

*Sander Tideman*

# COMPASSION OR COMPETITION?

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*Business as instrument  
for positive change*

A Decade of Dialogues with  
**H.H. THE DALAI LAMA**  
and Leaders in Business,  
Economics and Society

ASOKA

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*A Decade of Dialogue*

*with H.H. the Dalai Lama*

*with leaders in Business, Economics and Society*

*Amsterdam 1999, Irvine California 2004, The Hague 2009*

**Sander G. Tideman**

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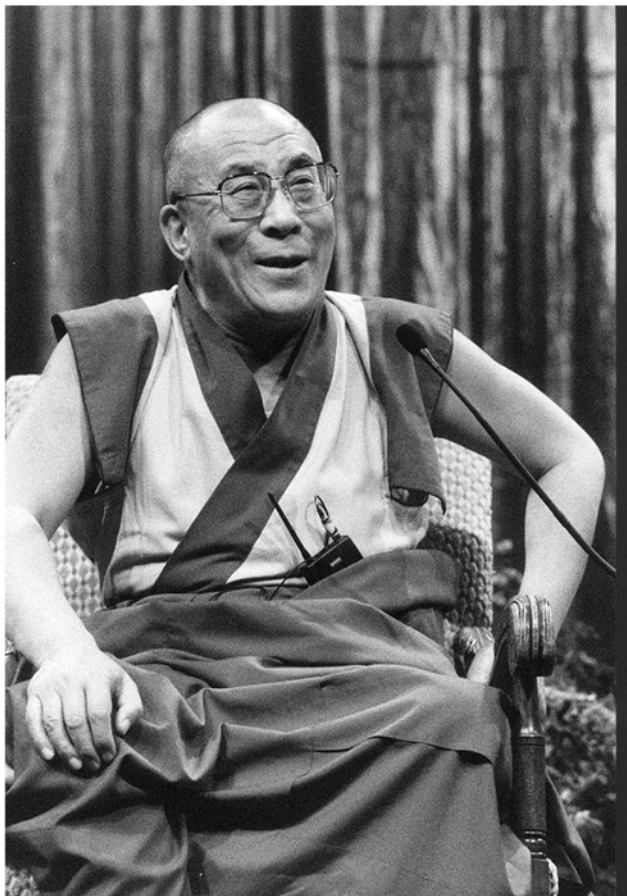
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*“On national and global levels we need an economic system that enables the pursuit of true happiness. The purpose of economic development should be to contribute, rather than obstruct, to this goal. There are many serious drawbacks to the current world economic system. For example, environmental problems are on the rise. Yet, for all the innovation and creativity of our economic activity, we have not succeeded in securing essentials for all human beings everywhere. We will be able to overcome the disparities we witness today and achieve lasting peace only if we implement compassion. We need to find ways of bringing compassion to bear in our economic development.”*

The Dalai Lama



# Introduction

This book contains the proceedings of three public meetings with one of the world's most respected leaders, H.H. the Dalai Lama, held in a decade in which the world saw massive change. The first was the Compassion or Competition Forum in Amsterdam in 1999, the second, Designing an Economy that works for Everyone in Irvine, California in 2004, and the third, Leadership for a Sustainable World in The Hague in 2009.

In these meetings, the Dalai Lama exchanges views with other international leaders from business and society on issues that the Buddhist leader does not often speak on: leadership, business and economics. On each occasion, the Dalai Lama emphasized that he should not be considered an expert on any of these topics. Nonetheless, these exchanges are not only a tribute to the natural wisdom that springs from the Dalai Lama, but they do in fact carry relevance for the major challenges that are in front of our leadership in business and economics today. All dialogues conclude that these challenges—ranging from climate change, population growth, poverty, natural resource depletion, unemployment and financial sector transformation—cannot be overcome by conventional responses from business and governments, such as more or less market regulation, more or less monetary incentives or austerity, more or less consumer spending. Rather, these challenges require a leadership response that comes from our courage, our dreams, our sense of hope, or as the Dalai Lama simply put it: from our heart. All these are features of the human mind—the very domain in which the Nobel Peace Prize laureate is considered an expert.

