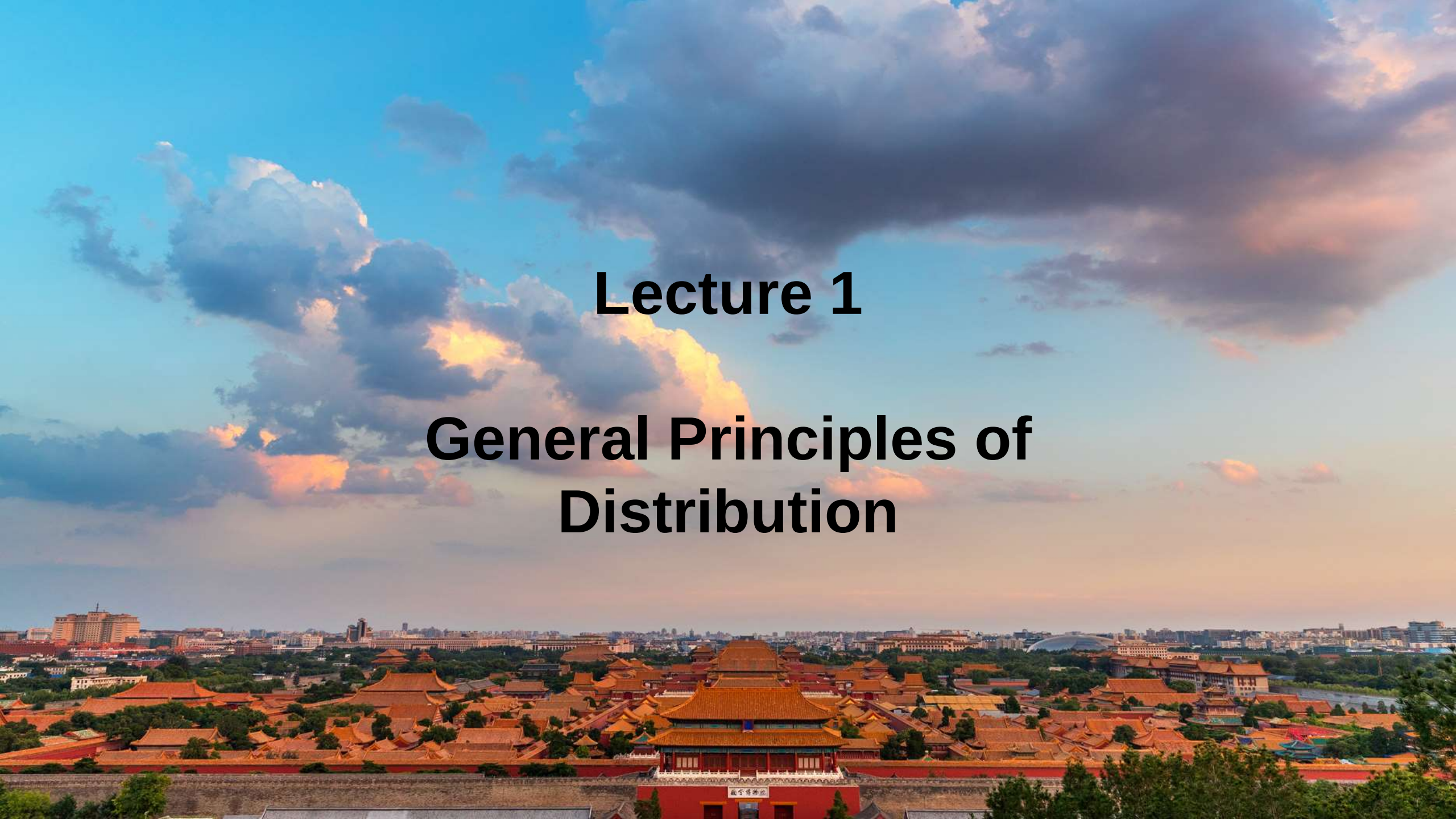




Lecture 1

General Principles of Distribution

Learning outcomes



I. ABOUT DISTRIBUTION

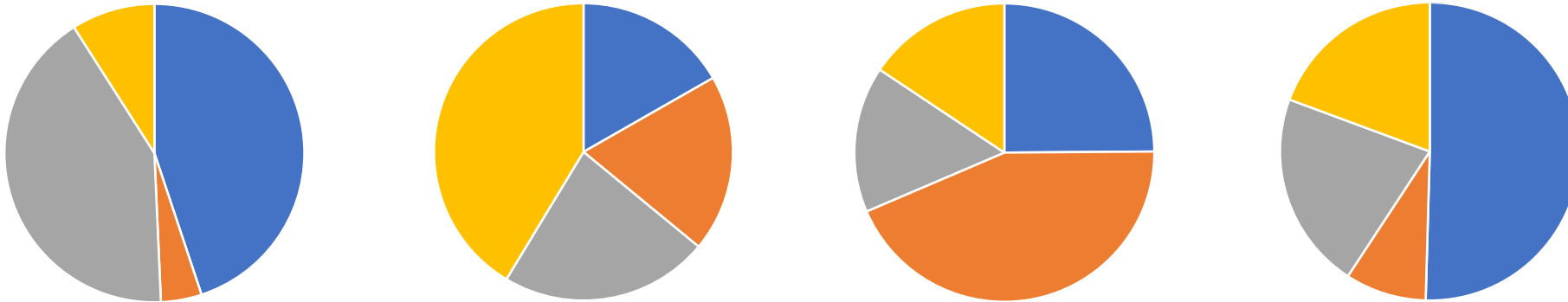


- There are two basic economic problems:

