
Buddhist economics – ancient teachings revisited

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Abstract: The views and values of Buddhist economics play a growing role in the present discourse on ‘green’ economics. These ancient teachings represent an alternative paradigm and holistic concept of economic action opposed to the reductionist mainstream economics. In this paper, the main content and assumptions of Buddhist economics as laid down in the canonical scriptures are introduced and contrasted with those of western economics. The Buddhist concept of happiness, and of economic action in general, the recommendations on right livelihood as well as the corresponding notions about the source of wealth, its proper use and distribution are reviewed and discussed. It is shown that these ancient teachings share many common facets with the ecological movement and its approach to economics. Particular attention is given to review the actual impact of Buddhist economic ethics on the social and economic history of Asian Buddhist countries.

Keywords: Buddhist economics; moral economy; ecological economics; deep ecology.

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1 Introduction

For some decades already, the content of the old Buddhist scriptures on economic ethics has been rediscovered by the western world. The growing awareness of the ecological crisis, the value discussion in the academic discipline of economics and the general search for spiritual perspectives on human life have all promoted the re-emergence of Buddhist economics. Schumacher was one of the pioneers who introduced these ancient teachings to the West. In his famous essay on ‘Buddhist economics’ (Schumacher, 1966) he describes the main content and purpose of the Buddhist’s view on economic life as opposed to modern economics and western materialism. His approach focuses on a different understanding of labour and human nature in general. While the modern

life-style is based on economic insatiability and a never-ceasing multiplication of needs, Buddhism claims that true happiness springs from a spiritual attitude towards life and is based on the purification of mind and soul. Modesty and simplicity are the core elements of Buddhist economics. Those values and ethical conviction are not *typically eastern*. Even in western economics exists such a strand of thought beginning with Plato and Aristotle, which many hundred years later was rediscovered by the English school of *Moral Economy*. This tradition, currently being incorporated in some schools of ecological economics, is based on a holistic approach and the vehement refusal to consider the economy as a sphere neutral against ethical reflection (*e.g.*, Seifert, 1987; 1989). In its critical attitude to human desire and in its attempt to assess any economic action in the light of right ethical conduct, Buddhist economics shows affinity with Aristotelian economic teachings.

In some respects, Buddhist economics can be seen as a counter programme to the prevailing economic paradigm: self sufficiency against growthmania, decentralisation against gigantism, the human perspective against the economics of quantity and scale. Although Schumacher's general concept of 'small is beautiful' has initiated a broad discussion on economic values, only a few give his Buddhist approach to the subject a more thoughtful consideration (*e.g.*, Jones, 1989; Batchelor, 1990). While Schumacher discusses some important aspects of Buddhist economic ethics, a number of further important elements of Buddhism related to economic action remain unmentioned, *i.e.*, the doctrine of *Karma* or the role of the state in governing the economy. In the last two decades, Buddhist economics was often seen as a spiritual supplement or even foundation of ecological economics, because its request for a respectful treatment of other beings and nature in general might contribute to self sufficiency, a balanced relationship of man with its ecological niche and a sustainable future development (Macy, 1991; Sivaraksa, 1992; Wagner, 1995; 1997).

2 Right mindset as its core: economics as the study of right livelihood

In the following, Buddhism and Buddhist teachings as a whole are referred to as *Dharma* (or *Dhamma* in the Pali version of this term). Buddhist economics should be viewed as a teaching with a subject entirely different from traditional western economics, because it is first and foremost concerned with the motives and intentions of economic actions. Although the Dharma is mainly directed at the existential level of human existence, in the Buddhist scriptures there are also numerous teachings and advice on how to manage life in such a way that spiritual health and material well-being can be brought together. Whether the teachings are general or specific, whether they address the ordained or the laity, the basic aim is always to change human behaviour for the better and benefit of all, but not to deliver an analysis of laws or principles of the economic sphere only for the sake of acquiring increasing academic knowledge on the subject.

At the core of Buddhism there are the four noble truths as taught by the historical Buddha Sakyamuni, namely that all manifest things are impermanent by their very nature and that impermanence is the cause of suffering, but there is also a way out of this misery, that is the noble eightfold path which consist of the three elements of *right conduct*, *right understanding* and *right contemplation*. One of the requirements

of *right conduct* is *right livelihood*, which basically means not getting involved in any actions that harm other living beings. As economic activities of various kinds are the means to earn a living and are performed as interactions between people on markets and other areas of the business life, we might define Buddhist economics as the scientific study of how such interactions can be carried out based on the Dharma teachings.

