

THE CONCEPT OF BUDDHIST ECONOMICS

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The concept of Buddhist Economics¹ was first developed by a German economist known as E.F. Schumacher based on what he experienced while working for the Burmese government in 1955 as an economic consultant. Even though most economists of his time had different perceptions of the economic system, Schumacher was primarily concerned with both the internal and external effects of the economic system, together with its repercussions on the society². Instead of centering only on the percentage of profit and quantities of production, Schumacher was interested in the ethical, emotional and spiritual dimensions of work. The concept of Buddhist Economics applies the divine ideologies and moral purpose to the aspect of wealth. It primarily centers on simplicity and non-violence, as well as the quality of life that people live daily. The modern economist is used to assessing the standard of living by the volume of yearly consumption in which he assumes that one is leading a good life if he consumes an extra amount of resources as compared to the person who consumes less. On the contrary, a Buddhist economist is likely to consider this approach disproportionately irrational³. Due to the fact that the consumption is just a way of achieving human well-being, the primary aim should be to accomplish the maximum of health and comfort using the least amount of resources. The Buddhist Economics holds that any work should be meaningful and imaginative, as opposed to being a source of distaste and stress. It also views machines as a means of improving someone's work rather than to substitute it and make

¹ **Buddhist economics** is a spiritual approach to [economics](#).

² Schumacher 2012, p. 115

³ Schumacher 2012, p. 120.

it undesirable. This means that the economic concept is against the process of automation that tends to replace human labor. Furthermore, in a Buddhist economy, recreation should center more on spending quality time with friends and families than in consuming the available resources⁴. This economy is assessed by the wellbeing and creativity of its members as well as the elements it consumes and produces. The goals of non-violence and simplicity outlined in the Buddhist economy usually work together. In a bid to minimize the violence against the earth during the extraction of fossil fuels and avoid global conflicts over the limited oil reserves, the Buddhist economist would rather support the use of local and environmentally friendly energy sources. These may include wind, solar, geothermal, and hydroelectric power sources.

The Buddhist economy does not utilize what is considered cheapest on the market, but rather what tends to accomplish its objective of simplicity and non-violence in the best way possible⁵ postulates that the level of stress in countries with few labor-saving machinery such as kitchen equipment are much lower than in high automated countries such as the United States. The idea of Buddhist Economics is to generate and utilize only what is necessary and leave a significant amount of time for self-improvement and artistic creativity. In his influential book, *Small is Beautiful*⁶, explains the concept of "Right Livelihood," which entails one of the conditions for the noble eightfold path exemplified by the Buddha.

As he postulates in his book, the aspect of work is a key principle of Buddhist thinking and is not regarded to be deviant from the divine path. In spite of the spiritual standpoint towards work, Schumacher realized that the Burmese tended to perpetually assume that they had the capacity to

⁴ Sivaraksa 2011, p. 45

⁵ . Schumacher 2012, p. 121

⁶ Schumacher (2012, p. 122)

design their economic development plans in line with the contemporary economics. On the other hand, studies have shown that the Buddhist economics are a radical substitute to the Western economic mentality⁷. In essence, Western economics exemplifies a maximizing structure and is primarily concerned with taking full advantage of the profit, needs, market, and self-interest. It tends to promote a society in which a high rate of consumption is the most preferred activity. On the contrary, the Buddhist economics epitomizes a minimizing structure in which suffering, human desires, vehemence, instrumental use, and self-centeredness have to be reduced. It emphasizes the need to embrace the concept of “small is beautiful.” Additionally, the aspect of less consumption of resources is one of the primary essences of the Buddhist attitude to economic questions.

Most economists agree to the fact that the Buddhist economics is a universal concept that can be embraced in every country across the world. By minimizing the desires, this economic concept may serve as a means for decreasing the material metabolism of the society and its corresponding ecological footprint⁸. One does not need to be a Buddhist in order to take a keen interest in the Buddhist economics. The Buddhist ethical and moral principles, as well as their applications in economic life, may provide a way of helping people to embrace a more sustainable and happier lifestyle while supporting the reduction of human suffering in the contemporary world.

