



AMERICAN ENTERPRISE INSTITUTE

**HAPPINESS, FREE ENTERPRISE, AND HUMAN
FLOURISHING: A SPECIAL ONLINE EVENT
FEATURING HIS HOLINESS THE DALAI LAMA**

PANEL I

**MORAL FREE ENTERPRISE: ECONOMIC
PERSPECTIVES IN BUSINESS AND POLITICS**

DISCUSSION:

**HIS HOLINESS THE DALAI LAMA
ARTHUR C. BROOKS, AEI
JONATHAN HAIDT, NEW YORK UNIVERSITY
GLENN HUBBARD, COLUMBIA UNIVERSITY
DANIEL S. LOEB, THIRD POINT LLC**

**9:00 AM – 10:15 AM
THURSDAY, FEBRUARY 20, 2014**

EVENT PAGE: <http://www.aei.org/events/2014/02/20/happiness-free-enterprise-and-human-flourishing-a-special-online-event-featuring-his-holiness-the-dalai-lama/>

**TRANSCRIPT PROVIDED BY:
DC Transcription – www.dctmr.com**

ARTHUR C. BROOKS: Good morning, ladies and gentlemen. I'm Arthur Brooks, president of the American Enterprise Institute and it is a distinct pleasure and honor to be with all of you today, and with His Holiness the Dalai Lama, as well as a panel of distinguished guests in this session and the session that follows with the Mind and Life Institute.

This is a historic day for the American Enterprise Institute. We're joined with one of the most respected religious leaders in our world to talk about the issues that are pressing against us in the wake of the international financial crisis in a session entitled "Moral Free Enterprise: Economic Perspectives in Business and Politics."

Why are we here? We're here to talk about what matters to us the most. Right now, we have an opportunity at this historic juncture in world economics to talk not about money – just about money, not just about business practices, but what concerns us the most. Our friends at the Mind and Life Institute have shown us very clearly that there are certain things that are most concentric to human happiness that His Holiness the Dalai Lama has talked about for many years. What are they? Faith, family, community, work – not money, interestingly.

Now, as the president to the American Enterprise Institute, as an economist, it hurts me to tell you that money's not on the list. Yet, it's true. It's true. Why is that? Why is work on the list of the most important things for human happiness when it's not money? The answer is earning our success, the belief that we're creating value with our lives. We're creating value in the lives of other people. If we can earn our success, if we have the dignity as individuals to do this, nothing can hold our world back and there is no greater exemplar for this set of ideas than His Holiness the Dalai Lama. Yet, the system that we believe can make this most possible, the free enterprise system, is under question today. It's under question because people feel, legitimately, that they have been left behind in the wake of the great recession.

So here's the question. Is the free enterprise system still the best system to pursue our happiness, to lead a good life? Have we become too materialistic? Do we need to reorder our priorities toward higher ends?

We have a panel of experts to discuss this with His Holiness. Now, to begin with, of course, we are joined by none other than the Dalai Lama. You're all aware of that. The Dalai Lama – the 14th Dalai Lama became the leader of the Tibetan Buddhist faith in 1950. In 1959, he was forced to leave Tibet because of persecution. And since that time, he's maintained the Tibetan government in exile in Dharamsala, India. He travels the world almost all year round, advocating for the welfare of the Tibetan people, a noble cause, teaching Tibetan Buddhism, and talking about the importance of compassion as the source of a happy human life.

Tashi deleg, Your Holiness.

We're also joined by three leaders in academia and business.

HIS HOLINESS THE DALAI LAMA: You know the meaning of "tashi deleg?" (Laughter.)

MR. BROOKS: Hello and good morning. (Laughter.)

DALAI LAMA: I think not only that. (Foreign language.)

TRANSLATOR: A literal meaning of the phrase "tashi deleg." "Tashi" stands for auspiciousness and "deleg" stands for wellbeing and happiness. So being happy and well through auspiciousness. (Laughter.)

MR. BROOKS: I love that. This is such a good day. I just can't tell you, people. Anyway, but I digress.

We're joined on our right by some of the most distinguished members of our academic and business community. Glenn Hubbard, right to my right, is the dean of Columbia Business School and the former chairman of the president's Council of Economic Advisors. Next to him is Dan Loeb, the founder of the hedge fund Third Point Capital, and on the far end is Jonathan Haidt, the Thomas Cooley Professor of Ethical Leadership at New York University's Stern School of Business.

All three of these men have done foundational work in their respective areas of administration, policy, academia, and business about the nature of human happiness and the morality of the free enterprise system and each one will give their perspectives in about five minutes of the work that they've been doing, followed by comments from His Holiness the Dalai Lama interspersed with questions along the way, and if we have time, some questions from the audience.

Now, that's not necessarily the case, but don't be disappointed because we're going to follow this with a second session from our wonderful friends at the Mind and Life Institute, an extraordinary organization that has completely changed the debate about the conjunctions between psychological life, the human brain, and the nature of a truly flourishing existence.

So we have a lot in store for you today and we're delighted to be with you and His Holiness.

Your Holiness, would you like to start with some opening remarks?

