

Buddhist Economics

Phra Brahmaganabhorn (P. A. Payutto)

Translated by
J.B. Dhammavijaya

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Origin of this Book

The Thai version of *Buddhist Economics* (เศรษฐศาสตร์แนวพุทธ) was originally a Dhamma Talk given on the auspicious occasion of Prof. Dr. Puey Ungpakorn's 72nd birthday celebration at Thammasat University on 9 March 1988. The Komol Keemthong Foundation asked permission to print it as a book for the first time in the middle of that same year.

Later, an English bhikkhu, using the pen name J.B. Dhammavijaya, translated the text into English under the title *Buddhist Economics*, and offered this translation to the original author. The Buddhadhamma Foundation asked permission to publish this English version for distribution in 1992. There were thus two versions: a Thai version and an English one. In 1994, the Committee of National Identity asked to print a bilingual edition of this text.

Around the same time, Mr. Bruce Evans from Australia and Mr. Jourdan Arenson from the United States expressed the wish for the book *Buddhist Economics* to incorporate teachings on economics contained in some of my other books. They therefore asked permission to expand this book, by jointly translating five sections from four separate books and compiling it into one integrated text.

This extra material came from the following books: the original Thai text of *Buddhist Economics*; two sections from *Buddhadhamma*; and *A Way Out of the Economic Bind on Thai Society* (ทางออกจากระบบเศรษฐกิจที่ครอบงำสังคมไทย). Other material came from a lecture I wrote while spending time at Harvard University as a guest speaker, and which I presented at an academic conference at the University of California, Berkeley in 1981 under the general theme of 'Foundations of Buddhist Social Ethics.' The publishers in America asked to publish this lecture as the Introduction in the book *Ethics, Wealth and Salvation* (University of South Carolina Press, 1990).

This new work prepared and compiled by these two individuals became the 2nd English edition of the book *Buddhist Economics*, with the subtitle ‘A Middle Way for the Market Place.’ The Buddhadhamma Foundation again asked permission to print and distribute it, in 1994.

There are thus two English editions of *Buddhist Economics*. The first one contains the same material as the original Thai edition; the second one contains additional material.

At a later date, the publishing house Fischer Media in Germany sent us a German book published in 1999 titled *Buddhistische Ökonomie* translated by Dr. Mirko Frýba. It turns out that they had translated this text from the 2nd English edition of *Buddhist Economics*. The publishing house had not asked permission; they probably assumed that the original author was not possessive of the copyright; it would thus be okay to publish first and then inform the author. (It is true that I am not possessive, i.e. I do not receive remuneration, but it is important to maintain integrity and precision in these matters.) They later sent a document showing that this book had been a best seller, although we have yet to substantiate this claim.

In 2000 some major changes were made to the Thai version of *Buddhist Economics*, which was revised and added to. The 7th impression to this text was reformatted and it contained an appendix: ‘General Principles of Buddhist Economics—Middle-way Economics.’ As a consequence, the Thai version was larger than the 1st English edition, but it had nothing to do with the 2nd English version.

In 2003 the Ag Mass Media Company asked to publish the complete updated Thai version of *Buddhist Economics* as part of the larger Thai book titled ‘Dispelling Discord: Buddhist Jurisprudence, Political Science, and Economics’ (สลายความขัดแย้ง: นิติศาสตร์แนวพุทธ-รัฐศาสตร์แนวพุทธ-เศรษฐศาสตร์แนวพุทธ). This text can thus be considered the 8th impression of *Buddhist Economics*. In this latest impression (9th impression; 2005)

small revisions and additions were made, especially to the appendix.

In sum, the book *Buddhist Economics*, both the Thai and the English versions, has many editions, with varying length and content.

Note that this book that you now have in your hands contains revisions made to the Thai version in 2000 and 2005, whereas the English version is identical to the 1st English edition translated by J.B. Dhammavijaya in 1992.*

Phra Brahmaganabhorn (P. A. Payutto)

14 February 2005

* Note that the appendix to the English version was translated by Robin Moore in 2015.

Translator's Foreword

These days Buddhist meditation techniques are well-known in the West and Buddhist insights into the human condition are, at least in academic circles, exerting a growing influence. Unfortunately the popular image of Buddhism is often an overly-austere one and many people still consider it to teach a denial or escape from worldly concerns into a private, hermetic realm of bliss. However, if we take the trouble to go to the words of the Buddha himself, we find a full and rich teaching encompassing every aspect of human life, with lots of practical advice on how to live with integrity, wisdom and peace in the midst of a confusing world. Perhaps it is time for such teaching to be more widely disseminated.

In this small volume, Tan Jow Khun Phra Debvedi (Bhikkhu Payutto) offers a Buddhist perspective on the subject of economics. While not seeking to present a completely comprehensive Buddhist economic theory, he provides many tools for reflection, ways of looking at economic question based on a considered appreciation of the way things are, the way we are. I hope that by making this work available in English it may go at least a short way towards resolving what has been called the current 'impasse of economics', and to awaken readers to the wide-reaching contemporary relevance of the timeless truths that the Buddha discovered and shared with us.

Dhammavijaya

Bangkok

May 1992

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Buddhist Economics

In a discussion of Buddhist economics the first question that arises is whether such a thing as Buddhist economics actually exists, or whether it is even a possibility. At present the economics that we are acquainted with is a Western one. When talking of economics or matters pertaining to it, we use a Western vocabulary and we think within the conceptual framework of Western economic theory. It is difficult to avoid these constraints when coming to talk about a Buddhist economics. So perhaps we will find ourselves in fact discussing Buddhism with the language and concepts of Western economics. At any rate, by reflecting on this matter we may at least get some food for thought. Even if it is not a true Buddhist economics that is put forth here, it may provide some Buddhist perspectives on things that may be usefully employed in economics.

In the mid-'70's a Western economist, E.F. Schumacher, wrote a book called "Small is Beautiful", the fourth chapter of which dealt with the subject of Buddhist economics. The book as a whole, but especially that chapter, gave many people, both in the East and the West, an interest in those aspects of the Buddhist teachings that relate to economics. We owe a debt of gratitude to Mr. Schumacher for creating that interest. However, if we consider the point more deeply, we may see that both the writing of "Small is Beautiful", and the subsequent interest in Buddhist economics shown by Western academics, took place in response to a crisis. At the present time, Western academic disciplines and conceptual structures have reached a point which many feel to be a dead end, or if not, at least a turning point demanding new paradigms of thought and methodology. It is felt that the presently existing disciplines are unable to completely resolve the problems now facing the world - new ways must be found. Such feelings have prompted a number of people to search for ways of

thought outside of their own disciplines, which has led in turn to the interest in Buddhism and other traditional Asian philosophies which is so apparent at this time.

In his essay on Buddhist economics Mr. Schumacher looks to the Buddhist teaching of the Noble Eightfold Path to make his case. He affirms that the inclusion of the factor of Right Livelihood in the Eightfold Path, in other words the Buddhist way of life, indicates the necessity of a Buddhist economics. This is Mr. Schumacher's starting point. However the nature of his views, and of Buddhist economics as he sees it, are subjects that I would like to leave for the moment.

I would first like to relate a story that appears in the Buddhist scriptures. In fact it is an event which took place in the Buddha's lifetime. It indicates many things about Buddhist economics, which the reader may be able to work out for himself. The story goes like this: one morning while the Buddha was residing in the *Jetavana* monastery near the city of *Sāvattihī*, he was able to perceive with his psychic powers that the spiritual faculties of a certain poor peasant living near the city of *Ālavī* were mature enough for him to understand the teachings, and that he was ripe for enlightenment. It would be appropriate to go to teach him. So later that morning the Buddha set off walking to *Ālavī*, some 30 yojanas (about 48 km.) away. The inhabitants of *Ālavī* held the Buddha in great respect and on his arrival warmly welcomed him. Eventually a place was prepared for everyone to gather together and listen to a discourse. However, as the Buddha's particular purpose in going to *Ālavī* was to enlighten this one poor peasant, he waited for him to arrive before starting to talk.

The peasant heard the news of the Buddha's visit, and since he had already been interested in the Buddha's teaching for some time he wanted to go and listen to the discourse. But it so happened that one of

his cows had just disappeared. He wondered whether he should go and listen to the Buddha first and look for his cow afterwards, or to look for the cow first. He decided to look for the cow first and quickly set off into the forest to search for it. Eventually the peasant found his cow and drove it back to the herd, but by the time everything was as it should be, he was very tired. The peasant thought to himself, “time is getting on, if I go back home first it will waste a lot of time. I’ll just go straight into the city to listen to the Buddha’s discourse.” Having made up his mind, the poor peasant started walking into *Ālavī*. By the time he arrived at the place set up for the talk, he was exhausted and very hungry.

When the Buddha saw the peasant’s condition he asked the city elders to arrange some food for the poor man. When the peasant had eaten his fill and was refreshed the Buddha started to teach and while listening to the discourse the peasant realized the fruit of ‘Stream Entry’, the first stage of enlightenment. The Buddha had fulfilled his purpose in travelling to *Ālavī*.

After the talk was over the Buddha bade farewell to the people of *Ālavī* and set off back to the *Jetavana* monastery. During the walk back the monks who were accompanying him started to critically discuss the day’s events. “What was that all about? The Lord didn’t quite seem himself today. I wonder why he got them to arrange food for the peasant like that, before he would agree to give his discourse.” The Buddha, knowing the subject of the monks’ discussion turned back towards them and started to tell them his reasons, and at one point in his explanation the Buddha said, “when people are overwhelmed, and in pain through suffering, they are incapable of understanding Dhamma.” Then the Buddha went on to say that hunger is the most severe of all illnesses and that conditioned phenomena provide the

basis for the most ingrained suffering. Only when one understands these truths will one realize the supreme happiness of *Nibbāna*.

All the major points of Buddhist economics appear in this tale. They will be elaborated on below.

Limitations of Economic Theory in the Industrial Age

(1) Specialization

At the present time economists consider economic activity in isolation, without reference to other forms of human activity or to other academic disciplines. This specialization is one of the characteristics of development in the Industrial Age. Consequently, when looking at human activity, economists try to eliminate all non-economic aspects or standpoints from their considerations and concentrate on a single perspective: that of their own discipline. The isolation of economic questions from their wider context may be taken to be the primary cause of many of the problems that currently beset us.

In Buddhism, economics is not separated from other branches of knowledge and experience. In efforts to remedy the problems of the human race, economic activities are not abstracted from activities in other fields. Economics is not seen as an independent, self-contained science but as one of a number of interdependent disciplines working within the whole social/existential matrix. Ostensible economic activities are looked at from a number of different perspectives. Advertising may be taken as an example; speaking in purely economic terms, advertising consists of methods used to persuade people to buy things. It leads to a rise in sales but as costs are increased makes goods become more expensive. But advertising is also bound up with popular

values: advertisers must draw on common aspirations, prejudice and desires in order to produce advertisements that are appealing. Social psychology is employed to utilize popular values for economic ends. Advertising also has an ethical significance because of its repercussions on the popular mind. The volume of advertising may cause an increase in materialism, and inappropriate images or messages may harm public morality. On the political plane, decisions have to be made regarding policy on advertising—should there be any control, and if so, of what kind? How is one to achieve the proper balance between moral and economic concerns? Education is also involved. Ways may have to be found to teach people to be aware of how advertising works, to reflect on it, and to consider how much of it is to be believed. Good education should seek to make people more intelligent in making decisions about buying goods. So the subject of advertising demonstrates how activities prevalent in society may have to be considered from many perspectives, all of which are interrelated.

