

Money: The global power of an illusion

A Buddhist perspective¹

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Karl-Heinz Brodbeck

In Buddhist ethics, priority is given to the qualities of non-violence and compassion: “All those who suffer in the world do so because of their desire for their own happiness. All those happy in the world are so because of their desire for the happiness of others.”² In this, it directly opposes the prevailing economic ideology, whose central idea was expressed by Adam Smith as follows: “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love”³. The Buddhist critique of egoism, however, is not derived from a moral norm, but from the insight that wrong thought causes suffering. In so far as Buddhism deals with deluded forms of thought, it is a *critical philosophy*. Buddha is described as teaching “with differentiation, he does not teach here in a one-sided way”⁴. Consequently, the Buddhist teaching is described as “the discriminative, differentiating, analytical or critical teaching“ (vibhajjavāda).⁵ “Criticism is the very essence of Buddha’s teaching”⁶. „Buddhism is criticism”⁷.

We can apply this teaching to some of the recent literature that focuses on consumerism, ecological problems, women’s and children’s rights, general questions of justice, etc, under the rubric of economics.⁸ The critical potential offered by Buddhist tradition, and most of all by the Madhyamaka philosophy, has not been much in evidence in these discussions. Yet, it is the central subject of Madhyamaka philosophy to show the immanent untenability of existing forms of thought – not from a perspective of nihilism, of which Nagarjuna has often been accused, but from the realization that erroneous thought is the cause of all suffering and an obstacle on the way to liberation. Even so, the attempt to sustain a systematic and pertinent critique of modern economic science, and especially of the theory of money, performed in the tradition of Nalanda, say, has been very limited up to the present day.⁹ In the following I will draft the outline of how such a critique could be formulated. For this, I will need to sketch out some of the fundamental concepts of Buddhist psychology and of Madhyamaka logic in order to develop them so that they can be applied to the problems of the theory of money and, by extension, to the reality perceived in global capitalism. Some considerations about the responsibility of Engaged Buddhism will conclude this essay.

The three poisons

According to the Buddhist idea, human action is governed by a defiled motivation. These defilements may be subsumed in the concept of the three poisons: greed, hatred, and delusion

¹ Translated from German by Ilse Maria Bruckner and Roger Gathman.

² Santideva 1996, 99.

³ Smith 1976, 26f.

⁴ Anguttara-Nikāya X, 94 (= PTS, Vol. V, 190). Transl. by Nyānaponika Thera and Bhikkhu Bodhi.

⁵ Nyānatiloka / Nyānaponika. 1984, Vol. 5, 133, note 119 (commentary on the quotation above)

⁶ Murti 1980, 8.

⁷ Hakamaya 1997, 56.

⁸ Schumacher 1965; Payutto 1994; Harvey 2000.

⁹ Alexandrin 1993; Loy 1991; Brodbeck 2001, 2002, 2006.

(Pali: *lobha, dosa, avijja*). These three poisons constitute the process wherein the ego constructs its domain to defend the illusion of the thought of “I”. In fact, the human personality is interlinked in various ways with other human and living beings, with nature and with mental phenomena. In this interdependency, an independent “acting human entity“ is illusory. It is generated through the grasping of transient objects (greed) and the defending of the objects grasped (hatred) on the basis of an illusory idea of the self (delusion).

In Buddhist practice, we come to realize the illusoriness of this process. Two core methods to achieve this can be identified: firstly, the careful analysis of conscious processes, which are permeated with illusory thoughts; and secondly, the development of compassion as a remedy against the three poisons. The practice of compassion is not a superficial moral rule here, but instead is based on the insight into that state of interdependence and, at the same time, into the emptiness of all phenomena, which have no immanent substance, no ego, and no nature of self (*svabhāva*). Consequently, the practice of compassion is nothing but the highest form of Buddhist knowledge, that insight into the emptiness (*śūnyāta*) of all phenomena which is transformed into action. This means that, in Buddhism, ethics cannot be separated from epistemology.

Instead, compassionate ethical action is a way of embedding a cognitive practice in one’s everyday environment, based on the realization of the interdependence of all phenomena, whose emptiness, in turn, serves to substantiate and justify ethical action. That is why there is no “value-neutral“ theory of human action. Each and every cognition of social processes hides a moral judgment, and so every theory that appears to be “value-neutral“ is, in truth, an *implicit ethics*.

Indeed, the core diagnosis in the Buddha’s teaching is that all frustration and all suffering are rooted in knowledge that has been diverted from its object. Nevertheless, in everyday reality the truth about this repressed knowledge of the concept of a substantial “I“, becomes apparent: it is an illusion that cannot withstand the test of experience. In the end it is wrong thinking that is responsible for the suffering in the world. The public sphere of communication is contaminated by concepts that are proven to be delusions by the fact that, by holding on to them, people expose themselves again and again to the most varied forms of undesirable situations.

