

Laszlo Zsolnai
Editor

Ethical Principles and Economic Transformation – A Buddhist Approach

ETHICAL PRINCIPLES AND ECONOMIC TRANSFORMATION –
A BUDDHIST APPROACH

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Ethical Principles and Economic Transformation – A Buddhist Approach

edited by

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Preface

This book presents new insights of *Buddhist ethics* applied to *economics* and *business*. Buddhism suggests an approach to economic life, which is radically different from what mainstream Western economics offers. Buddhism promotes want negation and selfless service of others for achieving happiness, peace and permanence. These ideas might seem irrational or at least naïve for the Western mind which is preoccupied by *cultivating desires* and the *instrumental use* of the world. However, the deep ecological and financial crisis of our era renders alternative solutions worthy for consideration.

The economic crisis of 2008–2010 produced financial losses of billions of USD in the form of poisoned debts, decline of stock prices and value depreciation of properties. Formerly fast growing economies such as Ireland, Spain, Singapore and Taiwan experienced 5–10% decline in their GDP. The fundamental cause of the crisis is the *avarice* of investors fueled by *irresponsible financial institutions*. The prospect of future economic growth supposed to be the guarantor of the indebtedness of households, companies and economies. Today we experience a considerable *downscaling* of our *economic activities*.

The present scale of economic activities of humankind is ecologically unsustainable. The so-called ecological footprint calculations clearly show this. The *ecological footprint* of a person is equal with the land and water that is required to support his or her activities indefinitely using prevailing technology. The sustainable ecological footprint – also called “earthshare” – is the average amount of ecologically productive land and sea available globally per capita. According to the latest available data the ecological footprint of humankind exceeds the ecological capacity of the Earth by 200–250%. It means that we would need 2–2.5 Earths for continuing our present lifestyle. The ecological footprints of the *most industrialized countries* are shocking. These countries are *ecologically overshot* by 250–600% (See Table 1).

Ecological economists argue that the material throughput of the economy should be drastically reduced in the industrialized countries and also globally. We need to undertake an “economic diet” by introducing more frugal production and consumption patterns. Frugality, that is, reduced material activities, is crucial for our survival.

Table 1 Ecological footprint of some industrialized countries in 2005

Country	Ecological footprint	Ecological overshoot as % of sustainable level
USA	9.4	588
Denmark	8.0	500
Norway	6.9	431
United Kingdom	5.3	331
France	4.9	306
Italy	4.8	300
Germany	4.2	263
Holland	4.0	250

The Global Warming Survival Guide created by the American weekly magazine, *Time* suggests the following: “There is an older path to reducing our impact on the planet that will feel familiar to Evangelical Christians and Buddhists alike. Live simply. Meditate. Consume less. Think more. Get to know your neighbors. Borrow when you need to and lend when asked. *E. F. Schumacher* praised that philosophy this way in *Small Is Beautiful: Amazingly small means leading to extraordinarily satisfying results*” (April 9, 2007).

Today *happiness* is a top priority in economic, psychological and sociological research. In the last several decades the GDP doubled or tripled in Western countries but the general level of happiness – the subjective well-being of people – remained the same. Happiness research disclosed evidences, which show that the major determinant of happiness is not the abundance of material goods but the quality of human relationships and a spiritual approach to material welfare. Buddhist countries perform surprisingly well in this respect.

There is a growing interest in *Bhutan*, this small Buddhist kingdom in the Himalayas, where the King of Bhutan introduced the adoption of an alternative index of social progress, the so-called *Gross National Happiness* (GNH). This measure covers not only the material output of the country but also the performance of education, the development of culture, the preservation of nature and the extension of religious freedom. Experts attribute to the adoption of GNH that while Bhutan’s economy developed, the forestation of the country and well-being of people also increased.

Thai Buddhist monk and philosopher, *P. A. Payutto* once said that one should not be a Buddhist or an economist to be interested in Buddhist economics. Buddhist ethical principles and their applications in economic life offer a way of being and acting, which can help people to live a more ecological and happier life while contributing to the reduction of human and non-human suffering in the world.

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Laszlo Zsolnai

Contents

Part I Introduction

- 1 Why Buddhist Economics?** 3
Laszlo Zsolnai

Part II Buddhist Ethics Applied to Economics

- 2 The Relational Economy** 21
Julie A. Nelson
- 3 Buddhism and Sustainable Consumption** 35
Peter Daniels
- 4 Economic Sufficiency and Santi Asoke** 61
Juliana Essen
- 5 Pathways to a Mindful Economy** 79
Joel C. Magnuson

Part III Achieving Happiness and Peace

- 6 Do Our Economic Choices Make Us Happy?** 111
Colin Ash
- 7 Gross National Happiness** 133
Sander G. Tideman
- 8 The Application of Buddhist Theory and Practice in
Modern Organizations** 155
Bronwen Rees and Tamas Agocs
- 9 Leadership the Buddhist Way** 167
Laurens van den Muyzenberg

Part IV Conclusion

10 The Contributions of Buddhist Economics	183
Laszlo Zsolnai	
Bibliography of Buddhist Economics	197
About the Authors	205
Index	209

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Part I
Introduction

Chapter 1

Why Buddhist Economics?

Laszlo Zsolnai

Buddhism and economics seemingly far from one another. Many people think that Buddhism is an ascetic religion with no interest in worldly affairs. It is not true. Buddhism has a well-developed social facet and Buddhists are often engaged in progressive social change.

Buddhism presents a radical challenge for mainstream economics because denies the existence of the self. The Western way of life is centered on self-interest understood as satisfaction of the wishes of one's body-mind ego. Buddhism challenges this view by a radically different conception, that is "anatta", the "no-self".

Anatta specifies the absence of a supposedly permanent and unchanging self. What is normally thought of as the "self" is an agglomeration of constantly changing physical and mental constituents which give rise to unhappiness if clung to as though this temporary assemblage. The "anatta" doctrine attempts to encourage the Buddhist practitioners to detach themselves from the misplaced clinging to what is mistakenly regarded as self, and from such detachment (aided by wisdom, moral living and meditation) the way to *Nirvana* is able to be traversed successfully.

Modern neuroscience supports the Buddhist view of the self. What neuroscientists discovered can be called the selfless (or virtual self), "a coherent global pattern, which seems to be centrally located, but is nowhere to be found, and yet is essential as a level of interaction for the behavior". The non-localizable, non-substantial self acts as if it were present, like a virtual interface (Varela 1999, 53 and 61).

Buddhism suggests not to multiply but to simplify our desires. Above the minimum material comfort, which includes enough food, clothing, shelter and medicine, it is wise to try to reduce one's desires. Wanting less could bring substantial benefits for the person, for the community and for nature.

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The Emergence of Buddhist Economics

In the 1950s and 1960s British economist E. F. Schumacher was working as an economic advisor in South-East Asia. He realized that the Western economic models are not appropriate for Buddhist countries because they are based on a different metaphysics than that of the Far-Eastern worldviews.

The main goal of Buddhist life is liberation from all suffering. *Nirvana* is the end state, which can be approached by want negation and purification of the human character. In his best-selling book “Small is beautiful” Schumacher states that the central values of Buddhist economics are simplicity and non-violence (Schumacher 1973). From a Buddhist point of view the optimal pattern of consumption is to reach a high level of satisfaction by means of a low rate of material consumption. This allows people to live without pressure and strain and to fulfill the primary injunction of Buddhism: “Cease to do evil; try to do good.” As natural resources are limited everywhere, people living simple lifestyles are obviously less likely to be at each other’s throats than those overly dependent on scarce natural resources.

According to Buddhists, production using local resources for local needs is the most rational way of organizing economic life. Dependence on imports from afar and the consequent need for export production is uneconomic and justifiable only in exceptional cases. For Buddhists there is an essential difference between renewable and non-renewable resources. Non-renewable resources must be used only if they are absolutely indispensable, and then only with the greatest care and concern for conservation. To use non-renewable resources heedlessly or extravagantly is an act of violence. Economizing should be based on renewable resources as much as possible.

Buddhism does not accept the assumption of man’s superiority to other species. Its motto could be “noblesse oblige”; that is, man must observe kindness and compassion towards natural creatures and be good to them in every way.

Schumacher concludes that the Buddhist approach to economics represents a middle way between modern growth economy and traditional stagnation. It seeks the appropriate path of development, the *Right Livelihood* for people (Schumacher 1973).

From the 1970s Schumacher’s conception of Buddhist economics became popular in the West, especially among the members of alternative and environmental movements. It was gradually recognized that Buddhist economics is not only relevant for Buddhist countries but can help Western countries to solve the problems of overconsumption, welfare malaise and destruction of nature.

Buddhism recommends moderate consumption and is directly aiming at changing one’s preferences through meditation, reflection, analyses, autosuggestion and the like. French economist *Serge-Christopher Kolm* developed a formal model which treats consumption and meditation together (Kolm 1985).

In a simplified form Kolm’s model is as follows. Let “u” represents one’s *well-being* (or “*sukha*”). Let “c” and “t_m” represent consumption and meditation, respectively. These variables are linked by the relation $u = u(c, t_m)$.

The acquisition of consumption goods takes time, because labor is involved in producing them or needs to earn money to buy them. Let this length of time be " t_a ". The quantity of consumption is an increasing dependent variable of this, so $c = c(t_a)$.

We then have $u = u [c(t_a), t_m]$. Time should be divided between working for consumption and meditation. What is the optimal allocation between these two activities? The Buddha says that the optimum is some meditation to lower the desire for consumption and to be satisfied with less, and some consumption and thus to work that it entails. This is the "Middle Way". In economic terms it means that "the marginal productivity of labor involved in producing consumption is equal to the marginal efficacy of the meditation involved in economizing on consumption without altering satisfaction" (Kolm 1985, 240–242).

Desiring less is also fruitful in the case of money. In the West people presuppose that more money is better than less money. But, getting more money may have negative effect. Overpaid employees and managers do not always produce high-level performance. Being underfinanced might be beneficial for a project. If people have smaller budget they may use the money more creatively and effectively. The Buddha had no budget at all for financing his mission.

Another seminal contribution to Buddhist economics was made by the Thai Buddhist monk and philosopher *Ven. P. A. Payutto* in his book "A Middle Way for the Market Place" (Payutto 1994).

Payutto argues for a spiritual approach to economics. He believes that Buddhism is well suited to this task because the Buddhist teachings offer profound insights into the psychology of desire and the motivating forces of economic activity. Buddhist insights can lead to a liberating self-awareness that can dissolve the confusion between what is truly beneficial and what is truly harmful in production and consumption.

Buddhism recognizes two different kinds of wanting: (1) *tanha*, the desire for pleasure objects; and (2) *chanda*, the desire for well-being. *Tanha* is based on ignorance, while *chanda* is based on wisdom. *Tanha* and *chanda* both lead to satisfaction, but of different kinds. Using the example of eating, people who are driven by *tanha* will seek to satisfy the blind craving for sensual pleasure. Here, satisfaction results from experiencing the flavor of the food. But when guided by *chanda*, desires are directed to realizing well-being. We are not compelled to overeat or to eat the kinds of foods that will make us sick simply because they taste good. Instead, we eat to satisfy hunger and nourish the body. Here satisfaction results from the assurance of well-being provided by the act of eating. We enjoy our food, but not in such a way that leads to remorse.

Payutto stresses that from the Buddhist point of view, economic activity should be a means to a good and noble life. Production, consumption and other economic activities are not ends in themselves; they are means, and the end to which they must lead is the development of well-being within the individual, within the society and within the environment. Given that there are two kinds of desire, *chanda* and *tanha*, it follows that there are two kinds of value, which we might term *true value* and *artificial value*. True value is created by *chanda*. A commodity's true value is

determined by its ability to meet the need for well-being. Conversely, artificial value is created by *tanha* – it is a commodity’s capacity to satisfy the desire for pleasure. Buddhism distinguishes between two kinds of consumption, which might be termed “right” consumption and “wrong” consumption. Right consumption is the use of goods and services to satisfy the desire for true well-being. Wrong consumption arises from *tanha*; it is the use of goods and services to satisfy the desire for pleasing sensations or ego-gratification.

At the heart of Buddhism is the wisdom of *moderation*. According to the Buddhist approach, economic activity must be controlled by the qualification that it is directed to the attainment of well-being rather than the “maximum satisfaction” sought after by mainstream economic thinking. In the mainstream economic model, unlimited desires are controlled by scarcity, but in the Buddhist model they are controlled by an appreciation of moderation and the objective of true well-being. The resulting balance will naturally eliminate the harmful effects of uncontrolled economic activity.

Whenever we use things, be it food, clothing, paper or electricity, we should take the time to reflect on their true purpose, rather than using them heedlessly. By reflecting in this way we can avoid heedless consumption and so understand “the right amount”, the “middle way”. We also come to see consumption as a means to an end, which is the development of human potential. With human development as our goal, we eat food not simply for the pleasure it affords, but to obtain the physical and mental energy necessary for intellectual and spiritual growth toward a nobler life. Buddhist economics understands that *non-consumption* can also contribute to well-being. Though monks eat only one meal a day, they strive for a kind of well-being that is dependent on little. However, if abstinence did not lead to well-being, it would be pointless, just a way of mistreating ourselves. The question is not whether to consume or not to consume, but whether or not our choices lead to self-development.

Production is always accompanied by destruction. In some cases the destruction is acceptable, in others it is not. Production is only truly justified when the value of the thing produced outweighs the value of that which is destroyed. In some cases it may be better to refrain from production. In industries where production entails the destruction of natural resources and environmental degradation, non-production is sometimes the better choice. To choose, we must distinguish between production with positive results and production with negative results; production that enhances well-being and that which destroys it. In this light, *non-production* can be a useful economic activity. A person who produces little in materialistic terms may consume much less of the world’s resources and lead a life that is beneficial to the world around him or her.

Payutto summarizes the major characteristics of Buddhist economics as follows:

(i) realization of true well-being

The Middle Way, the right amount and knowing moderation may be considered as synonyms for the idea of balance or equilibrium. Knowing moderation means knowing the optimum amount, how much is “just right”. This optimum point, or

point of balance, is attained when we experience satisfaction at having answered the need for quality of life or well-being.

(ii) not harming oneself or others

From a Buddhist perspective, economic principles are related to the three interconnected aspects of human existence: human beings, society and the natural environment. Economic activity must take place in such a way that it doesn't harm oneself (by causing a decline in the quality of life) and does not harm others (by causing problems in society or imbalance in the environment).

In his book "Putting Buddhism to Work" former Japanese banker and economic thinker *Shinichi Inoue* presented his view of economics and Buddhism (Inoue 1997).

Influenced by Zen Buddhism Inoue claims that the Buddhist motivation for work must be the pursuit of the interests of both oneself and others. So one should not engage in business that does not serve the world and then brag about being a philanthropist. Buddhist economics does not have profit as its principal goal. Instead, its primary objective is to serve the community. Profit will come, but it is a by-product rather than the main goal.

Inoue emphasizes that to live necessarily involves the taking of life of other beings. We cannot change that, but we can limit how many lives we take and to what extent we allow our desires to be satisfied. Gratitude toward other beings and a sense of regret about harming others are crucial principles in Buddhist economics. It calls for the environmental and social assessment of products and industries which is a highly developed practice in Japan.

Both production (P) and consumption (C) have to be considered. *Production* can be ranked according to four levels:

P1 = production that has a negligible negative impact on the environment,

P2 = production that has a minimal negative impact on the environment,

P3 = production that has some negative impact on the environment,

P4 = production that involve a great deal of negative impact on the environment.

Consumption can be assessed on a four-rank system:

C1 = consumption of goods that is vital for human existence,

C2 = consumption of goods that, while not absolutely necessary, makes living more tolerable,

C3 = consumption of goods that is not very necessary,

C4 = consumption of goods that is frivolous or even harmful.

Table 1.1 presents the combination of these variables in order to determine whether the production of a product is relatively earth-friendly and the consumption of a product is truly necessary. Lower the number associated with a combination, the better it is for the environment and society.

In the Buddhist view any economic enterprise is located in the context of the entire natural universe, therefore ignoring environmental and social costs appears to

Table 1.1 Environmental and social assessment categories for production and consumption

	P1	P2	P3	P4
C1	1	2	3	4
C2	2	4	6	8
C3	3	6	9	12
C4	4	8	12	16

be quite absurd. Economic efficiency must be redefined in the form of “*not wasting*”. It carries with the goal of living happily in a simple way. For example, although recycling costs time and money, and may seem inefficient and troublesome, ultimately we are being more efficient by recycling and not wasting products. This is because any given product exists in relationship to the earth and human society as a whole. A recycling culture is economically sound.

British economist *Richard Welford* made some further contributions to Buddhist economics (Welford 2006).

Welford stresses that Buddhist philosophy turns the whole Western mindset upside down. In contrast to the anthropocentric worldview characterized by Western culture, the Buddhist cosmology has the entire universe at its center. Human beings are humble in the totality and are just grains of sand in the vast, limitless ocean of space.

The *Four Noble Truths* of Buddhism address the dynamics of human suffering and give a starting point for moving beyond the barrier of over-consumption. We can see the Four Noble Truths as typifying the problems in the achievement of sustainable development:

1. *Life is suffering*. This has to be comprehended. With increasing secularism and dissociation from nature and the environment, and rising levels of expectations inside and outside work, people are becoming less satisfied with life and the lifestyles they adopt.
2. *The cause of suffering is desire*. Unchecked desire has to be abandoned. Heightened levels of dissatisfaction have implications for consumerism: first, there is the erroneous perception that purchasing goods is going to make us happy, and second, because we are increasingly dissatisfied and thus unhappy or stressed, we are unable to deal with the changes needed.
3. *The cessation of suffering is the cessation of desire*. This has to be realized. By becoming aware that there is a root to the general societal malaise of avoiding environmental and social responsibilities, we know that there is a way of stopping such complacency to begin a path to sustainability.
4. *The path to the cessation of desire is practice*. To stop doing what makes us dissatisfied, we have to realize the cause of that dissatisfaction and keep trying to behave in a more sustainable manner. Buddhism shows us that this is difficult and requires ongoing commitment and practice.

Buddhism points out that even if one attains what one desires in the short run, greater desires always emerge. The *ego mindset* cannot be fulfilled and its greed for more satisfaction and recognition becomes the source of its own destruction. This becomes a source of suffering because the human spirit becomes captured by the avaricious mind.

Happiness might be seen as the ratio between wealth and desire. The capitalist system has been successful in increasing levels of wealth and thus increasing happiness to some extent. But through the epiphenomenal increase in people's desires for more, stoking up avarice and greed, capitalism has not produced great increases in happiness overall. The Buddhist approach suggests that people reduce their desires so that even the maintenance of current wealth increases happiness. As people become detached from desires, their levels of happiness will increase. This may result in a reduced demand for consumer goods. It is an opportunity for businesses to concentrate less on providing non-essential consumer goods and more on providing essential goods and services to developing countries, introducing technologies that will remediate environmental damage and serve the poor and needy. Indeed, business will then become less exploitative and damaging and more worthwhile and productive.

Welford states that Buddhism can be the source of greater individual contentment and satisfaction and that this is more consistent with protecting nature and caring for the environment. There is a need to move away from mass-consumption economies toward a more environmentally restorative one.

While Western economics emphasizes self-interest and material development, Buddhist economics stresses interconnectedness and "inner development". It would also place an emphasis on culturally appropriate economic approaches. A Buddhist approach involves an emphasis on sustainable development, where both human beings and living creatures can realize their potential, and where inner development and economic development are compatible, all in the context of a just society and a healthy ecosystem.

Buddhist economics sees little problem with activities that are beneficial to oneself, to one's business and to one's country, but only in circumstances of *non-harmfulness* to others. Establishing mutually beneficial transactions rather than exploitative ones is important. One distinguishing feature of Buddhism is that its adherents have never engaged in a religious war. Its emphasis on *peace* and non-harm needs to be translated into modern economics. Non-harm means respecting all human beings and all other creatures and developing a sense of respect for all life.

An economics based on respect would certainly help to reverse the mounting ecological crisis. Economics should be based on notions of fair "give and take". If we are going to take something from the environment, we must be prepared to ensure that it can be replaced in one way or another. We need to develop a *restorative economy* where whatever damage is done to the environment is either restored or fully compensated for.

In his publications Thai economist *Apichai Puntasen* connects the Buddhist conception of happiness with Aristotle's concept of human flourishing (Puntasen 2005, 2007).

Aristotle differentiated necessities needed for survival and the higher value for flourishing of life known as “the good life”. He explained further that “the good life” is the moral life of virtue through which human beings attain “happiness”. The economic dimension is the role in supplying “wealth” through the production process in order to meet basic needs as well as to attain “happiness” or “the good life”. The wealth that performs such a function has its “use” value, because it is useful to people. However, there is also another side of the coin, that is the “exchange” value. This value is determined in the market and originated from market demand driven by “desirability”. Aristotle did not advocate “exchange” value since it is driven by desirability and not by necessity or “the good life”. This position is close but not the same as that of the teaching of the Buddha.

Because of the varying meanings of “happiness”, Puntasen suggests to use the word *sukha* drawn from the teaching of the Buddha. The closest word to *sukha* is “wellness”.

There is also a range of meanings for the word “*sukha*”. It implies the state where pain is reduced from its original level. Less pain implies more *sukha*. On the other hand, pleasure does not necessarily imply less pain. Most of the time, pleasure and pain are different sides of the same coin.