The Buddhist study of economics on the most fundamental level can be found in the *Abhidhamma*.¹ This canonical scripture exposes minute explanations of the positive and negative mental factors that govern all human activities. Whereas western economics focuses on measurable quantities, and many of its traditional schools ignore subjective factors like motives and attitudes, the core of Buddhist economics are the mental states on which human economic as well as other kinds of behaviour is based. An essential part of the *Abhidhamma* is the teaching about *Karma* (Pali: *kamma*), how it arises, and how existence is controlled by it. In a simplified way, karma can be understood as the universal law of retaliation. Good deeds – whether in this life or the next – will result in well-being and positive states of the mind, whereas evil deeds will bring misery upon the performer. Payutto (1994, p.23) states this point in his treatise on Buddhist economics as follows: “Every time an economic decision is made, kamma is made, and the process of fruition is immediately set in motion, for better or for worse, for the individual, for society and the environment”.

The *Abhidhamma* deals in great detail with the negative mental states like greed, aversion, delusion and pride, which doubtless influence economic behaviour. Would there ever be changing fashions and complicated tailoring without pride and vanity as the moving forces behind them; could the products of weapon factories find any customers if there were no hatred and aversion? The same is also true for the positive mental states of non-greed, non-aversion, non-delusion, faith, generosity and goodwill. The *Abhidhamma* teachings on the states of the mind are the foundation for Buddhist economic ethics. Buddhist economics can be seen as the application of these teachings to economic action in the sense of right livelihood. These ancient economic teachings try to combine inner and outer reality, *i.e.*, to connect the structure of the mind with the so-called objective reality of the external world. The bridge between internal and external realities is ethical thinking, judgement and behaviour. In Buddhist ethics, ethical laws follow the karma law of cause and effect: virtuous actions lead to benefit and evil actions lead to harm. So the basic ethical question posed is always: “Do my thoughts, words and deeds help or harm myself and those around me” (Payutto 1994, p.23). In contrast to Mandeville (1980), who in his famous *Fable of the Bees* concludes that in the end all vices such as vanity, greed and fraud finally promote welfare and social stability, the Buddhist approach underlines the pain and suffering resulting from economic actions based on impure motivations.

3 The original content and framework of Buddhist economics

Teachings on economics are scattered throughout the scriptures.² Like most of the Buddhist texts on this subject, they focus on economic motivation, not economic objects. Most of these texts refer to the Buddha’s teachings concerning the four requisites: food, clothing, shelter and medicine. Buddhist economic ethics can be divided into two parts: one for ordained people and one for householders. Buddha gave tailor-made teachings referring both two to the different spiritual aims which both groups pursue and the different conditions in which they live. Monastic discipline is much stronger than the

rules regarding the duties of a good householder. The *Patimokkha* consists of 227 rules for monks of the Theravada tradition, of which 30 rules prohibit monks from attaining possessions. Ordained people were only allowed to possess the following eight items: an alms bowl, a robe, a blanket, a meditation cushion, a girdle, a sewing kit, a water filter and a bottle for drinking water. The possession of other things was not completely forbidden, but restricted. Monks were not allowed to have or even to touch money and precious metals, but the administrative laity was allowed to make use of such things in favour of the ordained community. Therefore, to this day in Theravada countries, monastic property remains entrusted to lay administrators (von Hinueber, 2004, p.24f; Gernet, 1995, p.78). In later Buddhism, some changes in Mahayana countries took place by which these rules became less strict.

Although the monastic discipline exemplifies a lifestyle which makes a living of the least possible amount of material goods, so that ordained people can devote as much time and energy as possible to study, practice and teaching the Dharma, the historical Buddha did not condemn the acquisition and possession of wealth for ordinary people. The possession of wealth is even praised and encouraged in the *Pali Canon*. But all wealth should be acquired and used in the right way. In the *Anguttara Nikaya* we find a list of wrongful trades and pathways to ruin which one should not follow. The five kinds of wrongful trade are:

- 1 trade in weapons
- 2 trade in human beings
- 3 trade in flesh
- 4 trade in spirits and inebriating substances
- 5 trade in poison.

Those involved in such kinds of trade, the teachings say, do not only harm other beings, but also create bad karma for their further existence. In the *Samyutta Nikaya* we find a ranking of a total of ten levels of householders with respect to the ways in which they earn their living. To seek wealth unlawfully, and in so doing creating unhappiness for oneself and others, is considered the worst way of earning one's keep. Those who seek wealth unlawfully, but in so doing create happiness for themselves and for others rank a bit higher, even though they do not perform meritorious deeds. Hoarding of wealth, miserliness and unwillingness to share with others are seen as the most evil uses of wealth. Highest ranked are those who seek wealth lawfully, and in so doing create happiness for themselves and for others; they share this wealth and perform meritorious deeds. Moreover, if they are not attached to or infatuated with their wealth, they will be heedful of its dangers, and thereby possess the insight that leads to spiritual freedom (see Payutto, 1994, pp.91–96; Yin, 1993, pp.11–15).