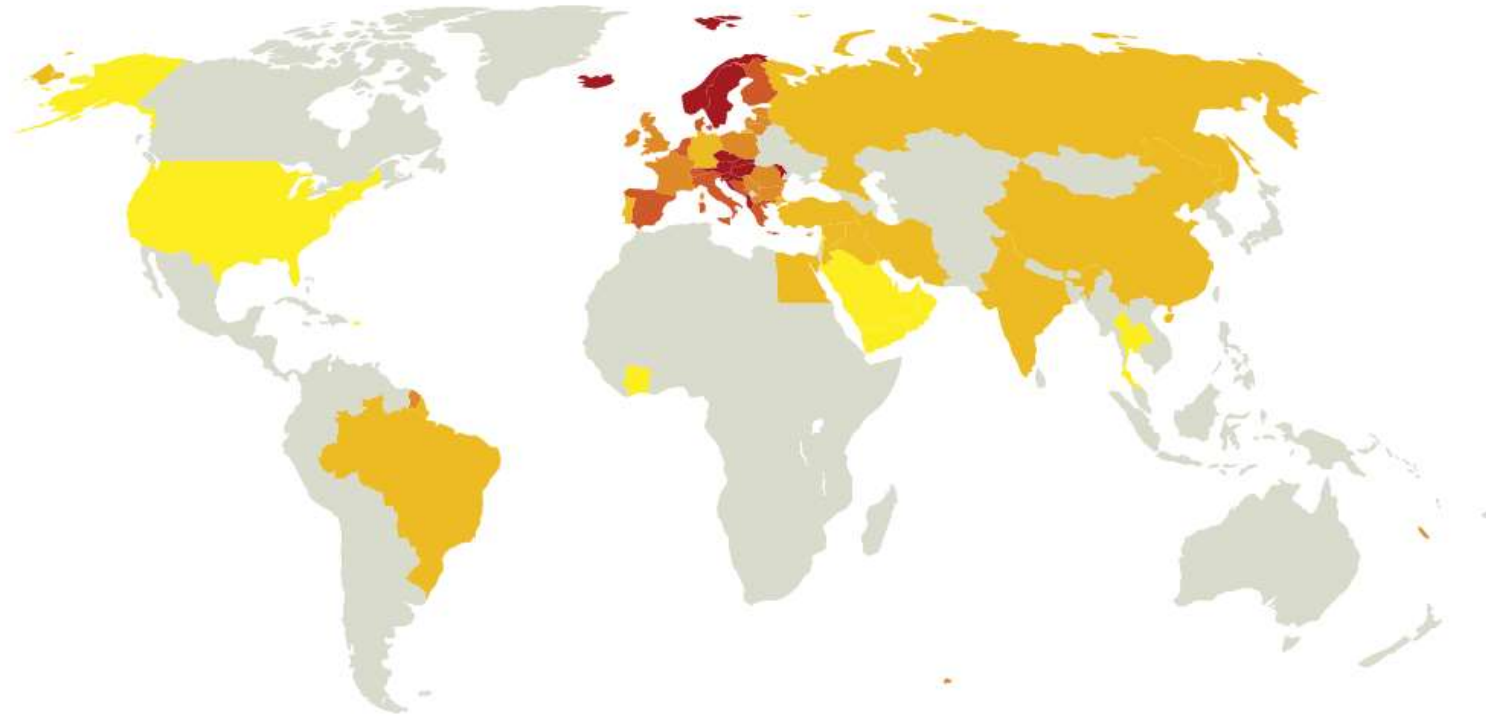
- The size of the economic pie



- The distribution of the economic pie



Bottom 50% national income share



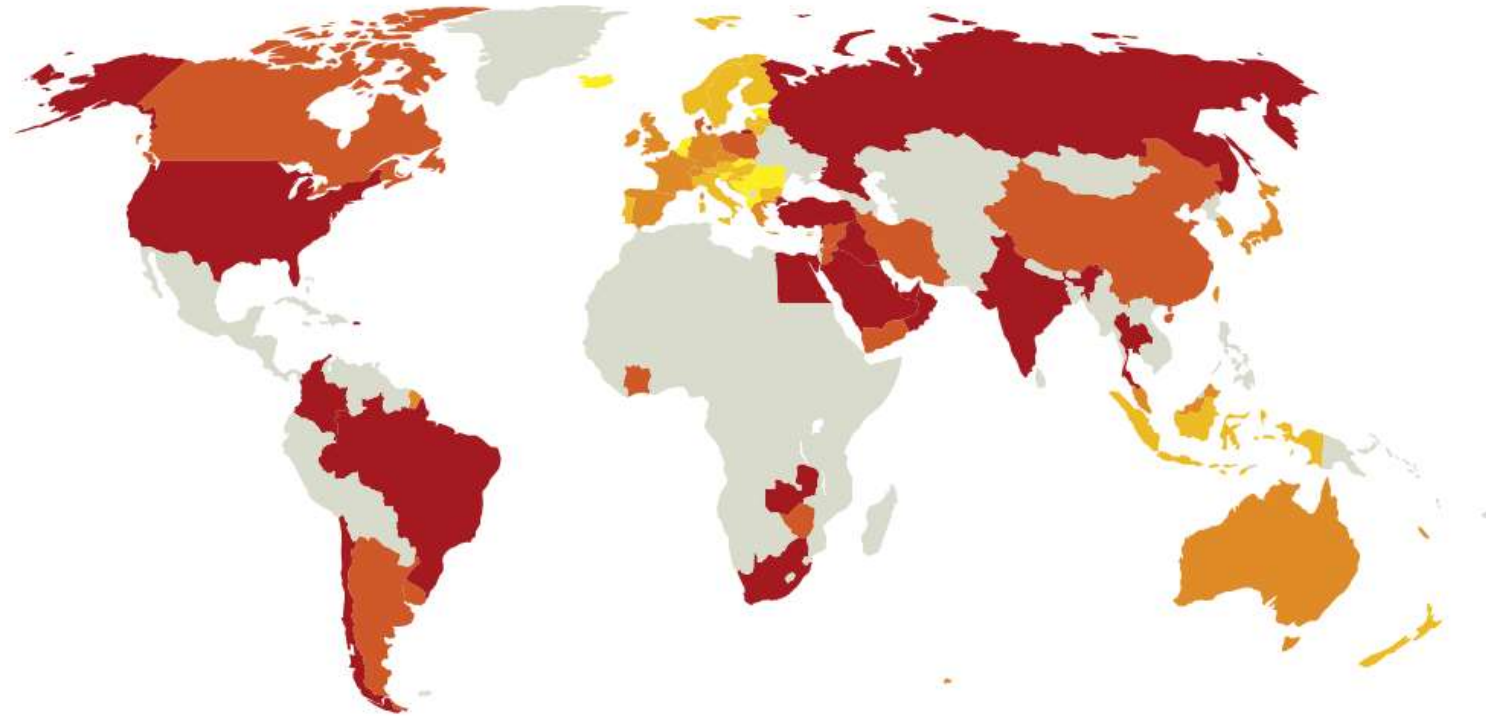
Share of total (%)



