

RATIONAL ZEN
Part Two
of
ADAM SMITH AND THE BUDDHA

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1. INTRODUCTION

In a previous paper (“Adam Smith and the Buddha, Part 1: Buddhist Logic and Economic Logic”) I argued that economists and Buddhist philosophers have much to learn from each other, and I examined Buddhism, especially Zen Buddhism, from the point of view of seeing what lessons economists could learn from that way of thinking. The most important of these is that there is a *logic* to Zen Buddhism. It is different from Economic logic, and different from ordinary logic. It is the logic of *Nonduality*, of seeing the one in the many and the many in the one. The special insight of Buddhism, especially Zen Buddhism, is that a person can acquire this ability, just as one can acquire the ability to use ordinary or economic logic. And all forms of Buddhism provide what might be thought of as a program of training in this capacity.

Applied to oneself, this is the ability to (metaphorically) lose yourself. The moment you gain that capacity is the moment of (initial and probably partial) enlightenment. In this paper, I try to put this way of thinking into an economic framework. As soon as we do that, we start thinking at the margin: Zen is rational whenever to lose yourself is better than to gratify yourself. Losing yourself is not a matter of 0 or 1, (utterly complete self-orientation vs a *nirvana* of total unselfconsciousness). You can lose yourself by degrees. I explain what this means in economic terms and develop this idea further using a simple diagram. I then use this to show that some aspects of Buddhism are not compatible with reason, such as the idea of a total enlightenment. However, others are compatible with it, and I suggest that Buddhist philosophy interpreted this way has much to teach economics.

I identify and abstract three aspects or dimensions of Buddhism. These are: mindfulness, degree of loss of self, and the extent of the environment identified with. The key economic concept being developed here is the new notion of the *allocation of thought*: how focused, how compassionate and how wide or extensive a person is during a single moment's thought. This has not been the subject of any previous work in economics.

Once these dimensions are identified, it becomes easy to see that aspects such as these also form part of much other human behavior which have nothing to do with Buddhism itself. Thus one can practice mindfulness, or identify with a family, ethnic group or firm without being a Buddhist at all. Using the diagram we can show equilibria from these practices as well. We explore individual behavior along these lines and we also look at its effects on society.

In short, in this paper, I do the reverse exercise of the previous paper. I ask: What might Adam Smith say to the Buddha, i.e., what could Buddhists learn from modern economic thinking? Now, as unlikely as it is that economists would turn to Buddhism to improve their thinking, that pales in comparison to the notion that the Dalai Lama or some other Buddhist authority would listen to contemporary economists. After all, economists are typically attached to abstract mathematical reasoning, and their concept of humans as "agents" with no personality apart from a soulless "utility function" couldn't be further from the Buddhist ideal. Not only that, their apparent focus on consumption as an end in itself and on the market as the sole arbiter of human wants would seem to be completely inimical to Buddhist ideals of wisdom and compassion. So paying any attention whatsoever to them would seem to promise only more *dukkha*.

Yet it might be worth at least contemplating what Adam Smith and contemporary economics might have to say to the Buddha. Let's start (in the next section) by contrasting their two ideas of enlightenment. Sections 3 and 4 move on to a conception of rational Zen. Section 3 models equilibrium Zen, and Section 4 develops a simple diagram of the three dimensions of Zen Buddhism: mindfulness, loss of self, and the extent of external identification. I derive some implications from this about the properties of *nirvana*, and show precisely what the obstacles are to its attainment. Section 5 then goes on to examine possible external effects from the practice of Zen, and also looks at the effects of other kinds of (non- Buddhist) identification. Section 6 looks at implications of this new perspective, which marries rational choice to Buddhist philosophy, for the environment and for political action, specifically the practice of non – violence. Section 7 concludes.

2. ENLIGHTENMENT

a) What is enlightenment? Adam Smith

The scholars of the Enlightenment held to an optimistic belief in the ability of humanity to effect changes for the better in society and nature, guided only by reason. Perhaps the most famous product of the Enlightenment was Adam Smith's *The Wealth of Nations*, which applied reason to the problem of how to make a society wealthy. The book contained many ideas, of course, but two in particular stand out. The first is the importance of the division of labor, as illustrated in Smith's famous description of "a very trifling manufacture", the pin factory. Among the reasons why the division of labor raises productivity are

“the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.”¹

Now, this is very well known. But Smith also wrote about more subtle aspects of the division of labor. Thus he noted that the division of labor brings *interdependence*:

“the pursuit of our own self interest actually causes us to reach out to others.....the relentless search for customers to buy, and suppliers to sell, results in a vast network of interdependence, binding people together in far more complex ways than is possible in more primitive conditions” (215)

And, according to Smith the division of labor also has its dark side:

In all commercial countries the division of labor is infinite, and everyone’s thoughts are employed about one particular thing. The minds of men are contracted, and rendered incapable of elevation. Education is despised, or at least neglected, and heroic spirit is utterly extinguished. (220)

The second idea is the benefits of competition, commonly known as the “invisible hand” theory. This is the idea that market forces can harness self-interest to serve the common good. As Smith famously said: “It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest”. Nowadays this is formulated as the first theorem of

¹ *loc. cit.*

welfare economics.

It is worth looking a bit further back in history in order to see how Smith's ideas changed our way of thinking. We will see that the Enlightenment developed a particular concept of the self, which is now so deeply embedded in economic thinking that most economists are probably unaware of it. Only then can we properly understand the difference between the way that economists reason about the self and the way the self is conceived in Buddhism. We will see that both versions of enlightenment centre on a distinctive concept of the self.

Before Adam Smith focused attention on the question of whether and under what conditions individual greed could end up serving the public interest, writers and philosophers who studied the nature of man did not conceive man as narrowly motivated by greed. Man was motivated by "passions" of which greed was only one, and they wondered about the connection between greed and other human passions. For example, according to Dante the "three sparks that set men's hearts afire" were "pride, envy and greed".² Other medieval and Renaissance scholars refer to ambition, lust for power, or sexual lust.

Now, of these "ugly" passions, greed was considered to be the worst, and in medieval times and in the Renaissance it was frequently asked how these "passions" could be harnessed so that they would not be individually and socially destructive. Medieval allegories frequently depicted a fight over Man's soul between the "virtues" and "vices" like these.³

Hirschman (1977, 1982) tells the fascinating story of how the idea that man was

² Dante, *Inferno*, Canto VI, lines 74-5, cited in Hirschman (1977), p. 21.

³ Hirschman (1977), p. 21

motivated by greed came to dominate thinking, and it is worth recounting that very briefly. During the 17th and 18th centuries, the idea of “countervailing” passions arose, in which one passion could serve to control the destructive tendencies of other passions. Some passions came to be denoted as “interests” and the idea arose that the pursuit of these could be counted on to control the more destructive passions. But in the numerous treaties on the passions that appeared in the seventeenth century, no change whatever can be found in the assessment of avarice as the “foulest of them all” or in its position as the deadliest Deadly Sin that it had come to occupy toward the end of the Middle Ages.” (Hirschman (1977), p. 41)

The fundamental change was the transformation of greed from a passion to a mere “interest”:

Once money –making wore the label of “interests” and reentered in this disguise the competition with the other passions, it was suddenly acclaimed and even given the task of holding back those passions that had long been thought to be much less reprehensible.” (Hirschman (1977), p. 41)

Thus the idea of *doux- commerce* (Hirschman (1982) was born. Compared to the vast wreckage inflicted on European society by the nobles in their passionate pursuit of glory, the calm (*doux*) pursuit of making money seemed positively innocent. Later, in the work of Montesquieu, Dr Johnson, Ben Franklin and others, other virtues of commerce are discovered: how it leads to thrift, frugality, discipline and so on.

Adam Smith then developed these ideas in a different direction, and in the process monumentally refocused this debate. His work changed it from a discussion about the control of individual human passions into the question of the relationship between

individual and social *interest*. And this development was profoundly important and lasting. But in so doing, something was lost: “the richer concept of human nature in which men are driven by and often torn between, diverse passions of which “avarice” was only one (Hirschman (1977), p. 107-8).

Nowadays, economists are at pains to point out that they no longer assume that people are motivated solely by money. They can be motivated by the welfare of their children, or they can be motivated by power, or prestige, as in some economic theories of politics. As long as they maximize *something*, in this view, modern economics can be used to analyze and predict their behavior. But *the distinction between rationality and non-rationality is not the same as the distinction between motivation by money or by other “passions” or “interests” such as power or sex.*

It is worth emphasizing that the whole issue about the destructiveness or otherwise of the passions is subtly removed from economics by the assumption of human “rationality”. Rationality means simply that people can order their preferences and can always choose the action that makes them best off. Conflict among preferences is sometimes discussed in behavioural economics whereby people want to spend *now* rather than later, but otherwise the subject of destructive passions is seldom raised anywhere in modern economics. Reason controls the passions. No economist would put it this way but implicitly, *the self is divided into two*: a rational self, and the mass of conflicting desires which are controlled by reason’s ordering. Yet, once a role for the passions is admitted into the picture of human nature, this two- self vision of humanity is unavoidable if the assumption of rationality is retained.