The theme in the scriptures is not wealth as such but the way it is gained and used. Harmful actions associated with wealth are seeking wealth in dishonest or unethical ways; hoarding wealth for its own sake; and using wealth in ways that are harmful to one self and others. Blameworthy qualities are greed for gain, stinginess, attachment to possessions and the pure accumulation of wealth without willingness to share it with others. Acquisition is considered acceptable as long as it is helpful to the practice of the Dharma. It is obvious that as such teachings did not put the pursuit of well-being into

question, they were acceptable to most of the Buddha's contemporaries. As a result, many elements of Buddhist economic ethics also promoted the affiliation of Buddhism with the ruling classes and the interests of wealthy layers of society.

Buddhist economics deals not only with appropriate economic behaviour and modes of action from the perspective of the individual, but also considers the macro level, in particular how the state should regulate the economy. The historical Buddha taught the right use of wealth, and he also gave teachings on the role of the government in managing social and economic affairs. Concerning the ruling of countries, he gave teachings applicable to both monarchies and republican states. Regarding the monarchic states, we find the *Ten Virtues of a King* which range from charity and morality to forbearance and uprightness as well as the *Twelve Duties of an Universal Emperor* who has among other things to rule the country by righteousness, to provide ward and protection to his subjects, to distribute wealth to the poor, and to seek advice from sages and always to aspire to greater virtue (*Digha Nikaya*). The Wheel-Turning emperor should use his absolute power as a tool for generating benefit in the community, and he should not primarily look for his personal happiness. This concept of the benevolent Buddhist monarch has had a profound influence on the political and social development of South-East Asian countries, because it has endowed the monastic community (*sangha*) with a considerable amount of political influence as their highest members had the right to comment on whether the king's speech and deeds were still in accordance with the Dharma (see Jones, 1989; Payutto, 1994).

With King *Asoka* (c. 300–232 BCE) starts the history of Buddhism as a religion of the state. Guided by a Buddhist motivation, Asoka initiated social programmes leading to poverty alleviation and medical care for the poor, accompanied by measures to improve agricultural productivity aimed at political decentralisation. Growing public welfare implemented through technological improvement and a more appropriate distribution of wealth was the cornerstone of his social and economic reforms. Asoka laid the foundations of the model of an *enlightened ruler* (*cakkavatti*): the state should be organised based on the principles of power and justice with a benevolent king as at the top. 500 year after Asoka came the Nagarjuna *Jewel Ornament of Royal Councils*, another hallmark of early social and economic policy based on the teachings of Buddhist economics. Just as Asoka promoted, Nagarjuna also implemented public welfare and supported a comprehensive social programme in order to achieve it. He exerted particular efforts in the field of education to teach his contemporaries non-violence (*ahimsa*) and the taming of passions (see Jones, 1989, p.228ff; Litsch and Wagner, 1998; 2000).

For republics, Buddha Sakyamuni taught some principles and methods for encouraging social harmony and preventing state decline. He gave, for instance, the *Seven Conditions for Community Welfare* which among others requested that regular and frequent meeting be held, by which one should meet together in harmony, and that business and duties should be conducted in harmony as well; furthermore the request to honour and respect one's elders and to listen to them, and to honour the womenfolk of the community and not to abuse them were also recorded. Whether a monarchy or a republican state, "... Buddhism maintains that it is the duty of the government or king of a country to see to the needs to those who are in want and to strive to banish poverty from the land" (Payutto, 1994, p.79).

