



Does Spiritual Economics Solve Capitalism's Current Problems?

Part 2

By Amit Goswami

"The implications of research on consciousness ...suggest interconnection at a level that has yet to be fully recognized by Western science, and throw into doubt the pervasive conception of a world dominated by competition."

*If **Willis Harman's** nine-year-old prediction is proving correct, what are we to do when capitalism, the centuries-old, but lone-surviving major model of economic organization on Earth, collides with the advent of consciousness?*

*In this second installment Academy Fellow **Amit Goswami** examines some of the effects of modern capitalism. He posits that it does not operate in a "free market" per se. Pernicious effects include environmental degradation, psychic wounding, loss of leisure time, a broadened gulf between rich and poor, boom-bust cycles, and more.*



He explores how the planet can move from the current materialist system to a more sustainable and positive "subtle economy" and suggests metrics by which it could be measured.

A quantum physicist, Amit also guides legions of people who seek his knowledge of the mysterious border where science and consciousness meet.

Does spiritual economics introduced in a previous article solve the problems mentioned of capitalism?

First, the problem of limited resources. Capitalistic growth economics crucially depends on sustaining consumer demand. This is done often by creating artificial physical needs. An example is new annual fashions for women's garments. It is very wasteful and detrimental to finite resources.

In idealist economics, as people's higher needs are met, even partially, their physical needs diminish, limiting the demand for consumption and reducing the waste of limited material resources. The economy still expands, but in the higher planes where the resources are unlimited. (There is no limit on love and satisfaction!)

There is also another related problem with capitalism and material expansion economics -- environmental pollution. This is a tricky one. In the short term, production of pollution helps expand the economy by creating pollution clean-up sectors of the economy. Believe it or not, the Exxon-Valdez oil spill disaster actually produced an economic boom in Alaska. But in the long run, environmental pollution in a finite planet environment is bound to end up with a doomsday of reckoning. Many environmentalists think that global warming has already reached doomsday criticality.

In spiritual economics, material consumption is reduced, thus automatically reducing environmental pollution.

Next, let us consider the free market. Why isn't it free in the way Adam Smith envisioned? The truth is, a really free market has large ups and downs -- the business cycles with which no democratic government can live without doing something about it. (People, the voters, wouldn't allow it).

So today, we allow government intervention either through the Keynesian approach (tax the rich and increase government programs to increase jobs and economic movements) or the supply-side approach (reduce tax for the rich; the rich will invest, the investment will produce economic activity which will trickle down to the poor). If these steps require deficit financing, so be it. Now nothing is wrong with government intervention per se. Adam Smith himself was quite aware of this. He suggested government intervention to reduce unjust income distribution, to ensure that the entry to the free market is really free even for the small entrepreneur (regulation against monopoly, for example), and to provide liberal education to everyone participating in the market. Governments today tinker with the free market in a few other ways than mentioned above that Adam Smith may not have approved: they make bureaucratic regulations, bail out big companies from bankruptcy, give tax incentives to segments of the economy counter to the spirit of capitalism, etc., etc. But who says Adam Smith's is the final word on how the free market should operate? The world has changed. The real problem with this kind of tinkering though is *idée fixe* with indefinite growth economics. I have already commented on how spiritual economics solves this problem (also see below).

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More recently, the freedom of the market is affected by more than this traditional manner. This has been the result of the wounding that materialism has produced in our collective psyche. The wounding has released the powerful among us from the search for mental meaning. They are enslaved to instinctual greed, avarice, and competitiveness. One effect of this wounding is the gross corruption of those practices that keep the stock market free. The current practice is to legalize corruption away, but this has very limited success. Another effect is more subtle.