DALAI LAMA: Nothing. (Laughter.) For me, new day start, so I'm looking forward about sort of serious discussions. I think I told the very purpose of such meeting is to try to seek the right method to bring happy life, happy individual, then automatically

happy family, happy community, happy nation. Then ultimately happy world. We are part of the world. So happy world from where start? From government? No. From United Nations? No. From individual. Humanity is combination of 7 billion individual. So change of construction – constructive work must start from individual. Then, we make – we can make little contribution. Then from here, from there, from all sides, no matter what their profession, what their sort of nationality, what their religious faith. We are human beings. That I think most important. That – and we are coming. He asked me what you see Washington? But I say good. Then, he say, some people not very happy because there are too many politicians. (Laughter.) So then, I responded, politicians also human beings. On that level, not – (inaudible).

So I always look on human level. Then, no demarcation, no differences. If you too much sort of emphasis on secondary level of differences, then, there are lot of things – different nationality, different belief, different – even same belief, same nationality, but difference of family background. Some are richer. Some are poorer. Some are better positioned. Some are little. That – even within the family, there're differences.

Even one individual there're always the differences. Morning, thinking something different. Afternoon, you see, due to certain sort of I think new knowledge or new experience, have differences. So difference always there.

So I think that essentially we need cooperation. Humanity facing some problems, including nature disasters because climate change, due to global warming, so more major disaster I think come. And then also, the population increasing. So there are, I think, not like ancient times. Ancient times, firstly, American Native people and they remained peacefully. Then, some people come from outside, OK, America, I think like multi –

TRANSLATOR: Multiracial –

DALAI LAMA: – multiracial like that – that built this new wonderful nation, but modest is that the America is often not – is surrounded by sea. So safe, not – (inaudible) – concern about other world. But that situation completely changed. Now, reality East needs West. West needs East. South needs North. North needs South. It's reality.

So our central world thinking, we and they, is actually unrealistic. We must think entire 7 billion human being. We must consider part we. That's my fundamental belief.

So no problem – (laughter) – that the politicians are that, you see, a little bit sort of strange person. Strange person a human being. (Laughs.) Clear?

MR. BROOKS: Clear. (Laughter.)

DALAI LAMA: So the main purpose, you see, we have to sort of look seriously about the future of humanity, at least this century.

Now, we already enter 21st century. Now remaining the century. I think like past 20th century become very, very turning points century. Now, this century also should be. So in past century, a century of violence, a century of war. Now, this century now should be century of peace. Peace doesn't come from the sky since we created violence. So peace, we must to create it. Peace only comes through our action, not through wishful thinking or prayer.

I'm Buddhist, in my daily life, about four, five hours prayer, meditation, but all your wishes will materialize through prayer, I don't think. (Laughs.) Buddha – as a Buddhist – Buddha says your action is more important. Buddha cannot give you what you want. You must make effort.

So as Buddhist – Buddha says, you are your own master. Of course then, those – regarding those believer who believe in creator, wonderful. So my friend, since we all created by God, so we all have some way of spark – a spark of God. So that sort of concept really gives us courage, self-confidence. And then, what's the nature of God? Infinite love. So if you really believe that, you must be more compassionate person.

Nobody say creator is full of anger. No. Full of compassion. Creator is such. Therefore, we creatures, you see, must, you see, follow creator's sort of example. So wonderful.

But then non-believers, whether we believe religion or not, we are human beings. Biologically we equipped human affection and also, we everybody, come from our mother. So in our life – the beginning of our life, the mother's affection is so important. I always telling those people who received maximum affection during childhood, early life, I think deep inside much happier. That those individuals who early sort of age lack of affection from parent, particularly from mother, then I think that experience remained whole life deep inside some sense of insecurity.

So in any way, so believer or non-believer, we all have the same potential of becoming more compassionate person. So our life starts that way.

Now, for that, I think our scientists or friends, I think through their own experiment they have to say more – more things to say. So I'm also learning from them. (Laughs.) So I'm looking what – looking forward to our discussions. That's all. Thank you.

MR. BROOKS: Thank you, Your Holiness. (Laughter.)

We're going to turn now to our panel to provoke some of the wisdom of His Holiness on the basis of what their work is showing to them today about our economic system, about the world economic crisis, about the morality of our system, and a better world. And we're going to start with Glenn Hubbard. Glenn Hubbard is the dean of the Business School at Columbia University. He has been the chairman of the president's

Council of Economic Advisors under President Bush. He's held a number of distinguished positions and is the author of many books.

Glenn Hubbard.

GLENN HUBBARD: Thank you very much, Arthur. And, Your Holiness, I know I speak for the entire audience, we're grateful to you for this engagement. And Arthur, I'm grateful to you as well because, frankly, your work is taking economics out of the dismal and bringing it back to happy, so that's a good thing.

I wanted to talk about really a five-step argument that I have made, at least, in my professional career and research for the morality and the economic success of the free enterprise system.

My charges in the university are largely young businesspeople, but I confess to you that my favorite teaching is to slip into freshman principals of economics and talk to the youngest students. And I always say to them I'm coming with two questions. And they were the questions that drew me to economics. The first is, why isn't the whole world rich? It's a very deep question. It's easy to say. And the second is what can we do to achieve mass prosperity in any society. And I tell them if they hang with me, we'll answer those questions together.