These dialogues can be traced back to a chance encounter I had with the Dalai Lama when I was a young student traveling through India in 1982. This book recounts these initial discussions I had with the Tibetan Buddhist leader,

because, looking back more than 30 years later, the questions we discussed have bearings on many questions we face as humanity today. With hindsight I can say that these questions became the starting point for a lifelong inquiry into the relationship between economics and happiness, between business, ethics and well-being. My subsequent career in international law, banking and consulting and working with many leaders in business and society did not give me many answers. Rather, it led me to be more puzzled by the discrepancies between the promise and practice of economic theory.

Even though tremendous financial wealth was created in the business world, little of this seemed to trickle down to those at the bottom of the pyramid, especially in developing countries. And everywhere I traveled, I observed that economic development went hand in hand with environmental degradation. So while economics focused on building financial capital, it simultaneously had an eroding effect on social and natural capital. The financial crisis in 2008 and subsequent economic recession finally convinced me—and many others—that there is something fundamentally wrong in the way we manage our economies and societies and that we should look for a new paradigm to create value in the future.

While the dialogues with H.H. the Dalai Lama may raise more questions than provide answers to the many choices that face us, they have guided me in developing ideas for such a new paradigm. This book will conclude with a chapter that will outline some of these ideas, which come down to a new type of leadership with the ability to transform business and economics into instruments for positive change in society. Only in this way can we create a more sustainable and compassionate society on this planet.



# 1

## The Buddha and the Banker

### Traveling to India

In the summer of 1982, just before graduating from law school in the Netherlands and starting a career, I decided to prolong my worry-free student life with a study tour in India. Together with my university friend, we ended up spending a few months in the Himalayas. As students of international law, we took special interest in the Tibetan government-in-exile in Dharamsala, established by Tibetan refugees after China annexed their country in 1959. We met the leaders of the refugee community, who shared with us grueling stories on the escape from their occupied homeland and difficult life in exile. In one of these meetings we befriended a Tibetan who arranged for an unexpected audience with His Holiness the Dalai Lama. He was much less known in the world before getting the Noble Prize for Peace in 1989, so receiving an audience was not as exceptional as it is now.

Nonetheless, I felt rather unprepared for this privilege, and felt nervous with an upset stomach from Indian food—the ‘Delhi belly’ as it was called back then—when we waited for what seemed a very long time in the waiting room of His Holiness’ house. This was a rather unpretentious one-story building overlooking the valley, with a fragrant flower garden all around. Yet when we entered his room, my nervousness disappeared miraculously. The Buddhist leader, who laughed while pointing to my half-cut Bermuda pants, quickly put me at ease. “What happened to your pants!” he cracked. I had no words to describe the custom of leaving the rough edges hanging after cutting off half of the pants, so I, too, started to laugh.

When we sat down, his gentle smile and intense gaze quickly captivated me. It made me blur out questions that would now look terribly naive and unformed. But the answers that I received have guided me in the life that followed.

“It seems to me that, ideologically speaking, there does not need to be conflict between China and Tibet. Marxism (at that time still China’s leading ideology) and Buddhism do not seem to be fundamentally opposed to each other. There must be something in common between these two systems. Why is there disagreement?” was my first question.

The Dalai Lama answered at length. “I find certain aspects of Marxism most praiseworthy from an ethical point of view, principally in its treatment of material equality and the defense of the poor against the exploitation by a minority. I believe one might say that the economic system closest to Buddhism would be a socialist economic system. Marxism is based on noble ideas such as the defense of the rights of those who are disadvantaged. But the energy given to the application of these principles is rooted in a violent hatred for the ruling classes, and that hatred is channeled into class struggle and the destruction of the ruling class. Once the ruling class is eliminated, there is nothing left to offer to the people and everyone is reduced to a state of poverty. Why is this so? Because there is a total absence of compassion for certain groups of people in Marxism. So that is the big difference with Buddhism, which promotes compassion and care for all people, both rich and poor.”

My next question concerned Eastern spirituality, of which I had seen much in India and especially among the Tibetan refugees, who seemed so happy and content. They were smiling and singing in spite of the very harsh circumstances they faced in the temporary refugee camps. I was leading a life of relative affluence but did not consider myself happy. How could that be?

*The Dalai Lama “There is nothing that your culture lacks. Whether Eastern or Western, people are trying to be happy, seeking peace, living in harmony with the world.”*

The Dalai Lama quickly unmasked my romantic notions about the East as misplaced disappointment with my own culture: “There is nothing that your culture lacks. Whether Eastern or Western, people are trying to be happy, seeking peace, living in harmony with the world. Maybe Western countries at this time have more economic wealth than in India or Tibet, but that does not make them different from people who have much less. Look at the

recent demonstrations against a nuclear war in your country, in Europe. This is driven by the same wish for happiness and peace that we Tibetans have. Basic human nature is the same; we are kind, peace-loving beings.”