4 The historical impact of Buddhist economics

The actual impact of Buddhist economic ethics on the social and economic history of Asian countries is difficult to trace. Different scholars hold different views on this subject. Most of them see a relationship between the self regenerating character, the so called *stationary* nature of ancient Asian economies, and its religious foundation, especially the influence of Buddhism with its low appreciation of material gain and spiritual approach to life (e.g., Chen, 1911; Grossmann, 1958; Wittfogel, 1977; Taeube, 1987). All eastern religions are based on ideas of harmony, stability and a final non-dualism of matter and mind. The Christian concept of man's dominance over nature is rather alien to all of them. In eastern religions we find a more reverent attitude towards nature. Taoism, for instance, believes in the natural order of things and sees all social disorder as a result of detachment from the perfect natural state of things (chin.: *Tao*). With respect to politics and economics, Taoists therefore prefer the principle of non-intervention and *laissez-faire* (chin.: *Wuwei*). Confucian economics, by contrast, does not believe in the self regenerating power of the natural order, and for that disbelief requires that the social order has to develop rules, norms and guidelines to govern economic life (see Chen, 1911). Buddhist economics is not adverse to rules and regulations, but stresses the motives and intentions of economic action. It requests state interventions, in order to ensure social welfare and to curb human desire when its forces become harmful to nature and other beings. In Buddhism, wealth and labour are subordinated to the ultimate pursuit of enlightenment. With its requirements on diligence and honesty in acquisition, and the recommendation to restrain one's consumption, Buddhism promotes an accumulation of wealth and acquisition only by proper and lawful means. Some compare its role in social and economic development with that of Protestantism in Europe. Not unlike Protestantism, where proper conduct in worldly affairs was seen as fulfilling a religious duty, in Buddhism, originally spiritual aims were unintentionally transformed to serve mundane purposes. As Ornatowski (1996, p.194) states in the case of Mahayana Buddhism: "... a type of Protestant asceticism emphasizing accumulation of wealth (...) which was then invested into one's secular business". Weber (1988) himself in his writings on the economic ethics of eastern religion has shown that Buddhism, and particular Japanese Zen Buddhism with its focus on discipline and duty, possesses strong similarities with the content and historic function of Protestant ethics in western societies.

In contrast to Weber, Gernet (1995, p.14, 225f) in his work on Buddhism in Chinese society sees a rather negative impact of Buddhist ethics and certain monastic practices on the Chinese economy, which were due to an interpenetration of commerce and religion. After Buddhism came to China, some changes to the code of conduct for monks took place. The monasteries enjoyed much more financial freedom and autonomy than in the Theravada countries. Eventually, they even had ownership over land and agricultural buildings. Gernet refers to the many revenues of sanctuaries, like the loaning of cereals to peasants, renting of shops and mills and levies imposed on land rights which enabled them to transform gifts into commercial goods: "... consecrated property, constituted by an accumulation of offerings and commercial revenues, formed communal wealth, the communal management of which was more profitable than individual operations" (p.228). Gernet's research, however, leaves a number of questions open: on one hand he concludes that the increase of commercial and manufacturing activities by the

monasteries was conducted at the expense of agriculture thereby creating misery for the peasants (p.14), on the other hand, he cites historical sources that show Buddhism playing a role in promoting the development of agriculture by way of large scale domestic land colonisations from the Northern Wei to the Tang Dynasty (p.111). After the Tang Dynasty, Buddhism even fostered regular trade and commercial practices in China that had been unknown up until that time, because in the practice of exchanging goods, family relations and personal ties had always prevailed (p.277). As a long-term impact of the monasteries' commercial practices, public welfare was promoted. Japanese Buddhism later followed the Chinese pattern and allowed monasteries to engage in economic activities.

With the expansion of early Buddhism to North and East Asia, the school of Mahayana Buddhism was established, which in contrast to early Buddhism taught that salvation could not only be attained by one's own efforts, but also by the support of saints and higher spiritual forces. Although the core of the Buddhist teachings remained unchanged, some transformations took place. With respect to economics, more freedom was obtained by the ordained Sangha, who in Mahayana countries – as just mentioned in the case of China – could engage themselves in business activities to support the community. While in Theravada Buddhism monks and nuns had to abstain from physical labour, in the Chan and Zen schools monk labour was considered a part of spiritual practice. Such changes were accompanied by the increased economic activities of Buddhist monasteries which later engaged themselves in fields far beyond agriculture. Following those transformations the general Mahayana attitude to wealth and acquisition became much more positive than in early Buddhism. Possession of wealth was not only accepted, but also promoted as long as one remained *nonattached* to it, because it could create merits in the form of donation (*dana*) to the Sangha (see Ornatowski, 1996, p.195). There is some evidence that Buddhist economic thinking has helped create early welfare states in Asia. The question of whether it actually promoted or inhibited economic development and modernisation as a whole is still however controversial. If there is an evident impact, it is at least rather indirect: "Buddhist economic activities and economic values never played a direct role in the development of a more modern type of capitalism in China, Korea and Japan" (Ornatowski, 1996, p.204).

5 Buddhist economics and modern economics

Buddhist and western economics are different in their concept of human nature, particular in their understanding of desire and happiness as well as the purposes and intentions of economic action. They only partly deal with the same subject. Economics as an academic discipline mostly views the objects and services as far as they appear in markets, but Buddhist economics is much less interested in the object of economic action than in the actor. While western economics tends to separate man and nature by constituting the economy as a segment of activity with its own laws and mechanisms, the Buddhist approach is holistic and based on a comprehensive concept of the human being. Western economics primarily studies the purposes and results of economic action, while the starting points of Buddhist economics are motives and intentions. Despite different orientations, Buddhist economics and western economics share at least one common assumption, namely that all kinds of production, consumption and distribution have more

or less far-reaching impact on the life conditions of other beings and the natural environment. What both furthermore share is a rational approach towards economic action. The *homo oeconomicus* represents an ideal type of an economic actor who uses scarce means efficiently. To attain a certain goal or satisfy a given need with a minimum of resources is also a common Buddhist principle. But in the conclusions drawn from it, the both teachings differ from each other dramatically. While modern economics tries to solve the problem of scarcity by exclusively applying optimum improving techniques, Buddhist economics indicates a clear alternative: the way of renunciation.

