



Session on
**'Capitalism and Compassion:
Why Morality Matters in a Market Economy'**
20th November 2014 | New Delhi, India

Remarks by **Dr Arthur C Brooks**, *President, American Enterprise Institute*

- Capitalism should be used for the good of the poor and those who need it the most. The good news is that the world has become a lot richer and that poverty has become less than it was 30 or 40 years ago. But here is the paradox: dissatisfaction in life has increased. Although people are becoming richer they are also more dissatisfied. In the US, dissatisfaction has increased by two-thirds since 1991.
- A few years ago, I met a monk at the Akshardham Temple in Delhi. He greeted me with an American accent, and I learnt he was from Texas. His parents were engineers in Houston; he studied at the University of Texas, after which he became a consultant for McKinsey. But when he turned 30, he decided to become a Hindu monk. His logic was that “money is not the problem in our lives, but the attachment to money is.”
- In 2009, two psychologists at Rochester spoke to graduating students and asked them what their goals in life were. Five years later, they asked whether they had achieved their goals and whether they were happy and contented. Half the students wanted to have satisfying relationships, while the other half wanted to be rich/famous. So, half of them had intrinsic goals based on love, and the other half had materialistic extrinsic goals.
- When the psychologists followed up with them five years later, they found out that everybody met their goals. But while those with intrinsic goals were happy after having found love, the other half with extrinsic goals, were incredibly unhappy despite being on the path to be rich and famous. They were also ashamed of a lot of their actions.
- Why is this truth not more obvious to us? It is because society tends to keep us in the dark. Society sends us signals that fame is good and that money will bring us happiness. There is a formula that we get from our cultures for life: if you want to be happy, use people and love things. This is the formula for attachment and misery, and the source of our dissatisfaction.

- For instance, at Christmas, we see more people miserable with consumerism. There are advertisements, money and people buying more than they can afford. However, Christmas is in reality a celebration of Jesus' coming into the world in total poverty. Jesus taught people the message of non-attachment. The real message of Christmas is abundance without attachment.
- There are two main ways in which we can practice non-attachment. First, look for the things that we are attached to and give them away (Charity). Why is that important? Because giving away is good for poor people but it is even better for those who give. When you give away things you treasure the most, you become happier, healthier and even richer. The second thing is to not focus on things but to focus on emotions.
- We need a system that can create abundance for the poor and the marginalised. There has been something happening in the whole world since the past few decades. There has been 80% less hunger in the world since I was a child. Of course, there is still widespread poverty, but still, it is comparatively less.
- This is due to globalisation, free trade, property rights, rule of law, entrepreneurship and capitalism. It is these aspects that have pulled 2 billion people away from starvation.
- This is the secret to abundance for the world. We have to fight for this but we also have to be non-attached at the same time, so that we have less poverty but also more satisfaction. And this vision defies politics: it is neither left nor right.
- The thing people have a difficulty understanding is an economic system that is positive-sum as opposed to zero-sum. Proponents of capitalism have failed to talk about why it matters, and not what it does. More importantly, we need to explain 'why capitalism'. The answer is: it pulls people out of poverty and it pulls people out of misery.
- The ironic truth is nobody who is wealthy needs capitalism. Capitalism is better for the poor and the powerless. That is what pro-capitalists need to explain to people. Capitalism can raise people out of poverty while creating massive wealth for others.
- China's success is owed to world trade, largely with the United States. How is India doing better? It is because it privileges human and spiritual values. China's prospects are not as bright as those of India. For instance, it has an ageing population that is not get rich fast enough. However, India will thrive better in the future as it improves its education and health prospects.

Remarks by Mr. Gurcharan Das, Indian Author and Commentator:

- Abundance with non-attachment is central to the ethos of Hinduism. The concept of *karma yoga* is central to our values: work for the sake of the action, not for the personal reward of the action.
- The paradox we have today in India is after 20 years of reform, and a rise of middleclass and prosperity, why is it that the word market or the word capitalism is still a dirty word right now? Why must we reform by stealth? Why is pro-market equated to being pro-rich, when competitive markets have created so much prosperity?
- The question is what is more important: the number of people who become prosperous and get lifted out of the poverty line, or those who suffer the brunt of inequality. The last government let us down by making a false trade-off between growth and equity.
- The evil behind all our problems is the mirage of 'inclusive growth,' because the only real job is the job you get in the market, not those provided by government handouts like the MNREGS.
- Markets are fundamentally based on trust. This is a notion that we in India called 'dharma' that is the norm in society: it is one of the aims of life.
- It is central for people to understand that markets are based on this underlying idea that norms exist that help guide behaviour and expectations. Markets reinforce fundamental human values and moral behavior, because the market punishes bad behaviour through the customer. Still, people believe markets are a problem.

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