecture, we shall again review some of the important ideas, concepts, and theories we have covered in the last few lectures. Since we have already discussed in detail about those ideas and related issues, it would be very helpful if you read this lecture's course materials along the course materials of the previous three lectures.

We have discussed the 4 sources of economic development as follows:

Four factors of economic growth (Samuelson and Nordhaus, 2009):

- Human resources
- Natural resources
- Capital
- Technology and innovation

Important natural resources:

Natural resources: gas, oil, coal, or collective known as fossil fuel; water, land, forests, fishery, minerals, etc.

Unfortunately, with natural resources, some of them are renewable but others, when they are gone, they would be exhausted forever. Some of them, although can be renewed, would take thousand of years, if not millions of years. So we must try to develop with the keyword of sustainability in mind.

Renewable and non-renewable resources: those fossil fuels such as gas and coal are considered as non-renewable because it takes millions of years for them to be developed by way of natural process. It is therefore difficult to renew them in a matter of centuries or even thousand years. Land and water, which can be used year after year, are considered as renewable. But without conservation and protection, land can be depleted and less arable and then becomes complete barren land. And it is impossible to expand a piece of land, especially farming land and land reserved for greenery and wildlife. Drinking or clean water is also very delicate and fragile without considerable protection from pollution or wastage.

In lecture 9, we discussed the Buddhist idea of interdependence of human and their living environment or natural world. As we have mentioned, although many people are sceptical about the corollary between the daily activities of human beings and the fast changing situation of climate and the somewhat deteriorating ecosystem, even from our common sense, we might be feeling uneasy about our the



increased natural disasters every year everywhere in the world. For example, I suppose that some of you may remember that during a period time of the year (quite regularly), Singaporeans are weary about the ongoing smoke and haze in the air. The cause of such annoying air pollution is the massive burning of vegetation areas for extension of plantation land. Here, it is simply to figure out what is happening because even without much scientific or medical knowledge, people can feel haze in the air and inhale smoke into their respiratory system, which would cause short and long term health problems (see a report of the issue on BBC at: <https://www.bbc.com/news/world-asia-34265922>).

It is also contentious that even with clean technologies, experts warned that without other more skilful incentives and innovative policies, the problems of climate change cannot be easily resolved. (see a recent report by the BBC at: <https://www.bbc.com/news/science-environment-54662615>) So in this lecture, let us have a look at the real collar between environmental issues such as pollution and climate change and the economic implications.

In the second half of chapter 4, Clair Brown talked about environment issues in three aspects: *economic, moral and political*. Economically, of course it is very easy to recognize the obvious impacts of climate change towards economic development. But because the short-term benefits of exploiting natural resources and freeriding in externalities, and the potential high cost and opportunity cost in protecting environment, people do not see or it may be not very obvious for people to take a long-term look at the environment issues. For instance, in economic benefits and returns, investments in economic development would be rewarded with quick and high returns, while the same investments in environment protections or sustainable development would be steady and less lucrative. This then would dis-incentivize and discourage more environment friendly economic policies, which would further disadvantage the urgent and pressing environment issues.

Although the weak-sustainability concept (Brown, 2017:65) suggests that by alternating between technologies and natural resources, the uncontrolled exploitation of natural resources can be partially restrained. But as you may read from Niall Kishtainy's book, market can fail (market failure), which means that there is no guarantee that the "invisible hand" in the free market would regulate the resource efficiency, environmental sustainability and balanced economic growth.

From a *moral perspective*, it is difficult to say whether or not that a particular action is morally accountable. For instance, water is considered to be public good and it therefore belong to everyone in the society. Water company packed water into bottles and sell them to public all the time. So you may ask the company to contribute a portion of its profits to the benefit of public because what they are entitled to sell are those empty bottles, not the water inside. The water belongs to public. Here the moral issue is a contentious one. With environment issues, the same theorizing applies.