Western economics is often blamed for its tendency towards *economic imperialism*, i.e., to explain the complexity of life by reducing it to the laws that govern the economy and the interaction of individuals as actors in markets. This leads Chapela (1990–1991, p.17) to state “... that western economic theory has imposed almost a worldly hegemonic pattern of thought among scholars”, whereas Buddhist economics delivers “a ‘meta-economic’ interpretation of human behaviour”. It is therefore not restricted to the internal logic of the economic sphere of life, but holistic by its very nature. The Buddhist approach is based on a concept of universal interconnectedness, mutual conditioning and a radical interdependence of all phenomena, and in this respect quite close to modern system theory. In the classical scriptures, reality is compared to a sacred net of many mutually interwoven strings at countless levels.

Whereas western economists mainly think in categories such as material in- and output, the rate of production or consumption, or any other measurable efficiency and price-income relations, Buddhist economics above all considers the suffering being, the factors of its mind and its desire for well-being. Buddhist economics does not claim to be ‘scientific’ in the sense that it makes scientifically *true* statements of facts and data, but it is *scientific* in its exploration of the various states of the human mind and its analysis of the impermanent nature of all manifested phenomena. The underlying fundamental Buddhist hypothesis that all material things cannot ultimately be controlled and must finally dissolve is irrefutable.

Besides the aforementioned assumptions and methodological implications, the aim and content of economic action according to western economics and Buddhist economics are also completely different. The aim of the Buddha’s teaching is not the multiplication of wants and their satisfaction, but the purification of the mind in order to enable all sentient beings finally to realise the state of *Nirvana* peace. While modern economics is focused on competition, expansion and high rates of economic growth, Buddhist economics relies on balance, equilibrium and sustainable relations between man and the environment. Instead of promoting a maximum consumption to boost the economy and to foster economic growth, according to the Dharma, well-being and a spiritually healthy life should be attained with simple means and a minimum of consumption. Buddhist economics is in sharp contrast to the classical economic equation of maximum consumption leading to maximum satisfaction, and teaches instead the *Middle Way* between the extremes of self-destroying asceticism and a blind indulgence in sensual pleasures. It advocates the idea of balancing, *right amount* and knowing moderation. As Payutto (1994, p.42) puts it: “According to the Buddhist approach, economic activity must be controlled by the qualification of well-being rather than the ‘maximum satisfaction’ sought after by traditional economic thinking”. Buddhism therefore advocates the wisdom of moderation and contentment.

In western economic thinking, the pursuit of happiness is inseparably connected with the satisfaction of sensual needs and wants. In its practicable application, economics is focused on creating systems of arranging matter for optimal intake or consumption. Only in recent years, economists begin to pay more attention to the qualitative aspects of growth. Tideman's (1996) contribution to a scheme and indicators to measure *Gross National Happiness (GNH)*, for instance, goes from a Buddhist point of view in such a direction. The Buddhist concept of satisfaction is not based on the traditional western model of endless needs at one end and restricted means at the other end like that of traditional economics. On the opposite, sensual experience derived from consuming material goods or services is not itself considered a positive final goal, because each act of temporary satisfaction feeds and triggers further sensual desire. Desire is seen as the seed of greed, which can never be really satisfied and the final cause of suffering. The *Visuddhi Magga* (the *Path to Purification*, 1989, p.396) states that when food is eaten it should not be done for sensual pleasure, but to keep the body alive and to avoid the greater discomfort that comes from starving.