Sukha from acquisition is a lower level of *sukha*. It can be the same as hedonism. However, at this level of *sukha*, the Buddha qualified it, namely, it must not cause any burden for one-self or any other living beings. Even with this qualification the Buddha recommended the attainment of a higher level of *sukha*. It is *sukha* from non-acquisition. It can be *sukha* from giving, from meditation, or from helping others to be relieved from pain. The highest level of *sukha* is derived from being emancipated or liberated from all impurities of mind or all the defilements.

A person, who has no pain, does not have to suffer. It can be seen then that *sukha* in *Buddha-Dhamma*, in the teachings of the Buddha, is more associated with mental development than with any form of acquisition. The most important tool to achieve this mental stage is through training of the mind to reach the stage of *panna*, the ability to understand everything in its own nature.

Puntasen suggests that the mode of production in Buddhist economics can be defined as *panna-ism*. *Panna* is the supreme quality of the mind. Human beings who have *panna* do not seek to maximize pleasure or utility but seek to be relieved of and relieve others of pain as much as possible. With less pain there will be more peace and wellness.

Panna should be used to control all factor of inputs, such as technology, capital, labor and natural resources. The production process should be done in such a way to enhance the good qualities of human inputs. The process should generate human skills and creativity as well as provide a sense of fulfillment from their work. Workers should not feel that they are being exploited but rather given opportunities to do something worthwhile for themselves as well as others. Minimal use of non-renewable resources should be constantly practiced, while use of renewable resources should be encouraged in place of non-renewable resources as much as possible. Waste from the production process should be kept at a minimum. Every attempt should be made to improve nature and environment at the same time. The

need for production to be increased to meet increased demand for consumption is not required in Buddhist economics, since consumption will also be in moderation. As only moderate consumption in everything is needed, the rest can be given or donated to others who are still in need. Peace and tranquility are results of the ability to understand everything in its own nature or having *panna*. Such knowledge will result in more understanding of the world, as well as the understanding of “nothingness” or “voidness” and no self to cling on to, the main cause for pain. This way excessive production is not needed.

The main purpose of Buddhist economics is to reduce pain or suffering for all living beings. Buddhist economics insists that priority goes to those that are still in pain because of inadequate materials to support their lives. Those who have more *panna* should only use what they need to maintain their own lives and give the rest to the more needy ones.

The Structure of the Book

The present book collects fresh contributions from economists and business scholars engaged in different Buddhist traditions, including Tibetan Buddhism, Zen Buddhism, Theravada Buddhism and Western Buddhism. The first part of the book “*Buddhist Ethics Applied to Economics*” consists of theoretical and empirical papers which address issues of economic behavior and economic institutions in contemporary context. The second part of the book “*Achieving Happiness and Peace*” consists of analytical and normative contributions which deals with economic policy and organizational practice.

In her paper *The Relational Firm* economist and feminist scholar *Julie Nelson* (University of Massachusetts) emphasizes that Buddhism represents a relational ontology. In Buddhist philosophy, what really “is” are relations and processes. Things exist in a state of dependence on the relations that constitute them. The diversity and elaboration of these relations and processes has value. The intrinsic worth of relationality, and the responsiveness of humans to this worth through gratitude, compassion and care, form the basis for ethics which permeates the ground of being.

The insights of relationality extend to big, human-made and materially oriented institutions such as corporations and economies. Recognition of symmetric mutuality opens our thinking to ways in which co-workers might treat one another with respect. The recognition of asymmetric mutuality further opens up the possibility of thinking about relations of respect among people with different levels of power and different roles. Not all workers in an enterprise have equal abilities in leadership, inventiveness or finance. Enterprises can be structured in ways that take advantage of people’s different qualities of power, while still retaining a fundamental attitude of mutuality.

Julie Nelson argues that limiting possible relationships to either arms-length contracts or hierarchical control rules out the idea that values, group identity, mutuality, non-hierarchical structures or ethics could play a role within and among

contemporary business organizations. Yet the evidence on employee behavior suggests otherwise. Real humans do not simply leave their needs for social relations, their values, their loyalties and their creativity at the workplace door. People work better when they are supported, empowered and allowed to draw on their own creativity than when they are consistently treated as potential shirkers who have to be brought under control.

Buddhist thinking does not prescribe replacement of for-profit businesses with systems of small-scale and cooperative enterprises as the cure for economic suffering – concludes Julie Nelson. The ethical merit of organizations cannot be pre-judged on the basis of size alone or by the purposes written on their articles of incorporation. Organizations must be evaluated by what they do. Small, purportedly “loving” families are often the sites of domestic violence. Small non-profit hospitals often exploit their own workers for the sake of keeping costs in line. Large, for-profit corporations have at times taken actions that show that they can be good workplaces and responsible members of social and environmental communities – when given a chance and especially when encouraged in these directions by consumer, shareholder and political activism.

In his paper *Buddhism and Sustainable Consumption* Australian environmental economist *Peter Daniels* (Griffith University, Brisbane) aims to identify and discuss how the Buddhist worldview can inform and enrich the efforts to modify consumption into “sustainable consumption” forms that can bring about and sustain better quality of life and well-being for humans and the living environment. The emphasis is deliberately placed upon consumption or demand-side activities but this is not meant to disparage the important and interconnected role of production. Together production, consumption and exchange form the essence of economics as the study of livelihood activities and how people, communities and societies manage, distribute and utilize their human and natural resources in the process of “earning their living”.

Daniels begins with an overview of the concept and the meaning of sustainable consumption, its role in the general paradigm of sustainable development and its general links to the concerns of Buddhism. After discussion of the need for an ethical basis for a more profound shift towards sustainability, Daniels details some of the major themes, commonalities and beneficial exchanges of ideas between the Buddhist world view and sustainable consumption. Linking sustainability and Buddhist notions he describes some approaches for assessing consumption in terms of its environmental and “karmic” disturbance impact. Some of the studies of problematic modes of consumption are reviewed and major conclusions are presented examining the primary strategic needs for achieving sustainable consumption in light of the Buddhist economic perspective.

In her paper *Economic Sufficiency and Santi Asoke* economic sociologist *Julia Essen* (Soka University of America) argues that to ensure a just and sustainable future for all, the dominant forms of economic thought and practice must be reunited with ethics that are more caring of the human-nature base. Lessons may be learned from alternative economic models based on religious, spiritual, environmental or feminist values regarding the content, the process and the potential results

of such a shift. Julia Essen presents two Buddhist economic models: the Royal Thai Sufficiency Economy Model and the approach adopted by the Santi Asoke Buddhist Reform Movement of Thailand.

Sufficiency Economy which operates on the principles of moderation, reasonableness, self-immunity, wisdom and integrity, was publicly introduced by the King of Thailand following the 1997 economic crisis and is now championed by the UNDP. The model has succeeded in fostering well-being at the individual, firm, community and regional levels across rural and urban sectors and shows promise for national policy due to its ability to coexist with capitalist economic strategies. *Asoke Movement* is not as likely to propagate widely: its intentional communities aim to release material attachment and attain spiritual freedom, and in doing so, they exhibit ascetic tendencies and a biting critique of capitalism. However, Asoke Movement does offer more explicit social and environmental ethics.

Both Buddhist models suggest that development must start with the individual, particularly in terms of mental development. At the same time, as manifestations of a hierarchical philosophy, both allow for guidelines and policies to be issued from above so leaders may speed the “right development” of their constituents. The hierarchical aspect may have a downside as it may reproduce structural inequalities that result in uneven distribution of economic costs and benefits.

In his paper *Pathways to a Mindful Economy* institutional economist Joel C. Magnuson (Portland Community College, Oregon) introduces the conception of Mindful Economics which is centered on the core values of social justice, the well-being and sustainability of all life, and economic stability. These values are not means to some further end, but are ends in themselves. The ultimate goal is to provide guidelines for broader movements of community development. Beginning at the local level, people can build new institutions by creating community corporations that have these values written into their corporate charters, bylaws and articles of incorporation. As the Mindful Economics movement grows, key businesses, financial institutions, government agencies and labor unions in the local community can all be organized along these values.

Drawing from the institutionalist tradition of Thorstein Veblen, Karl Polanyi, John K. Galbraith and others, Mindful Economics is also based on the idea that economic institutions are embedded within a broader cultural milieu. With a common set of shared values, these institutions can embed themselves into the local community and cohere with other institutions. Together they can evolve into broader economic systems. Magnuson’s paper is an effort to contribute to the evolution of community-based systems in which economic activity is rooted in democratic processes, socially controlled by an active citizenry, and shaped by core values shared by people in their communities.

In his paper *Do Our Economic Choices Make Us Happy?* British economist Colin Ash (University of Reading) overviews the academic literature on economics and happiness (or subjective well-being). He warns that for about 150 years, economists were utilitarians. The aim of policy was to promote “the happiness of the greatest number”. The problem was then and still is, how to measure happiness? One could simply ask people how they feel, and many surveys of subjective well-being

do just that. However without any means of making interpersonal comparisons of reported happiness, these surveys give little practical guidance to policy-makers. So from the 1930s onwards, attention shifted towards a much easier, admittedly imperfect, measure of welfare – GNP, the sum of a country's income or spending or output.

Economic analysis of the relationship between income and happiness reveals a paradox. Over the past 50 years rich countries have become much richer, though people are on average not happier. Within rich countries, the rich are much happier than the poor. However increases in income have not made either group any happier. There is clear evidence of diminishing marginal returns from increases in income, a consequence of both adaptation and social comparison. Many other factors are shown to affect well-being, once basic material needs are satisfied. In particular, the formation and fracture of high trust, close relationships have a more lasting impact on happiness than does income.

Clearly many of our economic choices often do not bring us happiness. Colin Ash demonstrates a remarkable symmetry between the conditioning process of dependent origination – which from the Buddhist perspective explains unhappiness – and recent findings of psychological research of happiness. Both Buddhism and psychology emphasize that individuals are endowed with and motivated by a fundamentally incorrect theory of happiness: that it is achievable by pursuing desire. Both point to a case of mistaken identity: that individuals identify with transitory (economic and other) phenomena. Both draw attention to the prevalence of deep cognitive errors which infect the process of decision making.

The purpose of the Buddhist agenda is to stop suffering. As suffering, in the sense of unsatisfactory conscious experience, is internal and conditioned, meditation is central to Buddhist cure. Simple techniques can be used to calm the mind and sharpen the awareness or attention. The various components of dependent origination can then be observed more objectively, in detail, and with increasing refinement.

Another strand of Buddhist meditation cultivates positive mind-states. This is the stuff of mood control, by which one develops a positive attitude towards oneself and others, and a resilience to fluctuations in one's own fortunes. These practices have the therapeutic benefit of promoting subjective well-being; at the deeper level of insight, they erode a concept of self which is bounded, independent and permanent.

Buddhist meditation practice, like other therapies, has the potential to raise an individual's baseline level of subjective well-being. Meditative absorption brings a deep sense of enjoyment, both affective happiness and "flow". Nevertheless happiness is not the ultimate goal of Buddhism. The cessation of suffering is. Colin Ash's conclusion is that Buddhism could be viewed as a form of negative utilitarianism.

In his paper *Gross National Happiness* Dutch management scholar *Sander Tideman* (Global Leaders Academy) discusses the concept of Gross National Happiness or GNH which was first expressed by the King of Bhutan in the 1980s. Acknowledging that Bhutan may score low on the scale of conventional indicators for a nation's economic performance (like Gross Domestic Product or GDP), the

King claimed that his country secluded in the Himalayas would score high on an indicator measuring happiness.

Sander Tideman's paper takes the perspective that Gross National Happiness can be regarded as the next stage in the evolution of economic indicators for sustainable development, which goes beyond merely measuring values that can be expressed in money. GNH is an attempt to develop an indicator that accounts for all values relevant to life on this planet, including happiness. Moreover, by taking happiness as the objective, GNH serves as an important yardstick for a framework of Buddhist economics.

The search for alternative indicators of economic progress is critically important at the time when contemporary world faces a growing threat of ecological collapse due to climate change, ecosystem loss and rapidly depleting natural resources. We can no longer rely only on measurements such as GDP that only measures material and financial capital while ignoring natural and social capital. Mainstream economics and its indicators deliberately leave phenomena such as human happiness outside its spectrum, tacitly assuming that income per capita growth is positively correlated to human well-being.

Breakthrough research in quantum physics, medicine, biology, behavioral science, psychology and cognitive science is now making the science of the mind relevant to economics. Conversely, from within the profession of economics, attempts are being made to broaden the scope of economics into the domain of psychology, which led to the emergence of behavioral economics and neuro-economics. Tideman's paper explore what Buddhist psychology and philosophy, which inspired the Buddhist King of Bhutan to conceive of Gross National Happiness, have to offer to the required shift in economic thinking.

In their paper *The Application of Buddhist Theory and Practice in Modern Organizations* organizational scholar Bronwen Rees (Anglia Ruskin University) and Tibetologist Tamás Agocs (Buddhist University of Budapest) begin with the observation that many organisations in the West are characterised by high levels of anxiety leading to increasing absenteeism and mental and physical burn-out. Part of the problem is caused by the divisive nature of modern managerial strategies, which increasingly leave individuals with a sense of isolation and often, through the over-use of modern technologies, out of contact with their sensory world and thereby isolated. The paper by Rees and Agocs explores the conditions of the so-called "empowered" modern workplace, and shows how a secularised Buddhist method, combined with action research methods, can address issues of power, and thereby release the creativity and sense of community of individuals within it. It is argued that, unlike monotheistic religions, which require either a set of beliefs or a revealed truth, Buddhist insights can be conceived of as a set of practices, a methodology, through which one can gain a greater sense of interconnectedness and "transcend" an isolated concept of self. It is an invitation to experience oneself in greater and greater depth, and to experience that sense of self in relationship to others.

Empirically, the paper outlines the stages in the development of a team of practitioners and researchers based both in the U.K. and in Hungary who came together through a common interest in awareness practices and a belief that meditation held a

largely untapped potential to improve the quality of organisational life, be it within business or the public sector. This team, Crucible Research, set out to find a language and methods that could address the emotionally crippling aspects of modern organisational life. The paper explores the methods and practices that they are developing, and points to a possible new way forward of meeting one another, as members of an organisation, as members of different cultures, as men and women.

In his paper *Leadership the Buddhist Way* Dutch management consultant *Laurens van den Muyzenberg* – a long-time co-worker of His Holiness the Dalai Lama – focuses on business leadership from a Buddhist point of view. He argues that leading yourself requires mental discipline. All people have egocentric tendencies, like greed, jealousy, craving for material goods, and recognition. Buddhists refer to these as negative thoughts and emotions and recommend training the mind via meditation to reduce these negative tendencies. The first step is mindfulness, that is to become aware when negative thoughts and emotions start coloring the thinking in the mind.

In the business world profit and competition are two fundamental issues. Profit is a necessary condition for business to survive. However business leaders who considers the sole goal of business as making maximum profits hold the wrong view for several reasons. Profit is the result of having satisfied customers, satisfied employees and satisfied shareholders. Leaders have to meet the challenge of balancing these interests. Very important is a holistic view. Businesses have a responsibility for the long-term effects what they produce.

Van den Muyzenberg suggests that the term “capitalism” is an unfortunate and misleading word to describe our current economic systems. Capital is a means to an end. A farmer with one cow is already a “capitalist” as he has had to invest capital (savings or a loan) to buy the cow. In agreement with His Holiness the Dalai Lama, Van den Muyzenberg believes that a much more accurate description about what we should aim for is the “Free and Responsible Market Economy”. Prosperity and happiness depend on freedom. But freedom must be linked with responsibility consistent with the Right View and Right Conduct. It implies that we have to accept that happiness and prosperity can never be attained by exclusive concentration on increasing material wealth. Freedom and spiritual wealth are equally important.

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Part II
Buddhist Ethics Applied to Economics

Chapter 2

The Relational Economy

Julie A. Nelson

Introduction

If you meet the Buddha on the road, kill him.

This much-cited adage from 9th century Zen master Lin-Chi is a key Buddhist warning about nonattachment. Like so many Zen sayings and koans, it can surprise and unsettle us. It reminds us that even our highest ideals, goals and aspirations are not something we can cling to. If we think we've finally "got it", that is a sure sign that we do not, and it's back to the meditation cushion for us.

In spirit of opening discussion, let me offer a variant on this instruction:

If you meet capitalism on the road, kill it.

Some contemporary Buddhist commentators seem to suggest that one should meet this system and slay it as an enemy, but that is not the meaning intended here. Rather, if you think you've met capitalism, and understand its essence, I recommend applying the Zen lubricant of great doubt. And here is another variant:

If you meet a locally-grown, organic, communal lifestyle on the road, kill it.

This one may strike closer to home, because there is a substantial movement among Western Buddhists, and other who seek a more just and sustainable world, to idealize just this kind of economic life. Lin-Chi's adage, however, shows it no mercy either.

This is not at all to deny that the world is in great need of economic transformation. Poverty and oppression continue to reign in many places, and in some are even getting worse. Species are becoming extinct, waters and lands are becoming polluted, and the negative effects of climate change are falling most harshly on those with the fewest resources to cope. Our scientific cleverness has in many ways outstripped our collective wisdom and level of social development, leading to

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dangerous developments in areas such as nuclear technology and genetics. All of these problems are closely linked to economic activities, as we rush to produce and consume, enmeshed in an increasingly global network of economic ties. Like Kuan Yin (Avalokiteshvara), when we open our hearts we “hear the cries of the world”. Buddhist teaching suggests that there is an important difference, however, between reacting to these cries in a habitual way, and responding to these cries in a wise and compassionate way.

One habitual reaction among Western commentators, I argue, manifests as an overly abstract and conceptual diagnosis of economic problems, which in turn is based on particular beliefs about what constitutes a “scientific” analysis of economic life. Words and concepts are, of course, necessary for thinking and communication. If we grasp the concepts with the hands of emptiness, the concepts work for us. But if we let ourselves harden around them, holding onto them with hands of certainty, they harden us, reinforcing our sense of ego and separation. Oddly enough, even concepts of sharing and communalism can – it will be argued below – become fixations, arising out of our desire to feel good about ourselves and be in control. I believe that if we want to walk the Middle Way, we cannot cling to concepts, even these ones.

In the social activism literature authored by many Western Buddhists, a deep understanding of Buddhist philosophy is often shown. But it is, unfortunately, accompanied by a relatively shallow understanding of economic life. This is understandable, as the sort of conventional understanding demonstrated is both widely popular and endorsed by most professional economists. While I hold a Ph.D. a position as an economics professor at a U.S. university, my studies of feminist scholarship have led me to look critically at conventional economic theories. My views are also influenced by my studies and practice as a student in the Boundless Way Zen Sangha. Feminism provides one lever for breaking open old, dogmatic beliefs, revealing their delusional nature. Buddhism can further help keep us from building up new delusions out of broken-up old ones.

Can a Buddhist Be a Capitalist?

Widely available English-language writings on the topic of Buddhism and economics seem to be characterized by two very different attitudes towards economic life. One, drawing from historical Buddhist teachings in primarily Asian and pre-industrial contexts, takes a largely positive view of commerce as long as a person who has wealth has rightly earned it and rightly uses it. The other, in which a modern and Western influence is considerably more apparent, is suspicious of economics at a “systemic” level, and takes an antagonistic stance towards contemporary corporations and markets.

Peter Harvey, in *An Introduction to Buddhist Ethics*, for example, gives examples of the more positive case. He points to the teachings of the Buddha described in the *Samyutta Nikaya*:

1 As to how wealth is *made*, it is praiseworthy to do so in a moral way (in accordance with *Dhamma*), without violence, and blameworthy to do the opposite.

2 As to *using* the product of one's work, it is praiseworthy to use it: (a) to give ease and pleasure to oneself; (b) to share it with others, and to use it for generous, karmically fruitful action. Correspondingly, it is blameworthy to be miserly with oneself or mean with others.

3 Even if wealth is made in a moral way, and used to benefit oneself and others, one is still blameworthy if one's *attitude* to one's wealth is greed and longing, with no contentment or heed for spiritual development (2000, 187).

Writing from a Japanese context, banker Sinichi Inoue writes that Buddhist teachings in his country have often displayed “an ethical, but positive view of moneymaking” (Inoue 2002, 51). His Holiness the Dalai Lama has said that, properly motivated, a person can become “a good and honest businessperson” (Dalai Lama 2002, 133). Some Buddhist teachers even portray Buddhism as enhancing business success (Harvey 2000, 189). For example, “On a personal level, if you practice tolerance and compassion. . . you will also become a better and more effective businessperson. . .” (Dalai Lama 2002, 134). Zen priest Norman Fischer writes that,

In the end, commerce is communication, a way of being together, transacting, each of us helping the other to fulfill our human needs. Thirteenth-century Japanese Zen master Dogen says in his essay ‘Bodhisattva’s Four Methods of Guidance’: ‘To launch a boat or build a bridge is an act of giving. . . . Making a living and producing things can be nothing other than giving.’ I know that it is possible for us to engage in commerce as an act of participation and compassion – to buy and sell in that spirit. Through the process of spiritual practice, we can cultivate a view of material things that appreciates them for what they are in themselves and recognizes in them an opportunity for meeting each other on the ground of our shared human needs. (2005, 221–222)

These writings suggest that one can follow Buddhist teachings right in the midst of commercial life, which is considered to be profoundly relational and laden with ethical dimensions and human meaning.