The first point I wanted to make was that free enterprise economies have demonstrated both absolute and relative success in both generating prosperity and alleviating poverty. Economists will tell you that the first, second, and third industrial revolutions were made possible by economic institutions, by the support of property rights and the defense of individual economic freedom.

We've seen that extreme poverty alleviation in China, in India, in Sub-Saharan Africa has been made possible not by government action, but by an opening of markets and the restoration of individual freedom in commerce. And on the negative side, we, of course, have the spectacular economic failure of the Soviet Union's collapse and the clear case study of North Korea's ongoing failure having started essentially in the same place as South Korea.

Second point I would make is that free enterprise is critical for the economic success that can fund both the market goals that many in this room work on and the very important social goals that His Holiness brought up in his remarks. Entrepreneurs are not people who are directed. They are people who have an uncoordinated search for opportunity and market oriented financial systems do two great things. One, they advance prosperity by vesting in firms that become successful and frankly, by allowing weak or outmoded firms to fail, they advance society.

This is about dynamism. Economists often talk about creative destruction, the new replacing the all, but I like to talk about non-destructive creation – brand new things that create visions. That is the source of innovation and wealth. It's also about happiness.

My Columbia colleague and Nobel laureate in economics, Ned Phelps, has noted many times that satisfaction in an economy is highly positively correlated with measures of its dynamism.

Third point is that I've many concerns for status economies today. The lack of incentives for innovation, for entrepreneurship leave both consumption possibilities and living standards lagging. Traditional approaches to foreign aid in those societies relative to encouragement of business or of entrepreneurship have largely failed. And large government roles invite rent-seeking and corruption. And by the way, that is a lesson that this country needs to take heed of as well.

But I would also say that capitalist economies face a number of cautions. We have been very good at generating average growth, but not everyone is average. Economic inclusion by which I would mean the ability to obtain meaningful work is an objective that has to be maintained with dynamism. A social safety net is important, but what's all the more important is the ladder to get to work. Work is the symbol of advancing economic mobility. It's also the symbol of advancing social mobility. And free enterprise societies need to contemplate a Marshall Plan almost within themselves to advance the work opportunities of the least well off.

The final point I would make is that while economists like myself often talk about economic efficiency or prosperity in economic terms, I think one can go back to Adam Smith and classical writers in my profession to make the defense a moral one. Smith called natural liberty the power to buy and sell, take or leave a job, and make a deal with whomever you like. That's not just a feature of commerce. It is a feature of a moral society.

Dignity is also a symbol of a free enterprise society. Markets promote mutual respect for each other's talent, for each other's energy and hard work.

Arthur has said many times and said it well that earned success or the fruit of your own creativity is an important moral and satisfaction objective, not just about GDP.

And I would leave you with a couple of thoughts. Free enterprise societies tend to be societies that have more dispersed power. The power is spread out evenly in the population and not with a single controlling government or central planning. Central planning systems are less likely to reform, to adapt, to be present in the modern world. And a free enterprise economy has that natural buffer.

To close where I began, our goal ought to be to celebrate the success of free enterprise economies, but stretch that goal of success to an idea of mass prosperity. I think that goal is morally right. I also think it's economically achievable.

MR. BROOKS: Thank you, Glenn Hubbard.

Your Holiness, Dr. Hubbard has told us that the free enterprise system is naturally the most moral of economic systems, but that we have much more to do to include more people in its blessings around the world. Do you agree with this and how can we make it more effective?

DALAI LAMA: Yes. I think – first, when you mentioned the – (foreign language).

TRANSLATOR: One of the questions that you asked your students, one was why –

DALAI LAMA: You mentioned at the beginning.

TRANSLATOR: Yeah, why aren't everybody rich. Why haven't we been able to make everybody rich? So His Holiness was wondering what sort of criteria are you using there in terms of someone being rich?

MR. HUBBARD: All I meant by the statement was the idea that why isn't the whole world as prosperous as the most prosperous country? So why is it that the United States is a rich country, but other countries are not? What is – it's a hard question.

DALAI LAMA: You used the word "rich" as a – meaning rich, billionaire, then impossible. Everybody to be billionaire impossible. Then, perhaps millionaire, I think difficult. (Laughs.) So in the basic – now basic point, yes, every human activities you see the individual initiative is very, very essential, as I mentioned it before. So therefore, I think we – and whole world witness centralized economy, no matter how much the effort, fail – former Soviet Union and then also the Republic of China. So then, you see, they're compelled to all of them want to use sort of pattern, but that's – (inaudible) – capitalist system.

I think Deng Xiaoping very, very realistic leader. So he accepts the reality. So he has courage, you see, to change the economic system. So that really brought lots of prosperity or economy development.

At the same time, the capitalist country, United States, is the richest, but you also see a big gap between rich and poor. So nowadays, I usually have some headache. I don't notice these things. India – (inaudible) – Nehru, he emphasizes democratic socialist country, little bit of control, but government not really successful. Then, some change. It helps.