The Buddhist understanding of happiness is based on the assumption that only through the understanding of suffering are we able to realise the possibility of happiness. In contrast to conventional economics with its focus on the search of happiness, which is believed to be brought by never-ending consumption and ever new sensual incentives and sensations, Buddhist economics is rather focused on the question of how to overcome suffering. It is one of the most fundamental statements of Buddha Sakyamuni, the historical founder of Buddhism, that there is suffering: to be born is suffering, ageing and illness is suffering, dying is suffering; not getting what one wants is suffering, to be forced to accept what one dislikes is suffering and so on. Buddha did not deny that there is also happiness and fortune in life, but both are not lasting and they will finally disappear, and the all pervading impermanence of all phenomena will always prevail. According to the classical texts, the cause of suffering is craving based on ignorance. Buddhist ethics is based on compassion. All beings are equal and possess the same Buddha nature. To hurt or to kill one being means to hurt or to kill all beings and finally to hurt oneself. The individual self is seen as an illusion. The attachment to it is considered the main cause of suffering. This is the key to enter all the gates of the Buddhist path. Based on all the aforementioned considerations, Buddhist economics can be defined as the systematic study of how to attain true happiness by dealing with the objects of the economic sphere of life in a right way. True happiness in the Buddhist sense does not stem from indulgence in sensual pleasure, but springs from spiritual sources. It is seen as a state of mind when freedom from attachment to the slavery of greed, ambition and desire is attained.

Buddhist economics also considers the question of the origin of wealth which since the French school of the *Physiocrats* in the 18th century played such an important role in western economic discourse and was always connected with the problem of a just and appropriate distribution of wealth. If all surplus comes from soil fertility (*Physiocrat's* theory), the landowner has the right to appropriate it; if it is generated by the productivity of labour (*Marxist* theory), it should be the sole property of the working class; if it is equally generated by nature, work and capital, the capital owner also has a legitimate right on the fruit of his investment. According to Yin (1993, pp.11–15), in a Buddhist view, the origin of wealth is threefold: first, springing from nature, second, generated by the combined character of collective work, and third, resulting from one's own work. Yin states that Buddhism first and foremost sees in nature the source of wealth and subsumes

both other factors under the category of promoting circumstances. The recognition of nature as the final source of wealth shows affinity with the pre-classical school of the Physiocrats and at the same time resembles some modern ecological concepts of economic value. If nature is the ultimate source of value, all efforts must be taken to protect this source from damage and irreversible destruction.

As the way is more important than the goal, Buddhist economics has a very different understanding of work than conventional economics. In most schools of western economics, work is simply something one is compelled to do in order to get sufficient means to consume. But in Buddhism it is considered in relation to true well-being. Schumacher shows how the Buddhist point of view takes the function of work to be at least threefold: first, work should give a man a chance to utilise and develop his faculties; second, it should enable him to overcome his ego-centricity by joining with other people in a common task; and so third, it should deliver the goods and services needed for a human existence: "... work and leisure are complementary parts of the same living process and cannot be separated without destroying the joy of work and the bliss of leisure" (Schumacher, 1966, p.695). It follows that according to the Buddhist view, work should not be organised in such a way that it becomes meaningless, boring, stultifying or nerve-breaking for the worker, because it would indicate "a greater concern with goods than with people, an evil lack of compassion and a soul-destroying degree of attachment to the most primitive side of this worldly existence" (Schumacher, 1966, p.695).

6 Buddhist economics and the 'green' approach in economics

There are both common facets and differences between Buddhist economics and the new strand of ecological economics. A common bond between Buddhist economics and *green* economics is a high appreciation of all forms of life. As nature is the source of life, it should be treated respectfully and properly, this includes the way humankind uses natural goods and resources as well as the way human kind disposes its wastes. Buddhist economics has with the new arising branch of ecological economics one fundamental point in common: the concept of transformation and everlasting change. Every kind of production is nothing else than a process of transformation in which substances or forms of energy are merely converted from one form to another. From the ecological systems we take the resources and energy to produce the things that satisfy true as well as artificial needs, and after the consumption, all these things – whether food or consumer goods – over various periods of time, finally return to the sphere of nature, where a new cycle starts. In nature, nothing is wasted; the waste produced by one process creates the input of a new one. As long as people respect the self regenerating power of nature, and for that reason do not take more out than they put back in, human kind can live in stable perma-culture with the natural environment for millennia. Whenever things are used, so states the conclusion of both Buddhist and *green* economics, one should reflect on their true purpose rather than using them regardless of their impact on the natural environment and the interests of other beings.

There are also differences regarding both the underlying axioms and their assumptions. In early Buddhism all forms of existence are eventual causes of suffering. Compassion with all sentient beings is the basic attitude in the early and the later texts. No other being shall be harmed or killed, because one does not want oneself to be harmed or killed by others. This ethical reason might be different from modern ecological