There is now an active counter-evolutionary movement for taking away meaning-processing from large segments of people. Right now, this is more of an American phenomenon but may soon spread to other developed economies with strong currencies. Americans have been in a unique situation since the gold standard shifted to the dollar standard. Americans can borrow money to buy resources and goods from other countries almost indefinitely because those countries have not much option but to reinvest their money in American dollars and in the American economy. The American government has then the ability for large amounts of deficit financing, and it is using this deficit financing for cutting taxes for the rich. This is not immediately detrimental to the economy because the rich are both the biggest consumers and the biggest investors. But the practice enlarges the gap between rich and poor as it tends to eliminate the middle class. In this way, market share is becoming more concentrated in the hands of the rich, and a new class system is being created. Can traditional capitalism function when capital becomes concentrated again as in the feudal-ist/mercantile economy?

In spiritual economics that would be a part of a universal revival of idealist values. We do not deal with the symptoms of the materialist wound such as corruption, but heal the wound so the symptoms disappear.

For example, take the case of deficit financing. I commented above that today it is being used to increase the wealth gap between rich and poor, contrary to the spirit of capitalism. Even worse, deficit financing removes the very important economic constraint against nations with aggressive ideas. George Bush's Iraq war would not have been possible if deficit financing was not permitted. So should we be against deficit financing in idealist economics? Not necessarily. How does spiritual economics deal with government creating income disparity between rich and poor or waging aggressive war? In an idealist society, the root cause for the government actively creating income disparity or war -- negative emotion -- would be addressed and attempts would be made to eliminate them by creating an oversupply of positive emotions.

Instead, in idealist economics we can use deficit financing to eliminate income disparity (as Adam Smith envisioned) as far as practicable without affecting the proper functioning of the economy -- national and international (that is, so long as the deficit remains only a few percentage points of the GNP).

Let's now take up the subject of the other counter-evolutionary tendency of capitalistic expansion economy -- loss of the worker's leisure time. Spiritual economics has a built-in constraint on expansion, as already noted. So the standard of living does not have to move up and up at rates faster than wage increases. Even more importantly, spiritual economics values other needs and their satis-

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faction that require leisure time. So in this economics, standard of living is defined differently and increases not in the material dimension but in the higher dimensions and without compromising the worker's leisure time.

Finally, let's take up the subject of multinational corporations. Multinational corporations have access to cheap labor in underdeveloped economies, and they exploit this by shifting manufacturing to underdeveloped countries, outsourcing, etc. Labor thus loses the leverage of wage increases through negotiations with management, since the labor laws are very different in underdeveloped countries because of economic necessities. The labor of developed countries loses leverage too because of increasing fear of jobs moving to even cheaper countries.

In order to subject multinationals to uniform management-labor practices, obviously we need to move from nation-state economies to more and more enlarged international economic unions. In other words, the tendency of spiritual economics would be to move toward one international economic union within which the individual democracies will function with political and cultural uniqueness and sovereignty, but with increased cooperation.

"Cures" to boom-bust cycles have created a perpetual expansion economy... and a perpetual drain on planetary resources.

How Idealist Economics Solves the Problem of the Business Cycle

I mentioned the business cycle, which is commonly referred to a boom and bust cycle. In the nineteenth century, after some years of growth, capitalist economies seemed to fall into a recession. There always existed the possibility of an even deeper stagnation called depression that eventually happened in the twentieth century. Keynesian and supply side government intervention cures were proposed precisely to prevent this kind of fluctuation. With these cures, recessions still occur, but they are milder. But these cures have created a perpetual expansion economy. Because recovery depends almost entirely on consumerism, a perpetual drain of the planetary resources has been created.

In a spiritual economy, since production of subtle products is cheap, in recessionary times we can soften the blow by increasing production in the subtle sector so that consumption in that sector would also increase. This would reduce demand in the material sector giving businesses time to regroup and increase material productivity. In the same way, in "boom" times the production of the material goods increases, material consumerism will increase, and there will be less subtle stuff produced and consumed. But as the economy recovers, people's material needs are satisfied again, and they once again become hungry for the satisfaction of their subtle needs whose production then increases. And this has the effect of putting a damper on the inflationary tendencies of "boom" times in a capitalist economy. The important thing is that there is no subtle price for the subtle stuff; there is no inflationary pressure in the subtle dimensions. Paying attention to the subtle just enables the entire economy to soften the blow of both recessions and boom time inflationary pressure. In other words cyclical variations of the economy would be much less severe...so mild that little or no government intervention would be required to keep the economy in a steady state.