So we don’t have the simple option of drawing a moral doctrine from the spirit of Buddha’s teaching to place it alongside economic practice in order to tame the economy. The nature of social and economic actions is created by forms of thought and as a result of a motivation which all prove to be illusory. Economic practice will always be shaped and governed by forms of thought which have suffering as their consequence, unless it takes the mutual interdependency of all social and natural phenomena as its foundation.

Madhyamaka Logic

Admittedly, so far this general diagnosis remains a mere assertion unless we systematically and rationally explain it on the basis of its subject: economics. Thus, in the present text, I will select *one* central subject — namely money and connected phenomena — to test validity of the Buddhist critique. To do so, I will discuss those forms of thought where the *science* of economics describes money and the markets. If Buddhist analysis is factually veridical, an assumption that has never been doubted by the tradition, we ought to see this work out in practice. For this, substantial support is provided by Buddhist logic and Madhyamaka’s critique of knowledge.

Madhyamaka logic is peculiar in that it is, at the same time, an ontological critique. Ontology is about the definition of being: what is the meaning of words like “really“ or “it is“? The general critique of Madhyamaka philosophy is that this ontological definition gives us an illusion of “being a self“ (*svabhāva*): in everyday life, objects are interpreted in such a way as if they had a cause, a being, a core or a mainstay in themselves. In this context, Madhyamaka dialectics has the demystifying function of demonstrating that this implicit assumption about the nature of objects is an *illusion*. The Madhyamaka critique operates to uncover this illusion in all of its various manifestations.

The specific logic of this form of thought, however, has been heatedly discussed by the different Buddhist schools already. Yet, it would go beyond the scope of this essay to consider in any detail the special features and different opinions brought into play by Indian¹⁰, Tibetan¹¹, Chinese¹² and recently also Japanese¹³ Buddhism.

A safe approach that will help us avoid the detour into scholastic disputations is to prove the Madhyamaka form of thought by means of a special object. At the same time, the substantial difference between Buddhist and traditional European logic can be demonstrated here. I will develop this more systematically about the subject of money. To do this, I will have recourse to a figure of speech that appears in Nagarjuna’s *Vigrahavyavartani*. The passage runs: „Supposing somebody said: the son is to be produced by the father, and that father is to be produced by that very son, tell me who is to be produced by whom.“¹⁴

Nagarjuna uses this example as a model for all forms of logical reasoning, where a definition (*pramāna*) gains its meaning only by the defined (*prameya*), and vice versa. A cause cannot be thought without an effect, a reason not without a consequence, etc. Everyday thinking is entangled in such circular forms of thought and has a permanent tendency to reify the poles of a relation (like father-son). One cannot think a father without thinking a “child“, and vice versa.

However, this is not merely about *forms of thought*, but also about experienced reality: The delusive forms of thought are *at the same time* what we refer to as “reality“. If *social facts* are considered, another factor becomes relevant here: (delusive) forms of thought are what generate nothing less than social reality, or, as Buddhist tradition would call it, the „karmic vision“. Indeed, the reason for all human suffering, not least in the field of economy, is that this illusion, based as it is on karmic vision, is not understood in its true nature.

Economic explanations of money

In modern capitalism, economic processes are transacted through the market and by means of money. Here it is useful to investigate more closely how these processes are explained by different economic theories. To do so, I will proceed in the same way that the Madhyamikas demonstrate the logical fallacies of contemporary systems of thought: it is proven that the claimed positions are *unthinkable* and are *bound* to get entangled in contradictions, exactly

10 Ruegg 1981; Della Santina 1986; Wood 1994.

11 Hopkins 1983; Pettit 1999; Williams 2000.

12 Cheng 1991; King 1991.

13 Hubbard and Swanson 1997.

14 Nagarjuna 1998, 123. Cf. „A father is not a son, a son is not a father. Neither exists except in correlation with the other. Nor are they simultaneous.“ Nagarjuna. Sunyatāsapti 13. In Lindtner 1997, 99. Cf. to this circular logic: Brodbeck 2002a.

because they are formulated on the untenable foundation of substance metaphysics, the fiction of a self (*ātman*) of persons or objects.