The more antagonistic attitude claims that the nature of our contemporary economic system – sometimes identified with exchange and markets in general, while at other times identified with “global corporate capitalism” – puts it at distinct cross-purposes with spiritual development. Questions about the morality of individual businesspeople become largely irrelevant to these discussions, since the problem is said to have its source at a different analytical level – that is, with “the system” itself. “Our present economic system institutionalizes greed”, writes Zen scholar David Loy (2008, 89), and “Today it is arguable that our economic system is based upon stealing. . . because corporate globalization is commodifying the whole earth” (2003, 37). Author and activist Helena Norberg-Hodge argues, in her essay “Buddhism in the Global Economy”, that localism is the correct antidote to a “corrupt” “global economic system built of technology and corporate institutions” (2002, 19, 26). Zen scholar and activist Ken Jones writes of “the structural violence of transnational free market capitalism” (2003, 159). “Corporatization depends on greed, delusion, and hatred. . .” claims noted Thai intellectual and activist Sulak

Sivaraksa (2002, 136). Robert Aiken (my own Zen great-grandfather) has written that “Stealing. . . is the nature of our economic system” (Aitken 1984, 29).

Now, it could be that the difference between these two quite different attitudes is simply due to inescapable historical developments. It might be argued that an emphasis on individual transformation and morality was sufficient for the pre-industrialized societies of the past, but that current conditions demand that Buddhists take a different, systemic, approach. It may seem that – just as Buddhism has made numerous cultural adaptations as it moved from its birthplace in South Asia to East Asia, Southeast Asia, and more recently Europe, the United States, and elsewhere – it is necessary now to adapt Buddhism to a new economic reality.

While plausible, I believe that the idea that this new antagonism is just an appropriate response to changing circumstances is, in fact, misleading. What has primarily happened, instead, I argue, is that Buddhist social thought has taken on some unnecessary Western cultural baggage.

The Concepts We Harden On

Many Buddhist writers on economic issues begin with the experience of meditation, of getting beyond the dualities of self and no-self, and speak a message of radical interdependence, peace, compassion and engagement. The energy of this discussion is open-hearted, immediate and joyful. But when the conversation turns to economic systems, it is repeatedly asserted that the contemporary economic system is radically impersonal and non-relational. It is claimed that economies are things entirely set apart from societies, and from the sorts of ethical norms and behaviors relevant to social life. The sort of system envisaged is not an organic system encompassing change, impermanence, and evolution, but rather a locked-up system, that – once set in motion – runs along automatically according to its own rules.

One can see this belief reflected in the frequent use of imagery of machines, engines and physics-like logic, laws or calculations. “Undeniably, the *fuel* that keeps the capitalist engine running is profit”, writes Sivaraksa (2002, 135, emphasis added). “Large corporations are new forms of *impersonal* collective self”, writes Loy (2008, 88, emphasis in original). “Profitability and growth are becoming increasingly important as the *engine* of the world’s economic activity”, he continues, and “the system has attained a life of its own” (2008, 88, 90, emphasis added). Jones, in a section on transnational corporations, describes capitalism as a structure or system driven by “the *logic* of the market” (2003, 162), while Santikaro refers to “the *calculations* of the market” (2005, 206).

The assumption of non-relationality is also reflected in metaphors of territory, whereby social or religious life is said to belong to one sphere, while economic life belongs to another realm, set off by “boundaries” or “confines” (Santikaro 2005, 204, 206). Personification is often used as well, treating capitalism as a distinct and permanent entity that acts on the world on its own behalf, and which possesses an essential “nature” (Aitken 1984, 29).

Because commerce is identified with non-relationality and greed at an unavoidable, “systemic” level, a cascade of dualistic understandings results. If we believe that “laws” of profit maximization and competition are at the core of this corrupt system, then we must look towards non-profit, cooperative, communal and solidarity-oriented behavior for salvation (Watts and Loy 2002, 99–100). If we believe that large, global institutions are bad, then we must believe that small, local institutions are good (Norberg-Hodge 2002, 101; Watts and Loy 2002, 100; Loy 2003). If we believe that technology or economic development is bad, then we have to idealize rural and pre-industrial societies (Loy 2002; Norberg-Hodge 2002). If we believe that people have become growth-hungry consumers, then, well, we can’t accept people as they are, either: Jones argues that we will need a “new breed” of people to inhabit a better world (2003, 172).

Notice that – in spite of the Buddhist teachings about non-duality and impermanence – the tone of the energy behind the writings has suddenly changed. As abstractions and the image of a mechanical economy enter in, an “us” gets defined, and a “them”. There arises an energy of resistance to what *is*, and we are directed to think of what could be, if only the “system” were different or people were different. The machine must be “dismantled” (Jones 2003, 161–162), it is believed, in order to make right livelihood possible.

The unnecessary Western belief which these writings have assimilated is *the belief that the current economy is a non-relational, a-social machine*. I know that there are strong pressures that encourage this belief: in some social milieus, if one questions it one is likely to be considered “soft on capitalism”, or unsophisticated in one’s understanding of economics, or insufficiently committed to economic justice.

But at this point, however, I suggest that we take a breath and relax for a moment. Can we loosen our grip, just a bit? Can we entertain – just for a moment – the possibility that capitalism might be something other than a (poisonous) machine? Where did the idea of the-economy-as-machine come from, anyway?

Where These Concepts Came From

The dominant Western, scientific understanding of our physical and economic worlds takes them to be fundamentally mechanical, nonrelational and de-sacralized. As a number of feminist scholars of history and philosophy of science pointed out during the 1980s, this reflects certain dualistic understandings that lie deep within Western philosophy and culture (Easlea 1980; Keller 1985; Harding 1986). Rationality, autonomy, detachment, mind and quantitative analysis, for example, all have masculine cultural associations. Meanwhile, emotion, interdependence, connection, daily care of body, and the qualitative aspects of phenomena have all been commonly regarded as more feminine. The masculine-associated qualities have been elevated, in much of culture, while the feminine-associated ones have been thought of as of lesser worth, or even feared. Scientific knowledge, since the Enlightenment, has been envisaged as helping men achieve rational control over a previously threatening and wild “mother nature”.

It is critically important to note here that these associations are about *cultural stereotypes*, not about differences between actual men and women. Feminists often make a distinction between “sex” and “gender”, wherein “sex” is used to refer to biological differences between males and females, while “gender” refers to cultural beliefs constructed on the base of (preponderant) sexual dimorphism. (1) So the issue is not whether men, for example, have more rationality or less emotion than women: they manifestly do not. Rather, the point is that there is a deep cultural pattern of defining male as being dichotomously different from, and superior to, female, and defining minds as being radically disconnected from, and superior to, nature, matter and emotion.

So early European Classical economists of the 18th century, excited by the invention of science and by the Industrial Revolution, were the first to introduce the metaphor “the economy is a machine”. Soon thereafter came an aspiration to make the discipline of economics into a science itself, along the lines of physics or geometry. Contemporary mainstream economics – centered around what is called the “neoclassical school” – continues to manifest this physics-envy this with a vengeance. (2) Central to the mainstream view is the idea that economies are made up of impersonal markets populated by autonomous, self-interested, rational individual agents – a creature often referred to as “economic man”. What is crucial to note, however, is that these views were *not* adopted because they best described the behavior of people or firms as actually observed – whether in the 18th century or now. Rather, they were adopted because they best allow the use of mathematical methods, and therefore best reinforce a notion of economics as a “hard” and masculine science.

Note, then, that the notion of “economic man” is doubly gendered – and hence doubly biased. First, in leaving out all aspects of human life having to do with bodies, emotion, dependence or other-interest, it highlights only culturally masculine-associated notions of humanity, while blocking out consideration of feminine-associated ones. Not only are the occupations of feeding, cleaning and nursing bodies (traditionally assigned to women) made invisible, but *everyone’s* experiences of social life in general, and of dependency in childhood, illness and old age in particular, are denied. In Buddhist terms, “economic man” elevates the autonomous “self” to a concrete entity, radically denying codependent origination.

Secondly, the origin of, and continued allegiance to, “economic man” reflects the impact of a gender-biased view of scientific endeavor, which prioritizes mathematical and abstract thinking, and denigrates qualitative analysis or delving into concrete aspects and particulars. In attempting to achieve “scientific” status, the discipline of economics has, ironically, instead fallen into dogma. A certain biased methodological view has led to a dogged allegiance to the assumption of self-interested agents and mechanical markets.

And the problem is not just with academic economics. We, economists have done a good job *teaching* you that people are self-interested (greedy) in their economic lives, that firms have no choice but to profit-maximize, and that the economy does not evolve, but rather runs like clockwork according to universal laws. The

neoclassical notions of an impersonal, mechanical system has saturated the popular image of economic life in the West – even among many Buddhist scholars.

Some Notes on Actual Economies

A more immediate, sensory and empirical examination of economic life, however, leads to quite different conclusions. We do, indeed, live in an economic system – but one that is *far* more complex and impermanent than the simplistic clockwork analogies of neoclassical economic thinking suggest.

In the neoclassical model, for example, it is a dogma that “firms maximize profit”. Neoliberals think that this is good, since they believe that unbridled profit-maximization automatically leads to efficiency and social welfare for all; the Buddhist thinkers quoted above think that it is bad, because profit-making is seen as the institutionalization of greed. Neither group, however, examines the dogma to see if it is true.

Business firms, in fact, do a great many things. They make products or services. They employ people: they are places where people work hard or are lazy; make friendships or not; find meaning in work or can’t wait to go home. They have a physical presence, and take things from the rest of the natural environment and put things back into it. Businesses develop relationships with the communities in which they locate, their customers, suppliers and creditors. Sometimes these are healthy relationships and sometimes not; sometimes they last, sometimes they do not. Businesses develop institutional histories and particular internal cultures – for example, some take pride in the quality of the good or service they produce, others in their role in their community, while others may be more innovation-oriented or finance-oriented, and they may be structured in more hierarchical or more egalitarian ways. They are populated by people who are sometimes wise and long-sighted, and sometimes greedy and short-sighted – and most often, a mix of the two. Sometimes people within a firm cooperate and work together well towards their joint goals, and sometimes firms are a mess of mismanagement and miscommunication. The activities of buying and selling depend in part on people’s desire to make trades that are to their own advantage, but also on people’s ability to trust each other, on people’s creativity and initiative, on social structures of norms and reputation, and on state structures of regulation and enforcement. Markets are the way in which most people reading this book, most of the time (and contrary perhaps to our fantasies) get what we need to live. Businesses and markets are, in short, concrete, specific, physical and social institutions, not abstract “profit-maximizers” and spheres of pure exchange.

It is a myth that, somehow, on some more abstract systemic level, corporations are “run on rails”, by law or competition, towards getting the last penny of profit. I have discussed the economic and legal aspects of this at length elsewhere, since this is a belief that many hold with great tenacity (Nelson 2006a, b; Nelson 2010).

Let me explore just one point here: the issue of excessive Chief Executive Officer compensation. News stories of outrageous CEO compensation are often taken by critics of capitalism as further evidence of “profit maximization” and greed. CEO bonuses in the tens of millions of dollars are evidence of greed, to be sure – but of plain old, garden-variety, human, samsaric greed, not some new, abstract, “systemic” variety.

To be precise, “profit” is what is left over after all a business’s costs are paid, and, in theory, profit is supposed to be passed along to shareholders. The costs that are subtracted include compensation paid to workers, middle managers, *and top executives*. That is, for profits to be *high*, executive compensation should be kept *low*. According to core neoclassical economic theory, intense market competition among executives trying to land top managerial positions should cause firms to pay only the minimum necessary compensation necessary to engage their talent. Only a few extremists, however, believe that that is what is actually going on. Instead, existing structures of corporate governance that allow executives to sit on each other’s boards and collude in jacking up compensation, along with a rising (at least until recently) social tolerance of greed, are more likely causes. Shareholders – that is, the parties who, in theory, are supposed to receive “maximum profits” more or less automatically – are some of the most vocal critics of excessive executive compensation. Many are engaging in what the business news media call “shareholder revolts”, to try to bring compensation levels down (Economist 2010). None of this, of course, is supposed to be happening according to the dogmas of competitive market “forces” and rigid profit-maximization by firms. But it is happening. So when theory and the world conflict, which do we believe: the theory or the world?

If we take off the blinders of mechanical thinking and look at economic life as it is actually lived, we can see that – far from being “locked-up” – it provides numerous interstices for wise and compassionate response. The sorts of gaps or flexible areas in the functioning of actual businesses that allow some CEOs to take excessive compensation out of profits, for example, also create the space for other CEOs to make authentic movements towards better labor or environmental standards – to be the “good and honest businessperson” mentioned by the Dalai Lama (2002, 133). The opportunity to sell can be an opportunity to meet needs; the opportunity to buy can be an opportunity to support worthy ventures; the opportunity to work can be an opportunity to right livelihood. The system can also be shaped through citizen action and cultural mores: the capitalism of France, Japan or Sweden, for example, is quite different from the capitalism of the United States or the United Kingdom, and capitalism of one era is different from that of another. Commerce has the potential to be “an act of participation and compassion” (Fischer 2005, 221–222).

Or not, of course. This loose, evolving, not-so-controllable system does not assure that we make decisions for the good, just as it does not assure that decisions are inevitably bad. But perhaps, some may reply, there is some *other* system that would make good decisions much easier?

Some Notes on Utopian Economies

The vision of a better world – at its best, a fully peaceful society, founded on localism, communalism, small-scale non-profit enterprise and spiritual values, and populated by wise and compassionate enlightened people – runs through a number of Buddhist writings. (3) And it has its place in motivating certain kinds of change. But it can also be a *dangerous delusion*, if held too tightly. Does our vision of the kind of economy we want bring us more into the world, or distract us from it? Zen, and the general practice of living in the now instead of some imagined future, warns us against being distracted by our thoughts, and by our imagined requirements about how the world should be.

While we can certainly criticize the over-individualism of the neoclassical view of economics actors as radically autonomous, self-interested and suited for a highly competitive and global economy, we should be careful about flipping to the opposite extreme of assuming that people are radically connected, altruistic and suited for a highly cooperative and local economy. Such thinking, in fact, merely stays inside common, age-worn dualisms. In certain traditions of Western marriage, for example, the man was supposed to be the visible, individuated, achieving, instrumental-oriented party, who ventures out in the “wide world” to compete in (presumably) dog-eat-dog commerce. Meanwhile, the woman was supposed to put the interests of the family before her own, and (invisibly) concentrate on expressive work, within her very small sphere of (presumably) cooperative family relations. (4) Breaking out of this sort of dualist association requires noticing that that the identification of men with only individuality, and of women with only intimacy, are distorting and unhealthy on both sides. We are all, in fact, both individuated and connected in relationships. Or, as put by Robert Aitken in a Buddhist context,

You and I come forth as the possibilities of essential nature, alone and independent as stars, yet reflecting and being reflected by all things. My life and yours are unfolding realization of total aloneness and total intimacy. The self is completely autonomous, yet exists only in resonance with all other selves. (Aitken 1984, 13)

Notice that this does not come with caveats that it applies only to men, or only to women, or only to people in selected aspects (e.g., non-economic ones) of our lives. To imagine an economy in only local, altruistic, cooperative terms denies our individual and expansive side, just as much as conventional economic thinking denies our communal and nurturing side.

While the notion of separate spheres for men and women was supposed to lead to harmonious families, it too often led to unhappiness, oppression and even abuse. Just because an organization is *presumably* motivated by love does not mean that it will actually be loving and nurturing – or even merely fair and nonlethal, as daily news of domestic violence reminds us. There are similar problems with the prescription that economic organizations be small and/or non-profit. Anyone with experience in a non-profit or community group (as well as a family) has likely observed that such structures do not necessarily foster wisdom and compassion, and certainly do not make people immune to greed, anger and ignorance. Yet the arguments for utopian

societies often seem to border on denigrating spiritual values, by arguing for “structural” solutions to economic problems in such a way that value issues are essentially made moot.

The idea that structures should be local in order to increase accountability, has some rationale to it. But I also detect an overtone here of demanding that Indra’s Net (6) somehow become tiny, because we individually feel more secure when we can personally observe what we want to control. One endpoint of this path is the gated community, where we achieve a semblance of local harmony only by segregating ourselves away from the rest of the world. I worry about the damage a one-sided emphasis on localism could do to some of the economically marginal areas of the world. In some places, where trade and tourism now support a larger population than a country could otherwise support. Too much emphasis on localism could, in some cases, cause harm. Even a goal of organic agriculture can be grasped overly tightly. There are many debates about what “organic” actually means, and many good practices that are not covered by this term.

Issues of scale and structure need to be addressed as we deal with economic life and global pain as it presents itself. But simply reacting to dogmatic neoliberal globalization, marketization and dreams of technological progress with an equally dogmatic localism, communalism and idolization of “the natural” causes us to miss opportunities. These are the opportunities to authentically respond, in ways that work for the whole human person and the whole of Indra’s Net.

Some Reflections on Buddhism and Economic Practice

On one level, the insights of meditation and the expectations of what it means to be an economics professor would seem to be in conflict. Meditation is open, grounded, full of deep doubt about whether to believe everything (or anything) we think. On the other hand, professors are generally expected to do a lot of thinking, be very knowledgeable about a specific subject, and communicate this knowledge in an authoritative way to our students.

But on another level, the two roles are precisely in synch. Meditation is, at heart, an investigation. What is investigated is not really as important as the attitude of investigation: an openness to what is, letting go of old concepts and beliefs, seeing things a new way, being surprised. Real science – not the rigid imposter that appears so often – is also, at heart, about investigation. The antonym of real science is not myth or religion. These may actually be ways to investigate realities of meaning and values not reachable through science. The opposite of science is *dogma*. Religious dogma, methodological dogma, neoclassical economic dogma, radical dogma, localism dogma – it doesn’t matter what the source is – dogma shuts down investigation. It puts up signs that say “don’t go there”.

Authentic science, then, like meditation practice, is a process, not a set of results. Our theories are means, not ends. Our theories do not represent the world exactly: nothing can contain the fullness of the world but the world itself. The best thinkers and the best professors remember that even our favorite theories are the creation of

our own minds – compelling and useful, at their best, but also never complete, never definitive, always open to revision as knowledge expands. The “don’t know” mind of Zen does not need to limit itself to the meditation cushion. We entertain a theory, and gather empirical data to see if it seems to be supported or refuted. That is we bring it up against what *is*. Even if it seems to be supported, we don’t then claim that it is definitively true, in all its details. It may be that we haven’t gathered enough evidence, or looked enough places. Or there maybe something about our particular viewpoint, or the terms of the theory itself, that is blinding us to something that is smack in front of us. (5) Our sense of self and our concepts may be getting in the way.

Does this mean that we can never know, with certainty, the real truth – about ourselves in meditation, or about the nature of natural or social systems? Well, yes. That answer may be disappointing, but actually the question isn’t a very good one. A better question is whether we can have reasoned and grounded, if provisional, beliefs that are sufficient to allow us to inform and reflect on our actions. There is a frequent misconception that lacking a firm conviction in the truthfulness of our concepts will leave us paralyzed and unable to act. Or that if we don’t have a map of the (presumed) full mechanics of the system in our heads, our actions will not be wise. Not so. Our actions arise. If they arise out of our self-centered minds – the mind that clings to dogma, fear, a need to control, and a conviction that my beliefs are better than yours – strife and suffering result. If they arise out of clear seeing of what actually is, here and now, with less “me” in the way, the possibility of wise and compassionate action is opened. What difference does it actually make for life, yours or mine or the planet’s, whether our brains feel they have wrapped themselves around a concept that is definitively branded with (the concept) truth? Actually, not much. Neuroscientific research suggests that the feeling of certainty we get when we believe we have discovered a truth is just that – a feeling (Burton 2008). Just like pleasure or rage, it arises in the mind.

There are people lined up, on the left and the right and everywhere in between, ready to tell you the Truth about the economic system. I recommend that before, during and after any engagement with these, you take a big breath, and check what you hear against what you see going on around you – what you touch and feel and smell in your day-to-day life. I recommend that you also observe the energies arising within you – the urge to attach, the urge to push away, the sense of hardening around a favorite position, the urge to take the easy out of creating answers in the mind, ignorant of the processes of the universe. I urge you to – in good scientific fashion – rely not on anecdotes as evidence, but look systematically at what is in front of you – at evidence for and against any argument – at least as far as time and energy permit.

Conclusion

Sometimes I am accused of being Pollyannaish (7) about large corporations, because I do not firmly condemn “greedy global corporate capitalism”. But this is not so. Rather, I am an equal-opportunity skeptic. I do not believe that any sort of

institution – business, government, non-profit, local enterprise, community, family or, alas, even sangha – has an essential “nature” that makes it *automatically* serve human (and ecological) ends, people being who we are. Our poisons, our thirst, our suffering, cannot be made to magically disappear by some perfection of system, structure or scale. Yet, in each moment, we have an opportunity to respond.

A key contribution of Buddhism, I believe, is in reminding us about non-attachment, and warning us against latching onto us-versus-them thinking. Applied to economic suffering, this does not mean inactivity, and does not mean that attempts at transformation, including through local community action, must be abandoned. But the teachings of the Middle Way, I suggest, should also encourage us to be alert to the temptations of self-righteousness and to be more open to wide and deep engagement with businesses, governments and the larger, painful world.

Notes

1. Recent feminist literature has become more complicated as scholars deal with intersexuality, transsexuality and the like. But the sex/gender distinction provides a rough typology that is useful when examining cultural stereotypes.
2. For more on this history, see Nelson (2006b).
3. For example, Loy calls for “smaller, more localized economic institutions” (2003, 101); Jones imagines a “just and sustainable commonwealth” which is “direct, localized, and egalitarian”, includes a large non-profit sector, and which is populated by a “new citizenry” (2003, 233–235); Norberg-Hodge imagines a radically localized, small-scale, and de-industrialized society (2002).
4. In feminist economics, this is talked about as the myths of the “separative” and “soluble” selves (Nelson 1992; England 2003; see also Nelson 2006b), following on vocabulary originating with process theologian Catherine Keller (1986).
5. Feminist notions of “strong objectivity” (Harding 1993) or “dynamic objectivity” (Keller 1985, 116) question the myth of detachment underlying some notions of science, and present a more relational, interdependent alternative – one that Buddhist scholars would find appealing.
6. Indra’s Net is a metaphor of a Chinese Mahayana Buddhist school, based on the Avatamsaka Sutra. This is the central picture in the text, which demonstrates interconnectedness and emptiness through interpenetration.
7. That is, naïve and overly optimistic.