So that as a fact, reality shows, you see the just socialist thinking are certainly not efficient and just simply, you see, the only – the capitalist way, also has some down – drawbacks. So now, we have to sort of find more sort of –

TRANSLATOR: Assist –

DALAI LAMA: – or discussions. That we need more sense of concern of others' wellbeing as I mentioned before. And finally, a sense of humanity, concern of humanity on the basis of sense of oneness of humanity. Then, of course, all our activities with that kind of motivation, then everything, you see, become constructive. I think if there's some sort of negative side things happen, then immediately pay attention and change, modify. So this is it.

I myself, I don't know. (Laughs.) Unless I spend, you see, I think at least a few years to study about the world economy. (Laughter.) And become student of you. (Laughter.) Otherwise it's impossible, you see, to make a precise comment.

MR. BROOKS: Thank you, Your Holiness.

MR. HUBBARD: You see the beginnings of a joint op-ed here. (Laughter.)

MR. BROOKS: We turn next to the perspective of business and Dan Loeb, who's the founder and chief executive officer of Third Point Capital, which is a hedge fund deeply involved in the finance system here in the United States. He's done work on both Eastern and Western thought and practiced it extensively in his own life. He's going to give us his perspectives on what we see in America's business community today.

Dan Loeb.

DANIEL LOEB: Thank you, Arthur. And I just want to say, Your Holiness, it's an incredible honor to be here, with you here today, the leader – the spiritual leader of the Tibetan people. I grew up with my dad, who would have been, you know, about your age today had he still been alive. He'd be so proud to see his son up here with you. It's really incredible. I carry that spirit with me.

It's also incredible to be here with the spiritual leader of the capitalist people, Arthur Brooks. (Laughter.) And truthfully, I'm honored. I'm not sure my dad would be quite so proud of that, but he would – (laughter) – would certainly be happy.

So I started my fund in 1995 with \$3 million under management, run a bit over the years, but I started in June of that year and I started practicing yoga, Ashtanga Yoga, a few months before that. In fact, my yoga teacher, Eddie Stern, is here in the back of the room. And about five months after starting my business, fiduciary I had other people's money under management, my yoga teacher convinced me to go to India to study yoga with a master of Ashtanga Yoga, Pattabhi Jois, for a month.

It was unusual decision. In fact, I got a call from one of my friends, a competitor in the business. He said, don't do that. That's a huge mistake. Everyone's going to think you're a flake for leaving your business, going to India, studying yoga for a month. And mind you, there were no Internet connections then. Cell phone service was nonexistent. But you know, concerns were well founded. So I went anyway. I had a great month there. And it really – it launched me into really a lifelong passion for spirituality, for

contemplation, meditation. And I'm – you know, I just want to say that, you know, contemplation and meditation, these things, they're not just for monks and for hermits. They're really for people – I think it can really improve all of our lives and it can really improve us as businesspeople as well.

So I'm going to talk a little bit about some specifics around that. I'm going to talk about how contemplation makes us better decision-makers and why that's important in our system. And then I'm going to close talking a little bit about my experiences on the front lines of the financial markets and how this all kind of goes together.

So just a couple of quick lessons from yoga for me and why it's been crucial as an investor and being a better decision-maker.

One of the first lessons you learn in yoga – I think was in Yoga Sutras, it says, Yoga chitta vritti nirodha, which means yoga quiets the fluctuations of the mind. I think this is consistent with what His Holiness says, that you can't be a happy person if your mind is not at ease.

The second thing that's very important that we learned from yoga is to put ourselves into difficult positions and to deal with – to be able to create a sense of equanimity in those difficult decisions – in those difficult – sorry – situations, so that you can persevere and emerge from those situations making good choices.

You know, I was with a Navy SEAL last night and he told me about his BUD/S training and how it forges them like steel. Now, that's probably the appropriate training for someone who's a warrior. But certainly in life there's other types of training and certainly what the Dalai Lama teaches and what I learned from yoga is applicable for all of us to be better decision-makers.

Now, it is interesting question getting to the right outcome. One of the other things that we learn from yoga, and this is in the Upanishads is that, you know, life in the Upanishads is described as a wheel with many spokes that come out of it, and at the center of it is your heart, which should be your moral grounding. And I think for all of us, certainly for all of us in our society, that is critical so that when we make choices, they come not just from a standpoint of what's going to create a favorable outcome, but as Dalai Lama said yesterday, make sure that we make decisions that do no harm. Make sure that we make decisions that are consistent with our moral framework, whatever that might be.

So how's this helped me as a businessperson? So, you know, on the one hand, we have the – I look at like three types of decisions that we make. One is the very core, foundational decisions, which are easy. You know, you're honest. You don't hurt people. Treat people as you would like and whatever your framework is.

The second are decisions which we can turn to a framework. It might be in sports. You're going down the hill. You know, that there's a framework for how you ski, bend

your legs, distribute your weight a certain way. Or in business, you may have things that you've seen time and time again and you can do things consistent with that pattern.

Then, there's the third type of decisions, you know, in my – we all have them in our own world. For me it's trading decision. There is – some of them they might fall into very consistent pattern that we've seen before, but a lot of times, it's just all-new territory for us. And that's where this practice is – practice that enable us to be more creative, to be intuitive, to make these better decisions is really important.

