

---

# THE ECONOMY OF GOODNESS

善之经济

---

REY SHENG HER 何日生

## THE TIME WHEN COMMERCE WAS COMMON GOODNESS

In the 18th century, the world was fraught with wars and religious conflicts. The Catholic Church and Protestantism were at bitter odds, and only business was the most secure field. Voltaire said:

Take a view of the Royal Exchange in London, a place more venerable than many courts of justice, where the representatives of all nations meet for the benefit of mankind. There the Jew, the Mahometan, and the Christian transact together, as though they all professed the same religion, and give the name of infidel to none but bankrupts. There the Presbyterian confides in the Anabaptist, and the Churchman depends on the Quaker's word. At the breaking up of this pacific and free assembly, some withdraw to the synagogue, and others to take a glass. This man goes and is baptized in a great tub, in the name of the Father, Son, and Holy Ghost: that man has his son's foreskin cut off, whilst a set of Hebrew words (quite

unintelligible to him) are mumbled over his child. Others retire to their churches, and there wait for the inspiration of heaven with their hats on, and all are satisfied. (Voltaire, c.1778)

Voltaire painted a picture of commercial justice. In an era of political and religious conflicts, commerce provides an arena of harmony and mutual exchanges. Commerce was the highest goodness in the world then. Self-interest was acknowledged by all religions and peoples. In commerce, everybody treats one another equally in harmony without ideological conflicts.

#### SELF-INTEREST AND THE CONFLICT WE FACE

Today, however, the problem in the economic field is that we have seen self-interest as the highest goodness. Self-interest has become the greatest common divisor in the world today. The conflicts in the present world are neither ideological nor religious but are mostly caused by the widening gap between rich and poor and struggles over the control of economic resources. The disadvantaged might try to overthrow the advantaged and aggravate conflicts on the pretext of religious or racial reasons.

Self-interest leads to an ineffective distribution of resources. The Prisoner's Dilemma (Poundstone, 1993) tells us that when two prisoners care only about their own interests, neither of them will end up with returns. Only when both care about each other can they reap benefits.

Economically, self-interest serves no Pareto optimality (Merriam-Webster, nd), either. Pareto optimality refers to a situation when there is no alternative state that would make some people better off without making anyone worse off. Such an ideal distribution can only be achieved by a mind of altruism.

#### ALTRUISM AND A CARING MATERIAL LIFE

Altruism is like water that flows naturally into low-lying places. If a mind of altruism arises, individuals would care for those in need in their own ways.

The idea of an "Economy of Goodness" suggests that the goodness of manufacturing and of consummation must be based on care for material life. "A Caring Material Life" means that we will not drive consumption by interests and endless manufacturing and consumption, and wastage will be ended. Manufacturing should be motivated by altruism. Adam Smith hypothesized that a baker or brewer thinks of no consumers but only his living and fees for his children's dinner (Smith, 1776). If so, however, how can the baker or brewer make bread or brew wine popular with buyers? Behind commercial self-interest is altruism, and successful business must be altruistic.

The Economy of Goodness emphasizes "self-interest through altruism". Only altruism can resolve conflicts, and altruism is based on compassion. Only when we see others' interests and happiness as our own can we practice true altruism. Only when we jointly benefit all humans can we create a harmonious world. Only when we recognize that human beings must benefit all things can we rescue the earth on the verge of a breakdown. Altruism points to all-win and all-prosperous ways for human beings.

People are born self-interested and altruistic at once. How to make people more altruistic and less self-interested is key to the motivation of goodness in the Economy of Goodness. We may start by reaching out to the needy to deepen our mind of altruism. Extending a helping hand to those who suffer is crucial in transforming self-interest into altruism.

From the Prisoner's Dilemma, we can see that exclusively benefiting ourselves cannot guarantee our own interests. In the Prisoner's Dilemma, only when the two criminals cover for

each other can they obtain the greatest benefits. Otherwise, both would lose. If one is selfish and shifts the responsibility to the other, will the altruistic one lose and the selfish person win? Not necessarily. A cross-interrogation may make both lose. If both are altruistic and neither of them reveal the truth, perhaps both will benefit. The less information, the harder the conviction. However, this must be based on mutual trust and a willingness to be altruistic even when information is asymmetric for the two. The Prisoner's Dilemma means that only when both sides know they are not to be sold out by the other, are they willing to act in the partner's interest. If the information is asymmetric and opaque, the prisoners will be selfish. This is altruism for confirmed self-interest.