Many economists have wondered if it is ever possible to achieve such stable

economy. I am convinced that spiritualizing the economy is the means to do so. The million-dollar question is how do we go about replacing capitalist economics by this spiritual economics? And, can we even quantify holistic well being? For the basic needs, the GNP is a fairly good indicator. Can we generalize the concept of GNP for spiritual economics?

Implementation: when and how?

How will spiritual economics replace capitalism? When? You may think spiritual economics sounds good. It brings together spiritual values and what is best in capitalism. But how is it going to be implemented? By the government? By social revolution as in the case of the Marxist economics? By a paradigm shift in the academic practices of economics?

How did capitalism come to replace feudalism/mercantile economy? On one hand, it was the brainchild of Adam Smith, no doubt. And indeed it helped that academics welcomed Smith's research as it opened a new paradigm in academia, economics itself. But today's academic situation is quite different from the days of Adam Smith. Some time ago, academic economists chose to pursue not a real world economics but an economics of certain ideal situations so that mathematical models can be used for economic prediction and control. For example, a very recent economic theory was heralded as a breakthrough because it applied a new innovation of game theory mathematics to economics. Previously, economists were handicapped in their application of game theory because they had to assume "perfect rationality," that every economic player can figure out the best money-maximizing strategy combination used by the competition. But, obviously, perfect rationality is impossible in practice because there are so many possibilities. What we have is "bounded rationality" -- rational decisions made on the basis of incomplete information about the money-maximizing strategies of the competition. The new breakthrough is considered valuable because it uses information theory formulas to figure out approximate descriptions of a set of strategies even with the assumption of bounded rationality. But this still is not the real world. Materialism has so eroded our pursuit of rationalism; today we are so subject to negative emotions in our decision making that any theory that ignores the emotion component of economic decision making of the competitor is not going to be of much use.

Actually, the implementation of capitalism happened not because academics welcomed the idea but because capitalism served the purpose of a modernist adventurous people. Capitalism rose to prominence during a time when people were exploring new adventures of mind and meaning which feudalism lacked the manpower to do. The exploration of meaning had to be opened up as science broke free from religious authorities. As meaningful exploration opened up, science had to be prepared for the implementation of the fallout of this exploration by making capital available to innovative people, and keeping it available. Hence capitalism was inevitable.

And now modernism has given way to post-modernism and trans-modernism. The old-fashioned exploration and expansion in the material world are practically over. The old frontier is gone. However many times you see reruns of *Star*

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Trek, outer space is not going to emerge as mankind's final frontier to play out one final episode of defunct modernism.

Now society has to deal with the shortcomings of capitalism with little opportunity to expand in the face of finite resources and challenges of environmental pollution. In addition, it has to heal the wounds created by materialism. There is a new frontier; the new frontiers belong to the subtle dimensions of the human being, and we need a subtler economics to ride in order to explore it.

So spiritual economics is inevitable for implementation because our society needs it. As our society moves beyond our competitive ego needs, as we begin to explore the benefits of cooperation en masse, the old competitive capitalist economics has to give way to the new economics where competition exists simultaneously with cooperation, each in its own sphere of influence.

The mode in which we conduct business provides the drive for the change in economics.

To understand this, we need to look at how any economics is really implemented. What are the elements that implement it? These elements are the businesses, of course. The mode in which we conduct business provides the drive for the change in economics. And vice versa. The change in economics helps businesses along. Each is essential to the other.

So what will enable spiritual economics to replace capitalism? Ultimately, it is the need of the workplace, the businesses. And there, if you look, you will find ample evidence already that business is changing its ways.

Yes, competition will continue to exist. Without competition there is no market economy. But operating in the workplace, *inside* of businesses, with increasingly frequency we see a different philosophy and a different aspect of the human being. In our businesses, we have discovered the value of creativity, leisure, love, cooperation, and happiness. This is the subject of the next article in this series.