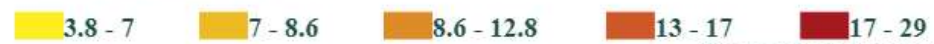
Graph provided by www.wid.world



Top 1% national income share



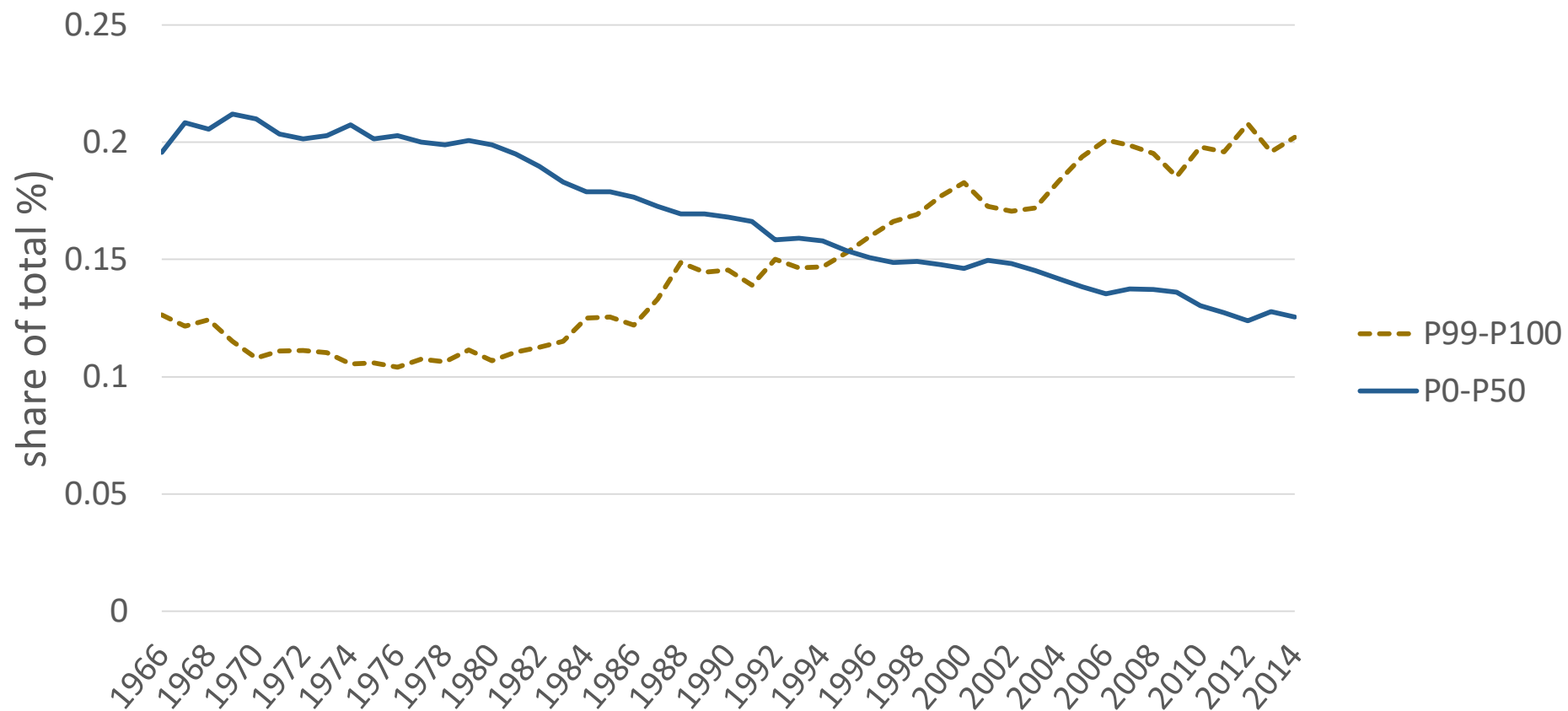
Share of total (%)



