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The Capitalist Crisis and Buddhist Teachings

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I. Introduction – Buddha meets Marx

Today's financial crisis has become so large that one hardly can grasp the astronomical figures issued by the news day by day. But as the huge protests show, starting in New York ("Occupy Wall Street") and spreading to many other places in the United States and elsewhere in the world, more and more people are becoming aware of the fact that this crisis is affecting our lives, that it is causing suffering all around the world, and that something needs to be done about it.

In order to work for the necessary changes, we need to understand what is going on in the economy. Why is there this gigantic crisis? What are its deeper roots? What needs to be done for a real and lasting change?

We don't need to go to university, study economy and become experts before we can get a basic understanding, take a stand and raise our voice on these questions. We've left them far too long to the experts.

In this text, I want to combine the teachings of two great minds who have analysed things to the roots: Buddha and Marx. Starting with Marx, I want to show that despite his errors in predicting the future, there are other parts of his theory – namely his analysis of the capitalist system – that are still valid and valuable today. Then I want to deepen his analysis with the help of Buddhist Teachings and have a look on what the Buddha has to say on greed and financial balance. This shall, finally, lead to a suggestion about how to deal with the crisis we are facing.

II. Where Marx went wrong

In mainstream society, Marx has a horrible reputation. In Germany, for example, all political parties in parliament are keeping their distance from him, apart from a fundamentalist fraction within the Left Party called "Communist Platform" (and that's a main reason why the other parties are keeping their distance from the Left Party).

That is, of course, understandable, due to the terrible dictatorships and to the imprisonment, torture and murder of political enemies in the millions, all carried out in the name of marxist theory, most prominently in the Soviet Union and its satellite states, but also in the People's Republic of China and other communist countries. There actually *have* been some states that marxists didn't try to turn into dictatorships, embracing a rather democratic attitude: the Indian state of Kerala where the Communist Party has been freely elected into (and out of) power a number of times since 1957; Chile from 1970 to 1973; Venezuela since 1999. But they are few, forming a small minority.

The communist affiliation with dictatorship is no coincidence. Marx himself advocated what he called the "dictatorship of the proletariat" (i.e. the working class). He actually thought this was inevitable, and he really did mean dictatorship, assuming that the "bour-

geoisie" (i.e. the owners of capital) would not render power, or worse, their belongings, voluntarily to a communist government. A strong state would be necessary to attain the main goal of the communist movement, which is the abolition of private property (referring to producing facilities such as factories) in order to achieve social equality. So Marx called for a strong state that would be able to carry out the needed "despotic interventions into property rights" as well as a stately enforced "working obligation for all". According to Marx, the necessary transformations were going to be "violent" (Manifesto of the Communist Party).

And violent they were. In the belief to fulfill the law of history, to bring about the inevitable victory of the proletariat, as predicted by Marx himself, 20th century communists in general did not refrain from dictatorship – having truth on their side, why hold elections? In 1918, Lenin's Bolshevist Party ended up with only 25% in parliament. So they declared that "for a marxist", the "will of the people" was a "fiction" of the ruling classes (Iwan Skworzow-Stepanow's speech in the Russian Constituent Assembly). Having said that, they dissolved the parliament and obtained power by force. From then on (and not just since Stalin), anything was considered legitimate as long as it was believed to serve the ultimate goal of a classless society.

So why should Marx be studied anymore at all? Because his eternal laws of history and his predictions for the future, false as they were, make up only one part of his theory. And it's a part much smaller than the main one, which can be clearly divided from his metaphysics: his brilliant analysis of capitalist economy and society, most of which is still valid and valuable today. Actually, it hardly has been more important than in these days of financial crisis.

III. The Handful of Leaves of Marx' Theory

One of the main achievements of Marx' analysis of the capitalist system – in Buddhist terms, the handful of leaves in the forest of his theory – is the insight that within a market economy (whether it's a so-called "free market economy" or, as in Germany, a so-called "social market economy") there is a *systematic necessity to maximize profit*.

