

Ethics, Values, Religion and Economics?

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Abstract:

This paper is a non-academic look at what economics is and what it might be. It is a look at why economics is a social science and not a science in spite of all its claims.

Keywords: Ethics, Values, Religion, Economics, Buddhist Economics

What kind of a title is this to have on a paper at an economics conference?

Today, economics is on everyone's lips. The global financial crisis is at the top of every news program. Perhaps, at the moment, the fear is subsiding but I suspect that the speculation and study of what caused it and how it should have been handled has not yet seriously begun.

Certainly as the Wall Street debacle unfolded the terms immoral and unethical were not rare. As people became enraged over the scandal of AIG retention bonuses, the concept of greed received more air time than anyone would have thought possible. Now we look at possible retention bonuses by Fanny Mae and Freddy Mac.

These at least show that some people outside this room see a connection between ethics, values and economics, even if those in economics cringe.

As was pointed out yesterday, in the Topics, Aristotle provided his philosophical analysis of ends and means. He explained that means or instruments of production are valuable because their end products are useful to people. The more useful or desirable a good is, the higher the value of the means of production is. Aristotle then went on to derive a number of economic ideas from axiomatic concepts including the necessity of human action, the pursuit of ends by ordering and allocating scarce means, and the reality of human inequality and diversity.

For Aristotle, the individual human action of using wealth is what constitutes the economic dimension. The purpose of the economic action

is to use things for those things that are necessary for life (i.e. survival) and for the Good Life (i.e. flourishing). The Good Life is the moral life of virtue through which human beings attain happiness.

There is it again – values and economics.

Some of the primary “keepers” of values and ethics are religious institutions. Perhaps not surprisingly with the strange exception of the US, it has been evidenced that as communities or countries become more industrialized they tend to become less religious.

Religions also recognize economics organization. I once read somewhere that Buddhist Economics is where economics meets ethics. And also there is Schumacher’s concept that it is economics as if people matter.

As we have heard before, Schumacher has had a profound influence on the development of Buddhist Economics. But, Buddhist Economics is not the only “religious” economics and missed being first by several thousand years.

Religions know the importance of helping people have a more holistic view of life. I recently read “With All Your Possessions: Jewish Ethics and Economic Life” by Meir Tamari. I would highly recommend this book to anyone but particularly westerners. It talks of 3000 years of documented economic history. But it is not a history of supply and demand curves or marginal anything but rather it is a history of how people and communities relate to one another through economic activity. Timur Kuran has also written an enlightening book called “Islam and Mammon: The Economic Predicaments of Islamism”. It deals with the potential moral hazards of trying to impose a “moral economy” by the government and demonstrates potential problems. There are many strands of Christian economics as well as Hindu, Sikh and Sufi.

When I first heard about Buddhist Economics I was taken by it. It is indeed economics as if people mattered. Not many regular lay people here in Thailand can understand why someone from the US would be interested in Buddhist Economics and Sufficiency Economy.

It is hard to explain the beauty of Buddhist Economics to people who are living in developing nations (Thailand, Burma, Kenya and Uganda) where they are busy striving to be like western nations and have all that western nations have. Maybe you have to have lived in that out of bounds, over the edge capitalist, consumerism to understand the problems

with it. To really understand that it is not satisfying. It is not economics that develops well-being. It develops production with negative externalities like water pollution, air pollution, global warming, deforestation, over use of pesticides, herbicides and fertilizer. It promotes a society where people have lost sight of who they are and what makes life valuable and worth living. It promotes a life style that is not healthy, stressful and not sustainable even if just on mental emotional terms.

Very often talks on Buddhist Economics are loaded with Buddhist catch phrases: *sila*, *sammhadi*, *panna*. Even the use of the term “Middle Way” while it is meaningful and carries a huge depth of meaning for a Buddhist, is empty for a Christian or a Muslim. That is not to say that there is nothing in Buddhist Economics that can and perhaps should speak to people outside of Buddhism, it just means that we need to think of how to communicate this so that it can push Adam Smith off the highway.

I have joked with Ajarn Apichai that I felt sometimes like I was called to take the Buddhism out of Buddhist Economics. Understand that I do not want to take the dhamma out of Buddhist Economics. I have worked for two years now to figure out how to explain this to westerners who know no Buddhism. I want us or anyone to find the stories that support a comparable story in western traditions.