At a first glance, one might think that, as the result of this. There is a certain closeness of Buddhism and the economic theory prevailing today (*neoclassical economics*) because the latter is definitely a *rational theory*. It describes human action as the result of rational decisions. “Human action is purposeful behaviour.”¹⁵ At a first glance, this understanding seems to correspond with the Buddhist teaching which is expressed as follows in the first sentence of the Dhammapāda: „Phenomena are preceded by the mind, ruled by the mind.“ Also in the Abhidharma, in its explanation of dependent origination, consciousness (*vijnāna*) precedes the manifested action in different situations.¹⁶ But this superficial similarity does not smooth away the fundamental differences. According to Buddhist understanding, thinking and consciousness are always *conditioned*, but not in terms of an entity existing in itself as claimed by economists, who in this are the heirs of Cartesian philosophy. The latter define action as individual, as the causal activity of an Ego: “It is beyond doubt that the practice of considering fellow men as beings who think and act as I, the Ego, do has turned out well; [...]”¹⁷

Accordingly, the Ego, the entity of the acting human, is presupposed as an axiom. This entity corresponds to the liberal fiction that society has come into existence by a social contract, in which rational, but also egoist individuals agree on a property order to the advantage of all parties. This contract theory has been much criticized; I mention this only because it corresponds to a concept which, in theory of economy, Schumpeter calls “methodological individualism”¹⁸. The starting point of the analysis in modern economics is an entity (*consumer, firm*) that makes decisions *independently* of all others. Contact among people only exists in the form of *exchange*. Markets create society by way of exchange processes. According to a well-known simile, money serves only as a sort of lubricant: money “is none of the wheels of trade: It is the oil which renders the motion of the wheels more smooth and easy.”¹⁹ Exchange becomes necessary by the division of labor which is axiomatically introduced as a precondition. Another thesis claims that money is only an indicator of the exchange value of goods. Exchange value itself is interpreted differently by various schools. Originally, gold was attributed a permanent intrinsic value that was intended to express the value of goods.

As the discussion of economics developed, however, it became apparent that these original premises couldn't be maintained. On one hand, the gold standard has long been gone; on the other hand, the value of gold obviously depends on the amount available, as for instance its decline in price after the discovery of the gold sources in South America in the 15th and 16th centuries, which resulted in a general inflation. Presently, the more ambitious approaches explain money essentially by two more theories: (1) by the thesis that money is only a (special) commodity which was generated by an evolutionary process from isolated barter to general exchange. Accordingly, real money must always derive its value from some metal (metalism). (2) From an alternative perspective, money is regarded as an indicator standardised by the state (nominalism).

15 Mises 1966, 11.

16 Of the twelve factors of dependent origination (*pratityasamutpāda*), *vijnāna* (consciousness) is the third factor, followed by *nama-rupa*, existence in a body, that forms the basis of all kinds of experience and action connected with it.

17 Mises 1966, 24. The German wording of the original text differs somewhat: “Das Ich ist die Einheit des handelnden Menschen. Es ist fraglos gegeben und kann durch kein Denken aufgelöst werden.” Mises, 1940, 34.

18 Schumpeter 1908, 88: “methodologischer Individualismus”.

19 Hume 1826, 317.

The first one of these theses, developed by Carl Menger, is a mere *exchange theory*. Here, the argument is as follows: the division of labour is at the same time a division of needs. Everyone has many needs, but produces only a few products, in contrast to peasant cultures that were, essentially, self-supporting. Consequently, everyone has to barter his products against other products that satisfy his needs. Here, however, an insurmountable problem exists: Whoever has grown a certain sort of vegetables and is in need of shoes will have to find a bartering partner who, symmetrically, has produced shoes and needs exactly this sort of vegetables. For many products, the probability that this will coincide is close to zero. Yet, Menger solves this problem by the following consideration: by and by, people discovered that barter could also be made *indirectly* and so become a general exchange economy. At first, a vegetable is bartered against salt, for example, which in comparison is a widely needed good, and then barter this salt against shoes. Carl Menger recognises the *incentive* for this in the egoism of the *economic man*: by indirect exchange, a speculative exchange profit can be gained in addition, namely by the “exploitation of existing opportunities of exchange”²⁰. Motivated in this way egoism, stirred up by the “difficulties of exchange“, automatically produces goods that are exchanged in the evolving process of trade; and finally, a special good is left: money.

This explanation of money has been varied several times, even in the form of computer simulations in virtual societies, consisting of rational egoists competing with each other. But none of these explanations can be *reconstructed rationally*. They fail by their own preconditions: the “difficulties of exchange“ can only emerge and be solved “in an evolutionary process“, and “opportunities of exchange“ can only develop if the thing, “exchange society“, is already a precondition. But, according to Menger’s own statement, this exchange society is not at all able to exist without any money, exactly because of the insurmountable difficulties of finding bartering partners. This brings up the question of how, in a thing called “exchange society“, there could possibly develop a process that would generate money first if, *without* any money, such an exchange society cannot exist. Obviously, this argument runs into a vicious circle.²¹

A second group of theories was developed that may be summed up in the formula of Georg Friedrich Knapp: “Money is a creation of the legal system“.²² Here, no attempt is made to explain how money arose from barter, but the state order of exchange is taken as its basis. I will let the objection pass that now the explanation is merely shifted and one would have to find arguments to explain how, then, states, and in these states markets as well, have come into existence. This “nominalistic theory of money“, which is also presupposed by the well-known economist John Maynard Keynes and his monetary critic Milton Friedman, seems to have solved the problem: Money is simply *put into validity* by an institution of the state, and today by the central banks.