Specialization can be a great benefit so long as we don't lose sight of our basic goal. The various disciplines are intended to be different constituents of a complete response to human problems. If the extent of each discipline's responsibility is fully determined, then that responsibility can be fulfilled and the point of contact between disciplines be more clearly defined. Then a more concerted effort to relieve human suffering will be possible, one which will have better results than are being achieved at present. The error lies in our pride, taking our own discipline to be capable of solving all difficulties by itself. Not only is it a mistaken notion but it prevents a successful solution of the problems at hand. If this point is accepted then we must find exactly where economics connects with other sciences, disciplines, and human activities. Where does economics connect with

education, and ethics, in dealing with human problems? If these points of contact can be clarified then it would be possible to find the true value of specialization.

Mr. Schumacher's point that the existence of Right Livelihood as one of the factors of the Eightfold Path necessitates a Buddhist economics has further implications. Firstly, it indicates that Right Livelihood (or economics) must be considered of great importance in Buddhism for it to be included as one of the path factors. It shows that Buddhism accepts the significance of economics. Secondly, and conversely, it means that economics is taken to be merely one amongst a number of factors (traditionally eight) that comprise a right way of life, i.e. one capable of solving the problems facing humanity.

(2) Not free of ethics, but inattentive to them

A solution to the problems facing humanity requires the presence of many contributing factors, one of which is ethics, a subject of particular relevance to myself as a Buddhist monk. I would like to discuss ethics here in light of its relationship to economics, so that it may serve to illuminate the connection between the different components of a right way of life. We have already seen the great importance of this relationship on a general level, so let us now take a look at some particular cases that illustrate the nature of this relationship and its significance.

Ethics (or the lack of them) affect economics both directly and indirectly. If, for example, a particular area is unsafe, if there are robbers, and a lot of violence, and if lines of communication are unsafe—then it is obvious that businesses will not invest there, tourists will not want to go there, and so on. The economy of the area is thus adversely affected. This is a phenomenon that is easily observed.

In a public transport system, if the staff, the ticket-collectors and the passengers are all honest then not only will the government receive its full revenue, but it may also be able to save on inspections. If the passengers' honesty can be relied upon, then it may be possible to substitute ticket machines for collectors. When people are self-disciplined and help to keep their surroundings clean and litter-free the municipal authorities may not have to waste so much of their funds on trash-collection and other cleaning operations.

Conversely, if businesses are overly greedy and attempt to fatten their profits by using sub-standard ingredients in foodstuffs, e.g. putting cloth-dye as a coloring in children's sweets, substituting chemicals for orange juice, or putting boric acid in meatballs (all of which have occurred in Thailand in recent years), consumers' health is endangered. The people made ill by these practices have to pay medical costs. The government has to spend money on police investigations and the prosecution of the offenders. Furthermore, people whose health has suffered work less efficiently, causing a decline in productivity. In international trade, those who pass off shoddy goods as quality merchandise risk losing the trust of their customers and foreign markets—as well as the foreign currency obtained through those markets.

The freedom of the free market system may be lost through businesses using unscrupulous means of competition; the creation of a monopoly through influence is one common example, the use of thugs to assassinate a competitor a more unorthodox one. The violent elimination of rivals heralds the end of the free market system, although it is a method scarcely mentioned in the economics textbooks.

Western companies send medicines to third-world countries that they are forbidden from selling in their own countries. Those so-called 'medicines' endanger the health and lives of any who consume them. In economic terms, it causes a decline in the quality and efficiency of labour while also necessitating increased expenditure on health care, which is a drain on the nation.

Businesses use advertising to stimulate desire for their product. Advertising costs are included in capital outlay and so are added to the price of the product itself. Thus people tend to buy unnecessary things at prices that are unnecessarily expensive. There is much waste and extravagance. Things are used for a short while and then replaced, although still in good condition. This is a waste of economic resources and its existence is related to the common penchant for flaunting possessions and social status. Businessmen are able to exploit such desires to make more money out of their customers because people who like to show off their possessions and status tend to buy unnecessarily expensive products without considering their quality. They take snob-appeal as their criteria, considering expense no object. Worse than that there are people in Thailand today who, unable to wait until they have saved enough to afford some new product, rush off and borrow the money, plunging themselves into debt. Spending in excess of earnings has serious ill-effects. Eventually the person's status that the object is meant to exalt, declines, along with the country's economy as its balance of trade with other countries goes into the red.

A person in the business world once said to me that in Thailand if one saw a Sikh riding on a motorbike one could safely assume that he was a wealthy man. If he was driving a car one could take it for granted that he was a millionaire. But if one was to go into the provinces one would find that 50% of the Thais who ride motorbikes have bought

them on credit. This economic phenomena is also a matter of social values. It is the same with the purchase of cars. Quite poor people buy cars on borrowed money or pay for them in installments. So there are cars everywhere, which gives rise to the problem of traffic congestion with all its attendant ill effects on the economy until eventually there is turmoil. Economics cannot be divorced from social matters. The love of flaunting and ostentation is prominent in Thailand. Some people, although reasonably well-off, will refuse to pay a few dollars for a ticket to a show. In order to show off their connections they will find a way to get a complimentary ticket. Then they will swagger into the show flashing their free ticket. On such occasions they are not willing to part with even a dollar or two. But the same people, in order to show off their prestige or social standing, may arrange a lavish party for a huge number of people and spend thousands of dollars. This character trait, or this sort of value system, has a great effect on the economy. Sometimes when Western economists come to Thailand and encounter this phenomena they say that it just knocks them flat. They can't see how to solve the country's economic problems. When they meet these strange new mental sets and ways of behavior they are baffled as to how to find a solution.

In economic matters we must consider the various factors that have come to be involved with them, an important one of which is confidence or belief. We need to have confidence in the banks, confidence in the stock market. At any time when there is a loss of confidence then the stock market may crash and banks go into liquidation. Even confidence in the sense of belief in the claims of advertisers has effects on the economy. But confidence is also conditioned by other factors. Its presence or absence is often the result of deliberate manipulation by business interests.

In the workplace, if the boss is responsible, capable and kind, and commands the confidence and affection of his or her employees, and the employees are harmonious, diligent, and committed to their work, then production will be high. There have been cases where the employer has been such a good person that when their business failed and came close to bankruptcy, the employees sympathetically made sacrifices and worked as hard as possible to make the company profitable again. In such cases, employees have sometimes been willing to take a cut in wages, rather than just making demands for compensation.

So abstract human values become economic variables. We can clearly see that industriousness, honesty, devotion to work and punctuality have great effects on both productivity and efficiency. Conversely, boredom, cheating, dishonesty, discrimination, discouragement, conflicts, even private depressions and anxieties have adverse effects on productivity, and this point is important.

On a broader level, nationalism is significant. If a sense of patriotism can be instilled into the people, they may be led to refuse to buy foreign goods, even if those goods are of high quality and there are inducements to buy them. People are able to put aside personal desires out of regard for the greatness of their nation and only use things made within their country. They wish to help production so that their country can prosper and become a major force in the world. It may reach the point, as in Japan, where the government has to try to persuade people to buy products from abroad. Nationalism is thus another value system that affects economics.

(3) Unable to be a science, but wanting to be one

The large number of examples I have given so far have been intended to demonstrate the intimate and significant effect that ethics and values have on economics. However ethics, i.e. questions of good and bad are only one aspect of Dhamma.* The relationship of Dhamma to economics is not confined to the sphere of ethics. Another way that Dhamma is connected with economics is with regards to the true nature of things, the natural condition of phenomena. In fact this aspect is even more important than ethics, because it concerns the very heart or essence of economics. The word ‘Dhamma’ is here used to mean the truth, or in other words the complex and dynamic process of cause-and-effects that constitutes our world. If economics does not fully know, understand and address itself to the whole causal process, economic theory will be unable to produce solutions to problems that arise, or produce the salutary effects that it desires. It will be an economics that is not in harmony with ‘the way things are’ (*Saccadhamma*).

‘The way things are’ refers to the nature of nature, i.e. the true mode of existence of phenomena, and it encompasses all aspects of theory and practice. It is not the subject of any particular branch of knowledge, but is the very essence of science or the essence that science seeks to discover. The contemporary trend towards division and separation of the different aspects of a complex subject, one that has even reached treatments of the Dhamma, is a dangerous one and may lead us to stray from the truth. It is another important point that must be understood.

* The teachings of the Buddha or ‘the way things are’

Economics has been said to be the most scientific of the social sciences. Indeed, economists are proud of how scientific their subject is: that they take only those things which can be measured and quantified into their considerations. It has even been asserted that economics is purely a science of numbers, a matter of mathematical equations. In its efforts to be a science, economics tries to eradicate all questions of abstract values as unquantifiable, and seeks to be value-free. But in opposition to this trend, some critics of economics, even a number of economists themselves, say that actually, of all the social sciences, economics is the most value-dependent. It may be asked how it is possible for economics to be a value-free science when its starting point is the perceived needs of human beings, which are a function of the value-systems of the human mind. Furthermore, the end-point or goal of economics is to answer those perceived needs to peoples' satisfaction and satisfaction too is an abstract value. So economics begins and ends with abstract values. Economic decisions concerning production, consumption, etc. are largely value-dependent, as for example in debates over the granting of mining concessions in national parks. Consequently, it is impossible for economics to be value-free, and it is this dependence on values that disqualifies economics from being a complete science.

Two further points may be made in this connection, the first being that economic principles and theories are full of unverified assumptions, and that a science cannot be so based. It is an important objection. Secondly, it is not such a good thing for economics to be a science anyway. Science has too many limitations to be able to solve all the problems of humanity. It shows only one side of the truth, that which concerns the material world. If economics actually became a science then it would be pulled along the same pathway as science, and then would be restricted in its ability to remedy human suffering.

The best attitude for economics is to see and accept the truth of things. The attempt of economics to be scientific (i.e. exact and precise) is one of its good points and should be maintained. However, at the same time, for any real or effective answer to human suffering, particularly at the present time which is a 'turning point' for human society, economics should surely open itself up to co-operation with other disciplines. It should cast a wider, more comprehensive eye on the question of values. As soon as values have been accepted as legitimate objects for consideration, then they become factors to be studied in accordance to their proper status, enabling the whole causal process to be seen. But if values are not studied then economics can never be scientific because it cannot develop any understanding of the whole causal process of which values form an integral part.