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Chapter 3

Buddhism and Sustainable Consumption

Peter Daniels

Introduction

To consider the maintenance of consumption as a laudable goal in Buddhism may seem as quite untenable. To “consume” can be depicted as opposing the essence of every major Buddhist principle for the path to alleviate suffering. But to simply abrogate consumption in any prescription for achieving sustainable and acceptable human quality of life on this planet over the next 50 years is not a viable approach or solution. When a significant portion of the world’s population is moving into “consumer” lifestyles held by the high income nations of Europe, North America, Australia, the Middle East and East Asia, the ability to create a sustainable global society will have accept growth in total consumption – albeit in a modified form in terms of its nature and composition and with better understanding and knowledge of its well-being impacts as a guide for motives, expectations and choices.

Unless abruptly halted by global environmental or geopolitical catastrophe, there will be an inevitable tidal wave of market exchange of goods and services over the next few decades (Schor 2005). Rather than simply opposing this powerful force, and extolling the virtues of strong constraints upon material well-being, the Buddhist world view has much wisdom to offer to aid the transformation of this phenomenon in a way that reduces suffering and enhances prospects for sustainability. The environmental (and socio-psychological) challenges accompanying the age of consumerism are amongst the most recent and cogent reasons to search for strongly modified or new “visions” for society and its economic subsystem. The sustainable development paradigm is one major option to have emerged. The paradigm embraces some, limited, ethical principles about keeping natural capital stocks and their quality of life services constant, and accessible across current and future populations, but is still largely a series of technical conditions for doing so.

Up until recent times, the main pathway to sustainability has involved the use of regulation (command and control) and economic policy instruments and perhaps,

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more indirectly, environment-saving technology change. Examples include industry, vehicle and fuel emissions controls, carbon taxes, water pricing, eco-efficiency or cleaner production programs and entitlement and emissions trading schemes. These coercive or hip-pocket incentives typically assume that the answer lies in punitive action for offenders or in getting prices right based on social costs and benefits. There is no problem attributed to the motives, intent and underlying desires of the consumer as the impetus of the economy. As in neoclassical economic perspectives, preferences and consumption choices of people are effectively sacrosanct (though demand, technology and resource use will undergo change with shifts in relative cost and price structures). It essentially adopts the traditional “theory of happiness” where more goods and services will increase well-being via increased usefulness or pleasure and satisfaction from using or “consuming” these things.

There have, of course, been many positive socioeconomic and technological changes promoting more sustainable production and consumption. Many have extended beyond simple legislative or direct market cost and benefit responses and contain significant volitional aspects. This is apparent in pro-environmental behavior by citizens (in their production and consumption roles) and the widespread adoption of triple bottom line accounting, eco-efficiency programs, and social responsibility goals for productive enterprise and governance institutions (ESCAP 2009). Cost competitiveness and responses to regulation and market signals have been substantial driving forces in such change from producers, but trends towards voluntary agreements and corporate social responsibility are likely to embody broader environmental consciousness motives and shifts in consumer demands. For people as “consumers”, positive environmental economic change is manifest from mild green consumer supermarket decisions, to more voluntary, community-conscious water and energy-saving, through to deeper and more fundamental lifestyle and leisure-work-income preference change (for example, downshifting and voluntary simplicity).

However, it is proposed that the supply-side, market incentives, and incremental demand-side changes observed to date are unlikely to be adequate to bring about the sustained ability of humanity to meet basic needs and acceptable quality of life. Limitations include short political cycles, global free-riding, and consumer denial and short-term thinking, encouraged by lack of information and fear of immediate economic insecurity – all underscored by a dubious theory of happiness based on income levels and unconditional increased expenditure on goods and services. A more profound basis for change is required. Here, we suggest that this strength has to be derived from an ethical foundation with a scientific basis but, to some extent also a metaphysical world view, to explain and guide motives, behavior and outcomes that will truly increase joint individual and collective welfare.

The primary aim of this chapter is to identify and discuss how the Buddhist world view can inform and enrich the efforts to modify consumption into “sustainable consumption” forms that can bring about and sustain better quality of life and well-being for humans and the living environment of which they are a part. The emphasis is deliberately placed upon consumption or demand-side activities but this is not meant to disparage the important and interconnected role of production. Together

production, consumption and exchange (via whatever means) form the essence of economics as the study of livelihood activities and how people, communities and societies manage, distribute and utilize their scarce human and natural resources in the process of “earning their living” (Daniels 2005, 251). Economics focuses upon a subset of societal reality and relations – those activities associated with livelihood. Here, we focus on “consumption” as an indicator of the motives that drive livelihood activity (generally this extends beyond basic need fulfillment in middle and higher income nations).

The analysis is not presented as dogmatic or inflexible discourse but, in line with the open and tolerant nature of Buddhist thought is simply intended to contribute to the much-needed innovation and efforts for creating new more adaptive socio-cultural visions for the future. Here, the contribution is based on the fusion of Eastern and Western knowledge and “wisdom”. Buddhism is often considered more a psychology or philosophy – an ethical system circumscribing a view and way of life – rather than a religion in the conventional sense (Banjaree 1978; Nelson 2004). This proposition is typically based on Buddhism’s appeal to reasoning and a logical, if somewhat metaphysical, explanation of the nature of reality. These explanations form the foundation for universal principles that provide quite comprehensive guidelines for everyday behavior and can be “empirically tested” by the adherent. Hence, Buddhism facilitates thought and learning rather than the unquestioning acceptance of dogmatic rules from a supreme theistic authority.

The chapter begins with an overview of the concept and meaning of sustainable consumption, its role in the general paradigm of sustainable development, and its general links to the concerns of Buddhism. After discussion of the need for an open and empirical ethical basis for a more profound shift towards sustainability, the core section “Sustainable Consumption and the Buddhist World View” details some of the major themes, commonalities and beneficial exchanges of ideas between the Buddhist world view and sustainable consumption. Linking sustainability and Buddhist notions in section “Measuring the Impact of Consumption”, we describe some approaches for assessing consumption in terms of its environmental and “karmic” disturbance impact. A brief review of some of the initial studies of problematic modes of consumption ensues, with a final major section examining some of the primary strategic needs for achieving sustainable consumption (in light of the insights gained from the overall Buddhist economic perspective).

Sustainable Consumption

Typically, mainstream economic analysis of consumer market economies splits the economic realm into three major broad activity areas – production, consumption and exchange. Production involves the producer (firm) as the central actor with entrepreneurs combining optimal mixes of labor, capital, “land” (or raw materials and energy from nature) to manufacture goods and bring them to the marketplace. However, it also involves the direct delivery of services (for example, personal

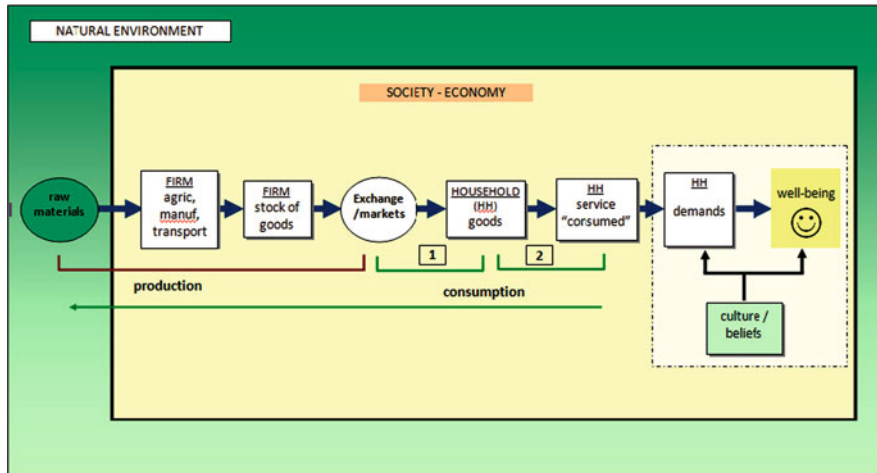


Fig. 3.1 The roles of production and consumption in the economy

services such as electrical, hairdressing and medical services). For production, the economic boundary is usually identified as the market where the “final” good or service is offered for exchange for monetary compensation. Gross domestic product (GDP) is the principal measure of production and is equal to the dollar value of goods and services produced in a region within a given period of time. It includes exports from the producing region. The production sphere is shown on the left hand side in the simple economic system flow diagram in Fig. 3.1.

The identification of the activities that comprise “consumption” is more elusive and contentious. Technically, in economics and related accounting measures, consumption is just the value of market exchange or dollars spent on goods and services (see the link covered by “1” in Fig. 3.1). As such, it represents the act of buying goods and services, and assumes that they will yield ongoing utility representing economic welfare (Røpke 2005, 6). Hence, everything brought from stores, malls, other retail outlets, all trade services falls in this category – as long as the goods and services are for “final demand” (that is, they are not used just to produce other things as this would be part of production).

The types of consumption are classified and valued according to schemes such as that by the United Nations (UNSD 2010). It is representative of many consumption classifications in its broad division of goods and services purchased into:

- (1) Food and non-alcoholic beverages
- (2) Alcoholic beverages, tobacco and narcotics
- (3) Clothing and footwear
- (4) Housing, water, electricity, gas and other fuels
- (5) Furnishings, household equipment and routine household maintenance
- (6) Health
- (7) Transport

- (8) Communication
- (9) Recreation and culture
- (10) Education
- (11) Restaurants and hotels
- (12) Miscellaneous goods and services
- (13) Expenditure of non-profit institutions serving households
- (14) Individual consumption expenditure of general government

Consumption includes imports. Indeed, production and consumption are equal unless there is trade (or waste). Consumption by a region's inhabitants can be defined in an identity where it is equal to what is produced in that region, minus output exported but adding on imports. Measuring consumption as just the market value of transactions measurement approach does not pick up consumption from local sources (including one's own activities) that does not get exchanged.

However, this notion of consumption as simply expenditure on certain types of goods and services is limited as a basis for assessing sustainability implications of economic systems. For sustainability, the full biophysical and well-being implications of expenditure choices must be capable of being taken into account. While the act of buying may have some direct link with well-being in short-lived "retail therapy" benefits, welfare and other broader sustainability concepts require an understanding of the full quality of life consequences of consumption. This refers to the on-going well-being derived from the goods and services purchased and derived, and environmental and social impacts of associated with material, energy, waste, land use and ecological impacts and changes in social and built environment conditions and structures. In Fig. 3.1, this extended definition of consumption would encompass the analysis of goods and services back through their production chains (indicated by the arrow moving to the left in the figure). This enables assessment of the demands they have on the "metabolism" of society and throughput derived from nature (and consumption of natural resource inputs and waste assimilation services). Hence, we can evaluate the ability to sustain such demands within the biophysical scale limits and regenerative potential of natural cycles. In this sense, production is closely tied to and perhaps a subset of consumption, and forms a key part of analyzing its sustainability. The term "consumption" is, of course, somewhat of a misnomer as the economic use of natural resources generally does not biophysically use them up but rather tends to be "entropizing" by reducing energy and other use potential for humans (though recycling and regenerative renewable natural processes will act to offset this loss).

In addition, the need to measure welfare outcomes in sustainability approaches highlights that "consumption" must also be seen to extend out to the right in Fig. 3.1 – from the initial purchase (in step "1") to the actual level and quality of services derived from those goods and services and the environmental demands and social impacts of their post-purchase use. This range is depicted by step "2" in Fig. 3.1. Arguably, consumption should also be analyzed according to its real and complete well-being impacts over time (the last linkages at the right of Fig. 3.1).

By *sustainable* production and consumption, and the two are closely linked, we mean that goods and services are provided and used to fulfill basic needs and bring better quality of life – while keeping natural resource use and emissions of toxic and other waste over life cycle and supply and post-use chains at levels that will *not* jeopardize the ability to meet the needs of future generations (IISD 2010). Production aspects, rather than consumption, have dominated most sustainability theory and research until at least the 1990s. There has also been a past emphasis on production activities in the Right Livelihood focus of the Buddhism-economics dialogue (for example, in Schumacher 1973). As explained, consumption has a powerful influence back through the productive operations of the economy and this has been clearly recognized in the attention it is now receiving as an integral, if not the critical, area for achieving sustainability (Røpke 2005).

Sustainable consumption studies must begin by examining the demand side of the economy and looking the environmental pressure or “load” of the level and nature of goods and services (for example, food, housing, clothing, leisure and mobility) and how this can be changed so as to not draw down the stock of natural capital needed to provide functions for future needs. Sustainability is about ensuring the conditions for “acceptable” welfare levels of all people extended across spatial (intra-generational) and temporal (inter-generational) dimensions. These conditions require maintenance (some argue, *constant* levels) of various forms of “capital”. Capital is defined in the sense of produced *and* natural assets or resources ready to provide the materials, energy and services for human welfare. At least three forms of capital need to be maintained for sustainable development:

- (1) produced or manufactured capital used to provide transformed-nature material means of satisfying needs and wants (economic sustainability);
- (2) natural capital for direct and feedstock services from nature (environmental sustainability); and
- (3) social capital or strong social networks and institutions to support the other forms of sustainability (social sustainability) (Munn 2002).

Welfare tends to only get a generic treatment in most depictions of sustainable development (Munro 1995). This is unusual, given that it seems rational to focus upon well-being as the ultimate end target of any form of human development. Although the three aspects are obviously interrelated, sustainable development has been heavily shaped by the older economic maxim that material accumulation equates to satisfaction, and that social (and perhaps environmental) sustainability and other outcomes are primarily preconditions for economic success. In reality, (subjective) well-being of humans is likely to depend on a more complex and diverse range of mental and physical conditions at the levels of the self, and in relations between the self, society and natural environment. This more open view of the critical role and nature and influences on well-being is adopted in our discussion.

Analysis and changes towards sustainable consumption can be seen to apply at two general levels. Firstly, we can reduce the environmental demands from what we purchase by minor, incremental shifts in the bundle of specific items that effectively

provide the same levels and end-use services. If it assumed that production technologies are largely given, then consumer choices can respond in view of the material, energy and waste (MEW) demands or intensities *as they exist now* and across their full life cycles and supply chains. This would include the MEW demands in the *use* of goods and services purchased, that is, the service utilization or operation of the economic unit over its product life; as well as in its disposal or reuse phases. A flip side to the environmental demands is the service-intensity of the changes in consumer decisions. Service-intensity involves the level and quality of service that is actually derived from products. If consumption shifts towards greater service-intensity, then welfare is enhanced or at least maintained in a more sustainable way. Both reductions in MEW- or environment-intensity, and increases in service-intensity, are ideal at this level of sustainable consumption initiatives. As discussed, sustainable production changes would be stimulated over time in response to this type of change.

At a second, broader level, sustainable consumption can occur via more profound changes in people's overall consumption bundles or lifestyles. As in voluntary simplicity, "downshifting" and organic, holistic lifestyle trends where effectively "less is more" beyond some basic need-want levels. This includes a wide range of decisions with profound influences upon our "consumption" such as those relating to work-income-leisure and associated time use, housing and location, fertility, diet, health and a host of ethical issues (Grigsby 2004; Schor 1998).

So, what are primary general linkages between the Buddhist world view and the concept of sustainable consumption? Consumption is a major engine of human intervention and extraction from the external world; at least in societies where markets and economic output are hegemonic in motives, status and time use. While it may not have been so directly potent in pre-industrial times or arguably in the European neo-imperialism of the first half of the 20th century, there is little doubt about the powerful and disruptive impact of consumer demands in the growing suite of high energy and throughput fossil carbon societies. It is true that production and technology systems have led to supply creating demands, but ultimately consumer demands are a prime source of the formidable environmental challenges now faced by humanity. Consumption is upheld as a key driving force influencing, and reflecting, the way humans relate to each other and nature. Decisions in this realm are assumed as a primary determinant of well-being and sources of impacts on an interconnected reality. They are a product of our beliefs and knowledge about the path to real well-being, and consumption motives and patterns, and related societal outcomes, structure and reproduce behaviors that have, to date, continued the prevalence of human suffering and attachment. Buddhism, as a theory of well-being (but espousing the need for experiential validation), focuses on thoughts, motives and material and social consequences and has much in common with the perspectives and prescriptions underlying sustainable consumption.

An important phenomenon tying consumption and the Buddhist world view is that the existing nature and levels of consumption do not seem to be maximizing long-term welfare for societies. The relevance of consumption to sustainability and welfare are reaffirmed in the unfortunate well-being-environment "double

whammy” in consumer market economies (Daniels 2007). Firstly, demanded goods and services are failing to induce sustained welfare satisfaction. For example, the oft-cited modern studies of subjective well-being (SWB) suggest that, within nations, growth measured by traditional yardsticks has little impact upon the proportion of people who consider themselves “very satisfied”. This is clear in the United States and Japan over a period of more than 50 years of spectacular growth in consumption.

Secondly, consumer societies are caught in a “treadmill of production” where the relentless efforts to satisfy, via impermanent material acquisition, increase pressure on nature as the essential material and energetic source (Schnaiberg 1980). In a positive but adverse relationship, the damage and loss in nature feed back to reduce welfare and require yet more intervention and disturbance to “satisfy” even given levels of demand. The world is facing unprecedented environmental instability from the scale of human activity, and the existence of the economic welfare and environmental double whammy strongly implies that at least two of the three pillars of sustainable development are not in place.

Under both the Buddhist and sustainability perspectives, choices about what we seek and pursue from life and the environment (that is, demand or desired consumption in mainstream economics) should accurately reflect the impact of these choices on our long-term well-being. This logic seems obvious but, from the Buddhist view, the underlying problem is that people lack knowledge about the appropriate path to a sustained state of satisfaction or contentment. People repeatedly experience the inability of want-pursuit based on external phenomena to bring lasting satisfaction but they generally do not learn the lesson that suffering cannot be overcome from grasping or clinging to the objects of “reality”. If an individual’s preferences are targeted at long-term welfare or satisfaction, this condition can be described in economics as a divergence between actual and true preferences. True preferences are the set of ranked choices that represent those that really lead to satisfaction or what is best for that person (Tomer 1996, 2002). At least part of this divergence may stem from lack of foresight and information about the unintended consequences of incessant growth in demand upon a limited resource base.

With this resolution upon demand-side aspects of the economy, Buddhism can help achieve sustainable consumption. It can do this by providing a logic and a perspective for understanding the consequences of the levels and patterns of consumption upon the highly interconnected social and natural realms (and back on jointly-determined personal and community welfare).

Sustainable Consumption and the Buddhist World View

As the central philosophical tome of global consumer economy, neoclassical economics must be admired in view of its attempt at a “value-free” analysis of how market economies can most efficiently deliver goods and services for community economic welfare in the face of limited natural and other resources. It earnestly

embraces the notion that it has no ethical basis other than an assumption that people should be allowed to decide what is best for themselves and then let free markets deliver such in the least wasteful way. However, nature abhors a vacuum and this purportedly amoral stance seems to have been filled by an implicit ethic, within the expanding global consumer economy, that the goal and measured progress of economies is not just efficiency but to maximize personal consumption in a short-term, individualistic manner. It does not recognize a need for acknowledging related full social effects over time and space, critical interdependence in social and biophysical systems (or “spillovers” in economic parlance), and the actual implications upon sustained well-being. The ethical system or religion of “happiness through maximum consumption” (of a form that is still environment-intensive in nature) has come to prevail. [1] This does not represent the absence of value judgments for economic analysis and prescriptions but conflates economic freedom with value-freedom. It makes the judgment that self-interest is more important than “other-regarding” criteria and hence effectively denies the very significant and adverse social and environmental impacts of narrow self-interest motives and behavior.

Such fundamental views about what social relations are best for attaining welfare have a huge impact on our motives, expectations and demands, and subsequent behavior and choices. If consumers retain a fair degree of “sovereignty”, the incorporation of spillover effects and true well-being consequences in people’s demand decisions will be crucial for sustainability. However, the dominant world views and motives of the globalizing socioeconomic system present formidable barriers to a transition to sustainable resource use. Satisfaction, status, progress and success are still primarily defined and pursued through material and energy-based accumulation and control of resources (and people).

The rationalism of the scientific, technological, and market economics basis that helped legitimize the birth and ascendancy of the global consumer economy is predicated on the view that maximum control of our social and natural environment, and accumulation of products, is the optimal path for better well-being. It has brought longevity and comfort but is arguably deficient in terms of satisfaction and meaning. Buddhism asserts that there is ultimately no control; that gains in material welfare are possible, up to a point, but that personal acceptance of impermanence and lack of ultimate control, and a compassionate loving-kindness for all within the pervasive temporariness, is the only way to true release from our well-being problems. Material comfort is insufficient for achieving this goal.

Given the substantial links between the environmental impact of economic action, and world views and ethical systems, how can essential Buddhist principles guide thought and action towards sustainable forms of consumption? The Buddhist world view offers the basis for an ethical system that would promote many of the key features of sustainability via insight into the appropriate nature, size, intent and composition of all economic activity. Consumption is, naturally, one of the major components of economies.