So why am I spending all this time talking about decision-making? We're really lucky. As the Dalai Lama said, we live in a system that favors the individual. Not all systems, not all countries give us those choices. So Glenn talked about the dispersion of power. That's key. Having a system in which power is dispersed and pushed down to the individual makes for a more effective country, makes for more effective organizations, and it's really important. But you also have to trust individuals to make good decisions.

So I'm going to pivot here to capital markets and why this relates. Obviously, I'm in the business of making many decisions, all day long, about people, about markets, about stocks, about all kinds of different things. Now, I want to talk about the markets themselves and how they relate to this discussion of prosperity and flourishing and why the markets actually make the world a better place.

I think – I think there's a common view that financial markets are good in the sense that, well, if somebody has a new idea and there's the venture capitalists, they can invest in the idea, and that manner a woman can create a business around that. There'll be innovation and growth and new things will come – you know – you'll get iPhones out of that type of system and you'll get medical advances and everything from FedEx to you name it or business that have been started from this type of framework. And that's key. And I think everybody kind of appreciates the importance of a robust venture capital market, IPO market for that to happen.

But that's just the tip of the iceberg. Without a system that also provides for credit – that's another part because once you start your business, you need credit, but you also need – these shares don't come out of thin air and credit isn't issued out of that, of thin air, it's not just by banks. Institutions run by people make decisions to invest in equity, to invest in credit. So we need a couple of conditions for that. One, we need robust financial markets, where there's liquidity. And so that person who invests \$10,000 or \$20,000, a few hundred thousand dollars in that start-up knows there's the potential for the IPO and for it to go public. And down the line, the person who buys the shares needs to feel comfortable that there's rule of law and that there's corporate governance. And you know, sometimes these things – people look at these things in isolation and they miss the importance of all of this.

And this is key and I'm going to talk about two key concepts. One is liquidity and one is the available – the availability of low cost capital. And all – and those two things

are critical ingredients to the system that we have. And they only exist if you have the rule of law and if you have people that feel confident in the system that we have.

So sometimes you'll see situations where creditors are treated badly. And you might feel like, well, who are those creditors? They're a bunch of vultures. They really don't deserve to get their money back. Let's just change the rules now. And you know, you might say, well, those are unappealing people who are buying the credit, let's just hang them out to dry. The problem is the people who suffer are not just investors in that particular credit situation. It's the entire system because the entire system relies on the rule of law and the dependability and the knowledge that if they don't get their money back, there's a system where they can rehabilitate and restructure whatever is that they've invested in.

There's also the benefits of people who invest their capital. For example, the people that we invest – on whose behalf we invest, the pension plans, the retirement funds, individuals who are providing for their future. So you know, it's a great system. There's no other system that can create the sort of prosperity that we have, the kind of innovation. It isn't perfect, though, and there're folks left behind.

So I just want to close by saying what – Glenn had mentioned like how important it is like we should have a Marshall Plan for this. The most important thing I see out there is education to get people included in the system. And you know, for me personally, my philanthropic energy is directed towards how do we get a broad base of less privileged people, folks that have been – kids and families who've been written off by the system.

I'll tell you one thing. It's a myth that poor people can't learn and can't achieve at the same level as white rich kids.

We have a school – I'm on the board of Success Academy Charter Schools. We have a school in the Bronx, in the poorest congressional district in the country, where our children just scored number three in New York State out of 3,528 schools, in math. And one in two were gifted and talented schools.

So it is possible. We need to work hard on educating kids. There's a lot of things. We can all do different things. Mine is education. I think that will help. We need a great safety net, but we need to – as Glenn said – bring as many people as possible into the system so they can all flourish along with us.

Thank you very much. (Applause.)

MR. BROOKS: Your Holiness, Mr. Loeb has covered a lot of territory. But one of the things he talked about is that for the free enterprise system to create blessing for the most people, we require government regimes that protect the property rights of individuals. I know you travel all over the world. You talk to people in oppressed countries and in free countries. What do you think that our nations can do more to protect

the property rights of individuals so that our systems can bring more poor people out of poverty?

DALAI LAMA: See, your presentation seems, I think, as I mentioned more holistic, comprehensive, wonderful. I think basically things are interconnected or interrelated, interdependent. So if things – something independent, then we only concern about that, usually we call expert, only that thing. But reality, everything is interrelated. So the proper way to pursue that, you see, we have to look more holistic –

TRANSLATOR: From a larger picture.

DALAI LAMA: Larger picture. So now, here, firstly, I think individual initiative, that also entirely depends on the self-confidence. Self-confidence also sometimes blinds with over self-confidence. That is dangerous. So education – education also is more holistic education. Then, as you mentioned, I think the whole system. I think here the judiciary system, the rule of law very, very important. And anyway, among people, some little bit of strange people or wicked people –

TRANSLATOR: Mischievous –

DALAI LAMA: So the protection from the law. So all this I think the combination –

TRANSLATOR: So you can see many factors that are really intertwined.

DALAI LAMA: And then, as both I think mentioned the trust even in the business field, ultimately trust important. So trust very much in order to develop trust, honest, truthful, transparent, very, very important.

So in these – in that respect, I think the more self-centered attitude, then some sort of – always possible to develop differences or gap appearances in reality, saying something nice, but thinking something different. Then immediately destroy trust. So honest, transparent. So long you really take care about others wellbeing, then no room to cheat because you take care about their – sort of their wellbeing.