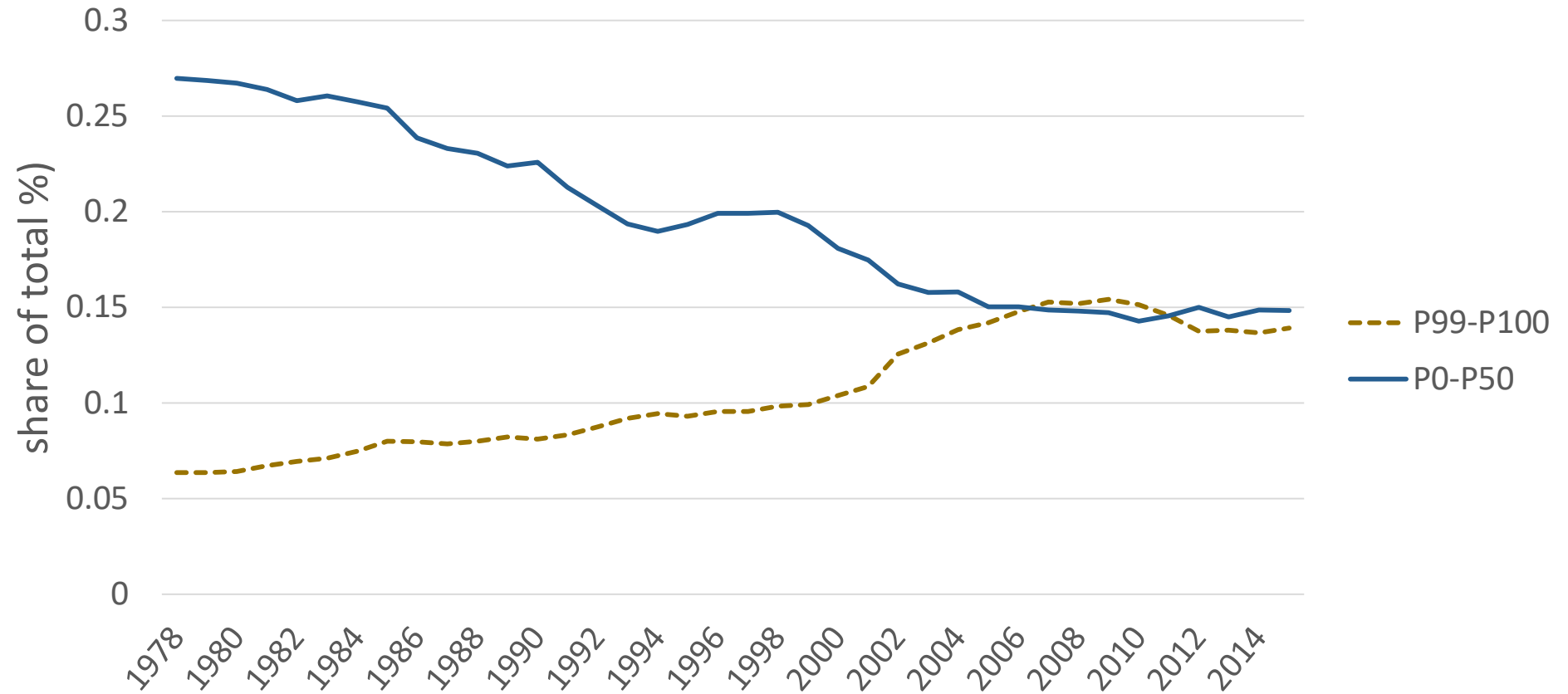
Graph provided by www.wid.world



Pre-tax National Income (United States of America)



Pre-tax National Income (China)



- *“In practicing the rules of propriety, a natural ease (harmony) is to be prized”*

--- Analects, Xue Er

- An important teaching by the Buddha is called **“the six principles of harmony and respect” (六和敬)**
 - *“Enlightening beings...always earnestly practice the six principles of harmony and respect, and therefore are able to cause the lineage of Buddha not to be cut off.” (常勤修習六和敬法。是故能令僧種不斷。)*

--- The Flower Ornament Scripture



The principles

As group of
Buddhist monks

In society and
company

Having the
same
viewpoints

Achieving
enlightenment

GDP, Profit making,
production target

Observing
the same
precepts

Buddhism
precepts

Ethical code, law,
regulation,

Living
together

Group of monks
living together

Group living in terms
of family, colleagues,
city, country, and the
world



The principles

As group of
Buddhist monks

In society and
company

Speaking
without
conflict

No argument,
speak with
care

No argument,
speak with care

Experiencing
Dharma bliss

Advancement
in the degree
of
enlightenment

Joy from the heart,
sense of blessing

Sharing
benefits

Equal share
of the use of
all property

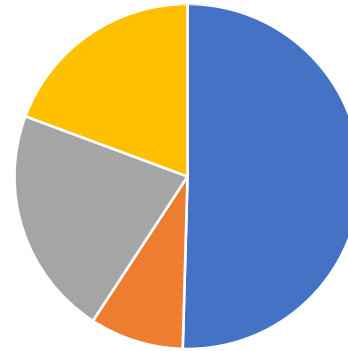
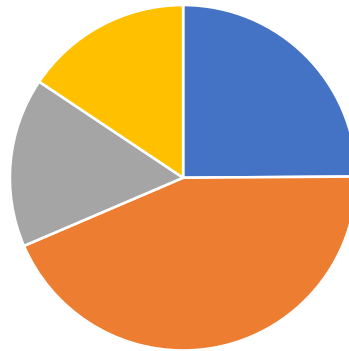
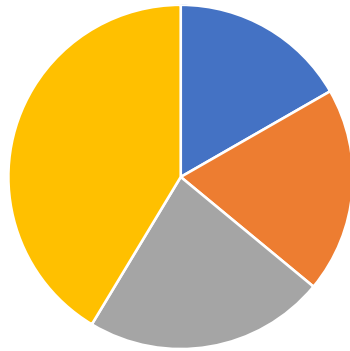