The main sources of support for sustainability change from Buddhism are probably derived from its fundamental axioms concerning (1) the strong

interconnectedness of universal phenomena, and the related “law of karma”, and (2) a prevailing theme of the need to minimize intervention and disruption upon the wider social and natural realms. The interconnectedness theme is the basis for Buddhism’s identification of the source of suffering (a corollary of increases in well-being) and clearly lays out the welfare advantages of minimum intervention and disturbance initiated by consumption activities.

Many of the major features of the Buddhist world view are pre-empted in the Four Noble Truths that are considered to represent Buddha’s main realizations about the nature, origin and cessation of suffering in his first discourse following enlightenment. In particular, the first two truths are closely tied to economic concepts of consumption and its purported relationship with well-being. In the First Noble Truth, *dukkha* or “suffering” is seen to be a fundamental condition of human reality. Rather than physical pain, *dukkha* is probably better conceived as “pervasive dissatisfaction” (Epstein 2005). This assertion does not reject that there are many positive experiences in life involving comfort, pleasure and happiness. However, it posits that the totality of life is imperfect and infused with dissatisfaction and suffering because of the impermanent nature of all phenomena and the subsequent inevitable loss of the conditions and sources of those conditions from which we are currently, or are striving to, draw happiness.

The Second Noble Truth develops the explanation further. The origin of *dukkha*, or the suffering we experience, is not intrinsically derived from change but from the craving for worldly phenomena that we habitually attach or cling to in the belief that they are our primary, and quite reliable, sources of happiness. These transient phenomena include ideas as well as all the animate and inanimate objects of our perception (including the people and other animate entities we love and our social and economic roles, success and status). Suffering results because these phenomena do not meet our self-interested pleasure expectations or they inevitably change and, in response, we constantly crave and seek to attach to new, intrinsically provisional, sources of happiness. Much of human life activity is directed by this craving and we are effectively “hardwired” and bound by thoughts and actions derived from an “incorrect theory of happiness” (Ash 2007). In Buddhism, this ignorance about the nature of cause and effect relations that permeate reality keeps us trapped in *samsara* or the endless cycle of birth, suffering and death. It tends to persist despite repeated empirical experience that suffering is not ameliorated in any lasting form from external sources of happiness.

The prevalence of *dukkha* or pervasive dissatisfaction has profound consequences for the notion of consumption because it is associated with the existence of an eternal gap between what people want and expect, the satisfaction they actually receive, from biophysical reality. There are minimum needs that must be met to avert physiological deprivation, but in Western consumer economies, the desire to satisfy systemic, constantly regenerated and expanded wants is a major motive of our lives, thoughts and actions, and permeates almost every aspect of society. Arguably, we really seek sustained satisfaction (and not the creation of new desires), but instead we are attracted and “addicted” to an irrational process of short-term satisfaction of dynamic and endless wants.

The theory of the source of well-being/suffering in the Buddhist world view is complemented by the fundamental principles of interconnectedness and non-harm. Unlike the nihilistic, other-worldly orientation often portrayed for Buddhism, it can actually be seen to attach great importance to the external world as the relevant context for realizing well-being and higher level goals. In Buddhism, all things, including plants, humans, other animals and inanimate objects, are joined as part of the “field” of Buddha existence (or “Buddha-nature”) (Brown 2000; Inoue 1997). Environmental care is also intimately tied to a maxim of abstinence from injury to life and a boundless loving-kindness to all beings (*ahimsa* and *metta*). The interconnectedness between the three spheres of human existence (individual, society and nature) also embeds the natural order and karmic causality principles that (1) explain the centrality of compassion in the Buddhist world view and (2) highlight the importance of careful reflection upon the full, long-term consequences and the intent behind production, consumption and other human actions. The latter observation explains the “rationality” of compassion – as every action affects the whole universe and the self only exists in relation to others, actions that exploit the social or material world are self-injuring. The unified and interconnected nature of the universe suggests that “violent” action or intervention that “consumes” the material world, will have adverse repercussions across the interconnected Buddha-nature (which naturally includes humans). It represents a profound appreciation of the “unity of life” or interconnected nature of reality that makes individual well-being critically dependent on the condition of one’s social (“relational wealth”) and natural environment (Diwan 1991, 2000; Diwan and Desai 1990).

An intrinsic part of the primacy of interconnectedness between individuals, society and nature is to be found in one of the best-known Hindu-Buddhist concepts – the law of *karma*. Derived from the Sanskrit word for action (or “to do” or “deed”), the term “karma” is variously, and often simplistically, interpreted. In Buddhism, the basic premise with the principle of *karma* is that an individual action (or cause or event) will initiate outcomes (other effects and events) that are “pleasant” or “unpleasant” for the three realms in accordance with the initial event’s “skillfulness” (good) or “unskillfulness” (bad) (Attwood 2003). “Skillfulness” is gauged by the extent to which craving, greed, delusions and/or aversion are embodied in the underlying motive and intent of the original action. The Third Noble Truth stems logically from this analysis – that is, the cessation of suffering or pervasive dissatisfaction is to relinquish craving, attachment and clinging to the external world as a source of lasting pleasure. In the Fourth Noble Truth, the Noble Eightfold Path is identified to guide one on this path to peace and happiness that is not based on seeking self-interested pleasure or avoiding pain.

For the natural environment, appropriate changes in beliefs, attitudes and motives based on these principles should have a beneficial impact by minimizing, or at least moderating and managing consumption so that material and energy throughput (and hence, environmental exploitation) is substantially reduced. Awareness of the karmic spillovers of material and energy consumption would act to decrease the overall biophysical scale of material output demanded and consumed as well as instigating fundamental changes in the nature or composition of economic output.

The significance of cause-effect chains, with ramifications far beyond the primary target of the originator's action (and usually back upon the initial agent), is closely aligned with the incorporation of "spillover effects" or "externalities" into production and consumption decisions in contemporary economic-environmental thought (Daniels 2003).

These observations are developed out of Schumacher's original notion of Buddhist economics and the extension of his ideas to deduce or demonstrate the implications of pervasive Buddhist themes of kindness, compassion, tolerance, simplicity and non-violence with respect to humans and the natural world (Payutto 2001; Zsolnai 2009). Two major strategic guidelines for consumption emerge: (1) the need to reduce the motivation of craving and attachment to wealth for selfish material gains (rather than stopping material accumulation itself – which can be distributed and used in positive ways), and (2) the minimization of environmental intervention and development of harmonious relations both within society, and between society and nature. Changes in the consumption mix would be linked to shifts in preferences favoring noninterventionist, low environment-intensity goods (for example, away from meat consumption and fossil fuels) and a structural shift toward "services" and human activities that enhance physical, social and mental well-being (and engender compassionate well-being transfer) without relying on significant material and energy throughput. Examples include the enjoyment of nature, health and exercise, music, entertainment and cultural experiences and participation, education, crafts, skills, charity and meaningful communication.

One of most relevant concepts in Buddhism for guiding consumption behavior toward sustainability is that of the "Middle Way". This is a key theme throughout the Eightfold Path. In the Fourth Noble Truth, the Eightfold Path is the inter-related set of mental and behavioral practices that guide one to end the craving and attachment to desire that adversely affect our well-being. As learned from the Buddha's life experiences in seeking the appropriate mental and behavioral *modus operandi* towards Nirvana, the effective path lies between the extremes of hedonistic self-indulgence and sensual pleasure, and excessive self-mortification or asceticism (Gunasekara 1982). From the perspective of Buddhism, the major constraints upon well-being would stem from an obsession with myopic individual self-interest, increased power in social relations, and material accumulation goals (regardless of the means utilized). These are all considered cravings for which pursuit inevitably results in longer-term disappointment and dissatisfaction. In Payutto's "Middle Way economics", maximum well-being is obtained through moderation in consumption (and arguably minimization of economic throughput) and the careful management of desire and accumulation. An understanding of the "right amount" of material acquisition, and the realization of the wisdom of moderation as a means of attaining true happiness, is called *mattannuta* and is considered by Payutto (1994) as the defining characteristic of Buddhist economics. Hence, there would be a balanced or optimal amount of consumption, located below the maximum possible material output level, that maximizes well-being.

This proposition implies that the relationship between total material consumption (per person and for society overall and well-being) is not a monotonic positive

one but that there is some limit beyond which the welfare impacts of disturbance on the external world offset well-being gains (see Fig. 3.2). Basic need fulfillment and selective wants that truly enhance welfare would fall within the positive relationship arc. Two major attributes of consumption would be important influences upon optimal levels of material consumption or standards of living. Firstly, there is the consumption's *tanha* content (that is, the associated craving and desire to possess objects or attach to people or things as sources of pleasure, comfort or status). Secondly, there are the karmic implications of consumption including its material and energy-intensity or disturbance, and associated harm inflicted on people and

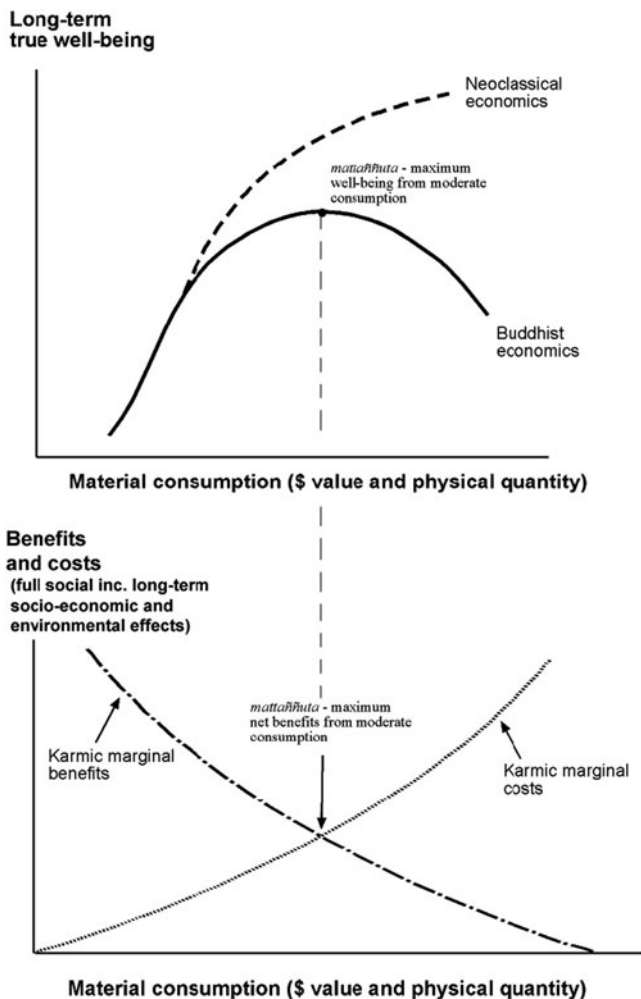


Fig. 3.2 The relationship between material consumption and well-being in the Buddhist world view

nature. As with one's eating habits, efforts focused upon contentment, simplicity and restraint of desire are considered more likely to maximize welfare than unmitigated indulgence in the material interfaces offered by the world. The composition and level of output, and associated labor and production processes, would therefore be guided by an embodied ethical principle that economic activity must be in harmony with, rather than harm or exploit, the three spheres of human existence – (1) individual consciousness, (2) collective social relations, and (3) the human-nature connection (Snelling 1996).

Hence, the Middle Way provides a useful maxim for guiding total levels of consumption with a distinct emphasis upon understanding the full consequences of the nature or composition of this consumption to assess the extent of its disruption and adverse repercussions upon the external world, and back on individual and society.

Measuring the Impact of Consumption

To enhance well-being in a highly interconnected world, it is necessary to minimize the disruptive impacts of our actions upon our social and natural environments. This is a maxim shared by both the Buddhist world view and sustainability approaches. Given some important other differences between the perspectives, the natural step forward from this maxim of minimizing disruptive impacts, is to be able to measure the consequences of our activity in a comprehensive and accurate, but cost-effective way. By definition, the systematic analysis of the biophysical effects of what is demanded (and how it produced and used) is perhaps the only logical and practical platform to successfully identify how and where the economies can be transformed into more environmentally-sustainable forms.

Unfortunately, tracing and quantifying the consequences of our consumption choices is very difficult in a complex and increasingly globalised economic system where production and consumption are not only highly technical and large-scale but are very dispersed geographically. The result is effective invisibility for many of the impacts of consumption and this facilitates convenient denial in making choices. There is a growing awareness and pro-environmental consciousness, but without information, these can be appeased with a limited set of direct actions such as purchasing more energy efficient light bulbs and cars, unbleached tissue, free range eggs, or organic vegetables whilst shaking off the “unknowns” associated with the substantive, if more indirect environmental loads of aspects – such as meat consumption, international travel, car use in general, and electricity demands (especially fossil carbon based electricity). Hence, greater information and awareness will be the key for consumption and demand-side changes in people's decisions that form the linchpin for economic transformation to sustainability.

Within many of the sciences most concerned with sustainable development issues, there has been strong growth in adherence to organic, holistic views of the human-nature relation and the need to “ecologize” economic systems. One of the most recent and comprehensive incarnations in this trend towards integrated,

synthetic frameworks is the theoretical, empirical and policy utility attached to the depiction of the functioning of societies in terms of their “metabolism” (Fischer-Kowalski 1997). The Buddhist view of the nature of reality has much in common with this new wave of environmental sciences that typically adopt perspectives such as holism, interdisciplinarity, the embedding of the economy within society and nature, and recognition of the full range and extent of life cycle, spillovers and flow-on effects of human choices and activity (Bookchin 1993; Daly and Farley 2004). Examples of the new approaches include ecological economics, ecology, contemporary social ecology and the diversity of natural health perspectives.

The unified and interconnected nature of the universe suggests that “violent” action or intervention that consumes the material world will have adverse repercussions that directly reflect the extent of intervention. This view has many obvious parallels in the new biophysical economy techniques (or what we call “socio-economic metabolism mapping (SEMM) techniques) that have been developed to assess the sustainability of throughput in economies (see Daniels 2002; Daniels and Moore 2002 for a detailed overview). These chain management techniques or environmental systems analysis tools can identify those forms of consumption that have the greatest impact upon nature and society (and hence back on the individual). Example areas of individual and societal consumption for analysis and change would include durable consumer household goods, food, housing and urban form, transport, communication, time-space activity patterns, recreation and education. The inherently “violent” nature of fossil fuel-based economies with their highly-polluting and finite nature, and associated protracted social, military and environmental danger and global insecurities were pre-empted in Schumacher’s (1973) work and is considered within the central concerns of modern metabolism-reducing approaches.

There are numerous techniques that classify and measure material and energy flows associated with economic systems, subsystems and/or specific goods and services. Many of the techniques are classed within a broad family of approaches called “material flow analysis” (MFA) which has developed since the late 1980s. It encompasses a diverse range of *physical* economy approaches that identify and physically quantify economically-induced flows and patterns of material and energy into, within and out of the various spatial (regional) *and* functional (product, technology) system boundaries – sometimes with a life cycle perspective. An incomplete list of examples of the general MFA-metabolism model we label as socio-economic metabolism mapping (or SEMM) techniques includes life cycle assessment, substance flow analysis, the United Nation’s and other environmental resource accounting frameworks, total material requirements analyses, environmental space, ecological footprint analysis, the sustainable process index, material intensity per unit service (MIPS), environmental and physical input-output tables, industrial ecology, enterprise or company level ecobalances, and environmental audits or material and energy accounts. A unifying theme is the adoption of key principles and phenomena such as interconnectedness, flow-on effects and chain management so that the extended effects of consumption are considered over time and space. They represent a widespread response to a recognition, in most fields of environmental management, of the fundamental need to systematically identify,

track and quantify the nature, significance and sources of physical environmental flows induced by human activity.

Life cycle assessment and environmental input-output analysis are two SEMM techniques that clearly demonstrate how the impacts of economic activity can be traced through the interconnected realms of socioeconomic and environmental systems. Life cycle assessment (LCA) is a “bottom-up” approach that focuses upon functional economic units (such as products) and begins by an extensive inventory assessment of the major environmental resources demands (inputs and releases) of the object under study throughout its entire life cycle – from extraction of raw materials, through manufacturing, use and disposal (Bauman and Tillman 2004). The scope or impact boundary of the study object extends as far as is required to identify significant effects. This is followed by an assessment of contribution to the sets of environmental theme problems that underscore the potential for sustainability. The final review phase of LCA identifies the relative environmental load of different products, technologies and other economic functions and options for effectively and efficiently reducing environmental impacts.

In the top-down approach of environmental input-output (EIO) analysis, it is possible to identify the cumulative environmental effect, across the entire economy, of producing different commodities and industry output. It is based on input-output analysis which shows the interdependent flows of output (usually in monetary terms) between economic sectors. For example, an increase in output from manufacturing will lead to an increase in mining demand which in turn requires more output from manufacturing. These flow-on effects accumulate through the economy to show the full demands for detailed types of outputs as they draw upon outputs from across a diverse range of other sectors. When direct environmental resources demands (such as water and energy) are added as rows to the basic input-output tables, it is possible to identify total resource demands from increased industry or commodity output. For example, due to irrigation for feedstock, the embodied, or “virtual”, water used in meat production is many times greater than that used directly by the livestock industry. Hybrid versions melding environmental input-out and life cycle assessment combine strengths of both approaches – for example, by identifying the economic sector demands throughout a product’s life cycle (in LCA) and then using EIO to assess the cumulative resource requirements of these life cycle demands through the supply chain (Hendrickson et al. 2006). The ongoing development of such tools will greatly enhance the ability to identify and measure the full effects of consumption.

In principle, the reduction of the socioeconomic metabolism, and appropriate changes in technology and consumption, are highly consistent with Buddhist economics. Most of the evolving metabolism mapping techniques are essential features of the new paradigms such ecological economics and, with the general sustainability movement, share a pervasive theme of the need for “treading lightly” within the natural environment of which we are a part. The single most important link between Buddhist economics and the SEMM techniques is that both are predicated upon the reduction of the metabolism of human economies. With the Buddhist view of a highly interconnected universe, where every action has widespread and

long-lasting “spillover” effects, there is a clear imperative for the minimization of environmental intervention and human-induced material flows and transformations. An economic system built upon this axiom would be very supportive of technological and consumption-related saving of material and energy, recycling of products and waste (including closed-loop, integrated production systems), and the reduced toxicity and physical flows of pollution – all strong capabilities of the suite of metabolism-reducing methodologies.

However, substantial differences from the Buddhist world view remain. Although ecological economics and some other approaches do partake in broader envisioning process and consider ultimate ends for people and society, most of the SEMMs techniques are used to provide a means to assess how to best reduce this impact without severely compromising critical sources of real welfare support such as social sustainability and natural resource function and supply. As such, they are typically means-focused and are used in contexts where there is less interest in motives and end-states or in investigating existing consumption and its direct links to well-being. These issues are of central concern in Buddhism which locates the ultimate source of suffering in individual desire fulfillment and materialist motives and expectations and hence implies some major changes in consumption and lifestyles to improve well-being. A major target of more traditional economic approaches has been to reduce the biophysical metabolism of the economy to reduce impact per “unit” of welfare output. To date, the “rebound effect”, or growth in consumption capability from technological efficiencies and economic growth, has predominantly acted to offset reduced environmental harm from eco-efficiency gains (Binswanger 2001). The ability to moderate and dematerialize the rebound effect will be instrumental for sustainable consumption and Buddhism has important offerings in its ethical approach and world view.

Physical growth in the scale of human intervention will ultimately create imbalance and ecosystem instability. Frameworks that map environmental resource demands, and the essence of Buddhist economics, both embrace comparable natural law principles that “scientifically” prescribe minimum disruption and violence, and livelihood and consumption patterns that are in harmony and balance with the external world (Payutto 1994). The biophysical metabolism mapping focus reviewed in this section underplays the social impacts of the nature and levels of consumption (assumed here to cover much of the personal material accumulation and built environment of humans). These impacts naturally affect many aspects of well-being extending from changes in modes of communications, values, expectations and consumer demand, time use, and family structure through to international and internal oppression and war. Arguably these factors can be included in similar approaches to the economic impact mapping techniques and there is good potential for the integration and extension of relevant existing techniques such as social impact assessment (Hauschild et al. 2008). While not all social impacts are linked to biophysical changes, the mapping tools would provide an excellent base for future work in this area.

Achieving Sustainable Consumption

As discussed, consumption and production are inextricably linked and it is somewhat misleading to single out consumption for adaptive sustainability responses. However, we continue to follow our opening assertion about the power and cogency of consumption change and its necessary foundation for effectively achieving sustainability. [2] In this section, we draw upon the juncture between Buddhism and consumption, described in earlier sections, to outline some of the relevant principal requisites and strategies for moving towards sustainable consumption.

The essential consumption changes required for movement towards sustainability are the modification of its level and nature. While consumption is difficult to measure in any unequivocal quantitative sense, the profound role of moderation in Buddhism suggests that there is an overarching maxim is to reduce the desire for ever-increasing accumulation, and associated use of resource inputs, and environmental impacts of consumption. A reduction in consumption “levels” is in accordance with the renunciation of want-fulfillment directives as an effective source of long-term satisfaction. The level of consumption, in terms of the number of given “items” produced and consumed, would affect overall impact, but current monetary measures of consumption have no intrinsic and necessary relationship with biophysical environmental demands. While not witnessed to date, it is technically possible to have high levels of consumption and growth with very little environmental pressure if the exchanges are not intensively linked to material and energy use.

A more important aspect in terms of sustainability is the need to change the *nature* of consumption and overall biophysical and social implications of the consumption bundle. This requires a shift in the makeup of consumption towards goods and services that have minimal intervention or non-harm qualities (Koller and Koller 1991). It leads to the reduction in economic activity disturbance on nature and society (and hence the adverse impacts back on individuals and society). For example, a shift from leisure activity based on jet skis, to yoga and hiking, would probably have very significant and positive environmental effects per unit leisure time or well-being service. Such a qualitative shift would be aligned with the reshaping of actual preferences into true preferences that truly yield satisfaction.