At present economics only accepts certain sorts or aspects of values as being relevant to it. It does not study the whole range of value systems. Errors are made, for instance, in economic forecasting, when the factor of values comes into play at a much more significant level than economics is willing to allow for. To give an example: one principle of economics is that people will only agree to part with something when they can replace it with something that will afford them equal satisfaction. Here an objection might be made that this is not invariably true. Sometimes we can experience a sense of satisfaction by parting with something without getting anything tangible in return, as when parents out of love for their children may give them something as a gift without expecting anything back. They feel satisfied, more so perhaps than if they had received something in return, the cause being of course, the love they feel for their children. If human beings could expand their love of others, not confining it to their own families, but feeling love for all other people then they

might be able to part with things without receiving anything in return, and experience more satisfaction than before. They would not only not be deprived of satisfaction, or just receive a compensatory amount, but they would actually experience much more satisfaction. This too is an example of how values can affect economic matters.

Another economic principle states that when prices go down, people buy more; when prices go up, people buy less. That is generally the way that things happen. If prices are lowered, peoples' purchasing power increases. They buy more, and the number of consumers increases. But that is not always the case. If one knows that the members of a society are given to ostentation and flaunting of possessions as status symbols, then one can make use of that tendency to induce people to think of expensive goods as trendy. People are led to believe that whoever is able to buy such and such an expensive object will stand out from the crowd and be a member of high society. Then it occurs that the more that one raises the price, the more people buy that commodity, because of their desire to be fashionable or to be identified with a certain social group.

In fact, there are numerous examples which economics itself uses to demonstrate how the values of a society determine prices, one of which concerns two men shipwrecked on a desert island. One man has a sack of dried rice and the other a hundred gold necklaces. Ordinarily a single gold necklace would be enough, more than enough, to buy a whole sack of dried rice. But now the two men find themselves stranded on an island with no means of escape and no guarantee of any ship coming along to rescue them. The value of the goods changes. Now the person with the rice might purchase all one hundred gold necklaces for a mere portion of the rice, or he might refuse to make the exchange at all. So the value of goods is a function of demand.

However, what I wish to point out here is that economics must distinguish between the various kinds of demand and deal with the question of the quality of demand. Economics replies that it is not our business, we are only interested in demand, its quality does not concern us. But in fact the quality of demand or want does affect economics. In the example given above there are other possibilities besides trade. The man with the gold necklaces might take advantage of a time when the owner of the rice is not present to steal some or he might just kill the owner in order to get the whole sack. On the other hand, the two men might become friends and help each other out, so that there is no need for any buying or selling or bartering at all; they might just share the rice until it's all gone. It could happen in any of these ways. So factors such as personal morality or emotions such as greed and fear can affect the economic outcome. A demand that does not balk at violence or theft will have different results from one that recognizes moral restraints.

In order to show that economics is a science, that it is objective and doesn't get mixed up with subjective feelings and values, economists will sometimes give various examples to back up their arguments. They say, for instance, that a bottle of alcohol and a pot of Chinese noodles may have the same economic value, or that going to a night club may contribute more to the economy than going to listen to a Dhamma discourse. These are truths according to economics. They take no values whatsoever into account. Economics will not look at the benefits or harm that come from a particular commodity, activity, production, consumption, or trade. Neither the vices associated with the frequenting of night clubs nor the knowledge and wisdom arising from listening to a Dhamma talk, are its concern. Others may look at things from those standpoints but economics will have nothing of it.

Thoroughly reflecting on the leading cases above one sees that the scientific nature and objectivity of economics is rather narrow and superficial. Economists look at just one short phase of the natural causal process, as if just cutting out the part that they are interested in, without paying attention to the whole stream of causes and conditions in its entirety. This is a characteristic of economics in the industrial era which prevents it from being a true science and from being adequately objective. However certain contemporary trends seem to indicate that economics is starting to expand its vision to encompass more of the causal process, and is consequently moving in accordance with reality.

The first thing to consider is what economic costs may arise from harm to the consumer's well-being. Let us return to the example of the bottle of alcohol and the pot of Chinese noodles. We can see that, though their market prices may be the same, their economic costs are not equal. The bottle of alcohol may damage the person's health, forcing him to spend money on medical treatment. The distillery which produced the alcohol will probably have released foul-smelling fumes into the air, which can be dangerous to health, causing cold sores, for instance. The pollution of the environment causes a natural degradation that has economic effects. It may force the government to devote resources to remedying environmental problems. The one who drinks the alcohol might crash his car as a result, incurring more economic costs. And of course there are the detrimental social effects: drinking can cause crime, and crime's costs are very high. Also, intoxication will mean that the one who drinks will have poor mindfulness, making him less efficient at work.

Every one of the above points is concerned with economics. They imply the necessity of looking at economic costs on a much wider scale

than at present, not just in terms of market prices. There is now a trend towards including environmental costs in calculations of economic cost. Some economists even include them in the price of the finished product. But it is not really enough. In the case of the bottle of alcohol, apart from the environmental costs there are also the social, moral, and health costs (i.e. crime, efficiency of production, etc.) of which all have economic implications.

(4) Lack of clarity in its understanding of human nature

Having shown how economics is related to other matters, particularly values, and how it is affected by other things we may now turn to another important problem—that of an understanding of human nature. It is an extremely important matter. All disciplines must be founded on an understanding of human nature. If any discipline errs with its understanding, then it will be unable to reach the complete truth and be unable to really solve the problems of humanity. So on the matter of human nature, what is the understanding of economics, and what is the understanding of Buddhism and Buddhist economics? I have already mentioned that economics looks at the phenomena of human demand or want, but looks at only one side of it, refusing to take into account the quality of demand. If that is true, and the quality of demand is a natural phenomena then it means that economics refuses to consider a truth that lies within the nature of things. That being so, then one must further question economics as to how it could be a discipline and how it could give a complete answer to human problems. The only possible defense is that economics is just a specialized discipline that must cooperate with the other relevant disciplines.

(a) Want

I would like to begin dealing with the subject of human nature by looking at demand or wants. Modern economics and Buddhism both agree that mankind has unlimited wants. There are a great number of sayings of the Buddha concerning this point, e.g. *natthi taṇhāsamā nadi* - there is no river like craving. Rivers can sometimes fill their banks but the wants of human beings never come to an end. In some places in the Buddhist texts it says that even if money were to fall from the skies like rain, man's sensual desires would not be fulfilled. Elsewhere the Buddha says that if one could magically transform a whole mountain into solid gold ore it would still not provide complete and lasting satisfaction to even one person. Thus, there are a large number of teachings in the Buddhist tradition that deal with the unlimited nature of human want. Here I would like to relate a story that appears in the *Jātaka* Tales.

In the far and ancient past there lived a king called *Mandhātu*. He was a very powerful ruler, an emperor who is known in legend for having lived a very long life. *Mandhātu* had all the classic requisites of an emperor; he was an exceptional human being. He had everything that anyone could wish for. He was a prince for 84,000 years, then the heir apparent for 84,000 years, and then emperor for 84,000 years. One day, after having been emperor for 84,000 years, King *Mandhātu* started to show signs of boredom. The great wealth that he possessed was no longer enough to satisfy him. The King's courtiers saw that something was wrong and asked what was ailing his Majesty. He replied, 'The wealth and pleasure I enjoy here is trifling: tell me, is there anywhere superior to this?' 'Heaven, your Majesty,' the courtiers replied. Now, one of the King's treasures was the *cakkaratana*, a magic wheel shaped object that could transport him anywhere at his command. So King

Mandhātu used it to take him to the Heaven of the Four Great Kings. The Four Great Kings themselves came out to welcome him and on learning of his desire, invited him to take over the whole of their heavenly realm.

King *Mandhātu* ruled over the Heaven of the Four Great Kings for a very long time until one day he began to feel bored again. It was no longer enough, the pleasure that could be derived from the wealth and delights of that realm could satisfy him no more. He conferred with his attendants and was informed of the superior enjoyments of the *Tāvatiṃsā* Heaven realm. So King *Mandhātu* picked up his *cakkaratana* and ascended to the *Tāvatiṃsā* Heaven where he was greeted by its ruler, Lord Indra, who promptly made him a gift of half of his kingdom.

King *Mandhātu* ruled over the *Tāvatiṃsā* Heaven with Lord Indra for another very long time until Lord Indra came to the end of the merit that had sustained him in his high station, and was replaced by a new Lord Indra. The new Lord Indra ruled on until he too reached the end of his lifespan. In all thirty-six Lord Indras came and went while King *Mandhātu* carried on enjoying the pleasures of his position. Then, finally he began to feel dissatisfied, half of heaven was not enough, he wanted to rule over all of it. So King *Mandhātu* began to think of how to kill Lord Indra and depose him. But it is impossible for a human being to kill Lord Indra, because humans cannot kill deities, and so his wish went unfulfilled. King *Mandhātu*'s inability to satisfy this craving made it start to rot the very root of his being, and caused the aging process to begin. Suddenly he fell out of *Tāvatiṃsā* Heaven down to earth, where he landed in an orchard with a resounding bump. When the workers in the orchard saw that a great king had arrived some set off to inform the Palace, and others improvised a make-shift throne for him to sit on. By now King *Mandhātu* was on the verge of death. The

Royal Family came out to visit and asked if he had any last words. King *Mandhātu* proclaimed his greatness. He told them of the great power and wealth he had possessed on earth and in heaven, but then finally admitted that his desires remained unfulfilled.

There the story of King *Mandhātu* ends. It shows how Buddhism shares with economics the view that the wants of humanity are unlimited or endless. But Buddhism does not stop there. It goes on to speak of two features of human nature that are relevant to economics and need to be understood. First, Buddhism distinguishes two kinds of want or desire:

(a) the desire for pleasurable experience (both physical and mental) together with the desire for the things that feed the sense of self, i.e. the cravings known in Buddhist terminology as *taṇhā*,

(b) the desire for true well-being or quality of life, (*chanda*).

The second point, also related to this principle of wanting, is that Buddhism holds that we are beings that have the ability to train and develop ourselves. Desire for well-being or for a quality of life indicates a desire for self-development or in other words the development of human potential. The one essential point of human development is thus the diverting, or exchanging of desire for things that provide pleasant experiences and feed the sense of self, into the desire for true well-being. Whereas the first kind of desire is unlimited, the second is not and therefore tends to be in frequent conflict with the first, as for example in the matter of eating. When we eat, both kinds of desire are present, although for most people the desire for well-being is not usually conscious; we tend only to be aware of the desire for pleasurable experience.

Why do human beings eat? Surely it is to nourish the body, to give it strength and good health. But the desire that arises in peoples'

minds is for enjoyment, food that is 'good' in terms of taste. This desire may oppose the desire for wellbeing, and even destroy the quality of life. The desire for the experience of delicious flavours leads us to search for the tastiest food and it may be, for instance, that the most delicious food contains artificial additives which enhance the smell, colour, and taste of the food but are harmful to our body, and thus our well-being. Also, people who eat primarily for taste often eat immoderately. They may eat so much that afterwards they suffer from indigestion and flatulence. In the long run they may become overweight, which is also dangerous to health. Food that provides well-being is usually quite cheap but food consumed to satisfy the desire for taste, or food that is currently fashionable, may be unnecessarily expensive. People endlessly pursuing their cravings may even spend as much as a hundred dollars a day on food.