This explanation does not fall in the same circle as Menger’s evolutionary explanation of money, but it is caught up in another. There have always been, and still are, stages of development and countries where citizens *refuse* to use the money printed by the state because of inflations or for other reasons. This money does not only lose its value, it also loses its function. In a global economy there is also the fact that money must also be measured against *foreign* currencies: there is no country that could decree its currency to be valid in other countries. As is shown by the deterioration of the US dollar in recent times, this can result in a gradual undermining of the validity of money, first in foreign countries but then also at home. There is no state that could *decree* the continuing validity of money. Thus the “money theory of the

20 Menger 1892.

21 This is also true for the naïve idea that money is an “invention“, which also presumes the very thing for which money is said to have been invented: exchange society. More about this problem in Brodbeck 2009a.

22 Knapp 1921, 1.

state“ falls into a vicious circle again: it presupposes something which would have to be brought about by money first, namely its general recognition.

The reason for the failure of the explanation of money

What is the logical problem here? Apparently, money is of a completely different nature than the nature presupposed by traditional theories of economy. They proceed on the assumption of an *idea of substance* that exists in three forms: (1) An inherent money value, represented by gold, is presumed; (2) an entity “exchange society“, consisting of egoist individuals generating money as an evolutionary process, is presumed; (3) a state is postulated as a power which can decree values and control them. These three explanations fail in the fact that monetary values cannot be determined as a substance, nor can they be reduced to other substantial entities (egoist individuals, exchange society, and the state). All explanations of money show a peculiar *circularity*. Money is only recognized if it has a value; and it only has a value if it is generally and widely used. This means that money does not have any value substance. This value only appears as a transitory fiction in a circular process.

From here it follows that money cannot be “derived“ or “explained“ from causes because money, as a fiction, is *empty*. Its meaning is its illusoriness and ignorance cannot be substantiated. An illusion can only be identified; then it will disappear or, at least, will lose its hold on thought and action. To use a well-known example from the Cittamatrīn school: if it is discovered that the perception of a snake was only an illusion because it was the erroneous perception of a *rope*, the hold of this illusion over the mind and the fear connected with it will disappear. What is peculiar, however, about the value of money and the hopes and fears connected with it lies in the fact that this value is reproduced as a collective illusion. Yet, this illusion still has its basis in the thought of individuals. As inflations or *stock market crashes* show, the illusion of monetary value can disappear overnight: prices go down, paper money loses its value, machines or houses that have just been assets in the books suddenly lose their value in a crisis and their values are recognized as an illusion even by everyday consciousness. This means that money does not even have a permanent value in a *conventional* sense. The value of money is merely created by a transitory trust in an illusion. We think and calculate in terms of an illusion; even in the smallest details of our everyday life we trust in an entity that, *in itself*, is without any substance.

At this point the logical structure can easily be recognized that was demonstrated by Nagarjuna with the father and son example. Money can have a value only if all the market participants believe in this value. They will, in turn, believe in it because they attribute an illusory value to money.²³ In short, money and monetary value form a circle of delusion. To an entity we have ascribed a self-nature, when it does not really have one; rather, it is created in a process of delusion.

And how does this actually happen in practice? It is brought about simply by the fact *that we accept* money in exchange for performances or products (which means that we believe in its value) and take its unit as a basis for our *calculations*. This cognitive calculus points to the fact that money is based on a *mental process* or, in other words, on a delusion of thought. We handle our relationships with other people by calculating their performances or products in terms of the fictional monetary unit and relate them to it. People are interdependent in producing, but this interdependence is not consciously realized because it is conveyed by monetary

23 Marx 1967, 63: “For instance, one man is king only because other men stand in the relation of subject to him. They, on the contrary, imagine that they are subjects because he is king.”

calculation. Thus, calculating in money becomes an illusory foundation of more and more social interactions.

The socialisation (*Vergesellschaftung*) generated by people's thinking is that by which human relationships and compassion for others are superimposed on and shaped by a *fundamental delusion*, which consists in calculating in terms of money. In monetary calculation, the poison of ignorance takes a social form.

Money itself shows us clearly that it lacks a nature of its own: it is always taken only transitively and can fulfil its function only if it is spent again. When in the old times Buddhist philosophers wanted to explain in how far the world of appearances is a delusion, they used complicated examples of magicians, of eye diseases or a *fata morgana*: „Karma is not born from conditions and by no means from non-conditions, for karma-formations are like an illusion, a city of *gandharvas*, and a mirage.“²⁴ Today in our economy we merely have to read one of the leading business journals to observe the reach of failed illusions in the stock markets, futures contracts, or on the real estate markets. We can *experience* how monetary values are an illusory, instable basis upon which people plan and coordinate their actions, which has disastrous consequences again and again.