I am a lecturer in the Faculty of Management Science here at Ubon Ratchathani University. I have been teaching a class entitled “Different Economics Paradigms for Business Management.” It’s been an interesting course because it presents Micro, macro and heterodox perspectives including Buddhist economics.

I was reading something a while back and I went back to a couple of slides I had recently used in lecture.

Economic Tradeoffs

- Abundance vs scarcity

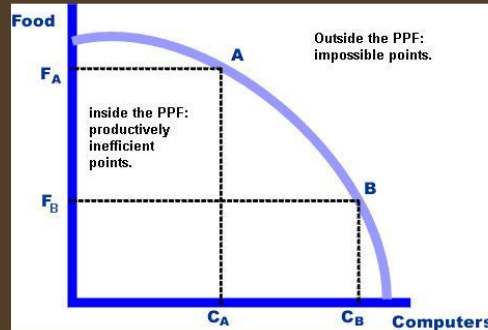


Figure 1. Production Possibilities Frontier

Opportunity Cost

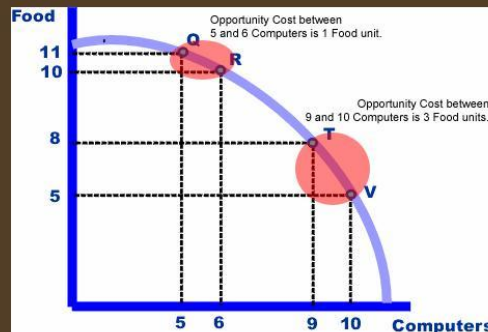


Figure 2. Opportunity Cost

Randy Pausch, a former professor at Carnegie Mellon University, has a couple of well distributed video lectures and one of them is on time management. He indicated in that video that there is one economic term that every single person needs to understand and that is Opportunity Cost. He doesn't talk about how many computers you have to give up producing for ever unit of food you decide to produce. He talks about the fact that once you have spent an hour of time doing something, you can never have that hour back.

That puts all of this into perspective for me.

Economics is theoretically about how to provide people with well being in a climate of scarce goods. We are looking at the wrong thing! We should look at time not money!

I have no doubt that people have unlimited desires and wants but people do not have unlimited needs. Many of the problems existing in the west today are a function of catering to wants rather than needs: obesity, hypertension, heart attacks, stress, drug abuse, etc.

We all are really pretty simple and really pretty much alike. We want to live happy fulfilling lives. We want to raise our families in peace and be able to provide them what they need. When we provide children with all that they want rather than what they need, we are criticized as overindulging and spoiling them. But when we make faster cars that stressed people can drive while talking on their cell phones and watching TV in the car - that is called progress.

Let's talk about production possibility curves that show the more critical trade offs....work and making more money to buy more stuff for time: quality time with ourselves, our families and our communities.

How do we rework economics and management science so that it helps provide people with blue prints for leading more enjoyable, less excessive and sustainable lives? We have to have compelling presentations if we want all of those people in the west who are used to making purely rational decisions, based on self-interest with perfect information to change their ways.

We have heard about microeconomics, macroeconomics, political economics and later this afternoon I believe you will hear about meso-economics. As each day passes, I become more firmly convinced that in

order to make the changes necessary to save ourselves, our communities, our society and even our world, that it is microscopic economics that we need to focus on: economics one person at a time. We need to be able to speak to individuals in a way that convinces them.

Heterodox economics, all of which address values and ethics in economics are being systematically silenced by the educational institutions of orthodox economics. We need to think of how to subvert that.

I don't know if it's the correct way but I suggest that it might be a middle way if Buddhist Economists can look, and talk and search for how they might share an ethical ground with Christian Economists, Islamic Economists, Jewish Economists, humanistic economists – anyone who will talk. I am becoming convinced that changes in economics are going to come in the way that we heard last night from K. Apichart and K. Adisorn; they are only going to come in changed individuals – grassroots efforts. Economics is really only going to change when people own it not economists.

Leave here and meet your needs. Reclaim your time. Find and revel in your happiness and well-being. Go forth and evangelize! Spread the good word and show people with your own life and works what it means to understand Buddhist Economics.