So the two kinds of desire are in frequent conflict. The more that human beings seek to gratify their desire for pleasure the more they destroy their true well-being. The principle applies not only to the consumption of food, but to all human activities, even to the use of technology. We must learn how to distinguish between the two kinds of desire and then reflect on them wisely.

The principle of desire leads us to the subject of value, because desire (or demand) creates value. The two-fold nature of desire creates two kinds of value, which may be termed as true, and artificial value. The true value of something is decided by its ability to meet the desire for well-being, artificial value by its capacity to gratify the desire for pleasure. In any one object, the true value will tend to be outweighed by an artificial value created out of craving and conceit. Desire for the sensually appealing, or for trendy things to serve as status symbols together with popular values and prejudices all crowd into our reckoning of the value of things.

(b) Consumption

The question of consumption is similar to that of value. We must distinguish what kind of desire our consumption is intended to satisfy. Is it in order to answer the need for things of true value, or in order to enjoy the pleasures afforded by false value. Consumption may be said to be the consummation of human economic activity, but the meaning ascribed to it by economic theory in the industrial era and that of Buddhist economics is not the same.

Consumption is the alleviation or gratification of desire, that much is agreed. From the perspective of economics, consumption is defined simply as the use of goods and services to satisfy wants. But now let us look at Buddhist economics. It defines right consumption as the use of goods and services to satisfy the desire for true well-being. In other words, it says that consumption must have a goal and a purpose.

Industrial era economics says demand → consumption → satisfaction, and that's the end of it, there's no need to know what happens afterwards. In this view consumption can be of anything whatsoever so long as it results in satisfaction. Economics does not consider whether or not human well-being is adversely affected by that consumption. Buddhism agrees with the basic concept of consumption but adds that human well-being must be augmented by the satisfaction of a demand. Consumption must have quality of life as its aim. This is the difference of perspective.

(c) Work and working

'Work' and 'working' are also terms that are understood in different ways by conventional and Buddhist economics, and once more the difference is related to the two kinds of desire. In the case that work is connected with the desire for true well-being (which includes the

desire for self-development and the development of human potentialities) then the results of the work immediately and directly correspond to the desire. Work is done with desire for the results of the work itself and so provides satisfaction. If however, the work is done with desire for the things that provide one with pleasure, then the results of the work itself are not what one desires. They are merely the conditions needed to acquire the things that one desires. Work then is seen as a matter of unavoidable necessity.

The difference between the two attitudes to work lies in that in the first case work is perceived as a potentially satisfying activity and in the second as a necessary chore. Modern Western economic theory is based on the view that work is something that we are compelled to do in order to obtain money for consumption. It is the time when we are not working, or “leisure time”, when we may experience happiness and satisfaction. Work and satisfaction are considered to be separate and generally opposing principles. However, over the centuries, Western people have become deeply inculcated with a love of work and thirst for knowledge so that they tend to work and study with determination and dedication, despite their negative ideas about work. But when a society lacking that firm cultural base takes up this view of work as a condition for the acquisition of money, then there will be detrimental effects on work, the economy, on individual lives and on society as a whole.

To give an example of the two different kinds of working, let us suppose that Mr. Smith is a researcher. He is seeking to discover natural means of pest control for agricultural use. Mr. Smith enjoys his work because the things he desires from it, knowledge and its application, are the direct fruits of his research. The advances he makes, and the increases in understanding he experiences, afford him

a constant satisfaction. The growth of his knowledge and the clarity of his understanding continually add to the enjoyment Mr. Smith derives from his work.

Mr. Jones is a research worker in the same field as Mr. Smith. Mr. Jones works for money and promotions. Thus the results of the work itself, knowledge and its practical applications are not the results that he desires. They are merely the means by which he can ultimately get what he really wants, which is money and position. Mr. Jones doesn't enjoy his work, he does it because he feels he has to.

From this discussion of the nature of work, it may be seen that work in the Buddhist sense, performed in order to meet the desire for well-being, can give a constant satisfaction. People are able to enjoy their work. In Buddhist terminology it is referred to working with "*chanda*". But work with the desire for some pleasure or other is called working with *taṇhā*. People working with *taṇhā* have the desire to consume, so that while still working (and thus not yet consuming) they experience no satisfaction, and so are unable to enjoy their work.

It might be objected that not all kinds of work afford the opportunity for enjoyment and satisfaction. It is not merely the desire for pleasure that is the obstacle. Many jobs, especially in industry, are dull and undemanding or seem pointless. In others the physical conditions may be difficult, even dangerous to health. In such cases the boredom, frustration, and depression of the workers has negative effects on productivity. Buddhist economics points to the need to create jobs and organize production in such a way as to maximize the opportunities for workers to fulfill their desire for well-being. However, the basic point remains valid. The attitude we hold towards our work, whatever it is, is a major conditioning factor of the effect it has on us.

As regards the subjects dealt with above, i.e. the nature of desire, of values, and of work, Buddhism accepts the fact that it is natural for people to have cravings for things (*taṇhā*). But at the same time Buddhism sees that human beings also have the desire for quality of life or well-being, and that this second kind of desire, is an inherent true need of humanity. There is a desire for self-improvement and for the good. Consequently, Buddhism is not denying craving, but rather is looking towards transforming it as much as possible into the desire for well-being, and to make that desire for well-being lead to self-improvement. This change of meaning has significance for many other matters, even for example the definitions of wealth, goods and services, competition, and cooperation. When the foundation of things changes, everything changes.

(d) Competition & Cooperation

The view of economics is that it is human nature to compete. Buddhism, on the other hand, says that it is within human nature both to compete and to cooperate, and furthermore makes a distinction between true and artificial cooperation.

Competition is natural. When we are striving to satisfy the desire for pleasure we will compete fiercely, because at such times we want to get as much as possible for ourselves and we feel no sense of sufficiency or fullness. If we can get that object of desire all for ourselves and nobody else gets any of it, then so much the better. Inevitably competition is intense; it is natural to the mind driven by *taṇhā*. However the competitive instinct may be utilized to induce cooperation. One might get all the members of a particular group together in order to compete with another group. One might, for example, arouse or encourage the people of a country to be

nationalistic and cooperate in refusing to buy goods from abroad. But that cooperation is based entirely on competition. Stimulation of the competitive instinct in such a way as to give rise to cooperation on one particular level is what Buddhism calls artificial cooperation.

True cooperation is that which takes place in the effort to meet the desire for quality of life. When human beings desire their true well-being they are able to cooperate to solve the problems of mankind. The potential for true cooperation lies within human nature. One form of human development entails diverting humanity's energies from competition towards a cooperative effort to solve the problems facing the world. Thus for objects of true value we are able to cooperate, but for artificial values we will compete with all our might in order to lay our hands on the position or personal benefit that we crave.

(e) Contentment and Consumerism

At this point I would like to introduce a few comments on the subject of contentment. Although it doesn't fit in exactly with the argument being put forward here, it is related to it, and as contentment is a virtue that has often been misunderstood, it seems to merit some discussion.

The question of contentment involves the quality of life and the two kinds of human want that have been discussed above. It is quite apparent that people who are content have fewer wants than those who are discontent. However a correct definition of the term must make the qualification that contentment implies only the absence of artificial want, i.e. the desire for pleasure. The desire for true well-being remains.

Our misunderstanding of the meaning of contentment is due to the failure to distinguish between the two different kinds of desire. We

lump the two kinds of desire together, and in proposing contentment, dismiss them both. A contented person comes to be seen as one who wants nothing at all. Here lies our mistake.

Thais believe themselves to possess the virtue of contentment, but research has shown them to be avid consumers. These two things are incompatible. Can you see the contradiction? Either Thais are not content or else they are not the big consumers they are said to be.

A criticism that has been made in the past, it might be called an accusation, is that the contentment of the Thai people makes them lazy and apathetic and so prevents the country from progressing. But one commentator holds that it is rather the Thais' penchant for consumption and dislike for production that hinders development. So one view is that it is contentment that retards development and another that it is the liking for consumption. Whichever is true, what is certain is that arousing people's desires for consumer goods does not invariably lead to an increase in production. The belief, once widely held, that economic development depends on encouraging spending and consumption, has not been borne out by the results. In Thailand it appears that problems have been aggravated—Thais now like to consume a lot but don't like to produce. We think only of consuming or possessing things, but not of making them ourselves. We want to have all the things that they have in developed countries, and feel proud that we live like people in those countries do, but we're not proud to produce those things as they do. It is this attitude that really obstructs development. It demonstrates that merely arousing desires in people without a correct understanding of human nature cannot provide satisfactory results. The desire to consume, once aroused, rather than leading to an increase in production, leads instead to profligacy, debt, and crime: a development gone seriously awry.

Is it possible that Thais are both content and avid consumers after all? That we have been moving away from a traditional contentment and exchanging it for the values of consumerism? If that is the case then it means that in introducing the Western economic system into our society, we have applied it wrongly, and are now suffering the harmful results. Actually, if we Thais were really content in the correct way defined above, then it would enable us to support a steady and continual growth in production. The path from contentment to production would be similar to that taken by Western countries, where the Industrial Revolution was based on the Protestant work ethic.

The Protestant work ethic teaches virtues of contentment, economy and frugality, and encourages the investment of savings in order to increase production. It teaches people to love work and to work for work's sake. Westerners at the time of the Industrial Revolution lived with contentment but desired to produce. Instead of using their energies for consumption, they used them for production so as to promote industrial advance. We Thais also have a good foundation: we are content, we dislike extravagance, we're not obsessed with consumption, we know how to be economical and use things sparingly. What we need to do is to create and stimulate a love of work and a desire for accomplishment. Such a desire will lead to production and will bear fruit in industrial development. So, in summary, contentment understood correctly means cutting off the first kind of desire, the artificial desire for sense-pleasure but actively encouraging and supporting the desire for quality of life.

In Buddhism, contentment is always paired with effort. The purpose of contentment is seen to be to save the time and energy lost in ministering to selfish desires, and using it to create and nurture true well-being.

There are many things that need to be said concerning production: it is a big subject. Consideration of the subject of production doesn't merely call for an understanding of human existence but demands a wide-ranging examination of the whole of nature. In economics, the work 'production' is deceptive. We tend to think that through production we create new things, when in fact we merely effect changes of state. We transform one substance or form of energy into another. These transformations entail the creation of a new state by the destruction of an old one. Thus production is almost always accompanied by destruction.

If economics was a true science it would not treat production in isolation. Production involves destruction and in some cases the destruction is acceptable, in others it is not. Consequently the point to consider regarding economic production is as to whether, in cases where the value of the thing produced is offset by the values of that which is destroyed, production is justified. In some cases we may have to refrain from production in order to sustain the quality of life.

So in modern economics, consideration in terms of production or non-production alone is incorrect. Non-production can be a useful economic activity. We must examine the subject of production by dividing it into two kinds:

- (a) production offset by destruction, e.g. production entailing destruction of natural resources and environmental degradation,
- (b) production for destruction, e.g. arms manufacture.

In (a) non-production is sometimes called for, and in (b) is always the better choice.

There is production with positive results and production with negative results; production that enriches the quality of life and that which destroys it.