To better understand the role of both levels and nature of consumption, it is useful to refer to the simple but very effective IPAT identity or “Master equation” from the early 1970s. The general form of the IPAT equation was originally developed by both Ehrlich and Holdren (1972) and Commoner (1971). In its more recent incarnations, it identifies the main influences upon total biophysical environmental pressure or “impact” (I) as the underlying determinant of the sustainability of human action. It seen to be a product of the number of people (P), the amount of output produced by each person (\$s or physical output per person), multiplied by the environmental impact of each unit of output (a biophysical measure). The over-riding common theme of the SEMM reduction techniques and Buddhist economics is best explained, not in terms of population (P) or GDP or output per capita (A), but by the third source of environmental impact in the classic “Ehrlich

equation” – the factor generally labeled as “technology or environmental impact per unit output” (T).

However, while the simple equation is adequate for thinking about one type of output, or total output as one homogenous lump, environment-intensity technology is more appropriately considered when linked to specific types of consumption. The composition of economic output, together with the related production and consumption technology that applies to this output, configure the socioeconomic “metabolism” required for a given person at their existing level or total value of consumption (A) (see Daniels 2010). Of course, Buddhist economics would tend to also emphasize the need for moderation of the affluence factor (A) in the Ehrlich equation (GDP per capita) though this inference is moot if affluence is better defined in broad welfare terms.

One major way to change consumer choices is aligned with more traditional economic or market-based policy instruments. This is by making prices reflect full social cost and benefits, or, from the Buddhist world view, the full interconnected karmic effects. If the full social costs and benefits are included in prices, such an approach is consistent with the longstanding approach of environmental (and to a lesser extent, ecological) economics (for example, see Pearce et al. 1989). Examples include ecological tax reform which taxes negative externalities such as those linked to unmarketed environmental harm and removes taxes on “goods” such as employment.

Because of the extensive negative spillover effects of destructive environmental resource use, this approach usually results in higher real cost for materials and energy from nature (and hence, lower environmental flows or stress) and more appropriate labor to capital ratios with beneficial employment consequences. Adoption of full social cost and benefit pricing implies moral acceptance of the need to assess and modify misinformed consumer demand, and hence the resulting pattern of production and consumption that results from market transactions based only upon private costs and benefits. In this strategic response, the key to effectively evaluating and “pricing” options is to accurately measure the full chain of environmental or social consequences of different forms of consumption.

However, the internalization of social and environmental externalities via markets would not be the only motive option in the Buddhist view. The availability of more complete information about the consequences of one’s choices (for example, regarding the use of fossil fuels) would also be considered to have a strong volitional influence, beyond markets and pricing, when backed by an understanding of the welfare interdependency implicit in the Noble Eightfold path’s principles of Right Understanding and Right Aspiration. The “distancing” of the consumer from the upstream and downstream ecological and social consequences of the commodity and resource chains associated with their choices weakens the incorporation of such logical and ethical assessment in people’s decision-making (Princen et al. 2002).

This strategy reaffirms the need for better knowledge and understanding of the biophysical and social consequences of the level of various types of output (and hence, consumption). Although they would adopt rather different styles and emphases, both Buddhist economics and the new sustainability approaches concur

on the fundamental need to wisely re-orient and control the nature and impacts of science, research and technology so as to produce positive outcomes for society. Thus, significant societal resources should be allocated to the development and implementation of the SEMM techniques for identifying, measuring and systematically collating information about life-cycle impacts of alternate consumption patterns and associated technologies. In initial, developmental phases this may be a costly process but the methodological and data capabilities are already making substantive gains.

Similarly, major investments should be made to encourage the onset of a “green techno-economic paradigm” (green TEP) (Freeman 1997). The notion of a techno-economic paradigm has a strong “neo-Schumpeterian” influence that is reflected in the key role attributed to technological change in the dynamics of economic systems. The idea is based on the promising benefits of the incipient evolution of a new Schumpeterian long wave that is propelled by materials and energy-saving technologies. The green TEP is seen to be emerging from the current paradigm based on microelectronics and information and communication technologies, combined with strong environment-saving directives that are becoming part of triple bottom line thinking. Full social cost and benefit pricing and better spillover information would encourage this process.

However, at this point, it is again important to stress the advantages of greater information and awareness about the well-being consequences of consumer and lifestyle choices at all levels of decision-making. This is not just for market pricing corrections but in view of the key role we are attributing to citizen responsibility and volitional demand-side change given knowledge that adaptive, informed changes in intent, motives and action will be the most effective path to widespread gains in well-being. Market correction incentives have many limitations including potentially huge transaction costs involved in the accurate and reliable identification and market internalization of spillover effects. In addition, the historical record suggests that greater savings from material efficiencies have bolstered overall consumption and total environmental pressure due to the increased income “rebound effect”. From a Buddhist perspective, the rather coercive nature of market price changes and regulation runs counter to its emphasis upon the desirability of volitional actions and fundamental ethical motives. A different theory of happiness with, at least a better idea of the consequences of consumption options, could mean underlying preference changes that greatly reduces the transaction costs faced by market-based and regulatory options.

It is all very well to advocate strategies based on “karma-corrected” market prices and substantial increases in relevant information and consumer awareness. However, this approach underemphasizes the contextual or structural influences upon consumption choices. Such influences derive from many sources such as existing urban form, socially-constructed lifestyle constraints and aspirations, and media-created wants. Rather, any strategies must acknowledge “structuration” processes where consumption patterns represent a set of social practices shaped by the mutual interplay of relatively autonomous lifestyle choices within constraints from pre-existing social structures, technologies, artifacts and built environment (Giddens

1984; Spaargaren 2000). Hence, there is a need for collective action to support individual intent and decisions favoring sustainability (Hamilton 2010). Broader institutional and collective decisions that were fully informed and concerned about minimizing intervention or disturbance consequences would help overcome the social practices and behavior that have been “locked in” from the structure and nature of past institutions, infrastructure and customs (Røpke 2001; Spaargaren 2003).

Inoue (1997) extends his “Middle Way” theme to the political realm where he proposes that Buddhist economics would form a tempered compromise between socialism and capitalism containing many of the non-materialist features of social market models – for example, the individual and social benefits of collective caring, consensus procedures, compassion, tolerance and peace. However, Pryor (1991) argues that the Buddhist canonical texts do not provide any clear suggestion of appropriate socio-political forms of organization. Payutto (1994) finds it difficult to select an existing ideal political system or approach that is compatible with the egalitarian, minimum environmental stress, freedom, resource sharing and the non-coercive, decentralized, small-scale, community basis of Buddhist economics.

Despite these unresolved issues, the sanctioning and political viability of appropriate collective societal strategic action would be essential to reshape aspirations, lifestyle choices and habits, and modify the social context and physical fabric of human settlements, to reduce environmental and social harm and move towards outcomes aligned with better long-term welfare and environmental sustainability.

While our overview of relevant strategies for achieving sustainable consumption is far from exhaustive, one final critical action proposed is the development and implementation of accurate measures of human well-being – especially in terms of its connection to the nature of consumption. Like some of the new wave of environmental-economic approaches, Buddhism would encourage the analysis, evaluation, and integration of ultimate ends, and quality of life impacts of the means used to achieve these ends. This amounts to a focus on the true nature of welfare and the “psychology of desire” beyond simple and tenuous assumptions that material accumulation has an unattenuated direct and positive relationship with happiness (Inoue 1997). Buddhist economics and many of the new sustainability approaches are consistent in the perspective that increased consumption, in a physical sense, is a means rather than an end goal in itself (Gowdy 2003; Schumacher 1973; Zadek 2003).

Accurate measures of human well-being must be center-stage in our assessment of societal goals, priorities and ideas of “progress”. Efforts to supplant the old monetary, GDP basis of welfare measures have proliferated and advanced substantially in recent decades, though the traditional measures largely remain sovereign at macro-economic levels. A small selection of examples of the existence of a promising wave of changes towards the need for better indicators of well-being includes: Bhutan’s much-vaunted measure of Gross National Happiness; the vital activity surrounding measurement of subjective well-being or happiness (including the *Journal of Happiness Studies*); new economic and other models and approaches with very different views of potential sources of human welfare, motives and roles vis-à-vis

nature; and numerous national accounting measures that attempt to include environmental loss, spillovers and other non-market welfare conditions (for example, the Genuine Progress Indicator, Human Development Index and Index of Sustainable Economic Welfare) (Diener et al. 1999; Gintis 2000; Layard 2005).

An overriding view implicit in these efforts is the inadequacy attached to using consumption measured by monetary exchange values or material accumulation as the key index of well-being. Again, the development and implementation of superior measures of welfare will require concerted governance efforts and resources to support scientific research into “happiness”, and help validate what mental and physical conditions are actually connected to lasting well-being improvements. This research would not dictate, but rather, inform policy and help revise and expand the material-economic evaluation criteria currently used by individuals and social institutions. A central role for a more accurate measure of well-being outcomes in human choices is fundamental for creating economies that can deliver what people actually want – sustained happiness (Gardner 2006).

Conclusions

In this chapter, we have reviewed the meaning of sustainable consumption and showed how it has clear consistencies and potential interchange with the Buddhist world view. The essential parallels between sustainable consumption and Buddhism include:

- (1) both are concerned with modifying the nature of consumption so as to truly deliver better well-being or reduce suffering (in a sustained manner with the full range of associated costs and benefits taken into account)
- (2) both conclude that minimizing disruption in the natural world and its processes and cycles (and similarly, in the social environment) is a pre-requisite for well-being improvements (largely through the reduction of the metabolism or throughput of society without negatively impacting well-being)
- (3) arguably, the nature of initiating thoughts, motives and beliefs, about what is wanted from the world, are considered major influences on outcomes and well-being

We have also reviewed socioeconomic mapping metabolism (SEMM) techniques for reducing society’s impact on nature – techniques that share Buddhism’s “operational” goal of reducing material and energy livelihood-related throughput. Their similarities and complementary nature are too significant to ignore. At root, they concur with an ethos of the improvement of human physical and spiritual well-being pivoted upon “scientific” understanding of the interconnectedness of the three spheres of human existence. The logical approach and intuitive rationality of a Buddhist-related value system would be strongly supportive of an economic system based on dematerialization and metabolism reduction. Hence, it could help fulfill

the vital need for a philosophical and humanistic foundation for the technological and structural changes required for the harmonious co-existence. This situation represents a unique and potentially very beneficial conjuncture in the development of human society and its ability to cope with the enormous social and environmental problems faced in the 21st century.

However, reducing biophysical environmental adverse impacts that connect to human lives is only one aspect of effective economic functioning. Perhaps the greatest contribution of Buddhist economics to addressing the cogent economic and environmental problems faced by humanity may be the insight it offers into understanding the nature of happiness – in particular, the nature of the causal relations between intent and activity, and resulting well-being. Information and better education focused upon the holistic, interdependent nature of human-environment relations (from the SEMM techniques reviewed) would help the gradual inculcation of values with many features in common with the Buddhist world view. Furthermore, greater awareness of the wisdom of Buddhism-compatible explanations of the sources of happiness or true well-being would promote the environmentally-conscious assessment of actions and will be reflected in preferences, choices and the “valuation” of environmental and other resources. Accordingly, demand would shift towards consumption that really confers well-being and away from the harm associated with the intensive use of materials and energy.

Global society must move away from a model that is not only having profound and unsustainable negative externality and resource impacts upon nature, but has also generally failed to deliver perceptible gains in life satisfaction. With Buddhism’s universal interdependence context and karmic law depiction of existence and action, the changes required are, in some ways, simply a matter of getting our preferences right so that we demand and pursue activities and goals to a level and in a form that genuinely yield life satisfaction. Choices that reflect non-violence, moderation of demands, minimum intervention and disruption with regard to natural world, are quintessential features of a sustainable, Buddhism-inspired economy (Payutto 1994). Appropriate production activity flows from such changes in consumption patterns but would also require an “ethics of interconnection” to guide motives and decisions of people in their livelihood roles as the managers and workers in productive enterprise.

Although an adaptive value system required to support sustainable human communities into the future may not be uniquely Buddhist in nature, it is reasonable to propose that such a system will share many of the key features described in our exploration of Buddhism and economics. A mix of the lessons of the ancient philosophies and ethical views of the lower income nations and the technological capabilities, tolerance and adaptability of the West may provide an effective means of coping with the critical 21st century problems of scarcity, environmental pressure and cultural conflict.

Notes

1. It must be acknowledged that economic science does now theorize and research many areas where the strict imperatives of rational economic man have been loosened to embrace collective-based sources of utility or welfare, and dynamic preferences linked to social norms that can be altruistic or philanthropic (including charity, vicarious pleasures and long-term concerns) (Andreoni 2001; Andreoni and Miller 1998; Andreoni et al. 2003; Gowdy 2003; Smith 2000). This is in addition to the elaborate and well-developed work on (i) identifying, measuring, valuing and “internalizing” environmental and other economic externalities (market failures) and (ii) richer and more detailed analysis about the nature of economic welfare.
2. Other important influences on the sustainability-Buddhist world view link include exchange, debt and interest, and stock markets as defining traits of consumer market economies. While we do not examine these in any detail, interest does have an economic efficiency role and potentially positive influence upon investment and capital forms that truly increases well-being. However, the debt-interest phenomenon is also widely abused as a mechanism to encourage unsustainable consumption growth and redistribute resources and control towards those with economic asset strength.

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Chapter 4

Economic Sufficiency and Santi Asoke

Juliana Essen

Ecofeminist Vandana Shiva asks the pointed question: What should be the objective of the global economy: freedom of trade or freedom for survival? If the latter, changes are necessary in our conception of economics. Mainstream economic thought and practice has resulted in widespread socioeconomic disparity and environmental devastation in all corners of the world, unmitigated by a multi-billion dollar development industry informed by these same economic models. To reverse this trend, the dominant forms of economic thought and practice must be reunited with ethics that are more caring of the human-nature base. Such ethics may be found in alternative economic models based on religious, spiritual, environmental, or feminist values. This essay considers one such alternative: Buddhist economics. Though Buddhism is principally concerned with individual enlightenment, it offers guidelines for householders' economic activities that give rise to a more environmentally sustainable and socially just way of being in the world.

After outlining a theory of Buddhist economics (more fully elaborated in Essen 2009), this essay considers two models: the Royal Thai Sufficiency Economy Model (SE) and the approach adopted by the Santi Asoke Buddhist Reform Movement of Thailand (AM). SE, which operates on the principles of moderation, reasonableness, self-immunity, wisdom and integrity, was publicly introduced by the King of Thailand following the 1997 economic crisis and is now championed by the United Nations Development Programme (UNDP). SE has succeeded in fostering wellbeing at the individual, firm, community and regional levels across rural and urban sectors, and shows promise for national policy due to its ability to coexist with other (i.e., capitalist) economic strategies. AM is not as likely to propagate so widely: its seven intentional communities aim to release material attachment and attain spiritual freedom, and in doing so, the movement exhibits ascetic tendencies and a biting critique of capitalism. This spiritual emphasis is what lends AM its explicit social and environmental ethics, not shared by the materially focused SE. Less directly, they are both conducive to economic activity that is more socially

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just and environmentally sustainable due to their ethics of self-reliance, moderation and interdependence. Though a thorough discussion of potential shortcomings and implications is not possible here, the conclusion offers a few points for further consideration.

Buddhist Economic Ethics for the Individual

Buddhist economics and mainstream Western economics are not as radically opposed as suggested by their stereotypes, the monk and the stockbroker. Like its Western sibling, the Buddhist model is based on individual rational choices concerning material wellbeing. The accumulation of wealth is even allowed and in many cases encouraged, contrary to popular belief. Significant differences emerge, however, upon closer examination of economic objectives, productive activities or work, and attitudes toward wealth – particularly how to consume and disperse it.

While economic objectives in both Buddhist and mainstream Western models involve satisfying self-interest through rational choice, these concepts hold different meanings in each perspective. The enlightenment era “Economic Man” model based on the neoclassical theory of methodological individualism presents an atomistic individual using instrumental or means-to-ends rationality, calculating choices of comparable value to arrive at the optimal outcome: maximization of self-interests, whether for profit or some other form of satisfaction. But a Buddhist version of this model (call it the Rational Buddhist Householder) based on the theory of conditionality or dependent origination (*paticca samuppada*) and the law of causality looks a bit different. The Buddhist sense of self is connected to other entities rather than being isolated, and an individual’s actions have consequences arising in a non-linear fashion, possibly resulting in a *karmic* boomerang. This undoubtedly expands an individual’s notion of “self-interest”. As such, where the neoclassical Economic Man’s rational process stops at satisfying a demand, the Rational Buddhist Householder would first factor into his or her choices the possible effects on all spheres of human existence: individual, society and nature (Payutto 1995).

Readers who feel that worrying about *karma* is irrational are urged to reconsider their basis of rationality. Sociologist Max Weber (1958) distinguished two kinds of rationality: formal or instrumental rationality (on which Economic Man is based) and substantive or value rationality, which constitutes acting in accordance with one’s values or that which is intrinsically valuable, perhaps of an ethical, aesthetic or religious nature. Economic anthropologists such as Gudeman and Rivera (1990) further argue that rationality is contextually dependent. Take for example a woman on her way to the market who refuses to sell her heavy load to a foreigner offering more than the market value; she may be perceived as behaving irrationally until one considers that she places greater value on long-term social relationships with market trading partners than a one-time monetary gain (Plattner 1989).

Mainstream Western and Buddhist models also differ in their objectives of achieving wellbeing and the desire that stimulates efforts toward that aim. While the

former promotes material wellbeing for its own sake, the latter considers it as a necessary condition for the ultimate goal, *Nirvana*. That is, in Buddhist economics, the provisioning of basic material needs – food, shelter, clothing and medicine – serves as the foundation for human spiritual advancement. With this minimum material comfort as its objective, it may seem that there is scant motivation to be productive in the Buddhist economic model. The capitalist economy, after all, is driven by desires, and Buddhists are supposed to rid themselves of this source of suffering. Yet Buddhism distinguishes between two kinds of desires and views only one negatively. *Tanha*, the subject of the Second Noble Truth, is an ignorant craving for pleasurable feelings associated with both the tangible and intangible such as status or fame, whereas *chanda* is a positive desire for wellbeing and benefit. It is based on *panna* or intelligent reflection and leads to right effort and action (Payutto, 1992). A Buddhist would argue that economic activity can and should be prompted by this form of desire – and possibly by the more specific desire to turn money into merit.

To satisfy such desires, an individual must perform some productive or livelihood activity. E.F. Schumacher, the first Western scholar to explore this subject, observed that since the Eightfold Path included right livelihood, “there must be such a thing as Buddhist economics” (1973, 56; also see Daniels 2005). Right livelihood is guided by *chanda* and allows the individual to keep the five basic householder precepts (to abstain from killing or harming life, stealing, lying, engaging in sexual misconduct, and consuming sense-altering substances). Right livelihood also requires diligence, an important Buddhist virtue captured in the Buddha’s last words, “work out your own salvation with diligence”, and in the Buddha’s directives for householders to achieve happiness in the present lifetime: diligent acquisition, followed by careful conservation, having virtuous friends and living within one’s means (*Anguttara Nikaya* IV, 281). Finally, implicit in the notion of right livelihood for the householder is self-reliance. Since Theravada Buddhists technically cannot look to an array of gods or celestial *bodhisattas* for help, they must make their own way in this life. The Buddha even counselled that followers should not blindly accept his teachings, but prove their truthfulness for themselves. In terms of material self-reliance, householders must meet their own subsistence plus generate enough surplus to support the monastic community that depends on them.

Yet work may be more than just the means to satisfy material needs. Some Buddhist schools and sects, most notably Zen, define work as an opportunity to practice *samadhi* or meditation. Concentration prevents distractions, thereby allowing people to work more efficiently and carefully with fewer mistakes and accidents. Ideally they can also work together more harmoniously by controlling thoughts, feelings, speech and action according to the Eightfold Path. In theory, as individuals’ mental states improve, so too does the quality of their work and social interactions. (For more on this topic, see Essen 2005 as well as the ideas of premier Thai Buddhist philosopher Buddhadasa Bhikkhu, e.g. Swearer 1989.)

When most Buddhist householders work, however, they simply receive a paycheck and may even accumulate wealth, just like their capitalist counterparts. The Buddha did not forbid wealth as long as it was gained according to *dhammic* norms (e.g., through right livelihood). In fact, Buddhists may perceive wealth to be

favourable for two reasons. First, wealth is a sign of virtue because it is partly a result of good *karma*. That is, wealth accumulated through right livelihood is good; therefore, it is a suitable reward for meritorious actions (Sizemore and Swearer 1990). Second, surplus wealth is necessary to make more merit or good *karma*.

Wealth accumulation is not so much the issue for Buddhists as is what happens afterwards. Along with the benefits of wealth come increased potential for attachment to money, material goods and the resulting status as well as the craving for more. With this in mind, the Buddha specified five uses of wealth: to provide for oneself and one's family, to share with friends, to save for emergencies, to make the fivefold offerings (to relatives, guests, the departed, the government and the deities) and to support spiritual teachers and monks (*Anguttara Nikaya* III, 45). Of these, two uses warrant further consideration: personal consumption and giving.

While a monk's personal consumption is certainly minimal, the Buddha did not advocate deprivation. As noted above, material wellbeing is necessary for spiritual advancement. Moderation is a better approach to consumption, since it is in line with the teachings of the Middle Way of neither extreme luxury nor extreme asceticism. The question of what is sufficient – not merely to sustain life but to give a sense of wellbeing – is to be continually re-evaluated by each individual at different levels of spiritual attainment. The aim, though, is to consume less.