Religious people, such as Buddhists, of course consider that it is not right or it is not the right livelihood to pollute our common environment by recklessly dumping

chemicals or hazardous industrial wastes into water or on the land. In short time, such reckless actions may be all right but in the long run, groundwater or water beneath the ground as well as soil and ecosystem may be affected. The statement which Clair Brown referred in her book (p.73) can be read online.

(<https://plumvillage.org/articles/buddhist-climate-change-statement-to-world-leaders-2015/>)

Venerable Thich Nhat Hanh's *Love Letter to the Earth* can also be read online. (<https://plumvillage.org/articles/love-letter-to-the-earth-2/>)

But again, morally, it is difficult to say about vegetarian, even within Buddhism itself. For those Chinese Mahayana Buddhists (and perhaps Vietnamese Buddhists), especially Buddhist monks and nuns in those Buddhist traditions, vegetarianism is not an option but an obligation. But for the Theravada Buddhist tradition, and some Mahayana traditions such as Japanese Mahayana monks and nuns, vegetarianism is optional and not even encouraged. In fact, so personally it may be a preference or a considerate choice, but morally, it is difficult to pass on judgment. If you read the book (pp.74-77), you may understand the corollary between vegetarianism and environmental protection.

From a *political point of view*, as Brown pointed out, environmental issues can be very complicated. This is particular true when international politics is taken into consideration. For example, in 2015 the COP 21 (Paris Agreement) was debated and in 2016 it was signed. It was a difficult bold, difficult but highly anticipating agreement on climate change. But before Clair Brown's book was published in 2017, the agreement was already challenged by those disagreed with it, in particular the U.S, in 2016. And on 3rd November 2019 the formal notification of withdraw was announced and it will be effective one year after, on 4th November 2020, which is next Wednesday. So here we are dealing with at least 4 issues: the environment, the economy, the politics and a combination of those 3!

Abundance, prosperity and equality

The world is filled with abundant resources and economic prosperity is achieved for many years. But in terms of equality, the issue becomes very much complicated and disproportionately uneven. While market economics can resolve the problem of prosperity, it paid little attention to the abundance of resources and the limit of environment's sustainability, as well as the problem of equality. So it is Buddhist and the holistic economic model that may be relevant here.

Inequality and extreme poverty

Inequality is almost inevitable in most of the human history and human society, even in some of the most equal societies. But the big and increasing gap between rich and poor would be detrimental to a well functional society. From the normative economic perspective, the issues of inequality and extreme poverty mean that the economic system is not working very well. From the Buddhist perspective, a holistic economic model means that as far as economics is concerned, some basic elements are essential, such as people, planet, prosperity, peace and prosperity. And all those

elements would boil down to one keyword: sustainability. The holistic economic model is also comparable to that of the UN's Sustainable Development Goals.

Government spending/investment, supply-side economics and rejuvenation of economic growth

As we mentioned, one of the tools can be used by government to recover from the protracted economic stagnation or downturn is to encourage business people to invest by cutting tax. And according to the classical and modified Keynesian economic theories, government spending is a similar way of stimulating economic growth by governmental initiatives and macroeconomic policies. But in the aftermath of the 2008 financial crisis, the austerity policies of various kinds have been prevailing all over the world.

Two arguments are relevant here: one is that by implementing austerity policies, government would reduce its debts to manageable size, thus reducing the risks of uncontrolled debts and deficits. But the other argument is that by imposing the drastic austerity policies, economy would enter into uncharted waters, and resulting in economic stagnation. Meanwhile, those poor people would suffer because of the drastic cuts in public welfare and the inevitable large number of unemployment.

Reading suggestions:

Since by now we have covered enough theories and concepts for you to understand what the course of Buddhism and economics entails, please therefore read whatever passages that interest you throughout the textbook by Clair Brown and the reference book by Niall Kishtainy. But please do read the relevant part of the books if a particular theory or concept that you want to know but not very certain.