In the economics of the industrial era, the term production has been given a very narrow meaning. It is taken to relate only to those things that can be bought and sold—it is an economics of the market place. Thus if I make a table and chair at my monastery and then use it myself, economically speaking, I have not produced anything. A professional comedian goes on the stage and tells jokes. He relaxes the audience and gives them a good time. This is taken to be economically productive because money changes hands. However, someone working in an office, who is of a very cheerful disposition, always saying and doing things to cheer and refresh those around them, so that their work-mates are free of tension (and feel no need to go and see a professional comedian), is not considered to have produced anything. We never consider the economic price of action and speech that continually creates tension in the work place, so that those affected have to find some way to alleviate it with amusements such as going to see a comedian. To give another example: a bull fight, where people pay money to see bulls killed, is called an economic production. A child helping an elderly person across the road is not.

Please give some thought to the cases mentioned above. They are examples that show the narrowness of economic thought and its definition of production. Buddhist economics expands its thinking more widely. In regards to this matter, if one looks for the ‘invisible hand’ of Adam Smith, one must complain that it doesn’t function everywhere. The questions of wealth and economic growth must be reconsidered. What is the true purpose of economic growth anyway? Surely it must be to secure an increase in the quality of life.

The Major Characteristics of Buddhist Economics

(1) Middle-way economics: realization of true well-being

An important characteristic of Buddhist economics is that it is a 'middle-way'. It might be called a middle-way economics. The Buddhist way of life is referred to as a path and each of the eight factors of the path is called *sammā*, which means right or correct, e.g. *sammā ājīva*: Right Livelihood. Each factor is *sammā* because it gives rise to the optimum benefit in its respective sphere. The path is a middle-way between too much and too little. It is just right. So the middle-way means 'just the right amount'.

Schumacher says that the presence of Right Livelihood in the Eight-Fold Path of Buddhism necessitates a Buddhist economics. What may be added to that statement is the fact that it also makes inevitable the presence of Wrong Livelihood. Similarly, right economic activity implies wrong economic activity. Here, a correct or 'right' economy is a middle-way economy. Buddhism is full of teachings referring to the middle way, the right amount, knowing moderation and all these terms may be considered as synonyms for the idea of balance or equilibrium. But what exactly do all these terms refer to? We may define 'the right amount' as the point at which human satisfaction and true well-being coincide, i.e. when we experience satisfaction through answering the desire for quality of life. This point leads back to the subject of consumption which was stated above to be the consummation of economics. Here we may go through the meanings of consumption once more. According to conventional economics, the term consumption refers to the use of goods and services to answer want and needs, so as to provide the highest satisfaction. However in the Buddhist system, consumption refers to the use of goods and

services to answer wants and needs in ways that engender satisfaction at having increased the quality of life. In the Buddhist view, when enhancement of true well-being is experienced through consumption, then that consumption is said to be successful. If consumption issues merely in feelings of satisfaction, and those feelings are indulged without any understanding of the nature of that consumption or its repercussions, then according to Buddhist economics, it is incorrect. Satisfaction of desires may have harmful effects and may cause a decline in the quality of life.

Consumption can increase the quality of life and so form a basis for further developments of human potentialities which in turn ennoble life. Thus economics is related to the whole of human existence. That being so, if it is to have any authenticity, economics must play a part in the development of human potentialities and help mankind to be able to lead a noble life, to enjoy an increasingly mature kind of happiness. If it does not do so, then of what use is it to us?

That the consummation of economics lies in consumption is brought out in Buddhist economics by the principle of *bhojane mattaññutā*. This is a teaching which appears throughout the Buddhist scriptures, even in the *Ovāda Pāṭimokkha*, the verses held to contain the heart of Buddhism where it is expressed as *mattaññutā ca bhattasim*, 'knowing moderation in consumption'. Knowing moderation means knowing the optimum amount, how much is 'just right'. The principle of *mattaññutā*, of knowing the right amount, is an important one in Buddhism. It occurs in a wide range of contexts, for example as one of the seven virtues of the Good Man (or Woman) and is invariably present in any reference to consumption.

Mattaññutā is the defining characteristic of Buddhist economics. Knowing the right amount in consumption refers to an awareness of

that optimum point where the enhancement of true well-being coincides with the experience of satisfaction. In the teachings that lay down the way in which monks and nuns should make use of the requisites offered to them, it is stressed that they should consider the reason and purpose of their consumption, as in the traditional formula: *Paṭisaṅkhā yoniso piṇḍapātariṃ ...*; wisely reflecting, I take alms-food.” Whatever is consumed must firstly be reflected upon wisely. This principle is not restricted to monastics; it applies to all Buddhists. We should reflect intelligently on food—that the true purpose of eating is not for fun, for indulgence or the fascination of taste. We reflect that it is inappropriate to eat things just because they are expensive and fashionable. We shouldn’t eat extravagantly and wastefully. We should eat so as to sustain our lives, for the health of the body, in order to eradicate painful feelings of hunger that have arisen and to prevent new ones (from overeating) arising. We eat so as to be able to carry on our lives in ease. We eat so that the energy we derive from the food can support a noble and happy life. Whenever we consume anything we should understand the meaning of what we are doing in this sort of way, and consume in such a way as to experience results that conform to that purpose. ‘Just the right amount’ or the ‘middle way’ lies right here.

When a person reflects on consumption and understands that its purpose is to maintain health and support a good and happy life, then true well-being or quality of life will be what he or she desires from it. On consumption of a particular product or service, then that person will feel satisfied at having enriched the quality of their life. This is the meaning of *mattaññutā* or the ‘right amount’ that constitutes the middle way.

It follows from the above that economic activity is a means and not an end in itself. The economic results that are desired are not the real goal but a way to it, i.e. they are a supporting base for the process of human development that leads to a better life. In the case of food it means not just eating in order to enjoy the taste and get full, but eating one's fill so as to have the physical and mental energy to be able to give attention to and reflect on those matters that will increase one's wisdom. In the story related earlier, the Buddha had food given to the poor peasant, not just in order to allay his hunger, but so that he could listen to a Dhamma discourse afterwards. Consumption is a means to an end.

Given these principles, certain subsidiary practices are implied. For instance, people who have enough food for their needs, are not encouraged to eat as much as they like, or just to follow their desires. What's more, praise is sometimes given to monks who only eat once a day. Economics, on the other hand, would praise those who eat the most; those who eat three or four times a day. If someone were to eat ten times a day, so much the better. But in Buddhism, given that eating once a day is enough to meet the need for true well-being, then those monks who do so are praised. It's not that getting down to eating one meal a day is the goal of course. If one didn't do anything afterwards to make use of that frugality then it would be pointless, just a way of mistreating oneself. Thus one must consider consumption as a condition for self-development.

Eating one meal a day is not a practice restricted to monks. On Observance days, Buddhist laypeople may take Eight Precepts for a day and a night, one of which is to refrain from eating after mid-day. Renunciation of the evening meal becomes an economic activity which is of benefit in the development of the quality of life. Consumption is

then an economic activity leading to the development of the quality of life that can be either positive or negative in nature; it may mean to eat or not to eat. In other words, not eating can also be an economic activity increasing the quality of life, and in doing so provide satisfaction.

Ordinarily our satisfaction arises from consumption, but there are also many cases in which we can experience a sense of satisfaction at non-consumption. However the satisfaction at non-consumption might arise from some mental impurity, e.g. one could eat only once a day out of conceit, to show how tough or ascetic one is, and then feel pleasure and satisfaction in the pride one feels in one's accomplishment. Satisfaction arising from conceit is a mere step away from that arising from the gratification of craving. The correct form of satisfaction in this case would be to eat little or to abstain from food as a way of training oneself, in order to go against the grain of desire, and then to feel pleased and satisfied at the resultant increase in one's true well-being. A great many people, in their efforts to find satisfaction through consumption, damage their health and do harm to themselves and others. Drinking alcohol for instance, satisfies a desire, but is a cause of ill-health, quarrels and accidents. People who eat for taste often over-eat and make themselves unhealthy. Others give no thought at all to food values and waste a lot of money on junk foods, so that some people even become deficient in certain vitamins and minerals despite eating large meals every day. Incredibly, cases of malnutrition have even been reported. Apart from doing themselves no good, their over-eating deprives others of food. So pleasure and satisfaction are not a measure of value. If our satisfaction lies in things that do not enrich the quality of life, then it can sometimes destroy our true welfare, We may become deluded and intoxicated; we may lose our health, lose the quality of life.

There is a classic economic principle that the essential value of goods lies in their ability to bring satisfaction to the consumer. Here, we may point to the examples given above where heavy consumption and strong satisfaction have both positive and negative results. The Buddhist perspective is that the benefit of goods and services lies in their ability to provide the consumer with a sense of satisfaction at having enhanced the quality of his or her life. There has to be that extra clause. All definitions, whether of goods, services, wealth or whatever, must be modified in this way.

(2) Not harming oneself or others

A further meaning of the term ‘just the right amount’ is of not harming oneself or others. This is another important principle and one that is used in Buddhism as the basic criterion of right action, not only in relation to consumption, but for all human activity. Here it may be noted that in Buddhism ‘not harming others’ does not apply to human beings alone, but to all that lives, or in a more contemporary idiom, to all ecosystems.

From a Buddhist perspective, economic principles are related to the three interconnected aspects of human existence: human beings, nature, and society (with the meaning of the word nature used in the sense of ecosystems). Buddhist economics must be in concord with the whole causal process and to do that it must have a proper relationship with all three of those aspects, which in turn must harmonize and support each other. Economic activity must take place in such a way that it doesn’t harm oneself, i.e. does not cause a decline in the quality of life, but on the contrary enhances it. Not harming others means not causing distress and agitation to society and not causing degeneration in the quality of ecosystems.

At present there is a growing awareness in developed countries of environmental issues. People are anxious about economic activities that entail the use of toxic chemicals and the burning of fossil fuels, and the like. Such activities are harmful to the health of individuals, to the welfare of society, and to the environment. They may be included in the phrase harming oneself and harming others, and are a major problem for mankind.

Technology

I would like to digress a little at this point and say something about technology. The question may be asked as to what our understanding of technology is. In Buddhism, or particularly in Buddhist economics, technology is defined as the means to extend the range of human faculties. We possess eyes, ears, a nose, a tongue, a body, and a mind—these are our sense faculties, and they are limited in use. If we want to drive in a nail and we use our fist it will be very painful. If we have to walk wherever we want to go it will be very time-consuming. So what can we do? We invent a hammer. A hammer extends the range of our sense faculties, increases the amount of work we can do with our hands. We have extended distances our feet can take us by building vehicles, and then airplanes. Our eyes are unable to see very small objects, so we have invented microscopes to see microorganisms. They cannot see the stars that lie at great distances from the earth, and so we have built telescopes. These days we can even build a computer to extend the capability of the brain. So technology extends the range of sense faculties.

In the modern period our use of material means to effect the extension of the range of sense faculties has led to industrial advances, but the current form of technology is not the only one.