The attempt to explain economic phenomena using Madhyamaka's logic is not an approach *from outside*, or a criticism from an *external* perspective. Though such a procedure is quite common in science, it does not comply with Nagarjuna's method. He proves the untenability of a form of thought – measured by its own claim – *in its own categories*. I would like to sketch this briefly with respect to the methodological guiding principle of economics: modern economics follow a declared physicalism. The ideal of explaining human action (individually or in large groups) by calculable “mechanisms“ is absolutely adapted to the physics paradigm. The success of natural sciences rests on their ability to provide *valid predictions*. Economists emulate this ideal: “The ultimate goal of a positive science is the development of a ‘theory‘ or ‘hypothesis‘ that yields valid and meaningful (i.e., not truistic) predictions about phenomena not yet observed.”²⁵ If human action could in fact be understood reductively by “mechanisms“, human liberty and creativity would remain an unexplained mystery, but it should actually be possible to predict the course of the economy. However, a glimpse at literature reveals that economists have failed miserably to do so, measured by their own ideal of being able to provide forecasts.²⁶

In fact, the social function of the predictions of economic sciences is completely different from predicting *incidents*. Economists are, in actual fact, expressing a hidden *morality* when they constantly repeating the erroneous thought that markets have an autonomous, self-like nature, which allows them to be subject to mathematical explanation and policy recommendations. The function of economics in the social process is that, on the basis of its own delusion, actions are again and again programmed to be egoistic. Formulated in the jargon of economists, behaviour must be steered by “incentives“. Here, the claim is that humans are, at least genetically, programmed to be egoists, and only by external force (laws, taxes, interest rates or prices) is it possible to steer them according to certain political objectives. But recommendations that are given on the basis of wrong thoughts must permanently reproduce suffering. *That* such thoughts, even measured by their own claim, are invalid, is daily shown in the fate of the ever renewed predictions about stock markets, interest rates, exchange rates, or other sorts of prices. On the day after, or in the following week or year, the old prediction (which,

24 Nagarjuna: Sunyatāsapti 36; In: Lindtner 1997, 107.

25 Friedman 1953, 7.

26 Brodbeck 2002b.

as a rule, will have proven to have been erroneous) will have long been forgotten, replaced by a new one in its turn. By this, even a neutral observer should begin to see that, obviously, this is not an actual science, which it claims to be, but an erroneous form of thinking. At the base of this error is the ignorance of the illusory, circular nature of money.

The monetary form of the three poisons

The illusion of money directly controls all market participants. The market is the social site in which acts of exchange are performed. But only those possessing money can enter this location; and only who can perform (unskilled labor, for example) or who possesses a commodity that is in demand will be able gain possession of money. Gained with hard struggles, the money will be spent for daily needs. This means that the relationship among the mass of people is transacted by a process whereby the transient possession of money alternates with a state of lack, leading to striving for money again. No matter which material form money may take – gold, paper money, or a figure on a computer screen –, it is a *limited* amount. The conveyance of all the processes of labour division happens in such a way that, by calculating in the fictional abstraction of the monetary unit, people become possessors of money only *impermanently*. Thus, after having made their purchases, they must strive for money again if they still want to be part of the game. In these processes, the striving for the acquisition or increase of money becomes the central motivation of acting on markets.

What is shown by the striving for money and for *still more* money is *greed*, one of the three root poisons besides the poison of *ignorance*, the deception about monetary values. In ancient times, the greed for money was already regarded to be a typical example of greed in general. Plato, for instance, divides the human soul in three parts. He states of the third of these parts that “[...] our calling it the money-loving [...] part“ is justified²⁷. Without doubt Buddhist psychology, as formulated in the Abhidharma, recognizes manifold, differentiated forms, in each of which the illusion of the ego is reproduced by greed and grasping. But when we generalize to the entire plutocracy on our planet, the *greed for money* becomes the primary form of wrong motivation, and threatens to superimpose itself on all other forms.

Now the third of the three poisons can be easily identified in its specific appearance in economy as well. Every sum of money grasped by an ego becomes its *property*. In a monetary economy, the defence of ego territories takes the form of demarcation of property rights, which at the same time is institutionalised by a legal system and the power of the state. Property in monetary wealth excludes the *other* people who are also striving for money. The greed for money, so to speak, encounters itself on the markets; it meets itself in a fellow being who has turned into an aggressive competitor. Money is no longer sought after in an abstract form, but competitors turn against each other to expand their ego territory, within or without the relevant, accepted legal or moral rules. Competition even harbours the tendency to set aside impinging moral limits in the long run, having monetary calculation and the greed for money as its ignorant basis and motivation.