Then the conversation turned to the role of anger in Buddhism. I thought about what had happened to the Tibetans and whether they would ever remove the Chinese from their land without violent effort. Was violence totally rejected? What about a parent trying to discipline unruly children?

The Dalai Lama replied: “Anger is a destructive emotion, with negative consequences for both the subject and object. But there are circumstances possible where forceful action is allowed, to make a point clear. But the important factor here is your motivation. A father being firm to his child is generally motivated by his compassion for the child. The same applies to the Tibetans: we can be firm and steadfast in the face of Chinese unjust policies out of compassion for them. If the motivation is just anger and frustration, you’d better be very careful about your behavior. The main problem with anger is that it destroys your peace of mind. You will be much more happy when you manage to transform these negative emotions into patience, love and compassion. Compassion leads to happiness, for yourself and others.”

This exchange made a deep impression on me. It caused me to reflect on the choices we had made in the West that had enabled us to create material wealth, while at the same time forgetting the need to create social wealth, happiness. What could we learn from the East so that we would create a more balanced economy? And what could the East learn from the West, so that they could create more economic wealth? Perhaps most moving was the fact that His Holiness took me, a young and unimportant student in hippie pants, so seriously. He had given me his undivided attention, as if he saw more in me than I held for possible myself. It was the highlight of our journey through Asia that motivated me to start taking my own life and my own culture a bit more seriously.

Back at university after my return from India, I enrolled in a course in economics, and I could find little that corresponded to the remarks of the Dalai Lama. The economic textbooks talked of economic laws assuming that man naturally competes for scarce and limited natural resources. Classical economics tells us that it makes no sense to exert time, effort and expense on maintaining values, if money can be made by ignoring them. In 1930, one of the great economists of the last century, Lord Keynes, wrote the following: “We must pretend to ourselves and to everyone else that fair is foul and foul

is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into daylight.” In Keynesian thought, which exerted a powerful influence on economists for much of last century, ethical considerations are not merely irrelevant; they are actually a hindrance. Economic theory, which considered itself a science of human economic behavior, had left human psychology and ethics outside its spectrum. It assumed that happiness was maximized by consumption and monetary wealth and stability—an assumption I had difficulty reconciling with the happy faces I had seen in desolate Tibetan refugee camps.

## **Becoming a Banker in China**

In spite of my misgivings regarding the theory of classical economics, I was drawn to its application. My Asian journey had made me realize that countries known as Third World countries, especially Japan, Taiwan, South Korea and Singapore, had started to open up their economies for international trade and investment, which led them to generate considerable economic wealth quite unexpectedly. They were no longer regarded Third World nations but instead ‘Newly Industrialized Countries,’ or more exotically ‘Asian Tigers,’ on their way of becoming members of the First World. If the Third World can become the First World just by reforming their economic policy, I should try to understand what this entails. What was the secret to creating wealth? Was an economic model that would create both financial and social wealth possible? Money as well as happiness?

These questions led me to specialize my studies in international economic law with a focus on Asia. Following my studies in Holland, I spent a year at university in London to study the legal systems of the newly industrialized countries of Asia, especially China. In the mid-eighties, this giant was recovering from the harsh and introverted Mao era and started to experiment with the market economy.

The more I understood of the changes happening in China, the keener I became to actually work and live there. After completing my studies in London, I left for Taiwan to study Chinese language. Realizing that I needed more time to become fluent in this language and fascinated by the dynamics

of this ‘Asian Tiger’ economy, I took a job at an international law firm in Taipei. Not much later, in 1989, a manager of ABN AMRO Bank—the largest bank in the Netherlands—called me and told me that the bank was looking for someone to manage and expand the bank’s business in China. The candidate should be a Chinese-speaking Dutchman with a good understanding of business and economics. He said, “You may not know it, but you are the ideal candidate.” I was blown away: I had never aspired to a career in banking and I could hardly see myself as a bank manager. But it did not take long for me to realize that this presented a tremendous opportunity to develop myself professionally and personally in the most exciting region at that time, meanwhile exploring more deeply the question that I had held in back of my mind: Is it possible to create an economy that creates both economic and social wealth? Extending my stay in Asia would also allow me to deepen my understanding of Eastern philosophy and its relevance for balancing economics and social well-being.