Historically, there have been cultures whose people have been seriously concerned with matters of the mind. They also found ways to extend the range of human faculties, but they used non-physical means. It is said that certain monks and yogis developed psychic powers such as the ability to fly through the air and to read others' minds. So we may distinguish two kinds of technology: the physical and the psychical. People make use of technology in their relationship with society and nature, and so it becomes a new kind of environmental factor, one that is man-made. Sometimes this man-made factor conflicts with the well-being of society and nature, causing various problems. Technological development may cause an imbalance in the quality of human life, nature, and society; it may hinder the harmonious, supportive relationship between these three factors, causing them to decline. And technology may be used in a way that harms self and others. These problems may be remedied by developing technologies that are conducive to harmony and mutual support between these three elements of human existence, and by using technology to promote the true welfare of self and others.

Summary

In summary, one important point that must be stressed is that the economic results that we seek are not ends in themselves. They are means, and the end to which they must lead is the development of the quality of life and of humanity itself. Consequently, it is the view of Buddhism that economic activity and its results must provide the basis of support for a good and noble life and of individual and social development.

Buddhism considers economics to be of great significance—this is demonstrated by the Buddha having the peasant eat something before

teaching him. Economists might differ as to whether the Buddha's investment of a 45 kilometer walk was worth the enlightenment of a single person, but the point is that not only is Right Livelihood one of the factors of the Eightfold Path, but that hungry people cannot appreciate Dhamma. Although consumption and economic wealth are important, they are not goals in themselves, but are merely the foundations for human development and the enhancement of the quality of life. They allow us to realize the profound: after eating, the peasant listened to Dhamma and became enlightened. We must ensure that the creation of wealth leads to a life in which people can be creative, develop their potentials, and endeavor to be good and noble. It is in short the quality of life that we are talking about.

In Buddhism there is a teaching called the Three *Attha*: that is, the initial, medium, and ultimate goals of human life. The initial, or basic goal refers to 'visible benefits,' of which a reasonable economic security is central; but the benefits of the first *Attha* have to be coordinated so as to assist with the attainment of the two further goals—the medium goal of mental virtues and quality of life, and the ultimate goal of complete inner freedom. In the effort to help achieve these three goals, economics must look upon itself as a contributing factor, one of many interrelated branches of knowledge that must support each other in the remedying of human problems. Consequently, an important task for economics is to find its points of contact with other disciplines and discover in which ways to best cooperate with them, how best to distribute the work load. Education for example could be used to teach people to recognize true and false values, what is and is not quality of life and so cooperate with economics in human development.

Summary

The major part of our lives is taken up with economic activities. If economics is to have any real part to play in the resolution of the problems facing humanity, then all economic activities, whether production, working, spending or consuming must help to create true well-being and develop the potential for a good and noble life. It is something that we are capable of doing. The essence of Buddhist economics lies here, in ensuring that economic activity simultaneously enhances the quality of our lives.

Appendix

General Principles of Buddhist Economics (Middle-way Economics)*

1. Wise Consumption

Consumption is the starting point of the entire economic process, because production, trade, and distribution all originally stem from consumption.

At the same time, consumption is also the goal and end-point of all economic activity, because production, trade, and distribution are accomplished and fulfilled by the act of consumption.

As the recipients of both good and bad effects of economic activity, consumers should realize that they have some freedom of choice about what they consume so that they can truly benefit from consumption. Such free or independent consumption hinges on wise consumption.

Wise consumption enables a consumer to discern the various factors at play in the economy, and leads to a moderation of consumption and an overall balance of economic activity, benefiting all members of society.

A simple example of wise consumption relates to the act of eating. Here, while eating, the consumer of food realizes that he or she is:

1. **A member of society:** people's needs and desires are induced and influenced by society, e.g. social values. One may simply be eating in order to show off one's status, to appear trendy, or for amusement.

* This appendix was translated by Robin Moore in 2015.

2. **A part of nature:** people's needs are determined by natural causes and conditions. People need to eat in order to sustain life, to maintain a strong and healthy body, to be free from illness, to live at ease, and to have the physical attributes to live a virtuous and productive life.

If people recognize that the true requirement in regard to consuming food comprises the natural needs in the second clause above, they will eat with the objective of maintaining a strong and healthy body and of living a good life, i.e. for a good quality of life.

Such people will, as a rule, meet the demands and requirements of the body in order to achieve a good quality of life. Satisfying the needs and desires of society will be secondary and will only be met after careful consideration.

This is called wise consumption, enabling the consumer to benefit from goods and commodities and to enjoy them appropriately.

Applying the language of economics, consumption is not merely the use of goods and commodities and the fulfilment of desires for a vague sense of satisfaction, but consumption is the use of goods and fulfilment of desires for deriving true contentment, recognizing that one obtains a good quality of life, i.e. one obtains the the genuine advantages and objectives of consuming, for instance in relation to eating described above.

Wise consumption is thus at the heart of a balanced or righteous economy, because it generates moderation and contentment in regard to the amount and kinds of objects consumed, satisfying people's needs and enabling them to fulfil the true objectives of consuming and enjoying things.

Furthermore, wise consumption acts as the criterion for controlling production and for regulating other aspects of the economy.

Moreover, it rectifies mistaken social values, e.g. a tendency towards extravagance and luxury, and it reduces social oppression and destruction of the natural environment, leading to wasteful use of natural resources and to generating levels of pollution beyond the capacity for society to cope with.

On the contrary, unwise consumption entails a lack of reflection and awareness about the true objectives of consuming goods and commodities. For instance, a person may consume things simply to gratify desires dictated by society, e.g. by trying to appear fashionable or by showing off his or her social status. Besides failing to achieve the true objectives of consumption, such behaviour leads to extravagance and waste, to oppression of other people, and to a destruction of the environment.

Unwise consumption leads to a great waste of resources and impairs the quality of people's lives, which is the true purpose of consumption. For instance, one may eat an extravagant meal and spend \$300, but the richness of the food may cause illness for the body, undermining one's health and wellbeing. A wise consumer, on the other hand, may spend only \$3, yet eat healthy food and thus fulfil the true objective of eating.

These days the business model of maximizing profit is widespread and has become part of globalization; as a result economic production has increased dramatically.

Normally, producers act to serve consumers or to satisfy the needs of consumers, and consumers determine the act of production.

But circumstances have changed. Producers now have power over the consumers, to the extent of regulating consumption. Consumption now acts to fulfil the commercial desires of the producers. Producers whip up desires in consumers and generate new popular trends, which

are often not advantageous to the consumer and are detrimental to both society and the natural environment.

Producers with a sense of moral obligation will use their creativity to produce new merchandise that provide consumers with improved choices and that truly meet their needs. This is especially true in regard to those things that broaden people's intellectual horizons or expand their degree of knowledge and support the development of human beings and the progress of society.

Such responsible action conforms to the principle of a 'supportive economy,' whereby the economy is supportive or conducive within a 'mode of conditionality' (*paccayākāra*): a wholesome system of interdependence and interrelation, encompassing individual people, the society, and the natural environment, and enhancing human civilization.

The problem lies with a form of production that views consumers as prey and only seeks to increase profit and personal gain, by inciting various kinds of indulgence and infatuation, generating a vortex of greedy consumption. Such activity destroys people's quality of life and undermines their wellbeing.

These detrimental effects also occur because consumers lack a form of self-development, or they do not stay abreast of genuine progress within their society. At least, they are not shrewd consumers and they are unable to compete with the intelligence of the producers.

In developing countries, if the percentage of wise consumers does not significantly increase, the citizens of these countries will be led astray by the economic systems prevalent in developed countries controlling production, and they will fall into the trap of enslavement to personal craving. They won't have the strength to recover from this state of weakness or resist the power of so-called progress.

Although such an economy may be in a state of bearish growth, it can only be considered 'good' from a deceptive numerical perspective. The numbers or statistics conceal any inherent corruption or degeneration in the economy, allowing weakness and decay to be sustained and making it increasingly difficult to rectify the situation.

For this reason it is imperative to foster a development of consumers, so that they stay abreast of producers and the flow of business. Here, producers simply submit new merchandise and adopt the appropriate role of serving the consumers. Consumers apply discriminative knowledge (*vicāraṇa-ñāṇa*) when choosing merchandise, enabling the true benefits of consumption to be achieved, and they maintain their freedom, acting to determine economic activity and fulfilling the true purpose of human life.

Wise consumption is equivalent to balanced and optimum consumption. It lies at the heart of what may be called an optimum economy, a sufficiency economy, or a middle-way economy. One can say that it is the economy of those who are spiritually developed and truly civilized.

Put in other words, wise consumption is the starting point and essence of a Buddhist economy, because it lies at the centre of economic activity and determines the entire economic process, including production and advertisement. Moreover, it sustains all that is good and constructive in the economy.

In sum, wise consumption is the essence of right livelihood (*sammā-ājīva*), one of the factors of the Noble Eightfold Path, i.e. of a virtuous life.

Especially in regard to wise consumption, a middle-way economy must be related to human spiritual development and also be linked to other principles pertaining to Buddhist economics.

2. Freedom from Self-harm and from Oppression of Others

The term 'self' here refers to each human individual, both in the sense of: 1) a living organism comprising a part of nature, and 2) a member of society. The term 'others' refers to both: 1) the collection of human individuals, i.e. the other people who comprise one's community or society, and 2) one's ecology, i.e. the environment or the entire planet.

To begin with, people should refrain from harming themselves. But as members of society and a part of the natural environment, for them to live happily and at ease, they also need to play a positive and supportive role outwardly. They must be careful not to damage or injure the social and natural environment in which they live, because any outward trouble or disturbance may directly affect their own personal wellbeing.

Not long ago (before 1970), it is fair to say that economics as an academic discipline paid almost no attention to matters pertaining to the environment, because they were deemed outside the scope of this discipline's focus of study.

Soon thereafter, however, economists were compelled to do an almost 180 degrees turn. They began to give great importance to the health of the environment and to sustainable development, because the economic activities of the previous decades were seen as the primary culprit in creating environmental problems for the world, both for human societies and the natural environment.

Economics shouldn't have to wait for a crisis like this to pay attention to such problems, because these various factors are interconnected. Economic activities play an important role in the world in ways that economists themselves may not yet be aware. For instance, economics has a direct effect on people's wellbeing beyond

the narrow scope of simply material wealth or material wellbeing.

Environmental problems, for example, act as a reminder that economics must cooperate in a supportive role to bring about a healthy existence for individuals, society, and the natural environment.

Note that the expression ‘freedom from self-harm’ does not only refer to avoiding impoverishment and to ensuring that one has an adequate amount of the four requisites to live at ease.* It also refers to abstaining from those economic activities that are harmful to oneself in other ways, even if they are performed unintentionally or with unawareness, e.g: consuming things with a lack of circumspection or with a lack of moderation.

For instance, the case mentioned earlier of someone who spends a lot of money for a lavish meal in order to satisfy his taste buds or to show off his social status. The rich food, however, fails to meet the needs of the body; instead, it has both short-term and long-term harmful effects, undermining his health. This is called ‘self-harm.’

Freedom from self-harm implies a wise consumption meeting the needs of the body and fostering good health.

There is another important factor related to this subject of self-harm. It is related to human nature and to living a good life, which is the true goal of economic activities. Namely, human beings possess the unique trait of being teachable or trainable, and they achieve excellence precisely through such spiritual training and education.