The assumption of rationality in humans, and its application to human affairs in

the design of social and political institutions, was the central idea of the Enlightenment. Applied to social engineering, the idea is that institutions and practices can be rationally ordered to obtain predictable and optimal results. But the application of these principles was not always successful, and sometimes gave rise to consequences that were unforeseen: the most dramatic example was perhaps the French Revolution, which ushered in the Terror, and later Napoleon, neither of which were the kind of thing intended or predicted by the Enlightenment's elevation of Reason to the status of a Goddess. Obviously something was left out in this picture.

The fact that reasonable results did not always happen in human history from the application of Enlightenment doctrine of reason gave birth to what Isaiah Berlin calls the "Counter-Enlightenment" and Romanticism (Berlin (1999)). Reading the works of the Romantic writers in particular reminds us that Rationalism is not the only Western vision of the self. For example Berlin observes that to the Romantic thinker Johann Georg Hamann,

..the whole of the Enlightenment doctrine appeared to kill that which was living in human beings, appeared to offer a pale substitute for the creative energies of man, and for the whole rich world of the senses, without which it is impossible for human beings to live, to eat, to drink, to be merry, to meet other people, to indulge in a thousand and one acts without which people wither and die. (Berlin, (1999), p. 51)

Later Romantic thinkers thought that the self only emerged when there was some kind of clash between the self and the not-self, between someone's idea of herself and what that person wanted, or what stood in her way. For example, Fichte thought that you only discovered yourself when you tried to impose your *will* on some aspect of your environment. The essence of Romanticism, according to Berlin, is this belief in human will, combined with the belief that

there is no fixed structure to things. Instead, an individual can mould things according to his or her will (Berlin 147). To put it simply, the Romantics believed not in *cogito ergo sum*, but *volo ergo sum*--- “I will, therefore I am (Berlin, (1999), 107-113).

It is true that one can trace a path directly to Hitler from this kind of thinking⁴, but one can also trace a path to pluralism, democracy, and multiculturalism. Indeed, Berlin argues, surprisingly, that the latter are actually more congruent with Romanticism than with Rationalism! His argument, reduced to its bare bones, is simply that Romanticism allows for a plurality of viewpoints and practices, while Reason dictates a single outcome for everyone and every society under every possible circumstance.

Now let us turn to Buddhism.

b) What is enlightenment? The Buddha

Buddhism does not divide the self into two, as the European Enlightenment thinkers implicitly did, nor does it follow the Romantics and try to discover the self through imposing one’s will on the environment. In Buddhism, the apparent self is illusory: The self is just a mass of “skhandas” or desires, not unlike David Hume’s “bundle” view of the self. When Hume looked within himself he discovered a great many sensations, thoughts, and so on, but no entity that he could call the self⁵. In Buddhism, fulfilling these conscious and ever changing desires does not bring happiness, and the escape from this “emptiness” can only come about through enlightenment.

⁴ At one point, Hitler declared that Germany was not ruled by laws, but only by his “will” (see the citation in Wintrobe (1998))

⁵ See Berlin, p.107

Buddhist enlightenment is an individual matter, not social or collective. An economist would say that it is based on “consumption”, not production, though Buddhist meditation and enlightenment might not be thought about that way by Buddhists themselves. And it is not about wealth but about freedom: D. T. Suzuki, who is most responsible for bringing Buddhism to the West, said that “Zen in its essence is the art of seeing into the nature of one’s own being, and it points the way from bondage to freedom.”⁶ In part this is the freedom from desire, or what the Buddhists call “emptiness”.

But freedom is also freedom from the division of labor! For Gautama, the division of labor meant the Hindu system, in which the division of labor is based on caste. The caste system prescribes the jobs caste members are allowed to do. An outcaste in India was, in the Buddha’s time, permitted to hold only scavenging (or other polluting) jobs. Caste also takes on a decisive religious significance because, while the individual is believed to be able to change his caste (through piety and good morals) this is only possible *in a future existence*. But for the present life, he is stuck with it.⁷ This Hindu belief does not change the economic system represented in caste, it reinforces it. Thus the Indian ascetic, by renouncing ordinary life, also escapes from the division of labor and the caste system, and he may become free.

Buddhist asceticism, like the Indian, originates in oppositional relationship with what it has renounced. But Buddhism provided a way to escape that hierarchy *in this*

⁶Suzuki, *First Series* see Larson for reference, 162

⁷ Penner (in Katz II) 104)

existence. And the Buddha strongly condemned the caste system. In his Order of Monks, all castes unite.

It is worth noting that, as different as enlightenment to the Buddha is from that to Adam Smith, in both kinds of enlightenment the key to getting there is repetition, repetition. In Smith's case repetition of a task leads to productivity gains in various ways. In Buddhism, repetition of the koans and sutras leads to mystical insight or "expanded" awareness. As Hori explains the practice:

Much of a monk's life consists in committing sutras and Zen texts to rote memory. In some forms of Tibetan Buddhist practice, the beginner starts off with 100,000 full-body prostrations, 100,000 repetitions of a short mantra, 100,000 creations (and destructions) of a mandala and 100,000 repetitions of a longer mantra. These practices are merely repeated again with little attempt made to understand why or how one is to do them. In fact, students are cautioned that too much thinking about the practice inhibits the practice. Practitioners perform these exercises in the belief that to do so leads eventually to Buddhist enlightenment[Similarly in the Rinzai monastery] rote repetition of the koan can trigger the mystical insight called awakening or enlightenment. ... Nothing is more mysterious than the way in which rote repetition of the *koan* triggers the mystical insight called awakening or enlightenment. The monk repeats to himself over and over again "What is the sound of one hand?" constantly posing anew the question to himself....As he drifts off to sleep ...the last thing involuntarily drifting through his mind is the

koan endlessly repeating itself. And on arising in the morning, the first conscious thought is again the *koan*.....”

(Hori (1994) p. 31)

So both the Buddhist and Smithian versions of enlightenment emphasize repetition as a means to the goal. But they have opposite implications with respect to the consciousness of interdependence. The division of labor means interdependence, according to Smith, but, as Smith also said, it also builds in a narrowness of interest and lack of wisdom. In Buddhism, repetition builds consciousness of interdependence, and the realization of universal interdependence is a central characteristic of Buddhist enlightenment.

Both versions of enlightenment centre on a distinctive concept of the self. Economics follows and completes Enlightenment thinking and views the self as a rational agent which controls (orders) the passions. In Buddhism, the self is not a real entity, its appearance causes *dukkha* and it must be reduced to zero. The method for doing this is not rational control over it but the techniques of meditation, studying *koans*, and so forth, the purpose of which is enlightenment or liberation. Indeed, one interpretation of the koans themselves is that they are designed to destroy the power of reason over the mind, by posing insoluble or contradictory puzzles which brings reasoning to a dead end. But, as we shall see in the next section, Buddhist philosophy, while it denies the control of reason over the mind, need not be irrational and can be given an economic interpretation.

3. EQUILIBRIUM ZEN

How might an economist reason about the Buddhist approach to enlightenment?

The most fundamental idea in economics is that decisions are made at the margin. A

person compares the benefits of consuming a little bit more or working a bit more or saving a bit more with its costs. Usually the benefits of any of these activities are falling and the costs are rising. Equilibrium occurs when the extra benefits of any of these activities is just equal to its costs, because at that point the person is doing the best that she can.

But to do this, the activity has to be divisible. Some things are not, at least over a range: for example you have to decide whether or not to get married, whether or not to have a child, and you cannot have one third of a child, though you can have more than one. Similarly, a country either declares war or not, or there is a national election or not. To be sure there are ways around these “indivisibilities”: two people can cohabit together without getting married, or people who get a divorce can have joint custody, which for each of them might be like having half a child in that that person has one child half the time. A country can attack another country without declaring war, and so on. Economists are fond of “making the indivisible divisible” by finding ways to show that many activities that look indivisible really are divisible, thus making the marginal way of thinking appropriate after all.

But there would seem to be a limit to this. In an example I owe to Vivian Walsh, Patrick Henry is famously said to have cried “Give me liberty or give me death!” with respect to the participation of the State of Virginia in the 1776 Revolutionary War. Had he been an economist, Walsh suggested⁸, he might have put the choice in terms of a little more liberty or a little more death....