Assuming a steady rate of diligent wealth accumulation (and no debt), reduced consumption permits greater opportunity for giving. This is desirable not simply because generosity is a householder virtue, but because giving allows Buddhists to practice non-attachment to material objects and possessive feelings; it is training in selflessness, non-self or *anatta*. According to Phra Rajavaramuni (1990), an esteemed Thai scholar monk, lay training in Theravada countries emphasizes religious giving or charity (*dana*), in addition to morality (*sila*) and mental development (*bhavana*) as the three bases of meritorious action (rather than higher monastic training in *sila*, *samadhi* and *panna*). Phra Rajavaramuni suggests the stress on giving has to do with lay concern for good social relationships, whereas other scholars (e.g. Gutschow 2004) point to the reciprocal relationship between monasteries and households: material support flowing one way (i.e., donations to temples) and spiritual support flowing the other to create the optimal conditions for salvation.

From the lay perspective, however, giving may simply be the easiest way to earn merit, the currency of spiritual wealth, which can be viewed as an investment for a better future in this lifetime and an even better rebirth. The Rational Buddhist Householder wanting to maximize spiritual wealth must choose among "fields of merit" for the best return. According to the hierarchical concept of *dana*, the more noble and accomplished the recipient, the higher the field of merit. And, of course, the more one donates, the greater the merit, such that funding the construction of a new temple ranks higher than giving daily alms to monks. While the doctrinal definition of *dana* as religious giving is rather narrow, in practice many "socially engaged" Buddhists (e.g., Queen and King 1996) aim to benefit the wider community of monastics and lay people as well as their environment. This approach to giving may be inspired by the ideal individual characteristics, known as the Four

Sublime States: goodwill (*metta*), compassion (*karuna*), sympathetic joy (*mudita*) and equanimity (*upekkha*).

The two case studies that follow, the Royal Thai Sufficiency Economy Model and the Santi Asoke Buddhist Reform Movement of Thailand, point to what this Buddhist economic theory might look like in practice.

The Royal Thai Sufficiency Economy Model

The King of Thailand first publicly introduced his “New Theory”, later known as Sufficiency Economy (SE), in his annual birthday address to the nation on December 4, 1997, following the onset of the economic crisis. To speed recovery from such a blow after decades of seemingly unstoppable growth, the King advised a change in mindset: “To be a tiger is not important”, he declared to those who aspired to attain recognition as the “Fifth Tiger” among the East Asian miracle economies. “The important thing for us is to have a self-supporting economy. A self-supporting economy means to have enough to survive” (as cited in Senanarong 2004, 4). The King did not intend for his subjects to revert back to traditional subsistence living or otherwise deprive themselves. Instead, as he had explained in a much earlier speech:

Development of a nation must be carried out in stages, starting with the laying of the foundation by ensuring the majority of the people have their basic necessities through the use of economical means and equipment in accordance with theoretical principles. Once a reasonably firm foundation has been laid and in effect, higher levels of economic growth and development should be promoted. (HMK’s graduation address at Kasetsart University 1974, as cited in ORDPB 2004, 1)

The King had made other such statements throughout the years to limited avail. Finally, when Thais across the country faced if not financial ruin, then mounting debt and mounting disillusionment with neoliberal capitalism, the King’s philosophical and practical approach to development started to make much more sense.

The King’s “New Theory” was in fact not new but the culmination of decades of observation and experimentation. Beginning in the early days of his 60 year reign, he regularly toured the Thai Kingdom to see first hand how his people were living. From the 1960s onwards, the King noted that small farmers, rather than benefiting from the modernization spreading rapidly through the country, were bearing a heavier burden of the costs. As industry replaced agriculture as the sector of choice and large agribusinesses began to squeeze out family farms, economic disparity and social and environmental conditions worsened. Then, when the World Bank and the International Monetary Fund (IMF) advised structural adjustment in the late 1970s (in response to an economic downturn compounded by the global oil crisis), uneven growth was exacerbated both geographically and socially (Dixon 1996). Disparities in wealth and wellbeing grew not only between urban – namely Bangkok – and rural areas, but also between the “haves” (elites) and “have-nots” in each area (Parnwell and Arghiros 1996). Following the 1997 economic crisis,

income disparity in Thailand increased even while the economy's annual growth rate recovered.

Regarding environmental conditions, the impact of economic development in Thailand has been devastating. Widespread pollution is an obvious repercussion, as is rapid resource depletion. This occurs not through extraction alone, but through complex development-related processes. For example, deforestation in the North has resulted from legal and illegal logging and encroachment by marginal farmers due to increased immigration and population growth, in addition to the expansion of large-scale commercial agriculture (Hirsch 1996; Leungaramsri et al., 1992). The immediate environmental effects of unchecked economic growth have further consequences: deforestation triggers erosion of fertile topsoil and drought, which in turn causes surface and groundwater to dry up. These environmental costs are born by the majority of Thais who depend on an agricultural livelihood, causing the social divide to widen further.

In response to such problems, the King formulated his alternative development approach and set up centers to experiment with agricultural techniques that would cultivate a comfortable existence for the rural population. The centers provided knowledge and demonstrations of diversified farming that aimed to meet the needs of the family first; only after setting aside inputs could left-overs be sold on the market. As the surplus of individual holdings grew, the farmers were encouraged to set up networks to produce and exchange their goods more efficiently (ORDPB 2004; UNDP 2007). Although the King's New Theory for Agriculture managed to germinate in the poorest region, Isan, it failed to spread its roots due to the prevalent preference for "modern" development and all its trappings.

In the aftermath of the economic crisis, however, Thais across the country were reevaluating their nation's development path and considering alternatives – particularly Buddhist-inspired ones. Thus after the King's 1997 birthday address advocating SE, governmental working groups, most notably the National Economic and Social Development Board (2000), immediately set to explicating and codifying the King's ideas into a workable policy framework. What emerged was a set of decision-making guidelines to advance mindful human development first at the individual- and firm-level, and then when stable, branching out into networks or communities of specialized production and distribution units and other relevant entities such as savings cooperatives and seed banks. At the same time, the newly articulated SE approach was sufficiently broad to be applied to nations and the global economy as well. These guidelines, simultaneously Buddhist and pragmatic, include three components – moderation, reasonableness and self-immunity – with wisdom and integrity as necessary conditions.

The UNDP Thailand Human Development Report 2007, titled *Sufficiency Economy and Human Development*, gives a concise "monarch-approved" definition for these concepts. Moderation is the quintessential Buddhist notion of the Middle Way signifying not too much and not too little, suggesting frugality. Reasonableness should not be confused with the narrow neoclassical economic conception of rationality. It involves analyzing reasons and potential actions and grasping the immediate and distant consequences of those actions; it also implies compassion.

Self-immunity does not refer to self-isolation but self-reliance and self-discipline as well as the ability to withstand external shocks and cope with uncontrollable events. A required condition for these components to operate effectively is wisdom, which embodies not only accumulated knowledge, but the insight to put it to judicious use. The second required condition is integrity, meaning virtuous or ethical behavior including honesty, diligence and non-exploitation. The emphasis in these guidelines is clearly on mental development, apropos of Buddhism.

The UNDP report describes several Thai enterprises that illustrate these SE principles, including a mulberry paper business established over 40 years ago by a single individual, Fongkam Lapinta. When she began, Fongkam's handmade paper production was small scale, relying on nearby natural resources, family labor and local markets. She kept her costs low at first out of necessity but also on the principle of self-reliance. As her business gained success, she refused loans offered by banks, preferring a moderate growth rate commensurate with her accumulation. There were times she had to turn away large orders until surplus funds allowed her to invest in expansion, but what she sacrificed in potentially higher short-term profits, she gained in long-term stability. Her investments focused on internal development, including employee training, diversification of product design, and technological innovations to increase productivity and to improve employee and environmental wellbeing (such as experiments with natural dyes to eliminate harmful chemicals). Now, Fongkam's handmade mulberry paper company, known as Preservation House, has 400 employees and exports 80% of its products around the world.

While familiarity with Buddhism would allow deeper insight into SE principles, it's not necessary for the model to function successfully. Fongkam's commitment to moderation in both consumption and aspirations for wealth certainly correspond to the Buddhist Middle Way, but they could also be identified by generic economic terms such as thrift and risk aversion. Her concern for employees and the environment could reflect her Buddhist rationality of a dependent self embedded in its larger social and natural milieu and her wisdom and integrity to act ethically. Or it may be explained as more accurate accounting of externalities, with efforts to minimize external costs for the long-term health of her company. Finally, while self-reliance is emphasized in the Buddhist economic model, the practice of meeting needs without running a deficit makes sense even in a capitalist economy like the U.S., which is currently suffering from the collapse of overextended housing credit (among other ills). SE finds its strength in its compatibility with capitalism; that is, an individual, firm, or national economy could adopt this model of ethical economic activity regardless of religious or philosophical beliefs and still perform comprehensibly within the context of global capitalism. This is possible because SE's focus is firmly material, intending to improve the physical wellbeing of humans and nature. The next case study in Buddhist economics is ultimately more concerned with the spiritual realm.

The Santi Asoke Buddhist Reform Movement of Thailand

In the Santi Asoke Buddhist Reform Movement of Thailand (AM), the aim is not a Western ideal – to accumulate high levels of material comfort, but a Buddhist ideal – to release attachment to the material world and attain spiritual freedom. The Asoke group diverges from mainstream lay Buddhist practice by rejecting the worship of Buddha images, practicing strict morality (including vegetarianism in accordance with the first precept to abstain from killing), and emphasizing everyday work as meditation. Moreover, AM issues a biting critique of capitalism – particularly the prevalence of greed, competition and exploitation – as the root of Thai society’s problems. In their view, modern “social preferences” influenced by the global flow of Western culture and capitalism exacerbate human suffering and the ruin of nature. To counter these forces, AM proposes meritism or *bun-niyom*, Asoke’s unique economic model based on Buddhist and Thai values. The fact that the seven AM communities thrived throughout the 1997 economic crisis and continue to do so is a testament to meritism’s success.

Ethnographic research for this study (Essen 2005) was conducted at Srisa Asoke Buddhist Center, an intentional community established the purpose of practicing Buddhism. Like other AM communities, the organization of Srisa Asoke could be called collective or cooperative. The 80 permanent residents (including 7 monks) volunteer for jobs that (ideally) match their interests and skills while fulfilling community needs. This labor is non-wage, but not uncompensated. In return, residents receive spiritual guidance and support and the four necessities for a comfortable material existence (food, shelter, clothing and medicine), as well as free education and a positive environment for their children. While a few residents maintain private houses, money and vehicles, most give up all ownership to the collective and equally share the common resources.

Srisa Asoke and other AM communities are organized around the principles of meritism, specified in the slogan “Consume Little, Work Hard, and Give the Rest to Society”. The slogan’s intended ideas are expressed by Ah Kaenfa, the administrative leader of Srisa Asoke:

We have a principle philosophy that we here must eat little, use little, and work much. The leftovers support society. This is sacrificing to society – the part that is left over. We do not accumulate. Accumulation is sin. Therefore, we stipulate that we will come to be poor people in the view of people in the other world. The other world is the system of capitalism, that must have much money, much property. . . We will be people who do not have property. But we will be people who are hard working and industrious, who have knowledge, efficiency, capability. We will have great diligence but we will not accumulate – we will spread it out to other people.

This slogan is not empty rhetoric but is enacted daily by Srisa Asoke residents in countless ways.

First, residents limit consumption by adhering to the Buddhist precepts (at least the five basic householder precepts but often up to ten), sharing communal resources (for example by cooking, eating and watching TV together in the Common Hall), and following a Western environmental edict, “The Four Rs”: recycle, reuse, repair,

reject. Many residents who reflect on their practice of consuming little show an appreciation for balance and the relation between the spiritual and material worlds. Deeply concerned with the root defilement, greed, Asoke members value *mak noi*, “to be content with little”. Yet they caution to consume enough, following the Buddhist Middle Way of neither extreme asceticism nor extreme luxury. A second idea members put forth in combination with *mak noi* is *sandood*, “to be satisfied with what one has”, in accordance with the Buddha’s revelation that desire causes suffering. One member explains “Being content with what one has is important because if (what you have is) enough, you are richer, suddenly richer”. Thus, reducing consumption decreases suffering in economic matters – a significant fact for the average indebted Thai.

As for the slogan’s second component, AM members work hard most obviously because they must support themselves. Many Srisa Asoke members do so through the meritism version of right livelihood, the “Three Professions to Save the Nation”. These professions – natural agriculture, chemical-free fertilizer, and waste management – form a circuit in which organic waste is composted as fertilizer for the crops, which people then eat, the remains becoming fertilizer again. According to AM members, these professions will “save the nation” for many reasons: (1) everyone must eat; (2) agriculture is better suited for Thailand’s climate and environment than industry; and (3) with these professions, people can be self-dependent. The Three Professions are certainly appropriate for the Northeastern region populated by impoverished farmers. On a broader level, the concept resonates with national calls for self-reliance in protest against the IMF’s 17.2 billion dollar bailout loan after the 1997 crisis as well as the growing interest in the King’s “sufficiency economy” model.

Equally significant, work serves as AM’s primary method of meditation. The common image of Buddhist practice is sitting still with eyes closed, monitoring the breath, but this is only one method of meditation. Several Srisa Asoke residents commented that the peace generated by meditating in isolation is lost as soon as one reenters the world. AM members thus practice “open eye” meditation continuously as they work and interact with others within their community. Following the original meaning of the Thai word for work, *gnan* (formerly, “all life-related activities”), the Asoke group includes working for one’s livelihood as well as attending meetings, chanting, eating, watching movies and chatting with neighbors in their understanding of work. Though many residents confessed it is difficult to maintain full consciousness 100% of the time, they do their best to develop general awareness, a calm mind, concentration on tasks and interactions, and control of feelings such as anger, jealousy, aversion and pleasure throughout their daily activities. In a concrete way, individual practice in hard work contributes to community development by providing food, shelter, clothing, medicine and other material needs. Moreover, as AM members increase their concentration and awareness of thoughts, speech and actions, the quality of their work and social interactions improves. Signs of good meditation at Srisa Asoke are the lush gardens, well-built structures, clean streets, and relatively congenial social relations.

The third component, “Giving the Rest to Society”, is training in selflessness or non-self, the pillar of Buddhism. Giving to make merit is a common practice for Thai Buddhists, yet Asoke Buddhists don’t just give the typical temple offerings. AM aids material and spiritual development in Thai society through many means; for instance, they run vegetarian restaurants and non-profit markets that simultaneously provide the Thai public with healthy food and useful goods at low cost while promoting the concepts of meritism. The most time-, energy- and resource-intensive, outwardly oriented activities, however, are free trainings in the Asoke way of life. Hundreds of visitors come to Srisa Asoke each month for either an afternoon tour or a four-day seminar. The seminars, called “Dharma Builds People; People Build the Nation”, teach ordinary Thais specific knowledge and skills in the area of (Asoke) Buddhist morality and occupation, particularly the Three Professions.

With its spiritual emphasis, AM exemplifies the Buddhist economics theory more closely and completely than SE. Whereas the objective of SE’s economic activity is solely to satisfy material wellbeing, in AM, it is unmistakably motivated by *chanda*, namely the desire for enlightenment. Regarding the theory’s second component, livelihood or work, AM fits the specifications in two ways SE does not: AM articulates appropriate occupations (the “Three Professions” in particular), and it treats work as meditation, a path to enlightenment. The two models share similar attitudes towards wealth in terms of moderate consumption, but AM alone requires the giving of surplus. In its merit-making outreach, AM better illustrates the Buddhist rational approach to expanded self-interests. To underline the spiritual focus of AM, the abbot of the Santi Asoke Buddhist Center in Bangkok pointed out that if people come for purely economic reasons, they come for the wrong reasons and soon leave. So while its ultimate goal of enlightenment makes AM a more fitting model for Buddhist economics, it also means that it is less likely than SE to proliferate. During research for this study, many non-Asoke Thais expressed their feeling that AM’s austere way of life, though laudable, is too difficult for the average Thai and simply does not lend itself to urban living. Moreover, AM’s unequivocal critique of capitalism forces an either-or relationship: according to AM rhetoric, to embrace meritism, one must reject capitalism. Still, it is instructive to examine both models for the social and environmental ethics they may offer.

Social and Environmental Ethics

Before analyzing SE and AM for possible social and environmental ethics, the debates over whether Buddhism embodies such ethics must be acknowledged. Regarding social consciousness, many scholars maintain that Buddhism, with its focus on individual salvation, evokes no social responsibility. Sociologist Max Weber maintains that “universal compassion is merely one of the stages sensitivity passes when seeing through the nonsense of the struggle for existence of all individuals in the wheel of life, a sign of progressive enlightenment, not however, an expression of active brotherliness” (Weber 1958, 213). Yet the writings and actions

of socially engaged Buddhists (e.g., Queen and King 1996) point to the contrary. A prime example is “development monks” who organize and lead community development projects in their villages in response to identified needs (e.g., Somboon 1988).

A similar debate has transpired around the question of Buddhist environmental ethics. At one extreme, scholars such as Hakamaya reject the possibility “on the grounds that the otherworldliness of ‘canonical’ Buddhism implies a negation of the natural realm for all practical purposes” (as cited in Harris 1994, 1). Others like Schmithausen (1997) are more hopeful that some elements of Buddhism could contribute to a sound natural environment, though they do not establish nature as a value in and of itself. Yet proponents such as Susan Darlington (1998) counter that most negative arguments have not examined the conscious efforts of Buddhists to become actively engaged in dealing with environmental crises. Many forest monks in Thailand, for example, have become environmentalists out of necessity, as their tradition quickly recedes with the nation’s forests (Taylor 1996). While most forest monks tend to have an instrumentalist perspective of nature (i.e., the forest is a conduit for *dhamma*), Than Buddhadasa identified *dhamma* with nature, such that the destruction of nature is the destruction of *dhamma* itself (Santikaro 1996). Leaving aside the intellectual arguments, the Buddha distinctly expressed concern for the environment when he advised householders to accumulate wealth as a bee collects nectar from a flower – without destroying the flower.

Just as Buddhists have done throughout history, modern engaged Buddhists simply adapt their scriptural interpretations and practices to fit a changing sociopolitical and natural environment, thereby legitimizing the distinct ethics that may result. AM offers prime examples of explicit environmental and social ethics informed by both formal and substantive rationality. Through “The Three Professions to Save the Nation”, AM demonstrates a pragmatic ethic to preserve the environment on which they depend directly for their material existence through chemical-free agriculture. Their adoption of the Western environmental edict, “The Four Rs”, also reflects an instrumental ethic since these practices help them minimize consumption, a means to achieve *anatta*. Yet their appreciation for nature’s inherent value also suggests a substantive ethic. One monk at Srisa Asoke explained their complex outlook, referring to the forest residents planted years ago:

Asoke people try to construct and develop the environment to give rise to abundance and wholeness, in order to bring about thriving soil, sincerity, wooded shade, soft breezes, beautiful views, richness in goodwill, energy to work, joyfulness in *dhamma*, [a sense of] the profoundness of *karma* and bad deeds, the five *khandhas* [form, feeling, perception, volitional impulses, and consciousness], doing what is natural.

Such sentiments, emerging not just through need but through mindful reflection, give rise to a more profound ethic that endures regardless of nature’s immediate use or exchange value.

AM similarly manifests a social ethic that is simultaneously instrumental and substantive. The group’s emphasis on giving refutes Weber’s assertion that Buddhism evokes no social responsibility, yet the motivation for this ethic requires

further analysis. At first glance, AM members' eagerness to help others could be explained by compassion or *karuna*, one of the Sublime States and a universally recognized Buddhist ethic valued for its own sake. However, during months of conversations with Srisa Asoke residents, *karuna* was referenced infrequently, whereas *bun* (merit) or *tombun* (merit-making) came up several times a day. Since the accumulation of merit buys a better rebirth and ultimately enlightenment, AM's impetus to give is more likely instrumentalist. Nevertheless, their efforts to propagate the Asoke way of life through training seminars, boarding schools and markets for the public, while merit-making activities, are also inspired by a genuine desire to improve people's lives. From this perspective, AM members are indeed compassionate even if they don't label their actions so.

Ethic 1: Self-reliance

Even without specific intent, both Buddhist economic models may indirectly contribute to social justice and environmental sustainability through other ethics they share. The first is the ethic of self-reliance. Self-reliance implies a livelihoods approach to economic activity, which can be more caring of the human-nature base than a growth-oriented one. Countless scholars, activists and practitioners take issue with the development industry's tendency toward "growthmania" – its blind faith in economic growth to bring about prosperity (Daly 1996). Mounting evidence indicates that macroeconomic strategies implemented to foster economic growth, such as export production and trade liberalization, are not designed with the welfare of ordinary people in mind and frequently have negative affects on the poorest (e.g., Harrison 1997; Shiva 1993). The environmental consequences of this type of development are equally concerning, as exemplified in the case of Thailand.