Spiritual training has numerous benefits, including: speech and bodily conduct becomes increasingly refined and virtuous; one becomes more proficient and successful at various tasks; one generates

* The four requisites: food, shelter, clothing, and medicine.

various spiritual faculties; the mind becomes more potent, stable, and happy; one gains wisdom and insight; one adds to one's cultural heritage and civilisation in matters pertaining to scholarly and philosophical achievements; and one realizes true peace and liberation.

A person's proper use of the four requisites can help to foster these spiritual potentialities listed above.

If, however, people deliberately deprive themselves of necessary requisites, or they consume them in a deluded way, indulging in material pleasure, and forsake the opportunity to develop their own spiritual potential, this in itself can be called 'self-harm.'

In today's world there are numerous individuals with an abundance of material possessions, but instead of using these things to enhance their spiritual potential and achieve superior states of mind, many of them become intoxicated by a life of luxury and grow heedless, throwing away their life potential in a most regretful way.

It is for these reasons that a viable economic system, besides requiring that people refrain from harming each other, also includes an absence of self-harm.

3. Economy as a Support

In this era economic development and success has chiefly been measured by economic growth, i.e. the focus has been on material abundance and prosperity or on objects of consumption.

Finally, in around 1987, there was a clear and widespread acknowledgement of various problems, to the extent that the United Nations made a formal declaration stating that the prevalent status quo economic development was unsustainable.

People began to recognize that a principal cause for this unsustainable development was a failure and imbalance in the economic system itself, which refused to take into account the detrimental effects on the natural environment and was not integrated with the development of human beings.

Despite this recognition of the defects in the system, genuine reform and redress of these faults has yet to occur. Imbalanced and isolated economic development emphasizing abundance and affluence has continued unabated. The concepts ‘sustainable development,’ ‘balanced development,’ or ‘integrated development’ are simply tossed about in polite conversation without actually being implemented.

The reason this problem hasn’t yet been rectified is because the principles or criteria for solving it are not adequately clear and because people lack confidence and conviction in proposed solutions. These reasons, however, fail to get to the heart of the matter.

The real reason why the problem persists is because the solutions run counter to people’s ingrained disposition or they conflict with people’s desires.

The preceding form of economic development has habituated people to consider material wealth or so-called ‘economic progress’ as the goal of life and the mission of society. Many people therefore pin their hopes for happiness on acquiring the maximum amount of gratifying consumable objects.

In sum, a primary belief or paradigm of thinking of people in today’s age is that material abundance is the end-all of economic activity.

It must be acknowledged that economic production and consumable objects are important for the survival of human life. But

this is not their sole purpose; they have a significance over and above mere survival.

If the economy is in trouble and people are deprived of the four requisites, this will interfere or prevent people's intellectual and wisdom development, which is essential to culture and civilization and constitutes the greatest blessing of a human life.

Economic productivity or abundance of material objects is not the goal of human life. Instead, economic activity and material objects act as a support for people, enabling them to live and survive, and assisting them to create and to realize the highest goodness and excellence obtainable through the human potential.

This principle is epitomized in the story of the Buddha providing food to the hungry cowherd so that he would have the strength and ease of mind to listen to the Dhamma and to grow in spiritual virtue.

If people see economic activity as the goal of life they entrust their hope and happiness to material things and get caught up in the search for such things. Their lives and society are stuck in sensual indulgence, and mutual harassment and oppression in the world increases. Money overflows yet iniquity flourishes.

It is a shame when people get bogged down on this level and fail to develop their human potential, forsaking the opportunity to advance in spiritual excellence. Instead, they waste their potential in vain and engage in an inferior form of development.

This is similar to the words of King Mandhātu, who said that for a greedy person, despite living into an extended old age, no amount of material things will satiate his desires; there will never be enough.

(On a related subject, Thomas Robert Malthus claimed that with an increase in the population of a populace, the number of consumable

objects do not increase sufficiently to satisfy people's needs and desires.)

If the discipline of economics is to be relevant in promoting human civilization, it must recognize the supportive role economic activity and material prosperity can play for enabling the development of human intellectual and spiritual potential. This will lead to true growth and prosperity, befitting the blessing of a human life, and it will bring about a thriving and noble culture and civilization.

Economists may try and muffle such assertions according to the doctrine of the age of specialization, claiming that these responsibilities exceed the remit or fall outside the scope of economics. The sole responsibility of economics is to concern itself with providing adequate material goods to satisfy human needs and desires through industrial or commercial means.

But this objection and dissociation is untenable, because every aspect of economic activity is related to people's world views and outlooks on life. Moreover, such dissociation and specialization is already outdated, as can be seen by the recent inclusion of environmental matters into the field of economics.

Having acknowledged the importance of the ecosystem and external environmental factors, it is inevitable that economics will take a greater interest in human life and become more integrated with the social sciences and the humanities.

Just as consumption as the perceived end-goal of economic activities has become the origin of problems in relation to the natural environment, consumption as the end point of fulfilling people's true needs and generating contentment is the origin of genuine human creativity and prosperity.

About sixty years ago a Thai economist wrote in one of his books that, from the perspective of economics, a Buddha image and a barrel of manure have the same value or are of the same worth.

I am not quoting this passage in order to criticize this economist. It is merely an example of the viewpoint and perspective from the time when academic specialization was in the ascendency. From this viewpoint, economics is a value-free science.

Here, we do not need to delve into the question whether such a viewpoint in fact contains inherent personal values. In the modern time period, such academic specialization and the outlook on the environment as comprised merely of the material world is obsolete or outdated. Modern academia now takes into account the interrelationship and integration of academic disciplines.

For the discipline of economics to be effective in line with its own objectives and in harmony with the modern era, it is no longer helpful or necessary for it to declare itself as value-free. Its primary responsibility is to help analyze how those principles that are value-free may be integrated with those principles pertaining to value.

This is not to imply that economists must study every other discipline until the boundaries get blurred. Economics should remain a distinct branch of knowledge with its own form of specialized studies.

What it means is that economics must correctly discern its connection and relationship to other fields of knowledge, with the aim of collectively promoting goodness and wellbeing for people, enabling them to live in a peaceful society and a pleasant and habitable world.

If, due to a thriving economy, people have abundant material possessions, but they are infatuated by these things, allow their human potential to go to waste, and become more depraved, their prosperity is lacking in merit. People then obtain material things in order to

squander their humanity. If such a situation occurs economics will not escape from being called once again a ‘dismal science,’ in an even more profound sense than was originally intended.

If, however, economics encourages a management of the economy in a way supportive to true human development:

- A. It will not get bogged down trying to bring about economic prosperity in order to fulfil the gratification of only a few individuals or groups of individuals.
- B. It will aim to establish an economics of sufficiency, enabling people to create a virtuous and peaceful personal life, society, and world.

Such a supportive economics is not a form of liberalism immersed in consumerism and sensual indulgence, nor is it a form of socialism whereby people are forced to conform to a state of rigid egalitarianism. Instead, it is a state of sufficiency that meets the needs of a majority of people, who develop themselves within a prosperous and flourishing civilization.

If the discipline of economics is able to view the economy in this way of interrelationship and support, it will play a key role in nurturing human civilization. It will fulfil its true and proper function and it will deserve the title of the Thai term *settha-sat* (เศรษฐศาสตร์; from the Sanskrit words *śreṣṭha* and *śāstra*), literally: ‘excellent science.’

4. Harmony with Human Nature

A motivation or state of mind that has a strong bearing and influence on the economy is greed or covetousness (*lobha*).

There are economists who claim that greed is a natural part of human nature and therefore there is no harm in having people engage

in the economy with this state of mind.

Some even say that greed should be promoted, because it will drive people to be more industrious, intensify competition, and create a more vigorous economy, for instance by increasing output and yield.

It is true that greed is a part of human nature. The above claim, however, is faulty; it lacks logical analysis and is only a one-sided consideration. It reveals an inadequate understanding of human nature. It is an opinionated hypothesis and conjecture stemming from incomplete study and scholarship. It is a weak point that, if present, makes it extremely difficult for economics to truly solve human dilemmas.

Here are some observations on the flaws of the categorical claim that 'greed is a part of human nature':

A) Although greed is indeed a part of human nature, it is only one aspect of human nature. Human beings have many other qualities, including many that are diametrically opposed to greed, e.g.: kindness, compassion, generosity, and self-sacrifice.

B) Some people view human greed as identical to greed inherent in other animals, e.g. elephants, horses, cows, dogs, rats, pigs, cats, etc., but this is not true.

Greed in (other) animals is instinctual. When the basic desire to live, eat, reproduce, etc. has been satisfied, the matter is finished.

Greed in humans, however, is compounded by the power of thinking, thus escalating both in amount and in intensity. For instance, greed can greatly increase hostility; one person's greed can cause him to exterminate a million others and create incalculable havoc in the world.

To satiate greed people may use elaborate subterfuge and duplicity not found in other animals. If not managed correctly, greed can thus create tremendous problems.

C) As mentioned earlier, some economists claim that greed is good because it makes people more industrious and hardworking. It is foolish, however, to believe that this is the prevailing view of most economists.

Many eminent economists, including mainstream economists, recognize that greed is bad.

John Maynard Keynes, for example, considered greed to be bad, but he claimed that people must rely on and utilize greed for the foreseeable future ('at least for 100 years'). He thought it necessary for people to have greed—the desire for money and wealth—until the economy grows enough to meet people's basic needs and is able to completely eliminate poverty.

*'For at least another hundred years we must pretend to ourselves and to every one 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.'**

(Some people have responded to this comment, saying that by using the present economic system, even if one were to wait 500 years, or the strength of the economy were to multiply 500 times, poverty would still not be eliminated.)

The next two factors are of paramount importance, namely:

D) Economists who promote greed do not truly understand the nature and implications of greed. Their overall understanding of desire is vague and ill-defined, and they fail to recognize that there are

* Essays in Persuasion, ch. 5, 'The Future' (1931).

different kinds of desire. Basically, there are two kinds of desire, which are revealed in the following examples:

- Gloria sweeps and mops the house because she desires a clean house.
- Keith, on the other hand, sweeps and mops because he has been promised some cake as a reward.
- A scholar writes a book or conducts research on his specific field of study because he wants to impart knowledge to others, helping them to solve problems or promoting social development.
- Another scholar writes a book or conducts research because she wants a job promotion or a monetary reward.

Note the differences between these two kinds of desire:

1. The first kind of desire is a desire to produce or generate something, and it seeks the direct result of a particular action.

This desire is a direct cause for action, i.e. it is a desire for action and a desire for the fruits of action. (Here, positive action is implied: to act in order to bring about positive results, or to act well. One can call it 'creative aspiration' or 'pursuit of development'.)

2. The second kind of desire is a desire to obtain an object, for which one is not yet eligible, in order to own or consume it. Moreover, there are preconditions or stipulations that one must do something else (i.e. an act separate and not directly related to the object) in order to obtain the desired object.

This kind of desire is not a direct cause for action. Rather, it leads a person to search for a way to obtain the object, subject to the specific precondition of being compelled to act in order to get something. One acts only because such action is a precondition. One does not desire the direct result of the action (e.g. cleanliness); instead one desires some kind of reward (e.g. cake).