The Kingdom of Bhutan is one of the countries that have entirely embraced the concept of Buddhist economics in its internal economic policies. These developments in economics and contemporary western thinking run parallel to the sentiment in developing countries where many

⁷ Sivaraksa 2011, p. 67)

⁸ Zsolnai 201, p. 5

believe that their indigenous culture, rather than been seen as a hindrance to development, in fact has a lot to offer to development in terms of improving the quality of life.

Buddhist communities are a case in point, as we can see from Bhutan's call for Gross National Happiness and the movements in Siam and Ladakh.⁹ They point us to the need to base development on spiritual values, transmitted through culture, rather than merely material values. It is here that Buddhism, with its extensive research on the human condition, has much to offer. By offering a personal path to achieve lasting material and spiritual happiness, Buddhism can rightly claim that its path surpasses any solution offered to obtain happiness in traditional economic terms, which does not go beyond an optimal level of material consumption, wealth and economic stability. From a Buddhist viewpoint, the contribution of economics and material development is nothing more than providing an external condition allowing people to devote time and energy to embark on the more rewarding path of spiritual development. Mind over matter, so to speak. The ideal of Buddhist communities could be to become an example of how to put this path into reality.

Another key example of a Buddhist economic system is the Sarvodaya Movement in Sri Lanka in which thousands of individuals and villages work together to create a "Right livelihood." On the other hand, the Santi Asoke Movement in Thailand is currently carrying out trials with self-sufficient economic models ¹⁰. The enormously successful eco-efficiency machinery and ideologies in Japan are primarily motivated by the Buddhist principles of "not wasting." Other countries, especially the Western economies can also embrace Buddhist economic principles

⁹ See, for examples *Ancient Futures; Learning from Ladakh*, by Helena Norberg-Hodge, Rider Books, U.K. 1992.

¹⁰ Zsolnai 2011, p. 8

provided they abolish the self-centered and greed culture. The global economic crisis experienced in 2008 led to severe financial losses in billions of dollars in the form of depreciated value of properties, putrefying debts, and the drop in stock prices¹¹. Studies now reveal that this economic disaster might have been mitigated if the Western countries had embraced Buddhist economic principles. At the same time, this economic concept is regarded as a viable means through which future global economic crises can be prevented.

There is a strong correlation between Buddhist economics and Gross National Happiness. Essentially, the GNH denotes a policy structure for realizing the primary principles of Buddhist economics¹². It can be perceived as the next phase in the development of pointers for sustainable development, going past merely quantifying values that may be expressed in money. The leaders in the Kingdom of Bhutan define Gross National Happiness in terms of four pillars, which include good governance, economic growth, cultural conservancy and protection of the environment/nature. The advantage of this model is that it takes account of the gross domestic product (the lowest level bottom line) while supplementing it with 'higher level' elements. In the Buddhist economic framework, political decisions are usually made based on the trade-offs¹³. For instance, when governments are faced with the option of offering employment opportunities and preserving the environment, most of them are likely to choose the former. The gross national happiness model indicates that these trade-offs must be in the framework of a hierarchy of values. Otherwise, politicians and policymakers will have to give up higher level ideals for lower level values.

¹¹ Puntasen 2007, p. 189

¹² Zsolnai 2011, p. 13

¹³ Zsolnai 2011, p. 14

According to the Buddhist economic principles, the aspect of specialization can only be beneficial if people do not lose sight of the most fundamental objective of economics. As a specialized study, the field of economics enables one to investigate the causes and factors in economic undertakings¹⁴. However, it is a grave mistake to hypothesize that any one discipline of learning can solve every challenge. The modern economics is evidently out of touch with the entire stream of causes and circumstances that constitute realism. On the other hand, the Buddhist economics perceives work to be a means through which people can develop their skills, accomplish a strong a sense of community, and achieve gratification through meaningful work (Essen 2009, p. 33). This implies that overly specialized or repetitious work is a grave disgrace to humanity. Therefore, labor needs to be a basis for attaining a sense of fulfillment and consummation. According to the Buddhist economics, the process of automation should be valuable to humans through technology applied to enhance the person's capacity, instead of being used to serve solely as the principal element of production¹⁵. On the other hand, Buddhist economics tends to refine human character through thought-provoking and meaningful work, as opposed to an emphasis on capitalizing on production and depletion of resources. Most Buddhist economics believe that unsustainable consumption is a threat to the modern cultures. As a substitute, mindfulness should be embraced as it tends to conserve the resources and protect the environment¹⁶. Therefore, there is a need to adopt moderate, localized economies that can be vital in alleviating the world of the glitches generated by a system with no moral values.