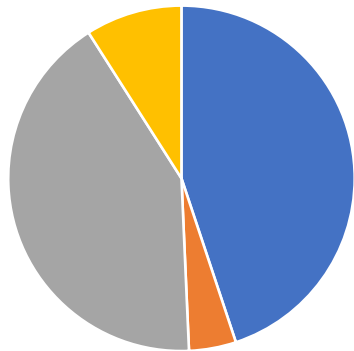
**Appropriate
allocation of
reward and
resources**



- The six principles of harmony is not only the fundamental rule of Buddhist practitioners in maintaining pure mind, but also the absolute solution of prosperous family, thriving company, harmonious society, and individual happiness.
- The sixth principle (benefit sharing) is the focus of this lecture.
- We will explore what it means by “**appropriate allocation of reward and resources**”



- In the economic theories of the Confucians, more importance is attached to the problems of distribution than to those of production
 - Distribution according to the principle of equality
 - Distribution according to need



II. DISTRIBUTION ACCORDING TO THE PRINCIPLE OF CONTRIBUTION



II.1 Wealth based on productivity & contribution

- *“They must first do the work, and then take the pay.”*

--- Book of Rites, The conduct of the Confucians

- *“The Master said, ‘The ceremony takes place before the silks (offered in connexion with it) are presented - this is intended to teach the people to make the doing of their duties the first thing, and their salaries an after consideration’ ... It is said in the Yi, ‘He reaps without having ploughed that he may reap; he gathers the produce of the third year's field without having cultivated them the first year; there will be evil.’”*