What about Zen Buddhism? Is Zen divisible? If the goal of Zen is enlightenment,

⁸ I am quoting from remarks made by Walsh at a meeting of the Canadian Economics Association held in Newfoundland, June 197?

awakening, nirvana or satori, and people who have attained that goal by any of its names experience life in a fundamentally different way than they did before, then it would appear that it is not divisible. *One is either enlightened or one is not.* Instead, Zen Buddhism would be subject to increasing returns. You do meditation, and other things, and for a long time you are frustrated and not much changes. Then, after many years of study and practice, it happens! You feel it, and the roshi (teacher) confirms it. You have reached enlightenment. That is the picture in countless accounts of Buddhist life. And it is consistent with the work of many leading Zen Buddhist thinkers, for example Suzuki:

Without the attainment of Satori no one can enter into the truth of Zen. Satori is the sudden flashing into consciousness of a new truth hitherto undreamed of. It is a sort of *mental catastrophe* taking place *all at once, after much piling up* of matters intellectual and demonstrative. The piling has reached a limit of stability and the whole edifice has come tumbling to the ground, when, behold, a new heaven is open to full survey. *When the freezing point is reached*, water suddenly turns into ice; the liquid has suddenly turned into a solid body and no more flows freely. Satori comes upon a man unawares, when he feels that he has exhausted his whole being. *Religiously, it is a new birth*; intellectually, it is the acquiring of a new viewpoint. The world now appears as if dressed in a new garment, which seems to cover up all the unsightliness of dualism, which is called delusion in Buddhist phraseology (Suzuki (1956), italics added)

But this picture of enlightenment as a final state is very problematic: For one thing, it is inconsistent with other things which Buddhist scholars suggest characterize

enlightenment. For example, even Suzuki thinks you have to continue to discipline yourself and to practice afterwards. But if that is true, how can enlightenment as a final state have taken place? Hori, who spent 20 years in Japanese Buddhism monasteries, says that he hardly ever witnessed this transition to a final state of enlightenment.

And if the state of enlightenment is really fundamentally different from ordinary life, just what is it like? What does a completely enlightened state consist of? Some seem to think of it as an area of “pure” consciousness. One sees without imposing any form on the object seen. But that cannot be true, as has been argued by a number of philosophers (see, eg Katz (1978) and (1983)). Everything that is observed is observed using some intellectual structure. Otherwise what is the difference, for example, between looking at a table and a stove? Hori puts it well:

“a pure consciousness without concepts, if there could be such a thing, would be a booming, buzzing confusion, a sensory field of flashes of light, unidentifiable sounds, ambiguous shapes, color patches without significance. This is not the consciousness of the enlightened Zen master. (Hori (1994) p. 284)”

As a consequence I will suggest that this idea of enlightenment cannot be understood with rational thinking. There is no “pure” consciousness. There is no sense in which you can have experiences without “framing” them.⁹

But that does not mean that the concept of Buddhist enlightenment has to be discarded. Here I offer an alternative picture. In this picture, zen may be subject to areas of increasing returns but it is divisible. You can have a little zen, or a lot. At one extreme there may be some kind of pure enlightenment or *satori* or *kensho*. The

⁹ See Katz (1978, 1983) in particular for more details about this point.

meaning of this for our purpose is simply that, in this state, a person feels at one with everything all the time. Closer to the other extreme, a person may have a very short moment in which she feels totally at one with with the world while carving a piece of wood, cooking pasta, or fixing a motorcycle. A fully “awakened” individual has this experience more often than others, possibly life is like that all the time for her. But they are the *same* experiences, it seems to me.

Again, close to this end of the spectrum there might be an experience which has recently been christened “micro mindfulness”—a very short burst of the experience of *no- mind*. These have been described by Zoran Josipovic, a neuroscientist at New York University. He studies the brains of Buddhist monks using functional magnetic resonance imaging (fMRI) technology to explore how meditation changes the brain’s networks. His subjects normally have anywhere between eight and 30 years of experience, meditating between half an hour to three hours a day, and going to annual retreats where they practice up to 12 hours daily. But he says that “Micro-meditation” also seems to be effective, if you already know how to meditate.

“Past [a] certain point, a mere recollecting for even a moment, is enough to ‘reattune,’ as the change in one’s awareness and in one’s way of being becomes more or less [a]permanent feature of one’s makeup, [But] This usually takes some years of practice.”¹⁰

In between micro –mindfulness and complete enlightenment one can imagine any possible level of the amount of time when one experiences some kind of oneness.

¹⁰ <http://www.theglobeandmail.com/life/health-and-fitness/fitness/micro-meditation-can-you-find-zen-in-30-seconds-or-less/article4101842/>

To put it differently, *No mind* is itself obviously indivisible. But there seems to be no reason why the amount of it cannot be varied, possibly according to choice. One simple way to divide it would be in the amount of time spent on zen- activities, vs time spent on work and consumption.

An easy way to think about this is as follows: with both consumption and Zen Buddhism subject to diminishing or at least not increasing returns, we can apply the standard marginal analysis: an individual behaves as if he equated the marginal benefits of zen –related activity to its marginal costs in terms of consumption foregone. As long as there are no “increasing returns” or, more exactly, as long as the zone of increasing returns peters out, the marginal benefits of study (say, meditation or koan study) are declining. So long as marginal opportunity costs of foregone consumption are increasing this means a finite amount of zen. Moreover, the amount of zen chosen will increase with benefits and decrease with increased costs in standard and predictable ways.

This is “the middle way” advocated by many, if not most, Buddhist practitioners¹¹. A further implication can be derived if we note that Zen Buddhism is very time intensive. Time is fixed. But income is variable. So as income and consumption rise, the ratio of the marginal utility of Zen Buddhism to consumption MU_{ZB}/MU_C necessarily increases and consumption is less and less satisfying relative to Zen Buddhism. And, as discussed before, the accumulation of goods also makes it difficult to be *one* with what you have. So, Adam Smith and the Buddha would seem to agree: *You can't buy nirvana.* (see Figure 1)

[Figure 1 here]

¹¹ See, for example, Payutto on Tanha vs Chanda

Of course, there is much in contemporary economic theorizing which shares this view that consumption is limited as a source of happiness. For example, there has been a lot of work on the social influences on consumption¹². A special case which is instructive is the relative income hypothesis in its various formulations. On this line of thought it is not absolute income but income relative to the income of others in your “reference group” that provides happiness. You are happier when you earn or consume *more* than others¹³. So when everyone consumes more, no one is better off. It is easy to see how this can lead to *dukkha*, just as the Buddha suggests: if your happiness only comes from being above other people, then when you are below them you are trying to catch up and when you are above them you are trying to stay ahead....

Another area which questions the role of income and consumption in producing happiness is “Happiness” studies, which do typically find that additional income has a steadily diminishing effect on self-reported happiness. Indeed the Easterlin paradox is the idea that income does not increase happiness at all, as Richard Easterlin continues to maintain (Easterlin *et al* 2010). However this idea remains controversial and some, most notably Wolfers and Stevenson, find that happiness rises with income in a linear relationship (2013).

And in recent years economists, following Becker and Murphy (1988) have created interesting models of addiction to drugs and other things, though to my knowledge no one has created a model which takes up Michael Jensen’s suggestion that executives on Wall Street in recent years simply became “addicted” to ever increasing salaries, which he used to partly explain the economic crisis of 2007-8.

¹² I discuss this work in detail in Chapter 2 of Wintrobe (2006)

¹³ For recent work the reader is invited to consult any of Robert Frank’s books. See for example Frank ().

4. THE ALLOCATION OF THOUGHT: A DIAGRAM OF THE ELEMENTS OF THE ZEN BUDDHIST APPROACH TO HAPPINESS

Adam Smith, and more especially his contemporary descendants, can go further than we have so far in applying the logic of economic theory to Zen Buddhism. In this section we show this with a simple diagram. We focus, not on the choice between Zen and consumption, as we have in the last section, but on the different aspects of *No Mind*. So what follows is, in a way, a theory of the allocation of thought, which is how Zen is produced.

To do this, recall first that I proposed that there are three dimensions to *No Mind*: (1) Mindfulness; (2) The loss of self or the *degree* of identification with something wider or broader than oneself; (3) The *extent* of identification: at one extreme, this might be simply one's partner, or family, or an ethnic group, a firm or a nation. At the other, one might conceivably be able to identify with the entire universe.

Neither mindfulness nor the extent of identification is much discussed in contemporary economic theory. However, there are some illuminating models of identification and its consequences. We have already mentioned Gary Becker¹⁴'s work on altruism, in which an individual effectively identifies with those people that he or she cares about: their income is part of his or her "social income". Akerlof and Kranton model have modeled identity, and built specific theories about types of identification such as identification with a job (2005) or with a reference group such as males or females, the military, or race or religion. And I have myself developed

¹⁴ See Part 1 of *Adam Smith and the Buddha*.

models (Wintrobe 2006a and b) of the process of identification: in my way of thinking, an individual identifies when he gives up his or her individual autonomy in order to get “solidarity” with a group such as a family, firm, gang or ethnic group. The price of solidarity with a group is, in part, that the individual adopts that group’s values, that is he or she identifies with it.

Here, I develop a simple diagram of how a person can train himself, through developing mindfulness, identification, and the extent of identification, in the practice of *No Mind* which is Zen Buddhism. First we conceptualize each of these as a dimension: one can be more or less mindful (M), can identify or lose yourself to a greater or lesser degree (I), or identify with a narrower or wider environment (E). Each of these variables can be conceptualized as going from 0 to 1. At one extreme, zero mindfulness means being completely unfocussed ($M = 0$), at the other you may be focused completely on *one* thing ($M = 1$). Similarly, at one extreme, zero identification ($I = 0$), you are completely focused on yourself to the exclusion of anyone or anything else in the environment, at the other you are completely unaware of yourself and only conscious of others or some aspect of your environment ($I = 1$). Thirdly, the degree of external identification may be very slight (eg only with your partner ($E > 0$ but close to it). Or, at the other extreme you feel connected to everyone and everything in the universe ($E = 1$). I assume that, in each case, all of the possibilities between 0 and 1 are also available, and the individual can be thought of as making a decision on the allocation of thought along each of these 3 dimensions M, I and E.