#### HUNGER DILEMMA

Despite the inadequacy of Prisoner's Dilemma, I propose assuming a Hunger Dilemma to elaborate the necessity of mutual love and altruism for the Economy of Goodness. Suppose there was famine in a village. Two people had been starving for two weeks and were dying. They were in urgent need of food to survive. They staggered all the way until they reached a river. Suddenly, they saw a piece of cake big enough for only one person but hung from a tree stretching over the middle of the river in which a crocodile was waiting for food. The two hungry people hankered for the cake. Under such circumstances, were they to cooperate or to fight against each other, or have a good division of labour to obtain the cake? Was it better to give or exploit? If they fight against each other, neither of them would gain the cake. The cake could not be gained only by one person's effort. There must be one person who is to lead the crocodile away for the other to take the cake. But who would be the one to distract the crocodile?

The one who is to distract the crocodile away would not only risk himself being killed but the cake being eaten by the other. If neither of them is willing to draw away the crocodile, both will starve to death. If, on the contrary, one person is willing to risk, at least one person can survive, or two people share the cake equally and avoid starving to death that soon. So how would these two people do?

#### COOPERATION? OR ACT ALONE?

If two people fight for the cake and if one is injured or killed, the other would not obtain the cake. Besides, in competition the two may risk both falling into the water to feed the crocodile. Dependency on one's own effort might lead to one totally exposed to the coveting crocodile and a lowered chance to gain the cake. The only way is mutual help instead of mutual benefit, as one might be sacrificed. The one who is willing to be sacrificed would be the person with love.

Suppose what these two people would do if they were father and son or husband and wife with deep feelings to each other. Nine times out of ten, one must lead away the crocodile and the other would fetch the cake. This is a relationship of love. One risks or sacrifices for the other to have interests. One or both may benefit and be spared from hunger. In this case, there is no other relationship than one of mutual aid and love that could help people survive.

#### ALTRUISM AND PARETO OPTIMALITY

The counterpart here can be business partners, business rivals, colleagues, shareholders and so on. In the Hunger Dilemma, no matter whether the information is transparent or not, no matter what the attitude of the other party is, altruism can benefit oneself through rational analysis. Under threats and interests, only cooperation is the best practice.

Pareto Optimality refers to a state of resource allocation, in which there can be no other better or worse redistribution for any individual or criterion. In a situation, for a group of people, when the switch from resource allocation A to B would not make it worse for anyone or make it better for at least one person, it is called Pareto Improvement.

Can Pareto Optimality be achieved through altruism? Production-wise, if every enterprise practices altruism they will pay close attention to market needs and will not intentionally produce low-quality or harmful products. Moreover, they will not engage in vicious competition, and they may create products that are not available or sufficient in the current market. In this faith-based economic market, enterprise shutdowns from competition will happen less and product quality should improve. This is Optimal Production.

Likewise, Optimal Exchange could only be made through altruism. In an altruism-based financial market, loans and interest must benefit both lenders and borrowers. Both sides would try their best to make up for the loss of the other to reach the optimal exchange. The key lies in the mutual openness and transparency of negotiation and information, which again relies on altruism. If information is concealed or distorted intentionally, it may lead to the Prisoner's Dilemma, and nobody could be the winner.

The Optimal Exchange and Production can only be achieved based on altruism. Production is powered by the development of science and technology. Innovation brings business opportunities as well as industrial transformation, resulting in the structural failures of enterprises or unemployment. If all products could mix well, without kicking the opponents out of the market, paid sharing of technology must be based on altruism. Technology sharing should be paid as there is no free lunch. Japan saw frequent alliance between enterprises and industries rather than American competition and

bankruptcy. Within the inter-industry and inter-enterprise alliance, sharing of new technologies and new ideas, including management modes, and even exchange of unsuitable employees under industrial transformation have contributed to stable employment and industrial prosperity.

An Economy of Goodness is mainly based on altruism, and it will not eliminate competition and innovation. On the contrary, by collaboration and compassion, we, the human race, might find enormous energies to create an innovative, fortunate and equal world.



DR. REY SHENG HER, Deputy of Chief Executive Officer, Tzu Chi Foundation  
Associate Scholar, Harvard University, FAS, CAMLab

## REFERENCES 参考资料

- Merriam-Webster. (n.d.). Pareto. In *Merriam-Webster.com Dictionary*. Retrieved 19 July 2021, from <https://www.merriam-webster.com/dictionary/Pareto>
- Poundstone, W. (1993). *Prisoner's Dilemma*. Anchor, New York.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Retrieved 19 July 2021 from <https://geolib.com/smith.adam/won1-02.html>
- Voltaire, F-M. (c.1778). *Philosophical Letters*, Letter 6. Retrieved 19 July 2021 from <https://sourcebooks.fordham.edu/mod/1778voltaire-lettres.asp#Letter%20VI>