The reasoning is quite simple, but important to understand, for it has dramatic consequences: As companies have to compete to sell their products, they do not only try to stay on an equal, sufficient profit level, nor can they afford to voluntarily pay significantly higher wages or to preserve the environment – they simply *need* to make as much profit as possible, paying as little wages as possible, exploiting nature as much as possible, because otherwise they will, sooner or later, disappear from the market. Somebody else will have made that profit, which in turn will allow that competitor to lower his prices. And while most consumers go for the lowest prices, any humane, ecological enterprise will be swept away from the market.

To give an example, any fashion company that does not go on a global hunt for the lowest wages it can pay to its sewers will simply become too expensive for the masses of consumers on the hunt for cheap prices.

There are, of course, exceptions, and both wages and prices depend on many factors. But the general competitive mechanism in our capitalist economy is crystal clear. It is due to that mechanism that the number of companies decreases year by year, while the surviving ones get bigger and bigger. Farmers, for example, are giving up one by one, leaving the fields to fewer and fewer, bigger and bigger industrial agriculture enterprises. Likewise,

within the last fifty years the number of independent grocery stores has been continuously decreasing. Today 80% of the food consumed in Germany is sold by 10 big companies. 98% of all supermarkets in Germany are owned by 8 big companies.

This tendency towards fewer, bigger companies, called monopolization (another leaf described by Marx), is spreading in many sectors of our economy, such as cars, fashion, or, more dramatically, banks. Some of these banks are, as our governments keep saying, "too big to fail", which means that if any one of the real big ones goes bankrupt, it will take much of the economy with it into the abyss.

IV. The Current Crisis

Our current financial crises became apparent in 2008, when investment banks went bankrupt because investors all over the world (all the way down to small savings banks) had speculated too much in real estate obligations. These obligations became virtually worthless when the high prices of US real estate turned out to be a speculative bubble (not the first speculative bubble in the history of capitalism, one has to note – they turn up regularly). So, in order not to let these big banks fail, in order not to end up in a great depression, the enormous debts these banks have accumulated due to speculation were taken over by the states (that is, the taxpayers).

Soon the financial crisis was followed by an economic crisis, namely a huge recession. In 2009, the decrease of Germany's gross domestic product was at its highest ever since the foundation of the republic sixty years ago. So governments put up massive economic stimulus packages, equally paid for by the states (that is, the taxpayers).

The economy actually recovered and all went very well, it seemed, with only one question remaining: Where did all that money come from? How could the national governments pay for these trillions and zillions of dollars and euros? Well, they couldn't – they borrowed the money from capital owners (either those few private people who own a lot of money or foreign governments like China). State debts have increased since then to heights beyond imagination. What we now have in countries such as Greece, Ireland, or Italy, is not a crisis of the euro, but a debt crisis, due to too high state debts. These debts are owed to a number of reasons, of course, but besides ongoing budget deficits, clearly economic stimulus and rescue packages play a critical role. Greece, for instance, is bankrupt, there is no way the country is going to pay back its debts (which amount to about 150% of its gross domestic product at the moment). And all rescue efforts only prolong the time span until bankruptcy. But Germany is not cruising in safe havens either: Its current debt amounts to 83% of its gross domestic product – a figure much higher than anyone would have suspected only a couple of years ago, while a maximum of 60% was considered stable enough to be part of the euro currency, and, for that part, allowed. In other words, measured by the euro stability criteria, Germany currently is not stable enough for the euro.

There seems to be a general tendency: The elected politicians try to solve any economic crisis by spending huge amounts of money they don't have, thus increasing the national debt. And it looks like the amounts needed to solve the newest crisis get bigger each time, so that the mountain of debt gets bigger and bigger as well. Nobody knows whether, or how long, countries like Germany, Great Britain, or the United States will continue to be stable or whether they will head for a financial melt-down called inflation. Either way, it

looks like there are a few winners and many losers. This, of course, generates a lot of suffering.