The three dimensions are depicted in Figure 2. M is on the vertical axis and I

is on the horizontal axis. E has to be thought of in terms of a third dimension, extending vertically out from the page (as utility or output is usually depicted in standard economics texts). The two dimensional plane at the upper right of the diagram is the plane along which E is at a maximum, i.e., $E = 1$.

Figure 2 here

Secondly I assume, following the Buddhist approach, that greater mindfulness, loss of self, and realization of the interdependence of all things implies reduced suffering or loss of *dukkha*. Translated here into simple economic analysis, I suggest that moving further in any of the directions of greater M, I or E implies higher utility¹⁵. So this implies that there is a fourth dimension, utility, and we can write a utility function

$$(1) \quad U = U (M, I, E).$$

Further, we will assume this utility function has the usual properties: The partial derivative of U with respect to any of M, I and E are all positive, and the second derivatives diminishing. Drawing a diagram depicting four dimensions is not simple, so we will have to limit ourselves here with diagrams which suppress utility like Figure 2, or with a diagram which includes utility but fixes one of the other variables M, I or E, like Figure 3. We will come to back to this latter diagram shortly. For now, it is useful to content ourselves with Figure 2 and begin to note some of its properties.

First, if we continue to assume that each of M, I and E have a maximum of 1, then there is a point on the diagram N, which corresponds to *nirvana*. At that point,

¹⁵ See Kolm for this point, and an extensive discussion of the reasonableness of equating less *dukkha* with higher utility.

M, I and E are all equal to 1. The individual is completely focused on the present (M=1), he or she has completely lost his self consciousness (I =1) , and his identification is with the entire universe (E =1). He is literally *one with the universe*.

How do you get there? Well, there are a lot of obstacles. The most obvious is that it takes training, effort and energy to get close to nirvana. For example, suppose we look at an individual who is at the opposite pole from *N*, an individual situated at the point 0. At this point, he is completely unfocused (M = 0), yet despite this he is absorbed only in his self (I = 0), and his range of identification is null (E = 0). One might think of this individual as gazing at a mirror, but ceaselessly focusing on different aspects of himself, and finding them all unsatisfactory. Or he could be perusing the internet, shopping, looking for some way out of his misery, but unable to focus on the one thing that might make him happier. Would it be a car? A new computer? New kitchen? Where would he get the money to pay for any of those things anyway? He is unhappy (utility is minimized at the point 0) but he has no idea of how to get out of his misery. Or, he has many ideas, but he cannot focus on any of them. His life is pure *dukkha*.

Perhaps he might seek help from a psychiatrist. A modern psychiatrist might suggest *mindfulness* therapy in order to learn to focus better on things¹⁶. In that case, he might, through training, learn to move from the point 0 upwards along the vertical axis M. Alternatively, instead of going to a psychiatrist, he might get a girlfriend, and come to care for her. In that case he would move along the horizontal axis I and also on the axis E which extends outwards from the page, as he both loses himself and

¹⁶ Mindfulness therapy is spreading like wildfire in North America. In Ontario, Canada, the government will pay for your training in this practice...

begins to care for someone else. If he falls really deeply in love, he will continue to move horizontally along the axis I, but stay on the plane horizontal plane E corresponding to $E = 2$ persons, above $E = 0$ but close to it (not shown). He is happy to be in love, but if he cares for no one and nothing else he might not be all that happy. If he continues in this way, he might come to suffer from “amoral familism” the term invented by Robert Putnam (1993) to describe families in southern Italy who, he suggested, cared about their family but about no one else.

A third strategy to escape from his *dukkha* might be to enroll in a Mahayana Buddhist monastery. Suppose that he tries this, and it works for him. After many years of training and discipline, he might even come near to attaining the status of a *Bothisattva*, namely one who cares deeply about everyone and everything, and could attain *nirvana* but forsakes it in order to enlighten and help those on this earth. This situation is represented by the point where $I = \text{high}$ (he cares mostly about others), M is close to 1 (he is almost entirely focused), but he is not utterly enlightened (E is large but not close to 1).

So there are three ways to approach *nirvana*, but you have to perfect all three to get close to it. Note that in this analysis there is no division between consumption and work. M , E and I can be high or low for both activities. Thus, as the example of the *Bothisattva* shows, work can be as satisfying as consumption. Of course this is easier for some kinds of work (which ones are a matter of individual preferences but some obvious possibilities are writing, helping others, gardening, practicing medicine) but both consumption and work can be done with high or low values of M , I and E . Of course, *some* forms of consumption might be difficult to square with high values of I

or E. Good examples might be eating, especially eating some endangered species, or to take another example, what Veblen labeled “conspicuous” forms of consumption (wearing a Rolex watch for example), the satisfaction from which largely flows from the fact that *you* have a Rolex while others do not). But even eating can be done “mindfully”¹⁷. And some kinds of work are difficult to conduct selflessly or with regard to others. But whether one does things mindfully, selflessly or with regard to many others does not depend directly on whether one is consuming or working.

What is the constraint? What stops people from getting further to *nirvana*? To discuss this, let us now turn to the second diagram, Figure 3, which introduces costs and utility. In order to use a simple diagram we hold one of the variables E, I or M constant and focus on the relationship between the two others and utility and costs.

To illustrate, Figure 3 holds the level of M constant and focuses on the relationship between E, I and Utility. Suppose we fix $M = 1$ so that we can continue to depict *nirvana* on the diagram.

Figure 3 here

The indifference curves in the figure represent utility, or loss of *dukkha*, and have the conventional shape. However, since the maximum of E and I is defined to be 1, the slope of the marginal rate of substitutions become infinity or zero as they approach the vertical and horizontal axes of $E = 1$ and $I = 1$, respectively, and are not defined beyond that point. Apart from that it seems reasonable to suppose that the indifference curves have the usual properties. With M fixed at 1, the point where E

¹⁷ See the article in the New York Times on “mindful” eating (NYT, February 7, 2012)

=1 and $I=1$ corresponds once again to *nirvana* (N in the figure).

What is the meaning of the marginal rate of substitution between E and I, $MRS_{EI} = \partial U / \partial E / \partial U / \partial I$? Along an indifference curve, one can substitute E for I (or vice versa) and still remain at the same level of utility or *dukkha*. So one can increase E by developing a wider focus, learning to identify with a wider part of the world, (for example more with a community and less with one's family or friends), and substituting this breadth of identification for the degree of identification, i.e., the degree to which one loses oneself (I). In the same way, if we had M instead of I on the diagram, substituting E for M means substituting a wider focus for the intensity of focus. And similar considerations apply to the substitution between I and M. As we approach the dashed line in the diagram where $E=1$, then no matter how much I a person is willing to give up, no more E is available and the MRS_{EI} becomes 0 as the change in E is 0. Similarly as an individual approaches $I=1$, no more I is available and the MRS_{EI} approaches infinity.

Now let us turn to the constraint. What is the obstacle to further progress towards *nirvana*? The simplest way to conceptualize this is that it takes energy or effort to increase one's compassion or capacity to identify with others (I), and it also takes energy or effort to widen one's scope of identification (E) or to focus more intensely on one thing in the present (M). With training, one might be able to increase this capacity in any of these directions, but at a given moment in time, that total capacity is fixed. So we are talking here about the allocation of the scarce resource *thought*, and how through effort one can change one's thinking. This nature of thought is described in considerable part (though, obviously, only in part) by the values of the

three dimensions E, I and M.

To elaborate, at a given moment we may find our thoughts scattered, or precisely focused, focused on oneself, or on one's environment or other persons, and widely or narrowly focused. From this point of view Buddhism, in any of its variations, is all about training oneself to focus *a single thought*. After all, in Buddhism, totally unlike economic theory, there is nothing else but the present. Its essence in this respect is nicely encapsulated in the following *mondo*:

“How much time do we have left, master?”

After the usual series of false starts and other mistakes, the student is led to the correct answer, which is:

“We only have time for one last breath.”

The constraint simply depicts the costs, in terms of, say, effort, of allocating one's thought more towards E, or I (or M, if we had a diagram with M instead of E or I). The most reasonable assumption here, I suggest, is that focusing more on E (or I) requires more and more effort the more you do it, so that the cost curve is bowed in towards the origin. Equilibrium takes the usual form of an equality between marginal rates of substitution and marginal costs, as depicted in the figure. If we let p_E , p_I , and p_M stand for the marginal costs in terms of effort or energy of expanding E, I, or M, then

$$(2) \quad p_E E + p_I I + p_M M = K$$

where K is the maximum amount of energy which can be expended in a single moment of thought. Presumably, one might be able to expand K through training and discipline but at any moment of time it seems reasonable to assume that K is fixed. And the economic theory of the accumulation of skill in any of the dimensions of M, I or E (and thus lowering the costs of pursuing these activities) would appear to be formally the same as the analysis of any other form of human capital accumulation, though of course the precise skills involved and the methods of training, which I have discussed elsewhere (see Part 1 of *Adam Smith and the Buddha*) are unique to Buddhism, and the rewards are strictly non-monetary.