--- Book of Rites, Record of prevention



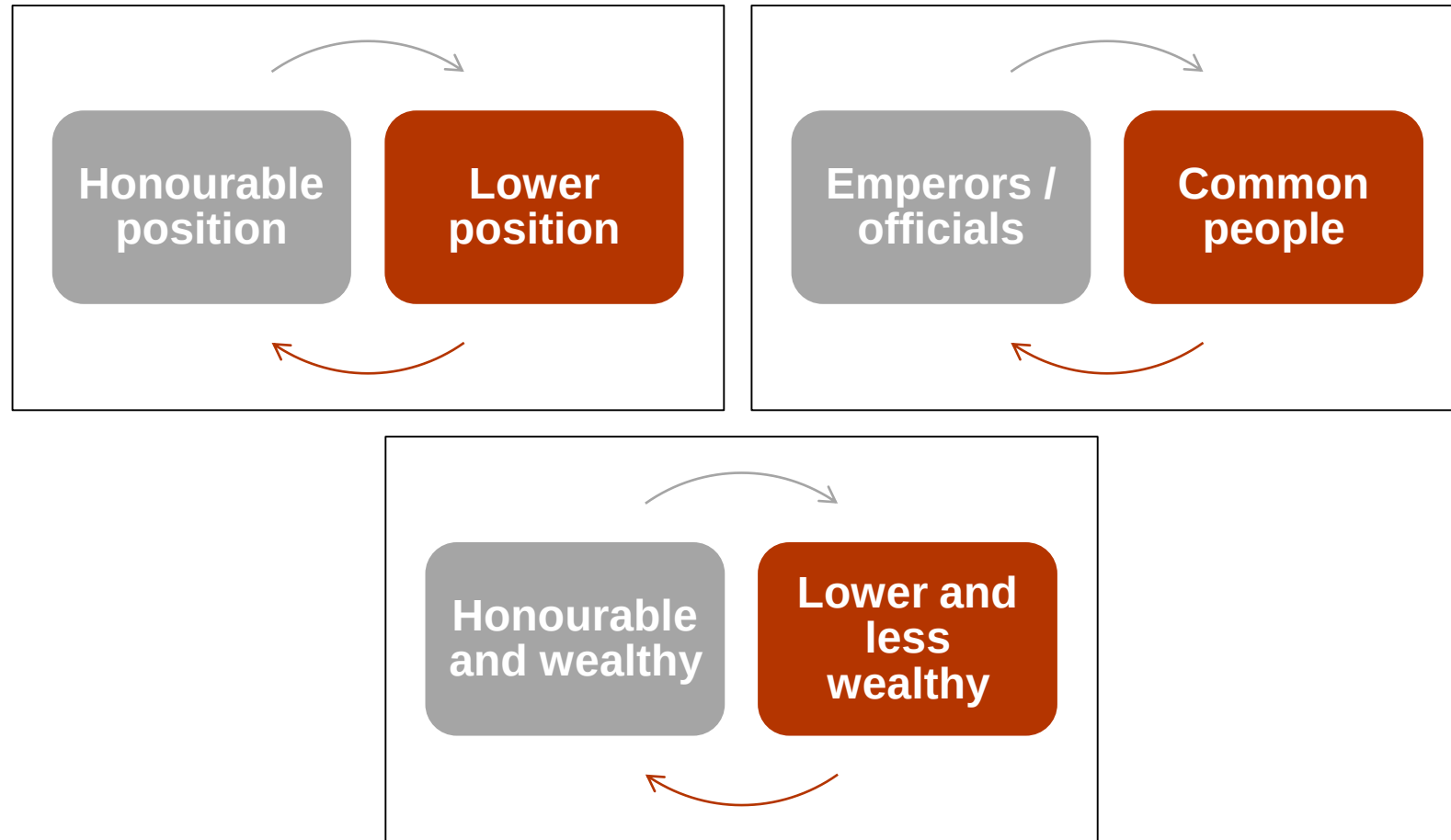
- Equal distribution $\neq$ Equal sterling value of income
- Equal distribution = Equal opportunity
 - Opportunity, from which he will be enabled to generate the same amount of income
- As long as the majority of can have equal opportunity of production, and can live at the social standard without suffering of poverty, it is equal distribution (it is a concept of approximation)



- According to Xun Zi, desire without limit leads to chaos, so rites and justice are established to provide a benchmark for wealth distribution.
 - The principle of harmony is where all men take up their work and get their justice respectively.
 - Those who receive a lot (a little) would not think it is too much (too little), because it is just.
 - Reading: *Excerpts from Xun Zi, Honour and shame*



- The social principle of Confucius has two divisions of men:



- Although the society is divided into different classes, there is nothing to confine anyone to either class, and he will either rise or fall according to his own ability.
- Two questions that we will deal with in future lectures
 - How do Confucians measure the amount of contribution and productivity?
 - What if the upper classes people take advantage of the lower classes people?