Consequently, we can identify the three poisons not only in terms of the individual, psychological concept of the Buddhist practice of training the mind. It becomes apparent that ignorance has taken a *social form*. This social form of ignorance is at the same time *institutionalised*. Calculation in money has profoundly changed human subjectivity in the two or three millennia in which money has been used. In reality, what is called “ratio“ in modern times is mainly *calculating thought*. All facts are subjugated to a calculus, estimation, and valuation.

27 Plato: Republic, Book IX (581a), transl. by Paul Shorey

Hobbes expresses this attitude very clearly: “By ratiocination, I mean computation.”²⁸ Also the sources of mathematics can easily be recognized in monetary calculation.²⁹ Even in natural sciences this programme turns out to function. But it functions in a very *one-sided* way. If nature is merely perceived from the perspective of numbers, we can’t form a picture of the interdependence of all natural phenomena and, what is more, we come to adopt a position *outside* of nature. This position of “I think = I calculate“, so I am (by myself, separated from everything else), which was especially developed by Descartes, is the form in which the money using or monetary subject itself reflects itself in its ignorance. Modern nature perception is based on this Cartesian standpoint.³⁰

The consequences of this attitude become more and more obvious: admittedly, we do succeed in submitting more and more elements of natural processes to the control of calculation and thus, finally, to economic exploitation, but only at the price of a systematic blindness towards the interdependence that governs natural processes (of which, in ecology, we become conscious again). In the meantime, the exploitation of nature under the abstract measure of monetary calculation has advanced so far as to claim ever more parts or elements of nature as *private property* (patent rights on genetic material, forms of nature, living beings, etc.). One may say that the ecological problems that we presently have to face are the karmic consequences of the ignorant perception of nature, which in turn is rooted in the calculating thought that stands for the totality of cognition in the monetary subject.

In general, private property, as an abstract concept, is simply the reverse of abstract monetary property. Societies without a dominating monetary calculation always have concrete relationships and dependencies of people and objects. It is monetary calculation only that measures everything by the same standards and calculates it in a fictional unit. In fact, however, this is another illusion – or, to say it less politely, the ignorance inherent in monetary calculation is plain narrow-mindedness. A person who, for example, is the owner of a company will still be dependent on various factors: surrounding nature, the legal system that protects his property (with police power, if necessary), connectedness with society by infrastructure, qualified employees, raw materials, etc. By the assessment in money (= balance sheet), an artificial cut is made by which business processes and their control are subjugated to an “ego centre“ which organises its acts in a fictional unit (money).

A very early institutionalised form of the greed for money is *interest*. The demand for interest simply conceals the greed for *more money*. The interconnectedness of people by markets and monetary calculation is used and also presumed; while at the same time it is *abused*, when the connectivity of the division of labour succeeds in creating hoarded up money or lends money out for the purpose of demanding *more money* than the lent amount from the debtors. In ancient times, this form of interhuman exchange was morally banned in general. Buddha even regarded the mere taking of money as a danger and forbid the Sangha to do so. In Islam, the taking of interest is prohibited, but not exchange; in Judaism, the taking of interest among “brothers“ is forbidden, but allowed to take from strangers. In Christianity, a strict prohibition of usury or the taking of interest was valid for almost two thousand years; but first Calvinism and later also Catholicism adapted to the advancing capitalism and permitted the taking of interest.

28 Hobbes 1962, Part I, Chapter 1, § 2.

29 Cf. Leonardo 2003.

30 Brodbeck 2009, 146 sqq and 220 sqq; 2009a, part 5.

The reality of economic illusion: the suffering of the many

Today, the institutionalised greed for money has become so widespread that ignorance has taken on a planetary dimension. Globally, financial markets dominate almost every other spheres of life. Companies increasingly submit to shareholders' interests. The simple maximization of profits has been pushed into the background by the *performance* of securities (assets). Money itself has assumed an almost unlimited abundance of forms: in addition to the actual money of the central banks and besides bonds and securities, many forms of derivatives have come into existence. In response to this, central banks have recently been compelled to abandon the definition and control of a "money supply" to a large extent.

The results stemming from this form of socialisation generated by money are no secret. The interdependence of humans and nature on this planet is not being transformed by discourse, sensible planning, the balancing of needs and the possibilities to satisfy them into some tangible action, governed by compassion. On the contrary: global relations are mainly based on the abstract weighing of monetary values which at the same time compete with each other as national currencies and repeatedly trigger off exchange rate turbulences. All property claims, however, are measured in monetary values and defended against each other in economic competition. In these processes, the ego can take many forms that are social as well, which extends to nationalism or collective egoism. Consequently, economic competition is increasingly fought out as a competition of states and armed forces.