Maximizing utility (equation (1)) subject to the constraint (equation (2)) gives the usual first order condition of the equality of marginal rates of substitution and relative marginal costs between any two of the variables, eg E and I :

$$(3) \quad \partial U / \partial E / \partial U / \partial I = p_E / p_I$$

Similar conditions can be written for E and M or I and M. And the usual “substitution” and “income” effects could be expected to result from changes in the costs of E or I (or M). Thus a rise in p_E , the marginal cost of increasing the extent of identification, could be expected to result in an individual identifying less widely, and so on.

One could develop this formal analysis further but I will not do so here. The main point of it is easy to see: the allocation of thought can be analyzed in the same way as the allocation of any other scarce resource towards competing uses.

Some implications are worth noting:

(1) Most of the time, people do not attain *nirvana*, a corner solution. Instead there will normally be an interior equilibrium, as in most economic choices, involving more or less *dukkha*, as suggested by equation (3). So this analysis reinforces that of the previous section on enlightenment or *nirvana*. And it adds to it, by suggesting the precise obstacles that lie in the way of its attainment, and the different means by which is it possible to get closer to it.

Why might it be hard to reach nirvana? Take the simplest example, of increasing the extent or range of one's identification with others E. Some people are easy to identify with: your wife, your children, Barack Obama, Nicole Kidman.... with others, it obviously gets much harder: think of trying to identify with Stephen Harper, or Vladimir Putin.

Moreover, in *nirvana* you are one with the universe. One has to recognize, and Buddhism does not do this formally often enough, there are many things out there that are not particularly attractive, and some which are positively repugnant (though precisely which are the most repugnant is a matter of individual preference). Take spiders for another example. It seems particularly difficult to include them among the group you are bonding with. Yet it is possible: to see one way to do it, one can begin by looking at Louise Bourgeois' sculpture of a giant spider, one of the most famous sculptures of the last 20 years or so. I don't include a photo here because in the photo it is as spiderlike and unlovable as ever¹⁸. But when one sees it in real life (the sculpture, not the spider; the sculpture is about 20 feet high) one feels differently. You see that it is a mother, and you see how magnificent its shape is. You can walk

¹⁸ Photos of the sculpture are available on the internet by googling "Louise Bourgeois' giant spider" on google images

underneath it. And so it becomes possible for you to imagine becoming one with it.

Warming to this subject, what about pests? Snails in the garden, or mosquitoes anywhere? Again, it seems impossible to generate positive emotions here. That is partly because much of the time, when you do encounter one of these creatures, especially a mosquito, your first instinct is to kill it before it bites you. Now, as soon as you start thinking along these lines, it is easy to realize that, on a daily basis, the human race is engaged in killing on a vast scale, including other people in various wars, but also all of the animal and plant things that get in the way of our living our daily life. Of course, not only humans but nature itself is one vast killing field, as most creatures are killing other creatures in order to survive.

In short, from this (evolutionary) point of view, nature is an arena of conflict. How can one speak of it non dualistically? Yet, Buddhism deals with this issue easily. It is true that one has to destroy other creatures in order to survive, but that does not mean one cannot identify with them. First, one does not kill them unless it is necessary¹⁹. One example of this sort of thing are the Samurai warriors, who are often engaged in killing, but do so in a manner not out of hate but out of necessity, and there is no contradiction in identifying with something at the same time as you are destroying it, when destroying it is necessary for one reason or another, such as one's own survival. One can see this identification of the Samurai with their opponents most easily by watching its depiction in Akira Kurosawa's films, eg., *The Seven Samurai*.

In one guide to the practice of mindfulness (Gunaratna (2011) one begins with a "loving kindness" recitation in which one wishes only good things for everyone,

¹⁹ It is always necessary to kill a mosquito, of course.

including one's enemies, and many people find that practicing this does improve their state of mind and lessens *dukkha*. Gunaratna explains how to do it:

You start out by banishing thoughts of self hatred and self condemnation. You allow good feelings and good wishes first to flow to yourself which is relatively easy. Then you do the same for those people closest to you. Gradually you work outward from your own circle of intimates until you can direct a flow of those same emotions to your enemies and to all living beings everywhere. Correctly done, this can be a powerful and transformative exercise in itself. (Gunaratna (2011), p. 85).

And the individual who tries identifying with those with whom he or she is in conflict as opposed to hating them may find that, in fact, the Buddhist approach does indeed have something to contribute to their understanding of life. Again, it is worth quoting Gunaratna:

When you hate somebody, you think: "Let him be ugly. Let him be in pain. Let him have no prosperity. Let him not be rich. Let him not be famous. Let him have no friends....However, what actually happens is that your own body generates such harmful chemistry that you experience pain, increased heart rate, tension, change of facial expression,...and you appear very unpleasant to others. You go through the same things that you wish on your enemy...." (Gunaratna (2011, p. 89))

Of course, although it is conceptually possible to understand this intellectually, it is not easy to really believe and act this way in practice. But I hope the point is made:

from these examples, it seems obvious that as the extent of identification becomes wider and wider, it becomes more and more difficult to identify further. Similar arguments hold for M and I: as you focus more and more, at first it is easy to concentrate your thoughts, but becomes more and more difficult at the margin to extend one's mindfulness. The same applies to losing yourself: that last little bit of self identification would seem to be the hardest to get rid of. So the magnitude of the accomplishment of those who are indeed able to come close to the point N through training and discipline becomes rather easy to appreciate.

(2) While I believe that this analysis holds for any branch of Buddhism, different schools emphasize different paths to *nirvana*. The Mahayana school emphasizes the development of compassion in particular, the Rinzai school focuses more on intellectual training via *koans*, and so on. So a Buddhist from the Mahayana school might normally have an equilibrium with relatively large E and I, and one from the Rinzai Zen school relatively large M. However, so long as *nirvana* ($E=M=I=1$) is the same for all schools, these different equilibria just represent points on different paths towards the same goal N . Finally it is possible that the different approaches developed in response to historical changes in the perception of the relative costs of each of the alternative dimensions E, I and M, though here I have the space to only suggest this possibility.

5. OPTIMAL ZEN

In economics, an individual chooses the socially “correct” amount of some good or service if there are no “external effects”. Will people choose the *right* amount of *zen* or *No Mind* from the social point of view? Does the choice of *zen* result in externalities? Should their choices be taxed or subsidized ?

External effects might arise from individuals pursuing Zen- related activities. These could in theory arise at two levels: within group externalities and externalities exerted by the groups themselves. In addition, there are forms of behavior which are “Buddhist –like” but which may not involve Buddhism at all. Instead, they involve behavior along each of the three dimensions discussed –mindfulness, degree and extent of identification. and we can ask what the effects of such practices might be.

a) *Within- Group Externalities*

A person choosing more *Zen* gets closer to *nirvana*, and so is happier, and possibly takes better care of the environment. But there are no within- group effects in Buddhist organizations like those in other religious or political groups, such as the “participation externalities” discussed by Iannaccone (1988) for religious groups. In Buddhism, each individual is alone. The individual in a monastery is solitary (Hori1994), Preston (1988), and the purpose of the organization is the “liberation” of the individuals within it.

What about the practice of *mindfulness*? This practice has now become widespread in contemporary North American psychiatry, and is also often used in ordinary medicine, where the role of the mind in helping the body heal is attracting increasing recognition. This could be represented by the point J (high M, low I and

E). Here, there are health benefits but not necessarily external benefits or costs apart from a saving of medical costs which are sometimes externalized in public medicine.

Buddhist-like behavior within organizations, e.g., iron discipline, group – orientation, or attention to quality (identification with one’s work), can have positive externalities on that organization’s productivity. Similarly, as we have said, a person may experience oneness with other people, with groups like the family or the army or with a nation or with the environment, and these experiences can result in behavior which has external effects.

One example is the firm. As mentioned above, Akerlof and Kranton (2005) model identification with a job. That identification, like our variable I above, usually motivates people to work harder and to be more careful and attentive at work. The most obvious result is that this is beneficial to your employer, ie there is a “positive” externality. Akerlof and Kranton (2005) show that the typical result is that the employer can pay the employee lower wages. An employer will invest in this type of motivational capital if the savings in wages is large enough.

Our analysis makes it easy to see what is meant by the use of the term “Zen” in books like Robert Pirsig’s book *Zen and the Art of Motorcycle Maintenance*, or in the other examples and applications to Zen like activities discussed previously (*Zen and the Art of Archery...*). A “motorcycle maintenance” equilibrium again involves a point in Figure 2 like I, with high I, high M but relatively low E, in which one is *one* with the motorcycle, and possibly the road, maybe the immediate environment, but not with the rest of humanity or the rest of the environment. The central character in Pirsig’s book was highly evolved with respect to certain aspects of Zen, but he

certainly was not in *nirvana*.