¹⁴ Puntasen 2007, p. 182

¹⁵ Daniels 2003, p. 17

¹⁶ Puntasen 2007, p. 186

Another key aspect of the Buddhist economics is that the impermanence necessitates the acknowledgment that wealth and properties will not last, and excessive attachment to these may only lead to suffering. Furthermore, the causality is rooted in radiation, an aspect that suggests that the ethical actions of individuals may have a positive impact on the contentment and wealth of the larger community¹⁷. Buddhist economists perceive poverty as an immoral element as it leads to violence and stealing. However, wealth needs to be acquired and maintained in the belief of Right Livelihood and the contemplation of generosity. In essence, generosity causally leads to high volumes of wealth and better social status in the future. On the other hand, competition is allowed in the Buddhist economy as long as it is based on the right intent.

Buddhism does not reject matter and wealth as inherently evil, but considers them useful. First, material wealth prevents us from poverty and, second, it allows us to practice generosity; which causes ‘merit’ and a more happy society. Thus, “Right livelihood” is one of the eight main requirements of the Buddha’s path, which has been defined as follows:

“One should abstain from making one’s living through a profession that brings harm to others, such as trading in arms and lethal weapons, intoxicating drinks, poisons, killing animals, cheating etc., and one should live by a profession which is honorable, blameless and innocent of harm to others”.¹⁸

A true Buddhist person not only seeks wealth lawfully and spends it for the good, but also enjoys spiritual freedom. The Buddhist Pali canon states that such person acts as follows¹⁹:

¹⁷ Puntasen 2007, p. 189

¹⁸ See Walpola Rahula, *What The Buddha Taught*, the Gordon Fraser Gallery, London, 1959

¹⁹ Cited in Phra Rajavaramuni, “Foundation of Buddhist Social Ethics”, in *Ethics, Wealth, and Salvation*, ed. Russell F. Sizemore and Donal K. Swearer (Columbia: University of South Carolina Press, 1990). *Gross National Happiness: Towards Buddhist Economics* (PDF Download Available). Available from:

1. Seeking wealth lawfully and unarbitrarily
2. Making oneself happy and cheerful
3. Sharing with others and doing meritorious deeds
4. Making use of one's wealth without greed and longing, possess of the insight that sustains spiritual freedom.

These principles provide the ground for attempts to define Buddhist economics. But Buddha himself made it very clear: real happiness does not come from acquiring or consuming material things. Happiness is essentially a state of mind, and mind is distinct from matter. Thus, Buddhism considers the path of mental or spiritual development superior to that of material development. What really matters is to psychologically detach oneself from matter, and strive for liberation and enlightenment, which is considered the ultimate state of happiness and fulfillment. This is achieved by the cultivation of values within one's mind, such as insight, compassion, tolerance and detachment. Only this will bring true happiness, both for the individual and society²⁰. Overall, the concept of Buddhist Economics applies the deific philosophies and moral purpose to the aspect of wealth. It primarily centers on simplicity and non-violence, as well as the quality of life that people live daily. The Buddhist ethical and moral principles along with their applications in economic life may provide a way of assisting the society to embrace a more sustainable and happier lifestyle while supporting the reduction of human suffering.

https://www.researchgate.net/publication/238787860_Gross_National_Happiness_Towards_Buddhist_Economics [accessed Jun 18, 2017].

²⁰ See for the Buddhist definition of happiness, e.g. the Dalai Lama and Howard C. Cutler, *the Art of Happiness*, Coronet Books, UK, 1998

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