For most people, the consequences are devastating. Here are just a few references: The global *distribution* of monetary income is extremely unequal, and this gap is ever growing wider. "An analysis of long-term trends in world income distribution (between countries) shows that the distance between the richest and poorest country was about 3 to 1 in 1820, 11 to 1 in 1913, 35 to 1 in 1950, 44 to 1 in 1973 and 72 to 1 in 1992."³¹ The gap is also widening within the developed countries: "The wealthiest nation on Earth has the widest gap between rich and poor of any industrialized nation."³² If it is not countries but persons, the picture is still darker: "The richest 5% of the world's people have incomes 114 times those of the poorest 5%."³³ Of the 2.2 trillion children worldwide, one trillion lives in poverty. According to information provided by UNICEF, 27,000 children starve each day; and there is a deadly shortage of the most fundamental necessity, clean drinking water: "Access to water for life is a basic human need and a fundamental human right. Yet in our increasingly prosperous world, more than 1 billion people are denied the right to clean water and 2.6 billion people lack access to adequate sanitation. These headline numbers capture only one dimension of the problem. Every year some 1.8 million children die as a result of diarrhoea and other diseases caused by unclean water and poor sanitation."³⁴

At the same time, however, there are now sufficient technological, agricultural and economic means to end this global misery. According to UNO, worldwide foodstuff production could feed 12 billion people. While 2.4 billion people has to live on less than 1.25 US dollar per day,³⁵ worldwide 1.34 billion US dollar were spent on armament in 2008 for one year (of which the USA alone spent 550 billion). This amount would be sufficient to more than double

31 Human Development Report 1999, 38.

32 The Corporate Planet. 1997.

33 World distribution. 2007.

34 Human Development Report 2006, V.

35 "By the new measurements (recalibrated at \$ 1.25 a day, KHB) 1.4 billion people are living in extreme poverty – more than one-quarter of the population of developing countries." Worldbank, Poverty data: A supplement to World Development indicators 2008, 1.

the income of two thirds of the world population. Even a small proportion of it would be enough to provide clean drinking water, sufficient education and primary health care for everyone all over the world. For this calculation, luxury consumption was not considered, for example 105 billion US dollar spent in Europe alone for alcoholic beverages, 50 billion for cigarettes, or 17 billion for perfume in Europe and the USA.³⁶

This shows clearly that it is not a shortage of resources that generates global poverty, which increasingly leads to widespread poverty in the developed countries too. The suffering on this planet is conditioned by the specific organisation of our society, based as it is on illusory forms of thought, and gives a special, “modern” form to the three poisons of greed, hatred and ignorance. People experience the reality created by themselves by these illusory forms of thought on the basis of monetary calculation as an alien force. They give a fictive nature of ‘self’ to the deceptive form of their interdependence by way of the markets in the manifold forms of monetary competition. They bow down before something they are creating themselves as a global delusion; and, in the atomised form taken by their ego-process, in the deceptive shape of monetary calculation, repeated by billions of people, they are driven into illusory ideas and poisoned motivations, ranging from everyday aggression to hatred in its national or religious shape which, at present, takes its toll in 14 wars all over the world.³⁷

The Buddhist diagnosis that the actions of humans are based on *ignorance*, and that from this ignorance, becoming manifest in the three poisons, unwholesome actions will follow, becomes breathtakingly visible if it is applied to economic processes. What is feared as a global, practical constraint, or as an alien force, is created by people themselves. What is more, they create this on the basis of wrong thinking. Delusion as a global process reproduces itself with fatal consequences. Ignorant thought, which – as it is said in the already mentioned first verse of the Dhammapada – is followed by suffering “like the wheel that follows the foot of the ox“ is not a product of an *individual*. The Buddha’s teaching would be misunderstood if we took ignorance to be the product of an “ego“. Rather the ego itself is interdependently produced as an ignorant process, for which the *forms of thought* play an important role.

The challenges of engaged Buddhism

The great teachers of Nalanda and those traditions that followed them saw it as their most noble task to expose and criticize contemporary systems of thought *as processes of ignorance*. Whereas, in the first five centuries in India, these were many other philosophical systems, scholastic interpretations of the Abhidharma or extreme assertions within the Buddhist schools, in modern times the forms of thought have multiplied. Of these, the most important system of thought, which provides the basis of the reproduction of the deceptive views of economy and society and is communicated in schools, universities and (most of) the media, is modern economics. A Buddhist economics, schooled in Buddhist logic and the Madhyamaka, faces the challenge to realize anew, with respect to the ignorant forms of thought of present times, what Nagarjuna, Candrakirti, Asanga, Dignaga, Dharmakirti and others achieved in their own times with respect to the then prevailing systems of thought.

Thus, to my way of understanding it, engaged Buddhism faces *two* challenges which, however, arise from one common realization: on one hand the task of the critique of forms of thought which necessarily result in suffering (because they are based on the illusion of an I and a substantial self); on the other hand the practice of compassion by which interdependence is immediately experienced and raised into the individual consciousness as a practical task.