The protagonist in *Zen and the Art of Motorcycle Maintenance* was obsessed with *quality*. A number of classic Japanese organizational principles, which made the structure famous in the 1970's, and which have since been widely adopted worldwide, seem to be naturally inspired by Buddhism. One obvious example is the focus on total quality control. Japanese firms were the first to adopt ideas originated by the American Edward Deming with the adoption of practises like quality circles, zero defects, Total Quality Management (TQM), Continuous Improvement, and Six Sigma. A Six Sigma process is one in which 99.99966% of the products manufactured are statistically expected to be free of defects (3.4 defects per million). This type of process was unparalleled elsewhere in the world²⁰.

Buddhism is not anti-capitalist. An irresistible example is Steve Jobs, a Buddhist for most of his life. The Apple Ipad is obviously a Buddhist idea. It is not just that it is a high quality product. In a way it brings a Buddhism *lite* to the mass market. You get an instant and magical connection to the world without bothering with all that uncomfortable *zazen*, discipline and meditation. Of course you can look at the ipad in the lotus position but that isn't the most comfortable way to do it. And where better to feel a sense of connection to everyone than on Facebook?

I do not know the secret of Apple's success under Steve Jobs, but a few things which are fairly obvious follow naturally from the present approach:

1. Steve Jobs was certainly, and spectacularly, *one* with his company.
2. He was obsessed with Quality, in the same way as Robert M. Pirsig's

central character in *Zen and the art of Motorcycle Maintenance*.

²⁰ Geotsch and Davis, (2002), p. 18. I owe these references to Eric Rosset.

3. Any apple Product (The ipad (ipod, macbook,) is *one* (totally integrated design). Taken together, one of their chief selling points is their seamless integration.

4. Finally of course there is the indefinable “magic” which is characteristic of Steve Jobs’ creations!

Of course, before the internet there was the fabled *Indra’s net* of *The Flower Garland Sutra*:

“This is a wondrous net which stretches out infinitely in all directions, and a single bright jewel is in each eye of the net. Each jewel, in its marvelous transparency and uniqueness, reflects all the other jewels in this infinite net. And conversely, each unique jewel is likewise reflected on every other in this wondrous net. (Habito (1997), 171).

Not the internet, certainly: But not a bad way to describe the interdependence which it brings about, seen in a rather positive light.

Buddhism promises a connection to everyone and everything. But in Buddhism the connection is *internal*. The internet does the same thing in a way, but externally. In this and many other ways it would seem that Buddhism and the experience of the internet go together. In both Buddhism and the internet:

1. Everything is impermanent and fleeting,
2. Everything is interconnected and interdependent,
3. Everything happens in the *void* (now called cyberspace),
4. Everything is *empty*.

In all these respects Buddhism and the internet are similar. However in other respects the internet would seem to be the opposite of Buddhism, as it discourages

concentration and mindfulness, makes everyone jittery. Michael Heim (1998) suggests that the ideal antidote to the internet is the tea ceremony.

There are other kinds of integration besides that with one's firm. People can also identify with a football team, indeed some people will only move to a city if there is a football team they can cheer for there. Most of the time this is harmless enough, with the exception of the excessive drunkenness and violence which sometimes ensues after a big victory or loss by that team.

b) Buddhism and collective action

What is a Zen Buddhist approach to the problem of collective action? To approach this subject let us first review the standard rational choice approach to this question. Divertingly, let's illustrate with the case of Canada, where I live. Suppose you personally believe, for example, that the Conservative government in Canada is slowly destroying the country, by its crude pro-military stance, its punitive approach to the issue of crime, its contempt for research and data, its "take no prisoners" approach to democratic processes, and its record on the environment. Yet when the next election comes around, you recognize that your vote will make only a tiny, essentially zero difference to the likelihood that the government will be defeated, and you do not vote or participate in any other way to defeat the government. You feel totally frustrated, since you passionately hate the government, but what else is to be done?

That is "rational choice". But let's return to our discussion of the flowering of rational choice thinking during the Enlightenment for a moment. Rationality there was simply and I believe correctly described as the ordering of the passions by reason. But in this context, it seems that another way to describe it is the *dominance* of them by reason. The Canadian voter described is full of passion in his desire to be rid of the Harper government. But he feels

powerless to do so, and reasoning stops him from taking action. In addition, his powerlessness is also an expression of his isolation, since he does not believe that his own behavior might have an influence on the behavior of others. The result of the dominance of reason over his passions is that he has reduced his (political) self and his political power to zero.

Here I suggest that a way to resolve this dilemma is to admit the desire to be *one* with others, or with activities, into rational thinking and action. Of course, Buddhists are not the only people that believe in this desire. The political philosopher Isaiah Berlin thought that there was a great tension in human beings: between the desire to be rational on the one hand, and the desire to belong to a group on the other (Berlin (1999)).

But there need be nothing irrational about identification with a political group. Why is it more irrational to want to connect to other people than to want to buy a car? And the free rider problem is solved: with political parties, or with other groups, you cannot identify yourself as a member of that group if you do not participate in its activities. Similarly, under certain conditions people may feel connected to others, that is experience political interdependence. Once they do, and provided this connection takes a particular pattern, political participation may be rational. The more connected a person is, the more likely he or she is to participate. The more a person believes others are likely to participate, or that his or her participation will make it more likely that others will participate, or that participation is growing at an increasing rate, the greater his or her own participation²¹.

Once we take this approach, and assume that the desire for oneness may be rational,

²¹ There is by now a large literature on this point, beginning perhaps with Muller and Opp (1986) and Oliver (1989). Recent contributions include Yin () and Siegel ().

many actions that appear irrational on standard thinking begin to make sense. Let us develop this idea a bit, starting with the decision to vote, and then moving on to classic Buddhist forms of political action, including self immolation and *satyagraha*, and the idea of interdependence, thresholds and contagion. In a series of now-classic experiments in American politics, Gerber and Green developed a fair amount of evidence that people are more likely to vote when they think their neighbours are voting, and that people can be “shamed” into voting when they think their neighbours are voting more often than they are. And they also showed that identification with a political party is a powerful explanation of why people vote when they do (Gerber and Greene (2008) summarizes these experiments).

Identification with a political party, or with a nation or an army is similar to identification with any other group. We can use Figure 2 to depict this kind of identification. On the diagram it would be represented by point I, signifying high identification (I), and high mindfulness (M), but with E corresponding to the size of the group which is the object of identification.

However, this kind of identification is not Buddhism. The general problem with identification with a group is that such identification immediately divides the world into insiders and outsiders. The problem which arises whenever a person goes part way, and identifies with a *group*, e.g. a nation, or a firm, is that joining one group often means hostility towards others, i.e. this identification is the basis of the self vs other mentality which is so destructive. There is a good deal of sociological evidence on this; some econometric evidence that group membership significantly increases the aggressive stance of the hosts is presented in Charness, et al (2007).

And among the deepest forms of solidarity is found in terrorist groups, and most

especially suicide terrorism as discussed in Wintrobe (2006 a and b). Here such identification would be represented by point S: $I = 1, M=1, E$ low. In this case, perfect solidarity with the group leads to very destructive behavior. This example shows conclusively, if it is not yet apparent, that increasing M, I or E alone, does not always get to *nirvana*, nor are there necessarily any *external* benefits from doing so, and in fact, considerable external costs may be generated thereby.

What about Buddhist organizations themselves? Do they not generate positive externalities? Suzuki (1956), points out that that Zen is perfectly compatible with any philosophy –anarchism, communism, or fascism because Zen itself has no doctrine. It does have a revolutionary spirit. But, as we have already seen, this spirit can be harnessed to violence. Samurai were famous for their Buddhist discipline. And the record of Buddhist groups during World War II, examined by Brian Victoria in his book, *Zen At War*, is sobering on this score.

Yet the philosophy of Buddhism is famously associated with pacifism and non violence. So Brian Victoria, in reviewing the record of Japanese Buddhist leaders in world war II of supporting the war effort, concludes that their actions could not be reconciled with Buddhism and that they had moved away from Buddhism when they began to act this way (Victoria ().

Self-immolation, a particular version of non violent protest, was invented by Buddhist monks. It is non violent in that the only person harmed directly is the person who does it. Most recently it was used by Mohamed Bouazizi, the Tunisian street vendor who set himself on fire on December 17, 2010, to protest of the confiscation of his wares and the harassment and humiliation that was allegedly inflicted on him by a municipal official and her aides. This act became the catalyst for the 2010–2011 Tunisian revolution, followed by the Egyptian one.

The progenitor of the strategy was the Buddhist monk Quang Duc, protesting against the persecution of Buddhists by South Vietnam's Ngo Dinh Diem administration in 1963. Photos of his self-immolation were circulated widely across the world and brought attention to the policies of the Diem regime. As However, Quang Duc's self-immolation was not a spontaneous act but carefully planned (Biggs (2005)). The performance was designed for maximum publicity, with journalists being alerted beforehand.