So here, ultimately, all these things depend on rest of the community or rest of the group, so therefore trust very, very essential. Trust, first, you see you remain strange person, hoping more trust from others is illogical. First we must sort of show sincerity, honest, truthful.

So these cannot produce my mission or – (inaudible). (Laughs.) But through, I think, as I mentioned earlier, the human nature affection, sense of human brotherhood, sisterhood. Biologically potential is there. Now, through education further nurture these quality. That I really believe, you see, exist, as I mentioned yesterday, existing modern education is something lacking in that respect.

So usually, when we sort of – and when the point about love, compassion, these things, every – always just rely on one religious faith.

Some people – I think yesterday I mentioned some people feel moral ethics must base on religious faith. Then, it becomes very (damaged ?), like that. So I told I think the human – for human being, for humanity, you see, we really need more sense of universal responsibility and commitment.

So wonderful presentation. Thank you. Now, after sort of listen yesterday and also today, particularly today, I develop more respect about capitalism. (Laughter.) (Applause.) Otherwise, just my impression, capitalism only takes the money, then exploitation. (Laughs.)

MR. BROOKS: But we've learned from Your Holiness over the past two days that – (audio break) – truly can be and should be a blessing in the lives of all people, especially the poor, but every single one of us in this room. Notwithstanding that fact, it will not be if it's not on the basis – if it's not executed in practice from the basis of brotherhood, of compassion, and of moral living. And that's, of course, what we're learning from you these last two days.

So our respect for capitalism was very solid coming in, but our respect for the underlying principles that can make it live up to its promise, of course, are coming from you.

We move on now to Jonathan Haidt. Jonathan Haidt is a professor of ethical leadership at New York University Stern School of Business. He's also the world's leading experts on the science of morality and has given these ideas from a moral dimension a great deal of thought.

Jon Haidt.

JONATHAN HAIDT: Well, thank you, Arthur. Thank Your Holiness. This is such a wonderful day when a religious leader – revered religious leader, who is particularly beloved on the Left, comes to a free market think tank run by a man who seems every day to be arguing – your most recent argument was that conservatives should start fighting for social justice. Before that it was declare peace on the safety net. So this is scrambling all the categories. This makes me so excited that we might finally break out of the rut we've been in for so many years in our arguments about the role of business and government.

In my remarks today, I'd like to tell you three stories about capitalism. His Holiness – well, His Holiness embraced the first story until I guess about five minutes ago I just discovered maybe he's moving on to the second story, which was told by Glenn and Dan. What I'd like to urge is that he then devote his efforts to helping us write the third story.

So here they are. The first story is that capitalism is exploitation and it goes like this. Once upon a time, work was real and authentic. Farmers raised crops. Craftsmen made goods. People traded these goods locally and that trade strengthened the local communities. But then, one day, capitalism was invented and darkness spread across the land. The capitalists developed ingenious techniques for wringing more work and wealth out of the workers. Then they sucked up all the surplus wealth for themselves. They used this wealth to buy political power, making the rest of us their pawns forever. The end. (Laughter.)

Now, in the wonderful recent book, “Why Nations Fail,” Daron Acemoglu and James Robinson show that there’s actually a great deal of truth to this story in most nations and at most times. Economic institutions have really been extractive, not inclusive and generative.

This exploitation story activates many of our deep moral psychological circuits. One of those is that we judge people based on their intentions. And people do something for us without intending to help us, we don’t tend to give them much credit. This is certainly what happens to business people who enrich our lives. But are we grateful? Well as Adam Smith put it, it is not from the benevolence of the butcher, the baker – the butcher – what’s happening here? Let’s see. Let’s be grateful for better technical equipment. OK, it seems to be steady now. All right. It’s not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We may praise their skills, but we never praise their virtue. In fact, we see them as selfish. And this, I believe, is the view that His Holiness held, again, until five minutes ago.

I first met His Holiness at the University of Southern California three years ago, and at that time, at that conference, I asked him what kind of government would you like to see in Tibet if you could advise on a new government for Tibet, what would it be? And his response was this, quote, “between socialism and capitalism, I’m a socialist. And furthermore, I always describe myself as a Marxist, but not a Leninist. In my mind, Marxism is the only economic theory that expresses a sense of concern about equal distribution, and that is a moral thing. Whereas capitalism is about how to make a profit, only that. And in order to get more profit, there is no hesitation to exploit.”

But what if we were to judge people and ideologies not by their intentions, but by their effects? Well, that would take us to the second story, which was told so ably by Glenn and by Dan. I can therefore abbreviate it. It might go like this.

Once upon a time and for thousands of years, almost everybody was poor and most people were serfs or slaves. Then, one day, some good institutions were invented in Britain and Holland and these democratic institutions put checks on the exploitative power of the elites, which led to the creation of economic institutions that supported private property rights, risk taking, and innovation. Free market capitalism was born and it spread across Europe and to many of the English colonies. In just a few centuries,

poverty disappeared from these fortunate countries; not only that, but people got dignity and safety and longevity.