It is important to keep in mind though that the root of this crisis is not an exceptional lack of morals on an individual level. It is not the greed of certain individual bankers or managers that caused an exaggerated pursuit of financial gain, leading to speculation bubbles and so forth. Rather, as explained by Marx, the capitalist system forces investors to maximize their profits. If they didn't, the system would get rid of them. And in the free market, a movement towards financial gain is not stopped – on the contrary, more and more investors jump on the train and make their money from it, until gain turns into loss.

As long as we organize our economy towards free markets, competitive achievement, and continuous growth, there will be one crisis following another. And debt spending seems to be only postponing the next crisis. Crisis, as Marx pointed out, is part of the system.

Marxist theory can explain quite well why a minority of the population would want that: It's the good old class struggle. 20% of the German population own 80% of the country's wealth, while 50% own virtually nothing.

But that doesn't really explain why, in times of democracy and multi-media information, 80% of the population go along with that. According to Marx, "the ruling ideology is the ideology of the ruling class" (The German Ideology). Can it be that we're just too stupid and believe anything the mass media tell us? Even if there are examples of deception of the public, that certainly does not apply to the whole. Or, as Abraham Lincoln said: "You can fool some of the people all the time, and all of the people some of the time, but you cannot fool all of the people all the time." So what is it that still fools most of the people, most of the time?

IV. A System based on Greed

This is where Buddha comes into play. The teachings of the Buddha go deep into the human psyche. In the famous so-called four noble truths, the "handful of leaves" of Buddhist Teachings, the Buddha identified three root causes of human suffering, namely greed, hatred, and delusion.

I just mentioned that bankers are not exceptionally greedy. Rather, the greed seen there has become normal. It's the competitive market system that forces them to act the way they do. In short, one could say that the economic system has *institutionalized greed* as its basic drive system. And we are all part of that system. But a system based on greed can not bring peace of mind. In Buddhist terms, being attached to gain and loss is a hindrance to liberation.

Why? Because desire occupies our minds and corrupts them. Greed has crept into our thinking. Not everybody, but even people who do not really need to try to maximize their gains as if this was something natural. It's like one of the states of mind the Buddha referred to that changes the way we view things.

For example, nowadays most people think it's a good idea if consumption and the economy in general grow permanently – even after the disastrous environmental impacts of this consumption and growth have become visible, extinguishing species by the thousands, leaving a polluted planet for future generations.

Whenever this consumption, this growth, is in danger of not *continuously* increasing, most people think it's a good idea to take on debts to save banks or stimulate the economy –

attempting to ensure low taxes, little unemployment, high wages and, of course, ongoing consumption, while the bill is left for someone else to pay. Or at least that's what we hope. More and more parts of our life are being commercialized. (Just to give a small example, children frequently do not learn to swim from their parents anymore, but in paid swimming lessons). Desire for consumption has become a major part of our emotional life. And most people think it's a good idea to fulfill these desires, to buy another pair of shoes, to get a new mobile phone, to take another flight.

So most of us, most of the time, are driven by our attachment to wealth and consumerism - much more than by our care for the environment, for future generations, or for the losers on our liberally globalized planet who live mainly, but not always, in the southern hemisphere. Yet to live in peace with society and nature is a requirement for a true and lasting peace of mind.

What can a resolution to this problem look like? Has the Buddha anything to say in terms of a middle path of the economy?

V. A Balanced Life

In his teachings, the Buddha did not discourage ordinary (lay) people from gathering property. However, he named a number of conditions on both the acquisition and the use of wealth.

Talking to a householder, the Buddha said that wealth had to be "acquired by energetic striving, amassed by the strength of his arms, earned by the sweat of his brow, righteous wealth righteously gained" (Anguttara Nikaya IV:61). This includes, according to the Buddha, refraining from lying and stealing. (It does not, however, explicitly forbid hedge funds, so it has to be discussed how money can be "righteously gained" today.)