The impact was immense and immediate. Within South Vietnam it galvanized discontent in the cities. The strategy was imitated and was ultimately a success and the government fell in November 1963. According to Biggs, by the end of 1965 self immolation entered the global repertoire of protest. On other occasions, most notably when it was practiced by the Falun Gong against the Chinese government in 2001, it has not been successful. In that case, the government successfully framed the act as "cultic suicide" rather than protest, and within six months Falun Gong was effectively eliminated as a movement within China.

No variable predicts when self immolation is used except religion in Biggs' study. Only Hindus and Buddhists do it, not necessarily because it is a religious act (it typically is definitely not (Biggs (2005),p. 198)), but ecologically, pertaining to the culture of the society. It is not restricted to all – important issues: a variable for the "importance" of the issue has no predictive power. It is interesting that movements or causes that use self immolation do not engage in suicide terror, or any actions intended to harm their opponents. And Self immolation is more likely in democratic societies, as the more widely it is publicized the more effective it tends to be.

Satyagraha (literally “truth force”) is the classic nonviolent form of political protest, the form of civil disobedience made famous by Mahatma Gandhi. Gandhi was a Jain, not a Buddhist but the concept fits well with Buddhist thinking, Gandhi drew on Buddhist sources in developing it, and Gandhi himself favored the Buddhist term *ahimsa* in describing it. *Ahimsa* or *Satyagraha* is most famously associated with Gandhi, but Martin Luther King also foreswore violence and brought the concept of “civil disobedience” to the United States. Nelson Mandela mostly practiced non violence in his struggle against apartheid, but he did not foreswear violence, partly, I have suggested elsewhere (2011) to keep the more extreme and violent elements of the anti – apartheid movement onside.

Satyagraha is different in its aim than self immolation or suicide terror. “The appeal of the satyagrahi is never to his opponents’ fear: it is always to his heart. The satyagrahi’s object is to convert, not to coerce, the wrong doer” (M. Gandhi, *Harijan* (Gandhi’s journal), quoted in Terchek (2011), p. 124. Self immolation, on the other hand, may be meant to appeal to sympathizers, and to galvanize supporters, but not to convert the opponent.

The term *satyagraha* has been variously translated as “truth force” or “holding on to truth”. The most common interpretation is simply non -violent resistance. But Gandhi believed that truth was essential to it, and that truth and non violence were intimately connected.

“Lying is the mother of violence. A truthful man cannot long remain violent. He will perceive in the course of his search that he has no need to be violent and he will further discover that so long as there is the slightest trace of violence in him, he will fail to find the truth for which he is searching (Gandhi, in *The Essential Gandhi*, p.183)

Gandhi also said, famously, “It was only when I had learned to reduce myself to zero that I was able to evolve the power of *satyagraha* in South Africa”. (Gandhi (1962) p. xxiv) In fact, according to at least one observer, Gandhi had the largest personality of anyone he had ever met (Eknath Easwaran , in Gandhi (1962), p.). His ideas exemplify the Buddhist choice to reduce themselves to nothingness. But Gandhi’s nothingness is entirely different from the political zero discussed earlier in the context of the free rider problem. This nothingness produced power. Why was that? [TO BE EXPANDED]

c) Buddhism and the Environment

In Zen, a waterfall from a pipe falls into a pond, creating a reflection. This reflection is then in turn reflected onto a tree. Does the water “cause” the reflection? It could just as easily be said that the pond does, because if there were no pond, there would be no reflection. Similarly, if the tree were black instead of white there would be no reflection. In the Zen koan “No water, no moon”:

When the nun Chiyono studied Zen under Bukko of Engaku she was unable to attain the fruits of meditation for a long time. At last one moonlit night she was carrying water in an old pail bound with bamboo. The bamboo broke and the bottom fell out of the pail, and at that moment Chiyono was set free! In commemoration, she wrote a poem:

In this way and that I tried to save the old pail

Since the bamboo strip was weakening and about

to break

Until at last the bottom fell out.

No more water in the pail!

No more moon in the water!²²

Why did she become enlightened at that moment? To put it simply, she realized the interdependence of all things. Her revelation is similar to that experienced by Ronald Coase. In his article “The Problem of Social Cost”, still one of the most cited article in economics, he used the example of a railroad and a farmer’s crop. As the train travels, sparks emit, and damage the farmer’s crop. In classical (Pigovian) economics, the train “causes” the damages, and there should be a corrective action such as a tax on railroad travel or by making the railway legally “liable” for the damages. But Coase realized that it was the interdependence of the railway and the farm that was essential. The railway could no more be said to “cause” the damages to the farm than the farm caused them by being located near the track. The right question for resource allocation was how to remove the damaging interaction at least cost. To illustrate, suppose the farm could move away from the track at less cost than the railway could reduce its sparks. Then legal liability should be placed on the farm, not the railroad.

Adam Smith favored free education precisely because the division of labor meant focus on a very narrow thing and therefore destroyed consciousness of interdependence. Put differently, it is not just that the environment is degraded. The twin side of the degradation of the environment is the degradation of our consciousness of interdependence, as Hershock () puts it. Our consciousness is

²² <http://deoxy.org/koan/29>

degraded by the division of labor. One example occurs when we use things without regard to their environmental effects. Intellectually, this degradation is further enhanced by the division of intellectual labor and the focus especially within universities on narrowly defined specializations. So this provides a case for subsidizing education which is unlike the usual kind of argument for government action.

Adam Smith and the Buddha are *one* on this point.

Buddhism is one way of raising this consciousness about interdependence and the environment. But Buddhism goes further than economic theory in this direction. All things have Buddha nature. But how can someone connect with everything, i.e., be *one* with the universe if he (as a human being) has legal rights and the environment does not? Natural objects such as trees, rivers, lakes, and mountains could be given certain legal rights, as Christopher Stone argued in his classic article "Should Trees Have Standing?" (1972). Of course, natural objects, if given legal rights, could not "voice" such rights. Stone suggested that courts should, after proper application, appoint a guardian for the natural object in circumstances when the natural object is being endangered. The guardian, presumably, could be an organization such as the Sierra Club, Friends of the Earth, or the National Resources Defense Council, which would be capable of "voicing" the legal rights of the natural object.

Figure 4 here

This has an implication for the Coase theorem. Coase assumes property rights are fully assigned. Under that assumption (and with transactions costs equal to zero), it does not matter to whom the rights are assigned: resource allocation will be the

same. Coase never considered the possibility of assigning rights to the environment. What difference would that make? It is easy to see that it does make a difference. If animals, trees and so forth have no rights, so that their value cannot be taken into account *apart from their value to humans*, then, even if there are parties like environmentalist groups willing to stand up for them, they will not be able to bargain in the Coaseian manner, and so there will be overexploitation of natural resources from this (Buddhist) point of view. If they are given rights, the possibility of their survival will certainly be enhanced.

7. CONCLUSION

In this paper I have argued that from the *economic* point of view, Zen Buddhism can be rational. Firstly the choice to do Zen may be completely rational. You choose to have more Zen in your life if it makes your life better. And if it *doesn't* do that, you may give it up. No waiting for the afterlife, as in some monotheistic religions. And no waiting until you are older and have accumulated enough human and other kinds of capital to be able to indulge yourself in consumption, as sometimes seems to be asserted in Economics.

Zen is rational if people want or need to feel oneness. Of course, they need practice and wisdom for that. Instead of looking out, it requires looking *in*, and developing this capacity requires training. But in looking in, an individual see the *whole* ---and develops compassion for others, and for the environment.

While I have argued that these aspect of Zen are or can be thought of rationally, the idea of an ultimate “enlightenment” in which things are perceived *as they really*

are without any mental structure for organizing and seeing them, cannot. One cannot perceive things without some structure for ordering and interpreting them by the mind. And zen is divisible. One can have flashes of “enlightenment” but from the rational point of view there is no ultimate state: enlightenment is simply more *no mind* or more *nirvana*, more of the time. Enlightenment is not zero or one: Zen is divisible. So, a rational approach to Zen leads to the middle way—in which an individual chooses the optimal amount of Zen and combines it with consumption of truly satisfying things. This rational, or Economic, approach is *not* the one taken by Zen Buddhism’s foremost Western interpreter, Daisetz Suzuki, but it does agree with much of contemporary Buddhist thinking: perhaps the best known journal of contemporary Buddhist studies in English is called “The Middle Way”.

I have also isolated and analyzed the experience of zen thinking or *No Mind* in terms of three dimensions: mindfulness, loss of self, and the extent of identification. This amounts to analyzing the allocation of thought: each of these aspects can be thought of as aspects of a single moment’s thought. (In Buddhism, there is nothing else but the present moment). One can be more or less mindful or focused, lose oneself to a greater or lesser degree, identify more or less widely, at every instant of thought. I suggest that being able to do more of these is better, that is contributes to utility, but each takes energy, effort or discipline. I assume the amount of energy or effort which can be expended in a single moment is fixed at any point in time, (but could be expanded over time through training), and that mindfulness, loss of self and extent of identification are substitutes for each other. Moreover, each of these is subject to increasing costs: it becomes harder and harder to focus on one thing, harder

to lose that last little bit of yourself, harder to identify with people and things which are distant from one's own preferences or beliefs. So an individual finds himself at an interior equilibrium at any given instant along each of these dimensions.