Free market capitalism in this story is our savior and Marxism is the devil. In the last 30 years, dozens of countries have embraced our savior and kicked out the devil. And if we can spread the gospel to the rest of the world, we will soon enter a golden age. The end.

Right. So that, of course, was told much more ably with much more detail by the two previous speakers. But I think it's important to note that these are sets of ideas that have been circulating through the intellectual class and through political discourse for centuries now.

Let's see. Free markets really are miracles. I've come to see this as I joined the Stern School of Business just a couple of years ago. And suddenly I'm seeing how miraculous it is that you really can turn water into wine, vast quantities of wine at low, low prices, as long as the vineyard owners can get access to cheap credit and transportation networks and have property rights, et cetera, et cetera. I mean, it really accomplishes miracles. But because free markets are so astonishingly good, people sometimes come to worship them.

One of the basic principles of moral psychology is that morality binds and blinds. What this means is that when people come together around a shared worship of some sacred object, it makes them cohesive. It makes them able to work together. But it blinds them to the faults and flaws. It blinds them to nuance and subtlety.

Pope Francis pointed this out in his controversial exhortation, last November, when he said, quote – he was criticizing those who embrace the second story. He said, quote, “a crude and naïve trust in the goodness of those wielding economic power and in the sacralized workings of the prevailing economic system.” And this brings us to the third story about capitalism, which is a story that isn't written yet, but it's one that we'll be writing in the 21st century.

It begins like this: In the 1990s or once upon a time in the 1990s, capitalism triumphed over all other forms of economic organization and the entire planet began moving towards prosperity. But we didn't live happily ever after. In fact, this period marked the beginning of a new chapter where we discovered a bunch of problems that we didn't really see before or didn't appreciate before. The gap between rich and poor within nations began to shoot up. Economic gains went mostly to the rich, who began increasingly to use their wealth to buy legislators and laws, just as was charged by the first story.

The problem of global warming was first recognized just as Asia was beginning to industrialize, making it so much harder to solve and leading to apocalyptic forecasts of submerged cities all around the world. The crash of 2008 shook our confidence in capitalism's ability to regulate itself without strong government oversight.

And as market values expanded beyond the marketplace into medicine and education and family life, many people began to feel somehow cheapened as though something valuable had been lost.

So this is our challenge for the 21st century. We celebrate the fact that more than a billion people have been lifted out of poverty in recent decades by free markets. Yet, we know we can do better, as both of the prior speakers pointed out. If we can strip away the anger, the worship, and the ideology, we can look more clearly and openly at capitalism and its ethical challenges. And I take it that's what our panel today is really about.

We can see that the supply chains that keep our shelves stocked originate in the dangerous sweatshops of Bangladesh. We can measure the polluted air and the empty oceans that we're bequeathing to our children. And we can have a more nuanced view of the quality of opportunity, particularly here in America, where wealth buys your children a much, much better starting line in the race of life.

So let us be grateful to the butcher, the brewer, and the baker even when they are corporations. Let us look back in awe at the political – the political and economic changes that brought us from the first story to the second story at least in many of the most advanced nations economically. And then, let us work together to write this third story, a story that must draw on insights from the political Left and Right and that must draw on insights from secular thinkers and religious leaders alike.

Is there a story about capitalism that could be embraced by Pope Francis, by His Holiness, and by the rest of this panel? Let's find out. Thank you. (Applause.)

MR. BROOKS: Thank you, Jon.

Your Holiness, Dr. Haidt has told us stories about the capitalist system that are at odds and that are common – all three are common in America today. And his – and around the world, for that matter – and his conclusion is that the capitalist system can be the greatest blessing economically in the history of mankind, but that it has certain dangers. And these dangers come from ignoring, once again, as we've talked about again and again today, those who are being left behind.

Now, we understand that in theory, but to understand in practice those who are more vulnerable than we are, those who are weaker, such that when we each of us examines our conscience tonight before we go to sleep we can say, did everything I did today helped those who were weaker than me? Such that we can answer that question in the affirmative, what practical advice do you give us for helping the poor to enjoy the blessings of the free enterprise system that every person in this room is enjoying today?

DALAI LAMA: I don't know. I am Buddhist, as I mentioned earlier. And my daily – (inaudible) – practice four, five hours some meditation. The meditation means here analytically meditation. Analyze, analyze. Analyze the outward nature of oneself

and also the nature of phenomena, nature of whole world, whole universe, all these things.

But that's something typical to Buddhist – (inaudible) – practice, so not much that relevant.

Then, these sort of complicated philosophic views, you see, they finally – you see, since the things are heavily interdependence – interdependent, therefore, you see, for your own interest, you see, you have to take seriously about others' wellbeing.

You think taking care more about others is not selflessness. Best thing for your future is taking care about other. Basically, we are social animal. One individual's future depends on the community. Community now (exists in a) modern time. The community's future depends on the nation. This individual nation's future depends on humanity. So you see, use sort of our intelligence. The reality, then not blind sort of selfish way, but see, usually I – since many years, I usually go, you see. We are selfish. It's very important for our own survival. Without self-care, we cannot survive. So therefore – but that selfish should be wise selfish, rather than foolish selfish.