considerations that prohibit killing mainly in order to preserve rare species or prevent disturbances in ecological systems. In the ecological movement, species and certain habitats have a value in itself. In early Buddhism's final analysis of existence however, all things are ultimately valueless. In this, all life is only a cycle of suffering, of dying and rebirth, only the uncreated is perfect. Schmithausen (1997, p.7) states that such an attitude does not automatically motivate efforts for preserving species in threat of extinction, ecological systems or nature as a whole. Early Buddhism, he concludes, does not seem to confer any value on nature in itself, it is neither romanticised nor particularly appreciated, but seen as a cruel place of suffering if one is exposed to it unsheltered and unprotected. Schmithausen further argues that even the principle of universal interdependence and interrelatedness does not necessarily entail an ecological ethic, although the Buddhist values of moderation and loving kindness might also play an ecological role. This *neglect* should be viewed against the historical background: at the geographical area and at the time these teachings appeared, man lived in a rather symbiotic relationship with its environment. Early Buddhism's view on nature indicates a different perspective if compared to modern ecological discourse, but its general attitude is always full of respect towards other beings and all forms of life. According to the *Patimokkha* rules, for instance, monks are not even allowed to pick flowers. In later Mahayana Buddhism explicitly ecologically beneficial standards of behaviour can even be found. There might be a relation to large scale manmade environmental destruction in China and other Mahayana countries. In Chan poems from the 10th century, for example, deforestation of whole mountains is critically reflected (see Wagner, 2004).

In Buddhist teachings we find the coexistence of a pro-civilisation strand seeing the "world thoroughly adapted to men (...) one village close to the other", alongside a critical strand as laid down in the Agganna Sutra taking the process of civilisation as a result of moral decadence and decline from a higher level of existence (see Schmithausen, 1997, p.14f; Yin, 1993). In later Buddhism, particular in the Chan/Zen School, nature was often used as a metaphor to denote perfection and harmony. The *natural way of life* avoids human intervention. After disruption nature always finds its way back to a state of equilibrium and harmony. In this respect, Chinese Taoism had a detectable impact on the later Buddhist view on nature. Many monks – even in Theravada countries – lived in the wilderness for secluded meditation. Buddha became enlightened under a tree and died under a tree. Buddhist ethics teaches respect for the manifestations of nature and non-violence against other beings, but in its final analysis of the natural world also recognises the impermanence of all phenomena, the all pervasive suffering, and the meaninglessness of life.

In Buddhist understanding, possessed by what ancient Pali scriptures call *tanha*, meaning craving, ambition, restlessness and thirst, the human mind has already broken what we may call the nature-budget income restriction. The ecological crisis is caused by the mental state of *tanha*, which has such a far-reaching influence on the global conditions of life. As *tanha* tends to seek the objects that provide pleasant feelings, the human desire to provide satisfaction for the sense organs has already endangered the ecological conditions of our physical existence. *Tanha* arises dependent on feeling and is rooted in ignorance. When goods and services are used only to satisfy the desire for pleasant sensations or ego-gratification, *tanha* is always the moving force. As the environmental crisis is the product of wrong attitudes and concepts, a new relationship with nature has to start with a fundamental change of thinking about and feeling towards other beings and the natural world. Herein is the specific contribution of Buddhist

economics to the science of *green* or ecological economics, which also shows affinity with the thoughts of deep ecology. With deep ecology it shares the idea of unity of all life, but differs in the concept of the self. Whereas deep ecology (*e.g.*, Zimmerman, 1991) assumes a “higher self”, Buddhism considers the self an illusion (*anatta*). In the ever changing world there is no everlasting self or soul.

7 Buddhist economics – perspectives and limitations

Current keynotes of Buddhist economics indicate the modernity of these ancient teachings. As an alternative concept to the mainstream economics of money, Buddhist economics should be appreciated as the economics of global responsibility. But one should also reflect on it in a critical way by acknowledging its limitations when applying some of its facets to the complexity of the modern world. As most of the canonical teachings on the right way of social and economic action are developed against the background of the old Indian society with its prevailing feudalistic structure and a mainly agricultural mode of production, not all of these pieces of detailed advice and recommendations can be transferred to the modern industrial and post-industrial world. It is not only because most of these economic teachings are addressed to small traders, artisans and servants – occupations which have all lost importance in present-day society – but mainly because the modern world is far more complex than the easy comprehensible societies of former times.

Every day the information society showers people with countless news and information. The relations of cause, condition and effect are in the modern world much more complex than at the ancient Buddha’s time. The patterns of taking decision and responsibility in an industrial society are far more difficult than in an agrarian one. In order to act responsibly, engaged ecologists, for instance, try their best to make people understand how such a single activity like eating a hamburger is related to other global events like the diminishing of tropical rain forests. According to Buddhist economic ethics, the motives are fundamental, but to have a pure motivation is not always enough. Attention must also be given to the intended and unintended results of actions. This, of course, first needs a profound understanding of the impact of economic actions on the ecological systems as well as on the social conditions in which they are performed in. Mindfulness in every day life is the core requirement of Buddhist practice. An enlarged practice of mindfulness is not restricted to what takes place in that very moment, but should rely on knowledge and understanding to also include, for example, mindful shopping and consuming.