Desire designated as ‘greed’ (*lobha*) is precisely this second kind of desire, i.e. the desire to obtain.

The second kind of desire, in Pali, is given the name *chanda*, translated as the ‘desire to act.’ This refers to a desire to act in order to bring about positive results. It can also be translated as the ‘desire to create’ and even the ‘desire for knowledge.’*

Because greed or covetousness is simply the desire to obtain, greedy people have no wish to act and do not aspire to the direct result of an action. They will only act when they are *required* to act in order to obtain a desired object. If they can get this object without exerting any effort, this would be ideal.

When they are forced to act, they do so begrudgingly and unwillingly, with hardship and a lack of enthusiasm. As a consequence, one must establish a system of control and regulation, which is often complex and corrupt.

If possible, these people will avoid working to get what they want; they will seek ways to get it without any effort. Such desire is thus the root of various forms of immoral behaviour and social ills.

Desire, in its various forms, plays a significant role in people’s lives, and it acts as a driving force in the economy. If economists wish for economic activities to truly benefit individual people and society, they must develop a deeper understanding of desire and learn to harness it. This is related to the next factor:

E) The Western outlook on nature is to see it as fixed or static. Contemporary economics has generally evolved from this way of thinking. It therefore views desire as uniform and invariable, and it doggedly aims to satisfy this perceived constant and uniform kind of desire.

* At this point we will not discuss the related subject of necessity or ‘need.’

Human nature, however, is open to change. This is a crucial point.

Human beings are unique in that we can be trained; we are responsive to spiritual development and cultivation. It is the responsibility of each individual to partake in such self-development, and it is the duty of society to promote it.

Spiritual education, training, and cultivation lies at the heart of people's efforts to live a good life and to create a peaceful society. It is the express attribute enabling people to be noble and exceptional, and to create a prosperous and flourishing culture and civilization.

And in this context, desire, which has a direct bearing on economic activity, can itself be transformed and cultivated. This pertains to both forms of desire mentioned above.

Such transformation of desire brings about a change in behaviour, including economic behaviour. Moreover, it induces change on many other levels, including the development and increase of happiness.

This enhancement and development of spiritual qualities is precisely the development of human virtue, and it goes hand-in-hand with an economics of mutual conditionality and with genuine human development.

Take the example of work. If we develop desire and generate an enthusiasm for work, or if we can transform selfish desire (*lobha*) into wholesome desire (*chanda*), the entire meaning of work and our attitudes towards work will also be transformed.

Desire to Obtain (<i>lobha</i>)	Desire to Act (<i>chanda</i>)
Work is a precondition for obtaining a desired object.	Work produces desired results.
One works begrudgingly, waiting for the time to seek pleasure.	One works with a sense of happiness, which is readily accessible, inherent to the task at hand.
One works out of a sense of hardship and misfortune, earning money in order to purchase pleasure (indirect course).	One works joyfully; the money one earns only increases one's happiness (direct course).
Work is a form of settlement and reimbursement within a profit-making system.	Work is an act of creativity and solves both personal and social difficulties.

Although this matter has not been discussed here in detail, what has been mentioned so far is enough to act as an index for how economic administrators and government officials should manage the economy, by recognizing and acknowledging that at any one time people in the society exist at different levels of development. Not everyone is the same. We all differ in terms of desires, behaviour, disposition, intelligence, and ability to be happy. For this reason, social leaders and administrators should:

1) Regulate the economy by promoting various supports and services suitable to people of different levels of development, meeting their needs in a way that does not cause harm or compromise goodness and truth.

2) Encourage every person in society to progress to higher levels of spiritual development. In this way, people do not stay stuck in one place or regress.

It is implied here that such social leaders and administrators will also understand that at any one time, those people existing at higher levels of spiritual development will be fewer than those at lower levels.

Take for instance the area of desire. Social leaders should recognize that there exists only a small percentage of people in society who aspire towards understanding and innovation, who have a strong will to perform wholesome actions, and who delight in the search for knowledge and wisdom.

Although such persons are small in number, they exert a strong influence by developing themselves, fostering social betterment, and advancing civilization.

The majority of people, however, are less developed in virtue and lack an aspiration and enthusiasm for work and active engagement. They have greed as a strong driving force and primarily seek pleasure from sensuality. This makes them inclined to avoid exertion and work; they prefer to obtain their desired objects without any effort.

Provided with this understanding, astute leaders will set up systems and attend to the citizens in society in line with the truth of this aforementioned diversity and disparity among people, for the benefit of all:

1. There are many people, if not the majority, who relate to things with greed. They want to acquire things, but they don't necessarily want to work for them. They seek ways to get things using different methods:

A. Through prayer and supplication, waiting for divine blessings.

B. Hoping for a stroke of good luck, say by gambling.

C. By scrounging or asking, waiting for handouts and aid from others.

D. Through immoral behaviour, attempting to get things by way of deceit, duplicity, fraud, or theft.

E. By using force, oppression, and exploitation to take things from others.

F. By leading extravagant and lavish lifestyles, engrossed in consumerism.

Social leaders should respond to such greedy and covetous people in the following ways:

A. Establishing a system of terms and stipulations (a conditional system), requiring that people must perform some kind of work before they are given money.

B. Laying down supplementary measures, e.g.:

- Establishing a system of inspection, regulation, and punishment for those individuals who transgress the rules and agreements set down in the conditional system.
- Making earnest effort to stamp out corruption and to guard against intimidation, coercion and harassment.
- Eliminating places of vice, places of fraud and duplicity, and places of temptation, which induce people to seek profit without needing to work.
- Devising various strategies and methods to encourage people to steer away from indolence and heedlessness.

The following two methods are essential for the success of such a conditional system:

1. The rules, laws, and regulations must hold power; they must be enforced decisively and resolutely in order to be truly effective.
2. The terms and stipulations must be set down skilfully, in order to regulate and deflect greed. They will thus be as constructive and supportive as possible. For instance, greed will be offset by an encouragement to perform work; the more greedy a person is, the more inducement there will be to accomplish work—one of the chief objectives of the conditional system.

2. Although the number of individuals endowed with a dedicated will to act, with a longing and aspiration for knowledge and wisdom, may be few, they act as a force for building and nurturing society.

Leader should seek out, be attentive to, and promote such individuals earnestly and sincerely.

3. As mentioned earlier, an aspect of human nature is that we are trainable. Most people are endowed with a mixture of positive and negative potential. This is especially true in relation to desire, i.e. people harbour both greed (*lobha*) and wholesome desire (*chanda*), which has a strong bearing on economics.

If people have an enthusiasm for action (*chanda*), they will cultivate a love for their work, a ‘producer’s’ temperament, fortitude, and self-discipline.

If people have a lot of greed (*lobha*), however, society will face the problems of consumerist values, extravagance, corruption, indiscipline, superficiality, and overall deterioration.

If people are predominantly greedy, and the rules and regulations in society, or the conditional system, are powerless and ineffective, society will be very weak and shaky.

For this reason the state, or social leaders, ought to provide opportunities to the general public for education and spiritual training. People will thus learn different techniques for dealing with desire, e.g. to use greed as a catalyst for wholesome desire, or to reduce greed and strengthen the will to act. Most important is to promote and enhance this wholesome desire—this aspiration for knowledge—and to create a conditional system that is potent and effective, generating true development in individuals and in society.

There are other aspects to the dynamics of human nature in regard to spiritual training. For instance, when people lack spiritual development, their happiness is greatly dependent on consuming material things. But when they have undergone spiritual training, their dependence on material things to bring about happiness decreases and they experience a greater sense of freedom. Social management needs to proceed in harmony with this truth of human nature.

Another aspect of human nature is that, on the whole, when people are not oppressed by suffering or threatened by danger, living comfortably, they have the proclivity to grow idle and to become careless and indulgent.

It is therefore the duty of social leaders to set down measures for establishing people in diligence and heedfulness (*appamāda*), which is the chief factor for preventing social decline and creating true prosperity.

These are just some simple examples of how social management needs to conform to the truth of human nature.

5. Integration with the Unity of Nature

This subject of an integration with the unity of nature covers a wide range of material, and has been touched upon in some of the earlier passages of this book. Here, I will attempt to present an outline of this subject.

Essentially, Buddhism holds the view that all things exist and proceed within an interrelated natural system.

Even those subjective matters within the domain of the mind, e.g. thought and imagination, and those matters pertaining to social activities, which in today's academic circles are not necessarily considered aspects of nature or of pure science, and are thus distinguished as separate branches of study, e.g. the humanities and sociology, are in Buddhism viewed as natural phenomena, only at another level of complexity.

It is imperative that one recognizes and gains an insight into how such psychological and social factors exist as interrelated causes and conditions, and are linked to other aspects of nature within a unified system.

If there is a lack of insight into this truth, human academic knowledge will split off into separate specialized disciplines, and each one of these disciplines will end up defective and wanting. This can be seen in some branches of science which only study physical aspects of nature, without taking any account of related factors. As a consequence, the understanding of the physical world is sometimes inadequate and unclear.

From what has been said so far one can summarize Buddhist economics as holistic, integrated with other academic disciplines and human activities.

The link revealing that human individuals and human society are part of an interconnected natural system lies within people themselves, i.e.:

Human beings are an aspect of nature, although they possess unique attributes.

There are many such unique attributes, but the ones that are most important are intention (*cetanā*) and intelligence (*paññā*; in some cases, or at some levels, this word encompasses ‘wisdom,’ ‘insight’ and even the knowledge of awakening— *bodhiñāṇa*—but these are all facets of intelligence). All of these unique attributes are aspects of nature.

The world of human beings, or human society, is generated from these unique attributes, which exist in a causal relationship with other factors inherent in the overall interconnected natural system.

For the diverse branches of knowledge to be integrated and to truly solve people’s myriad problems, and for human creative endeavour to reach its goal, people must first understand their own unique attributes and recognize how they fit into the interconnected set of conditions (*paccayākāra*) inherent in nature.

Economic activity is a part or component of this holistic conditional system.

Economics as a discipline needs to discern the conditionality of economic activity within this interconnected system at two levels or pertaining to two domains:

1. The interrelationship between economics and other human social activities and affairs, e.g. popular values, traditions, ethics, state of public health, politics, and education. (Up till now, the study of politics has been given much attention, but many other aspects of human activity have been overlooked.) In this way economic activity will be assimilated into an increasingly joyous and free state of life.

2. The interrelationship between economics and the three chief factors pertaining to human existence: a person's individual life, the society, and the natural environment. In other words, economics needs to promote healthy, happy lives for individuals in a peaceful society surrounded by a pleasant and refreshing environment. This will lead to true, lasting progress and development.

It is imperative that economics helps to integrate and coordinate the various factors in these interrelated systems to bring about balance and to achieve true success. This is the chief premise and maxim of what is called middle-way economics.

*There are other important principles related to **middle-way economics**, for instance the harmony and integration between open-ended social development and close-ended personal or individual development, but these subjects must be left for another occasion.*

N.B.: this appendix is written as a synopsis; emphasis has thus not been given to presenting scriptural source material.

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