II.2 Justification of equality – harmony & peace

- *“The former rulers, Wen and Wu, were greatly just and enriched (the people).”*

--- Canon of History, Announcement of King Kang

- Confucius uses King You (781-771 B.C) as a bad example who ruined the Western Zhou dynasty because of great gap between the rich and the poor. Such an unequal distribution is the sign of ruin.



II.2.a Psychological reason

- Again it comes down to natural human behaviour.
- Those with too much wealth are just as badly off as those with too little wealth.
- Reading: *Excerpts from Many Dewdrops of Spring and Autumn, Rules (Du Zhi)*



- *“The Master said, ‘The small man, when poor, feels the pinch of his straitened circumstances; and when rich, is liable to become proud. Under the pinch of that poverty he may proceed to steal; and when proud, he may proceed to deeds of disorder. **The rules of propriety recognise these feelings of men, and lay down definite regulations for them, to serve as prevention for the people.** Hence the sages dealt with riches and honours, so that riches should not have power to make men proud; that poverty should not induce that feeling of being pinched; and that men in positions of honour should not be intractable to those above them. In this way the causes of disorder would more and more disappear.’”*

--- *Book of Rites, Record of prevention*



- Recall chapter 33 of *the Infinite Life Sutra*
- What is the ultimate goal of economic management and governance?
 - Wealth?
 - Material supply?
 - Efficiency in production?
 - Happiness?
 - Harmony?
- The ultimate aim of equal distribution is to keep both rich and poor in good nature and preserve social peace.



- The Buddha teaches about the “**establishment of mindfulness**” (四念處) in *Agama* (阿含經)
 - Mindfulness of the body (身念處)
 - Mindfulness of the feeling or sensation (受念處)
 - Mindfulness of the consciousness (心念處)
 - Mindfulness of the dhammas (法念處)
- A subsection of part of “feeling” is “**realising all enjoyments are pain**” (觀受是苦)



III. DISTRIBUTION ACCORDING TO NEED



- Need based distribution is an important principle in Confucianism.
- In the first year of Duke Yin of Lu, it records: “*The emperor sent the sub-administrator Xuan to **return** (i.e. give) a present of two carriages and eight horses for the funerals of Duke Hui and his wife Zhong Zi.*”

--- Spring and Autumn, year 1 of Duke Yin of Lu

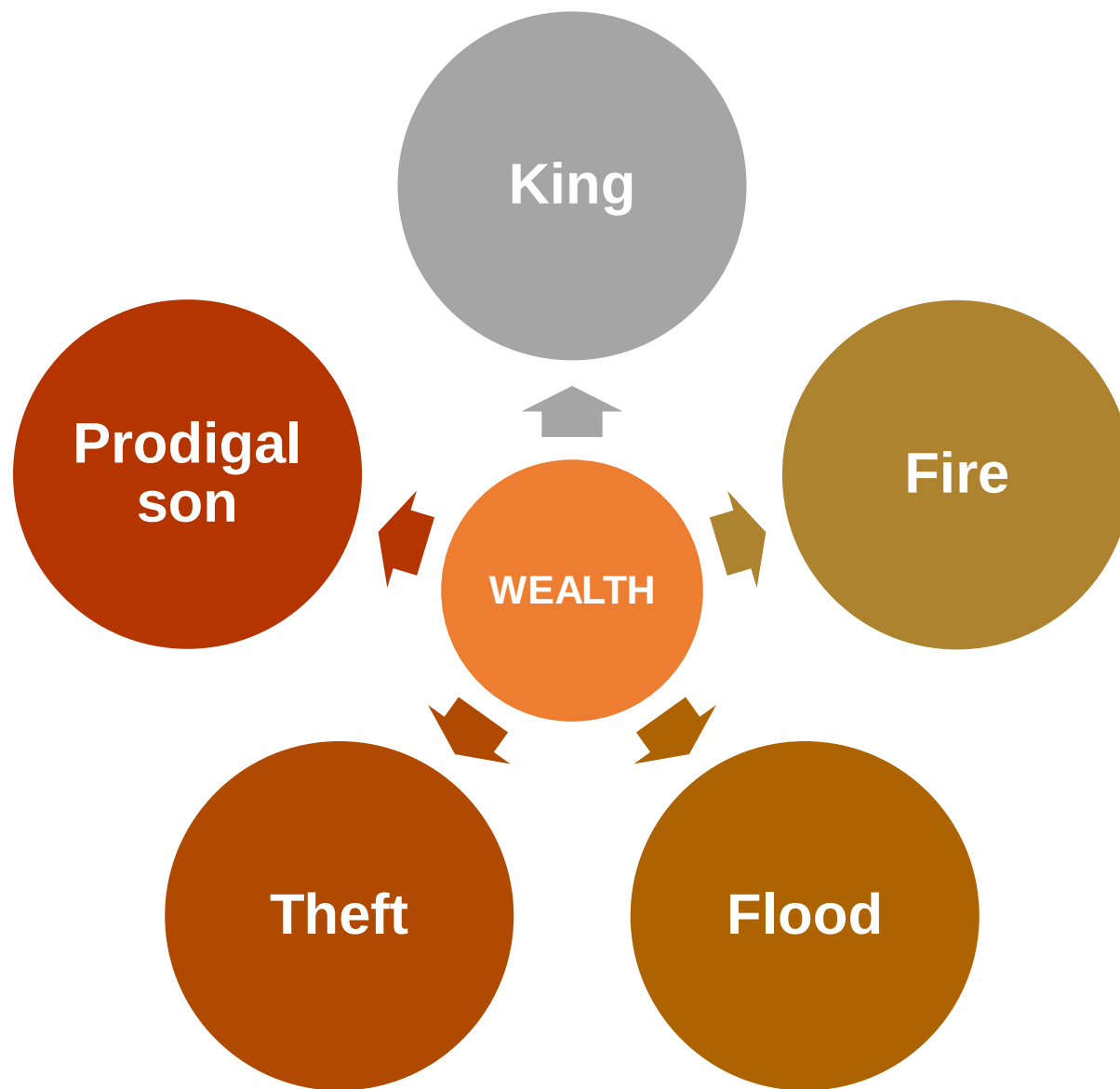
- Why should Confucius use the word “**return**”? It is because he wants to indicate that the receiver, Duke Yin, should have a common ownership in those things with the Emperor.