*The Dalai Lama*     *“When we speak of happiness in Buddhism, this also implies material well-being”*

In the summer of 1990 I was appointed the bank’s representative in Beijing. As country director for China I was responsible for business development in this large emerging economic region. It turned out to be a fascinating time in history, in which China fully embraced Western capitalism. While the Tiananmen incident of 1989—the crackdown by the Chinese military of massive student protests calling for democracy—was still fresh in the memory, the Chinese leadership had started to open up the economy to foreign trade and investment. It was a time of rapid change and innovation, which gave me a crash course in global capitalism and economics.

Within a few years the Chinese landscape transformed completely. Within the span of two or three years, the majority of the population shifted from wearing Mao suits and riding bicycles to dressing in Western-style suits and driving cars. Traditional houses and Soviet-type apartment blocks gave way to impressive skyscrapers and office buildings, while agricultural land was transformed into industrial zones with foreign-invested manufacturing facilities and 4-lane highways. I vividly remember a meeting with the mayor

of Shanghai, who pointed from his office window to a huge area of barren land across the river Pu with the words: “That land will become China’s new financial center.” I could not believe it. It felt like what bankers call a white elephant project—grandiose and unrealistic. But I was proven wrong: within a few years Shanghai converted the swampy waste land, called Pudong, into a complex of gigantic office buildings and highways, which indeed soon after became China’s financial center where banks like ours were only too keen to establish an office.

As China started to report double-digit economic growth, foreign economists started to speak of China no longer as the Third or Second World (ie. the socialist world), but as an economic powerhouse with impact on the entire world. It was the ascent of China’s economic power that did not stop until today. In a sense, it was another Chinese revolution, but this time one that would not lead to political chaos and social unrest. It was a relatively peaceful revolution from which the world (the Third, Second and First World) was set to benefit, so it seemed.

## **Business in Tibet**

The economic liberalization of China allowed me to travel widely and freely. I opened up offices for the bank in Shanghai and agencies in other major Chinese cities. In 1992, the Bank of China invited a delegation of foreign bankers to Tibet to advise local authorities on how to attract foreign capital and technology. Recalling my life-changing experience in the Indian Himalayas and the conversation with the Dalai Lama a decade earlier, I jumped at the occasion. It was said to be the first foreign business delegation to visit Lhasa in modern history.

The journey was a fascinating experience; visits with chain-smoking communist party officials were alternated with excursions to temples, palaces and farms. Our hosts imposed a strict regime on the foreign guests—the only time we were alone was in our room at the Lhasa Holiday Inn. One evening, we managed to escape our host’s attention to visit a monastery filled with devoted pilgrims, some of whom had prostrated their way to Lhasa over some 2000-kilometer distance. Though somewhat smelly and untidy, I preferred their company over the artificially arranged visits to Chinese-

controlled factories. But I most vividly remember the shock when, straight after visiting the majestic Potala Palace in Lhasa, we were driven to the designated economic zone of Lhasa—a rocky no-man’s land. Pointing into the direction of a few sheep that occupied the dusty plain, the government official announced proudly: “This will be the high-tech zone of Tibet. In a few years, it will be just like the bustling trade-zone of Shenzhen near Hong Kong.” Outwardly polite to our Chinese hosts, our group of hard-nosed financiers ridiculed the plan. Which foreign company would outsource its business to the landlocked roof of the world? Who would be attracted to a marginal and unskilled workforce made up largely of nomads and monks with no purchasing power?

Yet the fact that these plans were central to Chinese new official policy on Tibet triggered a whole new scenario in my mind. Tibetans may have suffered badly from political upheaval in the last few decades, the opening up of its economy would eventually have an even bigger impact on the country and its culture, especially in view of the fact that more than a billion Chinese would-be entrepreneurs were on Tibet’s doorstep. It would deeply challenge the Tibetan traditional way of life, even more deeply than communism had in the last decades. But it would undeniably also offer opportunities for Tibetans to improve their living standards and regain some of their freedoms. The economic reforms in China proper, which had been implemented some years earlier, had also provided very welcome opportunities for entrepreneurial Chinese, freeing them to some degree from political oppression.