Buddhist economics is against gigantism and prefers it if humans live and work in small and highly autonomous units. In his famous essay on Buddhist economics, Schumacher strongly promotes the organisation of local and less specialist small scale production units employing simple technology as an alternative to high technology and large and complex, low cost mass production. Production from local resources for local needs is what he considers the most rational form of economic life. Dependence on imports from afar and the consequent need to produce and export to unknown and distant people, he thinks, is highly uneconomic and justifiable only on a small scale (see Schumacher, 1966, p.698). It would, however, be misleading to take Schumacher’s concept absolutely or as a prescription to cure all kinds of social and economic disease.

Jones (1989, p.335) maintains that for good reasons *small is beautiful* cannot be applied to all and everything. In some areas as railway and telecommunication networks it is logically impracticable and prohibitively expensive to operate which small and highly autonomous units. Steel production on a small scale local level, for instance, leads not only to a kind of steel which is almost useless, but contributes furthermore to a tremendous waste of natural resources and human energies as the Chinese policy of the Great Leap Forward in the late 1950s, where such a vain attempt had been undertaken, has vividly shown.

In sharp contrast to the traditional economic approach, Buddhist economics looks at any economic situation from an ethical point of view. It is therefore explicitly normative, requiring a simpler mode of life and the enjoyment of kinship with other beings and the non-human world. Schumacher's work on Buddhist economics is sometimes critically reviewed as a model of idealising economic backwardness and forcing people into a lifestyle of simplicity which would be unbearable for the immense majority of people (Skousen, 2000). Such kind of criticism fails to recognise the religious nature and intentions of Buddhist economics. It is probably true that the idealism promoted by Buddhist ethics would not be shared by people from all walks of life. Buddhist teachings on economic issues should rather be considered more as a kind of recommendation and good advice than as normative statements of a legally enforceable nature. Buddhist economic ethics have never been an obstacle to economic development. With reference to Gernet, it might be controversial in the particular case of China, but even in that case it had more to do with certain monastic practices than with the content and intentions of the teachings. Furthermore, as the principle of non-violence ranks highest in the Buddhist canon of values, forceful means to attain any goal of the teachings are completely excluded.

The scope of Buddhist economics has many affinities with current social and ecological developments in many fields of thought and practice. Like the ascending values of the social and green movement, the psychological values of Buddhist economics involve a shift of emphasis from means to ends, from heedlessness to responsible care, and from aggressive competition to peaceful cooperation (e.g., Jones, 1989; Batchelor, 1990). Some social implication of Buddhist economic ethics, however, can be interpreted in different ways. Ornatowski (1996, p.205f) states that Buddhist teachings do not imply political measures aiming at a change of the current distribution of wealth. But if we look at real Buddhist movements, we can see that in Theravada countries, for example, there have been attempts by some high ranking Sangha members to establish a model of peaceful *dhamma socialism*. There are also Sangha initiated movements for social justice and the promotion of interests of the poor and underprivileged in Thailand, Sri Lanka and other south-east Asian countries (see for example Wiesberger, 1993). Even the historical Buddha rejected the traditional Indian caste system 2500 years ago, although he did not make proposals on how to abolish it. Buddhism appreciates simplicity and holds a self chosen detachment from the material world in high esteem, but it strongly rejects forced poverty. Despite the main cause of suffering being seen as attachment and not as a lack of things, Buddhist economics does not reject wealth and acquisition as far as it is attained by proper means and used for the benefit of all. Buddhist economics might contribute to the development of more social justice and welfare, but as in many other religious teachings, intentions and outcomes are not always congruent. What Buddhism offers is a probed system of spiritual and mental exercise, but always leaves the freedom of choice.

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Notes

- 1 The Pali term Abhidhamma is composed of ‘Abhi’ and ‘dhamma’. ‘Abhi’ means higher, subtle or ultimate and ‘dhamma’ means truth or teaching. The Abhidhamma is the foundation of the Buddhist philosophy and psychology, dealing mainly with mental phenomena and explaining how the mind works. There exist a number of Abhidharma editions, for example, *A Comprehensive Manual of Abhidhamma – The Abhidhammattha Sangaha of Acariya Anuruddha*, edited by Monk Bohdi (1995).
- 2 Payutto (1994) and Yin (1993) both give good summaries on the scattered canonical teachings on economic action. Sutras with relevant economics related content include the *Agganna Sutra*, the *Anguttara Nikaya*, the *Dhanajani Sutra*, the *Digha Nikaya*, the *Sakammapa Sutra*, the *Samyutta Nikaya*, the *Sigolavada Sutra*, the *Ugga Sutra* and the *Vyghhapajjia Sutra*.