Nirvana is then easily defined as the state, which may be only a moment, where all of them are completely realized: an individual is completely focused on *one* thing, has no self consciousness, and is *one* with the entire universe. It is easy to see why that state is so rarely attained.

At the same time, mindfulness, loss of self or identification with others, and the extent of identification have broader interpretations than as aspects of Zen Buddhism, and can be examined separately; for example one can identify with one's family, work, ethnic group or nation without being a Buddhist, and it is worthwhile to look at the effects of these behaviors in isolation. High mindfulness and high identification with some unit or organization can result in equilibrium thought patterns which are beneficial to the object identified with, as identification with a firm may raise productivity, but can also have negative external effects: you can be one with an army threatening its neighbours as well as with the environment. And even if it is the environment, it might be more efficient to subsidize the environment directly.

Some things should be subsidized, on standard economic grounds, as well as on Buddhist logic. Foremost among these is education and especially the consciousness of interdependence. Similarly "mindfulness" –which is a part but not all of *no-mind-* - makes people feel calmer, and evidence of its beneficial psychological effects is accumulating steadily. Mindfulness and empathy could be taught in school, shorn of any direct connection to Buddhism.

Some other implications are that, since too much inequality makes it hard to relate to other people who are either much richer or much poorer than you, and to feel one with them, progressive taxation or some other form of redistributive taxation might benefit the rich as well as the poor. At the same time, Buddhism is not anti capitalist, and Buddhist – like behavior in an organization can be beneficial to its productivity. However, looking at Buddhism through the lens of the Coase theorem,, one can see that rights or “standing” for “trees” , animals and the environment more generally might be required for Buddhist “optimality”.

It is easy to see why Buddhism implies nonviolence. If you are part of everything, then violence against someone or some other living creature is violence against yourself. One application of these ideas is to non-violent political protest, made famous by Mahatma Gandhi, and practiced by Mandela and Martin Luther King. Gandhi was a Jain, not a Buddhist but Gandhi drew on Buddhist sources in developing it. Gandhi felt he had “to reduce himself to zero” for his cause to succeed, and he identified with his enemies as well as his followers and believed that non-cooperation, unlike violent conflict, could enable both sides to bargain freely to obtain a better outcome for both.

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FIGURES

Figure 1. Nirvana? Picture taken in the garden of the Neza museum, Tokyo.



Figure 2. The three dimensions of *No Mind*

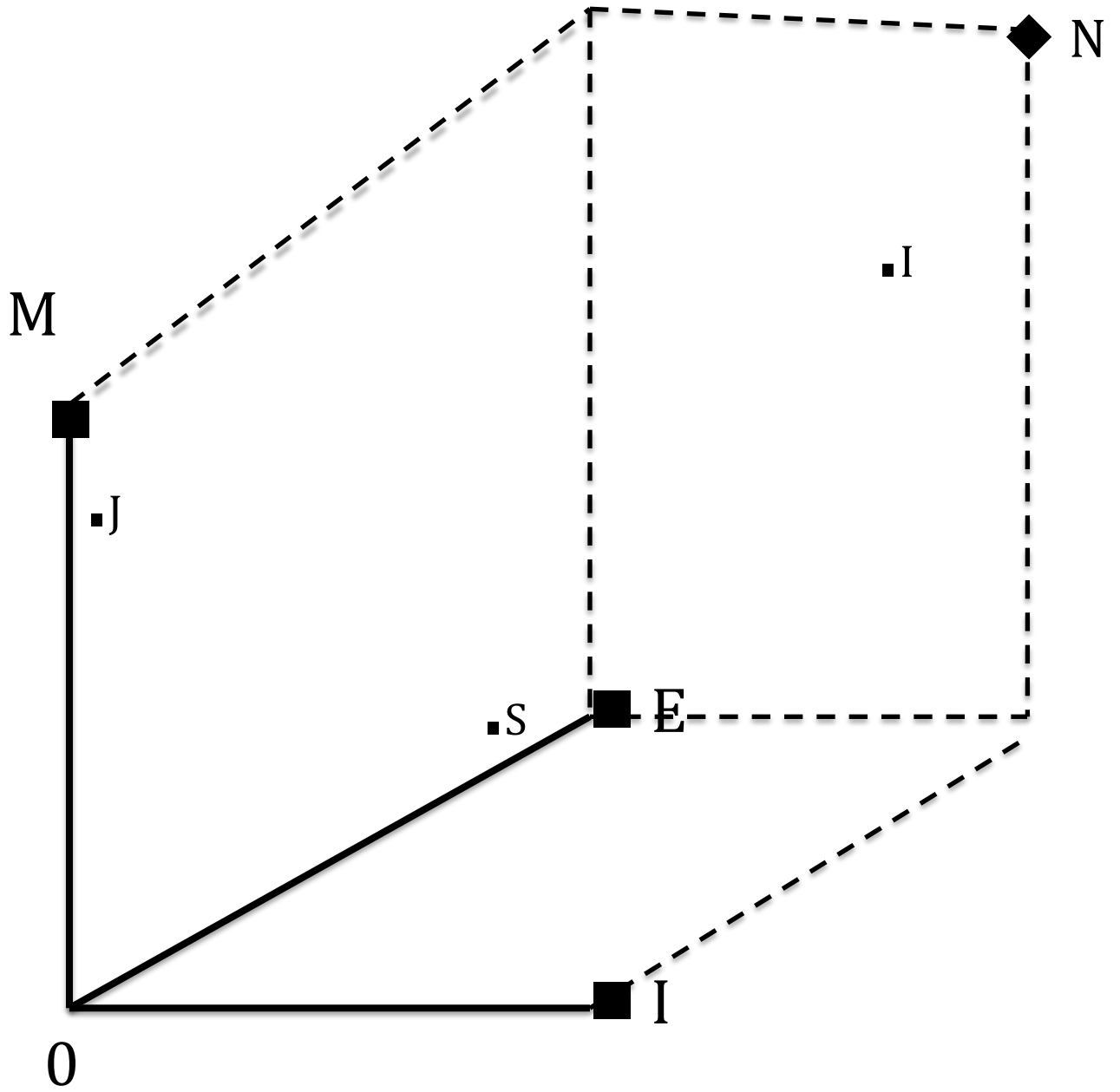


Figure 3. The relationship between E, I and U holding M constant.

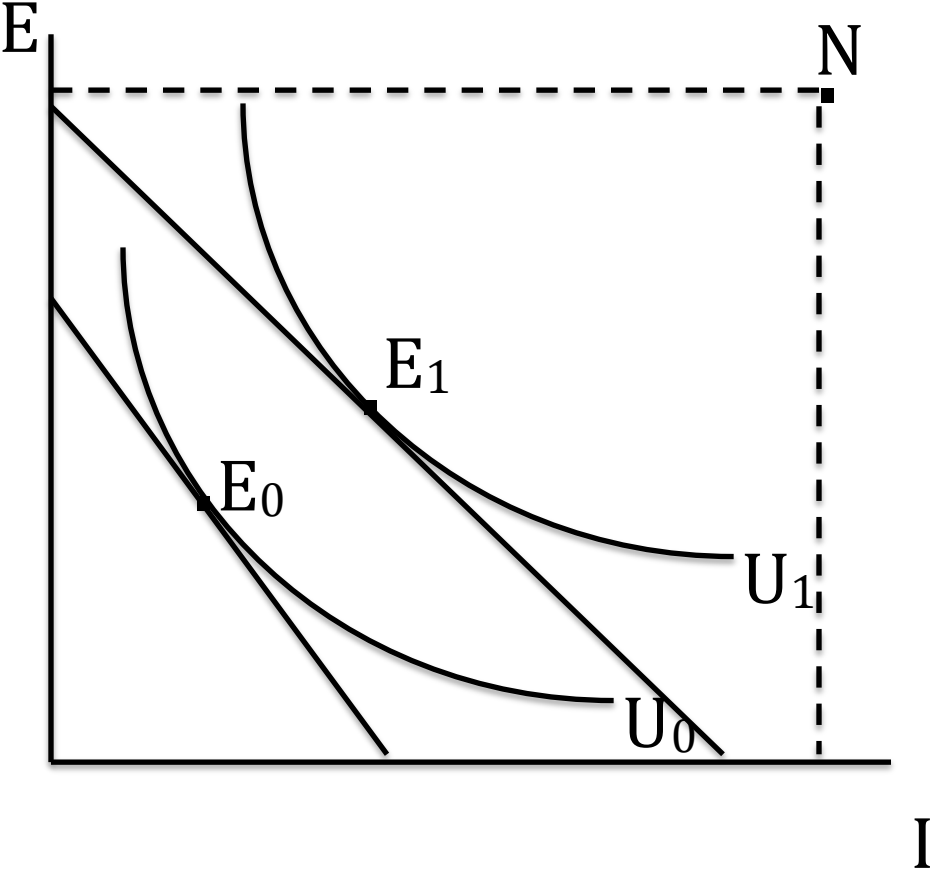


Figure 4. Should trees have standing? Author's Photo of a tree in a Tokyo garden.



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