III.1 The nature of wealth

- Why do we share wealth? Why do we even consider what others may need? Reason apart from pure philanthropy?
- According to Buddhist scripture, *the Great Discourse on Prajñāpāramitā (wisdom)* (大智度論), the so-called “wealth-of-yours” is shared by five parties





- Wealth is pre-determined by the amount of good deeds one has done in the past. Giving it away to those in need does not reduce what one is destined to possess.
- Based on *the Great Discourse*, the only reliable way to preserve wealth is virtue and causality, while wealth itself is only a result.
- In another word, the way to preserve and grow wealth is through distributing it to those in need, and wealth will come back in multiples.



- We must see wealth as water, the nature of which is in the coming and going, and it multiplies in the process. The accumulation of wealth is like blocking the water from flowing.
- Confucius recognizes the private ownership of wealth, but he denies that the owner has an absolute right to it. **The society is the supreme owner of everything**, and the temporary possessor only a trustee. Since nature is a co-operator in production, **no one can claim the absolute ownership of anything**. Hence, **distribution of wealth should be according to the needs of the members of society**.



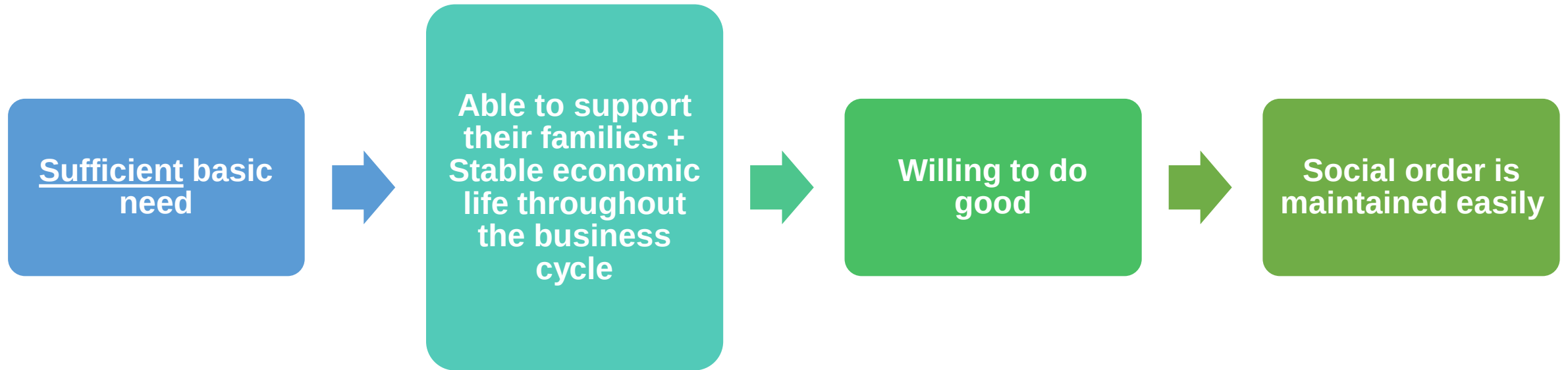
III.2 Importance of satisfying basic need

- Need-based distribution has immediate social impact.
 - Reading: *Excerpts from Mencius, King Hui and Liang i*
 - Education will have little success where life is embittered by miserable poverty, Mencius shows himself well acquainted with human nature.





----- VS -----



- Ultimately, distribution method should be designed on how to make a man good citizen. If basic physical need is the foundation of being a good person, then THIS should also drive the methodology of distribution.