Subsequently, the Buddha said it is quite okay for any person to use such "righteously gained" wealth for oneself and, following that, also for parents, family, workers and friends. The second proper use of wealth is putting aside some of it, making "provisions against the losses that might arise on account of fire and floods, kings and bandits". (Note how kings and bandits form a group...) More advised usages of wealth are, thirdly, offerings to relatives, guests, the government, and, as a fourth "worthy deed", to those leading a spiritual life.

The Buddha had also something to say on debts: Addressing a family man, he listed "four things that lead to the welfare and happiness of a family man in this very life", namely "effort" in earning his living, "protection" of the acquired wealth, "friendship" to virtuous people, and "balanced living" (Anguttara Nikaya VIII:54). He further explained that balanced living means that "a family man knows his income and expenditures and leads a balanced life, neither extravagant nor miserly, so that his income exceeds his expenditures rather than the reverse."

Mathematically, this is rather simple, but our politicians seem to have forgotten this rule, or simply deny that it applies to national finances as well. But just as a household, a state can be pressed by a mountain of debts, unable to pay them back, heading for bankruptcy. And even if the state does not go bankrupt, it has to pay enormous interest rates for the national debt. In Germany, in 2010 the federal budget amounted to 320 billion euro. From that money, 39 billion (12%) had to be paid for interest rates to the capital owners, making this the second biggest entry of all (and about 24 times as much as was spent, for example,

on the environment). The debt burden level is increasing, eating up a growing part of the nation's tax revenue, money that surely could be spent better.

Interestingly, there is one Buddhist sutra where the Buddha used the image of a man who tries to boast with "borrowed goods on loan" (Majjhima Nikaya 54). Once this man loses these signs of wealth to their real owners, he feels rather depressed. This little story is given as an example of the dangers of clinging to "sensual pleasures", which "provide much suffering and much despair". Not to get caught by this, the Buddha gave the advice to avoid "diversity" and to develop an "equanimity that is unified, based on unity, where clinging to the carnal things of the world utterly ceases without remainder."

To summarize, according to the Buddha it is good to gather wealth, as long as it is earned by moral standards and spent reasonably for the well-being of oneself and others. But one has to be cautious not to spend more money than one has, nor to cling to one's wealth and the comforts it provides - in other words, it is more important to let go of desires than trying to fulfill them.

VI. Conclusion - A Change dependently arising

If, with the help of Marx and Buddha, we have somewhat of an understanding of how our economy works and how it generates crises, how it is based on greed and why that cannot lead to peace of mind - how can we deal with the capitalist crisis and the suffering it produces? What can be done?

Obviously, the economic system needs to be changed. We need more regulations that prohibit speculation and secure righteously earned wealth. We need to protect the environment and distribute wealth more equally to ensure the means of livelihood for all human beings. What the exact changes have to look like needs to be discussed.

Yet in order to be ready for these changes, we need to question our consumption, our standard of living, our distribution of wealth. We need to let go of our exaggerated consumption and accept a much simpler life. In Germany, each individual has to curb his consumption down to 20% (!) of today's average for it to be ecologically sustainable.

On this road, we can practice qualities such as moderation and generosity, two of the so-called "perfections" praised by the Buddha. On a day to day basis, we can try to be aware of our desires and moderate in our consumption, we can try to be generous in ever new ways. One day we may find happiness in fields of life not subject to commercialization, such as family and friendship, nature and culture, virtue and a liberated peace of mind, rather than in today's consumerism.

I think it is important to be aware that we need to change both the economic system and our inner life at the same time. The two are interdependent, one is, to use a Buddhist term, dependently arising from the other. Without a change in the individuals, a change of the system will not be accepted by the majority and therefore, if it comes about at all, not last very long. Without a change in the system, it takes too much effort for most people to take the necessary steps, so that individual efforts of conscious consumers will be too few and too late.

But, hopefully, if enough people do make the effort, work on their inner life, protest against the necessity to maximize profit, practice alternatives to capitalist competition and consumerism, and someday convince a majority to vote for change and accept a new economic and ecologic system that possibly even decreases the standard of living, but puts it on a sustainable and equitable level for all human beings - than anything is possible.