36 Source: <http://www.globalissues.org/TradeRelated/Facts.asp> (26 November 2007).

37 SIPRI 2008.

In the spirit of the second issue, many initiatives have already developed from engaged Buddhism.³⁸ Buddhists engage themselves in social movements, in the peace movement, for women's and children's rights, they support the ecology movement, etc. Yet, these are mostly more distant effects of a basically ignorant attitude in economy. If this ignorance is to be identified in its core, engaged Buddhism faces the great challenge of uncovering the roots of this ignorance. Here, Buddhists must not shrink from criticising the dominant sciences – with clarity as to the subject, but always benevolently and mildly with respect to persons.

From the realization of the emptiness of all phenomena because of their interdependence, all those forms of thought may be critically identified in as much as they all introduce a substance as their means of justification. In economy, this is the thesis of *homo oeconomicus*, which proceeds on the assumption of independent egos and from which the market is construed, whereby this egoism is ideologically justified as “rational action”. Here as well, the form of deception can be identified that is based on the assumption of independent entities that are worshipped as “the monetary value“ or “the market“. Economists who claim that the laws of the market are quasi natural laws tend to assume a totalitarian attitude. Obeisance towards the market is demanded, as in Friedrich H. Hayek with his claim that it is “the function of *prices* to tell people what they should do.”³⁹ It is prices that are put in a position to tell us what to do. It is not sensible and compassionate women and men who harmonize their decisions and actions, but an anonymous mechanism is placed in this position, which will be used by few to their own advantage – with the already mentioned result of extreme global inequality and poverty.

It is really the abstract, ignorant form of money which rules the world markets and, as stated by economists, mankind should blindly follow its command. Compassion is even stigmatised as a severe vice by the market purists. Ayn Rand speaks of “the virtue of selfishness”⁴⁰. Market processes would only be hindered from efficiently exerting their function by “the persistence of instinctual feelings of altruism and solidarity”⁴¹. Through egoist interests and without consulting anyone, a natural law is expected to be revealed, a thought which is among the core principles of classical economics and political theory: “[...] the laws of commerce, which are the laws of nature, and consequently the laws of God”⁴². Here it becomes also obvious that Buddhism has to formulate its criticism as a non-theistic religion, at least in an *ontological* sense. All ideas of this kind reveal themselves to be, by their internal contradictions, mistakes in reasoning. There is no individual substance of an I, nor is there any “super-subject” hidden behind the object that could endow them with a substantial validity. Furthermore, compassion and altruism are a highly rational attitude of Buddhist analysis and practice that is to be trained by cognition and meditation practice, but certainly not an “instinctual feeling“ of an earlier stage of the development of mankind, as it is for Hayek.

A typical feature of modern sciences that can be observed for the markets and for money is the tendency to regard human life and the mind, or spirit, as a mere object that is ruled by practical constraints; this characteristic can also be observed in almost any science that concerns itself with human beings or with the human body. Psychology reduces anything happening in the mind to neurological processes; neurosciences reduce their explanations to a biological, chemical, and physical basis; and biology reduces life to chemical components. At an

38 Cf. Queen and King 1996; 2005; <http://www.buddhanetz.org>.

39 Hayek 1996, 272.

40 Rand 1964.

41 Hayek 1989, 64.

42 Burke 1999, 81.

early stage of their development already, economy and sociology have reduced mental processes to class relations, market processes or the interaction of egoist decisions. The traditional models of the economy express themselves in terms of mechanics and render homage to a pronounced mathematical physicalism.⁴³ Already the *method* of these sciences of man is, in its *logical form*, a *privation* of compassion: the fellow creature is an object of scientific manipulation by *incentives*, but not a living being with emotions and a mind. In all these attempts to analyse human mind in its mechanical causes, an ideological imposition is concealed, wherein the pressure imposed by the markets or states on people is taken to be “natural“. In this context it is of particular importance to reveal the manifold misjudgements and wrong conclusions that make up this fundamental attitude towards human thought and action. This task emphasises again the central insight of Buddhist tradition, namely that into our unwillingness to take responsibility for our own actions, and the reductionist replacement of them by social, psychological, neurological or genetic mechanisms, fundamentally obscures the possibilities of the human mind.

That is why engaged Buddhism has not only the task of advocating and practicing compassion with other women, men, and other living beings and a protective way of relating to nature, but also will unfold its power only when the *mental reasons* for the condition of our planet are seen and the forms of thought at their root are scrutinized. One must not be discouraged by the fact that, indeed, a science that has been awarded Nobel prizes will be put to the test. Rather, the argumentative power of the tradition of Nalanda may be taken as a permanent example and inspiration for the making of such analyses.

43 Vgl. Mirowski 1989; Brodbeck 2009.

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