Redefining the GNP

To most materialists, science has to deal only with the material world, because only the material can be quantified or reliably measured. We have to eradicate this prejudice.

We cannot measure vital energy, *prana*, or *chi* in the same sense that we can measure a quantity of rice, but it is not true that we cannot measure it at all. For example, when vital energy moves out of you, your feeling at the particular *chakra* will tell you the story, and the same is true of vital energy excesses. When vital energy moves out of the navel *chakra*, you feel insecurity, butterflies in the stomach. When vital energy moves into the same *chakra*, the feeling is quite different, that of self-confidence or pride.

Similarly, meaning-processing gives you a feeling of satisfaction in the crown *chakra* because vital energy moves in there. So we can quantify meaning to some extent by the "amount" of satisfaction we derive from processing it.

Even the supramental can be measured. If we perform a good deed for someone, an example of altruism, we are happy or blissful. Not because there is any particular influx of vitality in any of the *chakras*, but because our separateness is momentarily gone. With love, it is even easier. Because we not only feel the bliss of not being separate from the whole, but we also feel vital energy in the heart

chakra. And both can be used as a measure.

Of course, these kinds of measurement are not accurate; they are indeed subjective and always a little vague. But if we remove the prejudice that only accurate and objective measurements count, what then? Then we can certainly establish criteria to judge a nation's net gain or loss of currency (feeling, meaning, and godliness) in the subtle domain. We must note that quantum physics has already replaced complete objectivity (strong objectivity) by weak objectivity in which subjectivity is permitted so long as we make sure that our conclusions do not depend upon particular subjects.

For example, we can send questionnaires to people to keep an ongoing tab on their feelings, meanings, and supramental experiences or lack thereof. When we tally all this for the entire year, we can calculate easily an index of vital, mental, and supramental well being. This index then will complement the GNP, which is the index for our material well being.

In the same way, we can estimate the contribution to the vital, mental, and supramental energies from a particular production organization.

Some examples will show that well being in the subtle dimensions really does count, and we are missing something in our economics because we do not count it. In Hindu India (before the tenth century), the country and culture were fundamentally spiritual. The economy was feudal, of course, but according to all accounts (not only indigenous but also written by foreign visitors), people were satisfied and happy despite the prevalence of the caste system. What gives? Hindu India certainly had wealth, but no more than today's America. A spiritual culture generates a lot of good vital energy, mental meaning and spiritual wholeness. That is the reason. The subtle wealth reduced the need for material wealth and more than made up for the lack of it. The same was true for Tibet until the recent takeover by communist China.

Of course, neither the Indian nor Tibetan cultures are perfect because they did limit meaning-processing of the lower classes, so evolution of consciousness eventually caught up with them. But so much energy was generated in the subtle domains in the Indian culture that even today when there is real poverty in the material domain, the Indian poor are quite happy because they continue to inherit and maintain their subtle wealth. If Karl Marx had seen that, it might have made him rethink whether the exploited classes are always unhappy!

Another example is the Native American culture of old. There was so much subtle wealth there that nobody even cared to own material wealth. They treated material wealth in the same way as subtle wealth, globally, collectively, and without playing a zero-sum game.

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TRANSFORMATION

Amit is the author of six books including the successful textbook, [Quantum Mechanics](#). Amit is a pioneer of science within consciousness — science based on the primacy of consciousness — which is developed in his books, [The Self-Aware Universe: How Consciousness Creates the Material World](#) and [Science and Spirituality](#). He has also authored [Quantum Creativity](#) and [The Visionary Window: A Quantum Physicist's Guide to Enlightenment](#), and [Physics of the Soul](#), and the upcoming *Integral Medicine*. Amit gives workshops in the United States, Brazil, Sweden, and India on the subjects of quantum creativity, quantum healing, physics of the soul, and science and spirituality. He recently appeared in the film [What The Bleep Do We Know?](#)

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