So many problems we just think oneself and don't care about others' wellbeing. Ultimately you yourself, taking care more about others, then you get more benefit.

So that's the, I think, all major religious tradition, you see, talking that, the same message, message of love, compassion, and different – message of tolerance, message of forgiveness. And also, you see, in order to sustain – go too much sort of the extreme selfish or sort of now the greed, too much greed also is – go extreme. So therefore, practice of contentment, all major religious tradition, you see, talk that.

Now, we – these – I think, not just the – some mysterious things. Simply are this life, are this sort of very life, comfortable life, peaceful life. These are very much related.

So now we need – I think religious field, you see, in order to promote these practice, we are using some mysterious sort of things about the next life, about sort of heaven, these things. Now we must find a way. Don't talk these things, but this very life, very world here. I think everybody who want more peaceful, more happier, more friendly world. Everybody, you see, agree that, isn't it?

MR. BROOKS: Yeah.

DALAI LAMA: But nobody I think – (inaudible) – nuclear weapon or war. Every day you're seeing the television bleeding, killing, dying. Our response (should be) different. Now, for example, I think response, one cup of blood or a cup of milk. I think my nature the milk is more close. Blood, like that. This is our nature.

So therefore, you see, these things, you see, we – everybody, you see, loves peaceful life, friendly life, friendly community. Every minute – (inaudible) – sort of

appreciate trust. Someone trusts you, you feel happy. And that also automatically develops some kind of response –responsible to help them because they trust me.

This is our nature, not come from religious faith, not talking about next life, not talking about heaven or hell – (laughs) – out of fear of hell. That's not very good. To reasoning, thinking more about positive, then develop enthusiasm. Out of fear, some enthusiasm is not very good.

So in any way – so in any way, I think we can teach. We can educate people for best way to fulfillment of self-interest is taking care of rest of humanity. I think modern education – I think modern day, I think education so important. Now, through education, I think we can –

TRANSLATOR: Bring these ideas.

DALAI LAMA: We can promote the conviction about these value. Take time, 10 years, 20 years.

So that's my view, whether realistic or not, you should judge. (Laughter.)

MR. BROOKS: Ladies and gentlemen, we have a lot more in store for you, but I want to sum up in four points what we've learned from His Holiness this morning. And then I want to take a moment for some gratitude.

The four points that we've learned from His Holiness on the basis of the wisdom that we've gotten from our colleagues here and his reactions are number one, each one of us, notwithstanding the differences that we have, including each one of us who's not even here today, those who are rich and poor in other countries around the world, each of us is one in 7 billion. And understanding our common humanity is the basis on which we can spread the blessings of all the things that we do.

The second lesson that we learned today is that the free enterprise system that we came here to discuss is itself a blessing, but it has to be predicated on moral living from each one of us.

The third is that moral living is a practice and it's a practice of compassion and a sense of shared humanity. The fourth lesson is really the good news that we've gotten here today, which is the principles and practices of global brotherhood and global sisterhood are in each one of our hands to practice and to teach, which is an affirming lesson and something that we can go away from, from this important session today in each one of our lines of work, in everything that we do to make a better world. This is our charge, our sort of privilege. This is our obligation in a very joyful sense. This brings us back to the subject of happiness, which is going to be our next session from our friends at the Mind and Life Institute.

Now, a quick moment of gratitude. These programs that we've had over the past two day didn't come about spontaneously. They never do. We first have to start by thanking His Holiness's just amazing team with special thanks to Chi Mei Rinsing (ph) from Tibet, from Tibetan administration from the Dalai Lama and his own administration. Is he here with us today? He's here. Thank you so much. (Applause.)

Second, we have to recognize the Central Tibetan Administration and especially, the Sikyong, the prime minister of Tibet, Lobsang Sangay. He's not here. The Prime Minister is not with us today. As well as Cadon Alkatsang (ph), who's with us here today. (Applause.)

AEI's collaboration with His Holiness the Dalai Lama came about because of the vision of Radio Free Asia. They contacted AEI more than a year ago with just a concept. Nobody had ever thought of this collaboration. They thought of that. We want to recognize them, particularly Libby Liu, the president of Radio Free Asia, and Calden Lodo (ph). (Applause.)

The intellectual collaboration you're going to see here today is between AEI and the Mind and Life institute. And you're going to be hearing from our friends at the Mind & Life Institute. We're going to follow up this program with their own session, Unlocking the Mind and Human Happiness. In just a minute, I'm going to turn the moderator's role over to my counterpart, Arthur Zajonc, another Arthur, who will be working with His Holiness the Dalai Lama and has done so for several decades. So we'll do that in just a minute, but we're so grateful to them for joining us and for their professionalism.

Intellectually, this could not have happened if it not were for Glenn Hubbard, Dan Loeb, and Jon Haidt. (Applause.)

Our program today has been made possible by Third Point Capital and other supporters of AEI, including AEI supporters who are throughout the audience, our wonderful trustees, our scholars, and our staff, and our entire community. And especially today, my deep gratitude for all of his work for many decades that has changed all of our hearts is to His Holiness the Dalai Lama. (Applause.) Thank you, Your Holiness.

Stay with us. We're just getting started. Please stay seated and we're going to change up the program and the audience.

(END)