Because of my interest in creating a model that generates both economic and social wealth, I started to reflect on the ideal Tibetan economy. I traveled to other parts of the Tibetan plateau, inland China and Central Asia to study the effects of market reform. Particularly insightful was the post-communist economy of Mongolia; a country with a very similar culture and geography to Tibet. Recently freed from decades of Soviet Union domination, it seemed as if the Mongolians were able to strike a balance between free-market capitalism and the preservation of their culture.

A while later, I was invited to Mumbai to speak at a forum of Indian business people on China’s economic reforms. India was about to join the bandwagon of neoliberal economics by opening up to foreign investment and they wanted to know if China’s model was worthy of following. After my speech, in which I encouraged the Indians to generally follow Chinese market reform, I decided to take some time off to travel to Dharamsala and

reconnect with the Dalai Lama. A few days later, I was back in the Dalai Lama's living room after more than ten years. I was joyful and excited to speak with him again, and less nervous now that I had seen more of the world, including his homeland. Unlike the first time we met, His Holiness did not give me much time to articulate my questions. After the customary exchange of *khatas* (white scarves symbolizing respect) he started to pick my brain on everything I knew about China. He was deeply intrigued about what I had to say about China's economic reforms, its emerging private sector and its impact on the Tibetan plateau.

*The Dalai Lama* "I strongly support economic development in China. It is a good thing. It has given people better lives and more self-confidence. But I am concerned about the political circumstances of the growing economy."

The Dalai Lama obviously did not object to liberalizing China's or Tibet's economy. "I don't think that economic development per se is necessarily a threat to the culture and spirituality of Tibet, if, in its implementation, it takes into account the pre-existing conditions in the country. Economic development may coincide with cultural development. When we speak of happiness in Buddhism, this also implies material well-being," he made clear, partly through his translator.

His concerns were of political nature: "I strongly support economic development in China. It is a good thing. It has given people better lives and more self-confidence. But I am concerned about the political circumstances of the growing economy. The Chinese people continue to live under a totalitarian regime. Moreover, China has nuclear weapons. If the economy keeps growing under these circumstances, I think we might see some severe consequences, not only for bordering countries like Tibet, but also for a large country like India and ultimately the entire planet."

He paused long before continuing. "Now you see, as far as Tibet is concerned, China's economic development raises serious concerns in view of the large number of Chinese that will move into Tibet. Tibet has no authority to keep them out. The greatest threat for Tibet is that of massive Chinese immigration, not the development of the economy."



I remained hopeful that the market-oriented trend in Asia would ultimately be beneficial for the culture-rich indigenous inhabitants of the Tibetan plateau, provided that an appropriate development model would be applied and Tibetans would be granted fair opportunity vis-à-vis immigrants. Making Tibet into an export-processing zone like Shenzhen and Shanghai on China's east coast was obviously not appropriate, given the plateau's landlocked position and lack of infrastructure. Clearly, the energy- and capital-intensive industrial model of the West, which was by now also running full steam ahead in Asia, would lead to an ecological disaster on the dry and fragile Tibetan plateau with its rugged mountains, pristine lakes and untouched wildlife. Even though the spectacular rise of the Asian Tiger economies was commonly applauded, as an inhabitant of them I was daily witness to their unpaid price in the form of sick-making air pollution. In the gloomy winter months in Beijing, I would find a thumb-thick layer of coal dust on the roof of my car every morning.

Following the first global conference on the environment in Rio de Janeiro in 1992, the governments of China and Mongolia, countries under my banking jurisdiction, started to talk about 'sustainable development', a mode of development aimed at maintaining natural resources for future generations and the use of renewable energy. This trend enabled me to shift part of my professional focus from financing large multinationals, power plants and airplanes, to supporting wind and solar energy generators, water treatment plants and microfinance institutions (offering small loans to poor people). I helped organize meetings on sustainable development with Chinese, Mongolian and Central Asian organizations and started a development fund for inner Asian regions. It opened up a completely new world for me, beyond the lobbies of five star hotels, eight-course banquets and business class airport launches. I now found myself on long jeep drives over the Mongolian steppes, the Xinjiang desert and Yunnan forests to meet dedicated environmentalists, social workers and indigenous women's groups.

It was clear that these programs were vitally important and I enjoyed the work of a responsible banker. But something did not feel quite right. It took a global financial crisis for me to realize what this was.