Despite this critique, some in the development industry do aim to improve the wellbeing of individuals and communities by fostering self-reliant livelihoods. Development practitioners Robert Chambers and Gordon Conway (1992) do so particularly by enhancing people's capabilities, improving equity, and increasing sustainability. The first component, "capabilities", refers to what a person is capable of doing and being. According to Nobel Prize recipient Amartya Sen, "What people can positively achieve is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives" (1999, 5). This suggests a holistic approach to human development – body, mind and spirit – that is touched on in SE (such as Fongkam's investment in employee training and healthy working conditions) and is precisely the purpose of AM's alternative way of life. The second element, equity, may be defined in terms of relative income distribution (another of Sen's concerns) or more broadly, equal distribution of assets, capabilities and opportunities. In theory, this would be the result of SE if the whole kingdom adopted the King's philosophy; in practice, AM's cooperative organizational model tangibly demonstrates this aspect. Lastly, successful self-reliant livelihoods require both social and environmental sustainability. Social sustainability is the ability to

cope and recover from stress and shock, which is central to the SE concept of self-immunity, as well as provide for future generations. A livelihood is environmentally sustainable when it maintains or enhances local and global assets on which livelihoods depend, like AM's Three Professions, and has beneficial effects on other livelihoods.

Implicit in the self-reliant livelihoods approach is an emphasis on needs. Though “‘need’ is a non-word” for the mainstream economist (Illich 1992, 88), it wasn't always this way. When the discipline of economics was first conceived, its focus was fulfilling basic needs and enhancing quality of life; yet as the field aspired to be recognized as a positivistic science, it turned away from its moral attention to such fundamental issues (Sen 1988). Feminist economists with interests in improving social and environmental conditions advocate a return to these early concerns, just as Buddhist economic models would do. Julie Nelson (1993) for one favors an economy that concentrates on the provisioning of human life, on the commodities and processes necessary to human survival. Following Georgescu-Roegen (1966), Nelson includes “purposeful activity” and “enjoyment of life” within the realm of human needs. Yet like Buddhists, Nelson would differentiate between needs and wants. Although the line is not distinct, she maintains, “One can certainly say that a Guatemalan orphan needs her daily bowl of soup more than the overfed North American needs a second piece of cake. A refusal to recognize such a distinction. . . leads to an abdication of human ethical responsibility” (p. 33). Thus the ethic of self-reliance, nurtured through needs-based livelihood development, has the potential to be less exploitative of humans and nature. But it must be accompanied by the ethic of moderation.

Ethic 2: Moderation

The ethic of moderation is of critical importance to combat the excessive consumption and materialism that has proliferated with the global spread of capitalism. AM undeniably holds this belief given their denunciation of capitalist greed and their drive to consume little. SE, while less extreme in rhetoric and action, also promotes this ethic as the basis for social, economic and environmental sustainability. On one level, moderation relates to individual wellbeing. When Thai social critic Sulak Sivaraksa was asked after the 1997 economic crisis how middle-class Thais could live happily, he spoke plainly about excessive consumption:

You are suffering because you think you are. In truth, the middle-class continue to have three meals; half of the world population go to bed without having eaten. The middle-class must know that it is the lower-class that supports them. Eat the cheaper food that these urban poor sell on the streets and save your money too. However bad the economy is, you'll never die. You may get less pay and receive no bonus, but spend(ing) 10 or 20 baht for a meal is enough. People feel they are very much affected because the economic system makes them feel that way. You have to stop drinking expensive wines, buying imported clothes, and eating expensive food. For me, those things are extravagant and you should not have adopted them in the first place. Now they become your burden by making you feel that your life is getting worse, which is not true.

Ajaan Sulak argues that “modern social preferences” skew people’s perception of wellbeing. If instead the middle-class could perceive “how they have been manipulated by consumerism and materialism”, they could easily do without luxury items and have a more carefree life (Bangkok Post, November 16, 1997). This is precisely why AM urges *sandood*, “to be satisfied with what one has”. Thus, individuals may fulfill Buddhism’s primary objective to reduce suffering by reducing desire and keeping moderation as their mantra.

Beyond individual wellbeing, moderation’s ability to curb the harmful affects of over-consumption has much larger significance for environmental sustainability as well as for social justice, albeit less directly. Development scholar Rajni Kothari declares, “We have more than enough empirical evidence that the destruction of the biosphere lies first and foremost in the wasteful lifestyles of the world’s privileged groups and that the problem of poverty emanates from this same source”. A connection can certainly be made between the demand for teak furniture and the degradation of old growth teak forests in Thailand or the desire for cheap electronics and the establishment of Export Production Zones in developing countries where TNCs have no environmental or health regulations. Deep ecologist Arne Naess concurs that the degree to which “life conditions of the planet” are degraded is highly dependent upon social lifestyles, adding that the effort to reduce degradation demands individual discipline and habit changes. Through the power of the consumer, as individuals or collectives, the ethic of moderation has the greatest potential to positively affect the human-nature base.

Ethic 3: Interdependence

For moderation’s larger implications for a just and sustainable world to be realized, an ontological shift is necessary: capitalism’s individualism must be replaced by the notion of an interdependent self. This concept can be interpreted in two ways: (1) all living things are dependent on each other for existence (theory of conditionality or *paticca samuppada*), and (2) an individual’s choices and actions reverberate throughout one’s social and natural environment, both locally and globally (law of causality or *karma*). Such interdependence is implicit in SE’s conception of self-immunity, particularly its emphasis on creating networks, and is acted upon in AM’s intentional, cooperative communities and through its explicit environmental and social ethics. Since Asoke members strive to be as self-sufficient as possible – for example, by growing their own food and making their own natural soaps and medicines – they immediately experience the realities of interdependence, resulting in heightened awareness of their social and environmental footprint.

The difficulty in stimulating such awareness in a modern capitalist context is that consumers are typically far removed from the locus of production of most household goods. Feminist economist Helga Moss discovered this first hand when she attempted to trace the history of a particular commodity from its beginnings to the point at which it reached her. Through the process of constructing an exceedingly complex model, Moss reflects that “[I] gained an understanding of my profound

ignorance regarding my/our relationship to nature in any concrete sense. I am – to use Maria Mies’s expression – delinked from nature and people as producers of the things I use to live” (1994, 241). This is just the kind of awareness that SE’s ethic of reasonableness promotes, as does AM’s more concrete efforts to help others and conserve the environment on which they directly depend. While these Buddhist models are informed by *paticca samuppada*, awareness of the interdependence of all things can arise irrespective of doctrinal affiliation. It can be cultivated through observation and reflection and a commitment to pursue the common good.

Concluding Considerations

There is much to celebrate in terms of Buddhist economic ethics that are more caring of the human-nature base. However, there is also cause for concern: the ability to empower all members of society to achieve wellbeing may be hampered by structural inequalities that are not addressed in the inherent hierarchy of AM and SE’s philosophical underpinnings – Theravada Buddhism – and the context in which they are implemented. Theravada Buddhism has been particularly discriminatory towards women, even in a modern Buddhist nation such as Thailand where women continue to encounter injustice in all sectors. In the development context, gender disparity harms not just women but their families and communities. For example, with the assumption in both patriarchal societies and standard neoclassical economic theory of a male household head, aid is more often distributed to men despite mounting evidence that women allocate greater proportions of their incomes to everyday subsistence (Grown and Sebstad 1989). To deal with such potential to reproduce inequality, applications of BE must be savvy to contextual relations of power and be accompanied by a suitable theoretical and practical framework for social justice.

The good news is that BE has the capacity to deal with this possible shortcoming though wisdom and integrity, the foundational conditions of SE. Environmental sustainability similarly benefits from these mental conditions since it cannot be achieved in the western world without a fundamental change in perception of self-interests from individualism to interdependence. The ultimate strength of SE, AM, and other Buddhist economic models (i.e., over mainstream economic development models) is their emphasis on mental development, most clearly illustrated by AM’s practice of *samadhi* or open-eye meditation. Through this process, individuals continually reflect on the world around them and their relation to it, gain insight from the knowledge they glean, and act on that knowledge in an ethical manner.

One last point for consideration is that while concerned scholars, practitioners and global citizens may find Buddhist economic ethics quite appealing, this essay does not suggest facily replacing the dominant neoliberal economic model with a Buddhist one. Instead, economic pluralism is advocated, consisting of the myriad approaches to material and social wellbeing that are culturally and environmentally appropriate. In fact, Buddhist economic ethics’ core condition of mental development presupposes such an approach. This is essential for a vital global economy

because, quite simply, different problems require different solutions. Nevertheless, actors in community, national and global economies might learn from alternative economic models so that we may achieve not merely universal freedom to survive, as Shiva hopes, but universal freedom to be well.

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Chapter 5

Pathways to a Mindful Economy

Joel C. Magnuson

The mindful economics movement seeks to engage a holistic and systems analysis of economic problems associated with capitalism in America. The paper also draws upon elements within the institutionalist approach to economics. Our approach is rooted in the idea that economic activity cannot be separated from, and indeed is embedded within, a broader sphere of human culture. Given this framework, we seek to work toward systemic change by evolving economic institutions through mindful practices as taught in the Buddhist tradition, and integrating these mindful practices into the governance of community enterprises.

In the mindful economics movement we seek to engage a holistic and systems analysis of economic problems associated with capitalism in America. We strive to look inward with a clear heart and mind, and outward to American institutions with openness and directness, without delusion or attachment. As we work toward building a mindful economy, we are openly engaged as agents for social change. Such engagement was part of the Buddha's original teachings as he emphasized actively creating wholesome communities and social environments that will nurture individuals' wholesome thoughts and actions (Hanh 1998, 62–63). In the mindful economics movement, therefore, we seek to play a role in society's evolution toward these environments by drawing on the rich, 2600-year-old tradition of Buddhist practice as our guide.

This article also draws upon elements within the institutionalist approach to economics. Particularly drawing from the tradition established by Thorstein Veblen, Allan Gruchy and Karl Polanyi, our approach is rooted in the idea that economic activity is situated within a holistic pattern of human activity. In this view, economic activity cannot be separated from, and indeed is embedded within, a broader sphere of human culture. Economic systems are viewed as, "a whole rather than as a collection of many unrelated parts" (Gruchy 1947: viii).

At the core of the Buddha's original teachings are the Four Noble Truths of human suffering. The First Noble Truth is that suffering exists; the Second is to

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look deeply and find the causes of suffering; the Third is the cessation of behaviors that cause suffering; and the Fourth points to the pathways that lead to this cessation and toward well-being.

Parallel to the Buddha's original teachings of the Four Noble Truths of human suffering, we submit another set of Four Truths specifically for economic analysis: (1) there are systems conditions that give rise to pathology embedded in the economy of the United States; (2) these conditions are largely, but not exclusively, rooted in the logic and culture of capitalism itself; (3) there is much people have done, and can do, to change the conditions of the system by building alternative institutions; and (4) the pathway for changing systems conditions in this framework begins at the local level where people and communities can, with appropriate mindfulness, evolve new community enterprises that will be the seeds that grow into a broader system of production that is centered on human and ecological well-being.

Pathological Systems Conditions

The conception of pathology used here is that much pathos, or suffering, stems from the systems conditions of environmental destruction, social injustice and malaise, and economic instability. Pathology of this kind is not exclusive to America and other systems, capitalist or not, exhibit similar pathologies. Yet to acknowledge that other economic systems create pathology does not nullify the fact that it exists in the United States nonetheless. It is on the U.S. economy that we focus.

Environmental Destruction and Resource Depletion

One such systems condition is the growth imperative endemic to any capitalist system. Driven by its internal imperative for continuous growth in production and consumption, the capitalistic institutions of the U.S. economy are creating unprecedented levels of environmental destruction, and are rapidly depleting both renewable and non-renewable resources on a global scale. Biologist Mary E. Clark describes this process as analogous to running up a balance on a credit card that will have to be paid in the future: "We have been – and are – living on a one-time 'bank account' of fossil energy and mineral deposits both formed over eons of geologic time. To have become as dependent on them as we now are is singularly imprudent. . . We are borrowing from the future" (Clark 1989, 107). This passage resonates with Buddha's Discourse on the Son's Flesh, which also suggests that as people over-consume their resources, they will deny future generations the ability to feed themselves. Such over-consumption is analogous to a kind of cannibalism in which people are "eating" their children and grandchildren (Hanh 1998, 32).

Evidence of such over-consumption of resources abounds. Geologists forecast that by 2040, U.S. oil production will fall by 90% from its production peak that occurred in the early 1970s. As the U.S. heavily draws from global oil resources,

geologists also forecast that world oil production will decline by at least 63% by 2040 (Magnuson 2007, 206). Global oil production is peaking now or will peak quite soon, and reserves will be seriously depleted within the lifetimes of our children and grandchildren. Though the entire world is playing a role in bringing total oil supplies to this threshold, clearly the United States is playing a leading role. Americans consume about 25% of the world's oil, but constitute only 5% of the world's population (*ibid.*, 207).

As the U.S. economy continues to accelerate, it also overuses renewable resources such as topsoil and vegetation, fresh water and forests.

The economic imperative to grow, sustain higher profits and expand market share have also driven American farmers into agricultural practices that are not sustainable. The imperative to grow overrides attempts to conserve the integrity or fertility of soil, as industrial agriculture strives to use whatever combination of land, water and chemicals to yield maximum output on a short-term basis. Farmers generally do not have much control over the prices of the crops they produce for the market. Prices are set in global commodities markets and seem to be chronically low. Farmers must therefore get the maximum yield from their land during the growing seasons in order to maximize revenues and profits. Each season farmers face increasing pressure to borrow funds in order to purchase the latest version of patented seeds, chemicals, fuel and water to avoid losing their places in the market. To pay back their loans and make their interest payments, they must get the highest yield possible on a short-run basis. Yet the following season, the soil worsens requiring more water and chemicals and so on in a downward spiral of topsoil degradation. Many farmers have not survived this process financially, resulting in steadily rising bankruptcies, particularly among the smaller family farms that must pay higher interest rates on their credit, and who have the least purchasing power to pay for increasingly expensive chemicals and seeds. To increase their profitability, farmers are allowing for shorter and shorter fallow periods in which land rests and regenerates from cultivation.

When the extensive use of petrochemical fertilizers and pesticides began decades ago, it was heralded as a "green revolution" as it contributed to significant increases in productivity and output. Yet the destruction caused by this technology remains largely hidden. Topsoil is being hardened from the compaction caused by the heavy machinery. Hardening decreases the rate of water absorption, causes problems of water runoff and inadequate drainage, and increases the occurrence of erosion. Though erosion has decreased in the last decade, it remains high above normal levels at approximately 2 billion tons annually. (For statistics on soil erosion, see U.S. Department of Agriculture, Natural Resources Conservation Service, <http://www.nrcs.usda.gov/technical/land/meta/m5848.html/>.)

All of the major aquifers in the United States are being depleted. In a recent report by the U.S. Department of Geological Survey, in which they also use the analogy of drawing down a bank account balance, ground water levels are declining throughout the United States due to excessive pumping (USGS 2004). As water tables drop, previously productive wells go dry and farmers either must dig deeper wells and draw down water tables even further or drill new wells where the process of

depletion starts anew. In Arizona's Santa Cruz basin water tables are being depleted by half a million acre-feet every year (an acre-foot equals about 326,000 gallons). California's San Joaquin Valley, a rich agricultural region, depletes its groundwater supplies by 1.5 million acre-feet annually. In addition, falling water tables cause spring-fed rivers, lakes and wetlands on the surface to dry up. This, in turn, causes ground surfaces to sink, creating lifeless sand boxes.

The most dramatic instance of groundwater depletion is the Ogallala aquifer, which spans several states from west of the Mississippi River to the Rocky Mountains, and from South Dakota to Texas. This huge 225,000 square mile aquifer was created millions of years ago. Snow run-off from the Rocky Mountains has not fed into the Ogallala in over 1,000 years, and since then the aquifer has been largely cut off from any significant replenishing source. Most of the water in the Ogallala is "fossil water" as it melted ice that dates back to the last ice age.

Through several decades, over 170,000 wells scattered throughout the Ogallala region have been pumping out millions of gallons every year. The rate of pumping increased by 300% between 1950 and 1980 and this rapid increase is, in part due to the fact that the water is relatively accessible to the surface, about 300 feet on average. From the time that pumping from the Ogallala began in the 1930s to about 1950, the levels drawn out remained fairly constant. Between 1950 and 1985, the Ogallala water table dropped by about 160 feet. Although the rate of depletion has slowed down in recent years, the water table continues to fall. As aquifers like the Ogallala are stocked mainly with fossil water, once they are pumped dry, they will become extinct and populations that have depended on them will have either to make due with rainwater, suffer health problems, or migrate. (For statistics on Ogallala see <http://enterprise.cc.uakron.edu/geology/>.)

Over a hundred years of heavy logging and clear-cutting has brought the stands of old growth forests in the United States near to extinction. Old growth forests are not merely stands of trees but rather are complex systems composed of living trees and plants, fungi, bacteria, decomposing matter and detritus, animals and a delicate balance of shade and sunlight. If any one of these elements is significantly disrupted, the forests become irreversibly transformed. About 90% of old growth forests have been logged, transformed into tree farms and managed by the profit-driven wood products industry, and only a small fraction remain in preserves and parks (Norse 1990, 6).

As oil reserves near depletion, the U.S. and other economies will turn to other fuel sources to power continuous growth. Natural gas and coal are the most likely sources as they are still relatively abundant and inexpensive. According to geological estimates, at the current rate of consumption the life expectancy of natural gas is somewhere between 160 and 310 years (Magnuson 2007, 208). However, if natural gas were put in place of oil to keep the economic machines running, the rate of growth of fuel consumption would have to stay consistent at the current rate, which is about 3.5% per year. If a 3.5% annual increase in natural gas consumption is sustained, the amount consumed will double every 20 years and the lifespan would be truncated to about 60 years. At best, natural gas is a temporary "bridge" energy resource as the U.S. transitions away from a fossil fuel-based economy (McKibben

2004, 34). Coal is the most abundant of all fossil fuels, and its effluents are the most toxic. If coal use increases as a replacement fuel for oil, then, inevitably, so will increase air pollution and give rise to arguably the most severe of all pathological systems conditions: global warming.

Most of the information we have about global warming has been developed by the Intergovernmental Panel on Climate Change (IPCC). The IPCC is a body of hundreds of scientists originally brought together by the United Nations in 1988. Since 1990, the IPCC has produced four reports covering the group's research on climate change that is caused by human activity. The IPCC concluded that ambient Earth temperatures will rise by 1.6–6.4°C (2–11.5°F) by the year 2100. (Shwartz 2009, 2).

The lead author of the report *Climate Change 2007*, Chris Field asserted nearly 2 years after the report was published that the IPCC underestimated the magnitude of global warming. Field reflected that they have a better understanding of the impacts of global warming and that the effects are likely to happen more quickly and more severely than they originally thought. According to Field, “We now have data showing that from 2000 to 2007, greenhouse gas emissions increased far more rapidly than we expected, primarily because developing countries like China and India saw a huge upsurge in electric power generation, almost all of it based on coal.”

What has IPCC scientists most concerned is that we are approaching a critical threshold after which a series of feedback processes will be set in motion. Currently we still have the ability to reverse the warming processes by reducing carbon emissions, but if we fail to do so, we will lose this control and global warming will be set off on a pattern of escalation of its own momentum.

One of the processes is a drying trend in the tropical forests caused by warmer temperatures. As the forests get drier, they become more susceptible to wildfires. As the forests burn, they will release tons of additional carbon dioxide into the atmosphere. Moreover, the carbon dioxide is more likely to concentrate in the atmosphere as a greenhouse gas because there will be fewer trees to absorb the carbon. As carbon dioxide increases, the planet gets warmer, the forests drier, and so on. Another feedback process occurs with the melting of permafrost in the Arctic tundra. Permafrost is essentially frozen topsoil that covers most of the land mass in the arctic region. As it melts due to warmer temperatures, tons of carbon dioxide that have been trapped in the frozen soil will be released into the atmosphere. This will cause more warming, more permafrost thaw, more atmospheric concentrations of carbon dioxide, and more global warming. In either case, the process leads us to a threshold. Once we have crossed this threshold, massive amounts of carbon will be released automatically regardless of what we humans do. We will tragically lose our ability to reverse this process that we started ourselves and the damage to human habitat will be massive and profound. Future IPCC reports will doubtlessly begin to focus on how to cope with these situations rather than how to prevent them.

The long-standing practice of depleting vital resources such as fossil fuels, topsoil, water and forests for profit will necessarily end. Either by conscious and mindful changes in our economic institutions, or by calamity: a change in our practices is inevitable. Of course, waiting for calamities to arrive before making

meaningful changes will be too late. Government institutions are already making preparations for dealing with onslaught of crises that will unfold with global warming. These crises will include massive floods, sudden and extreme weather changes, drought, crop failures, food shortages, migrating populations and ultimately conflict.

It is uncertain how much longer the U.S. capitalist machine can remain on this path before experiencing dire environmental consequences. Evolutionary psychologist Jared Diamond makes a neo-Malthusian prediction that we shall continue misusing our resources to a point where the foundation of our collective existence inevitably disintegrates. Society, according to Diamond, will undergo some form of cataclysmic event such as violent political upheaval, warfare or some other form of self-destruction. Diamond asserts that it seems easier for people to indulge in collective denial, or delusion about such outcomes, than face them (Diamond 2005, 1–25).

Inequality

Another systems condition is America's stark inequalities of wealth, income and political power. The boom periods of the 1980s and 1990s were widely reported in the press as "good times". Real gross domestic product increased in the U.S. from roughly \$5 trillion in 1980 to about \$7 trillion in 1990, and then to \$10 trillion by 2000. The growth of the decade of the 1990s – publicized in the press as the "New Economy" – added \$3 trillion dollars worth of new wealth to the U.S. economy. Yet rarely did the press report how this growth in national income was distributed among the population. Aggregate statistics like the rising stock market prices and rising GDP suggested much newly added prosperity, but masked the burdens and struggles experienced by working families who were left behind – many of whom were working two jobs to pay their bills.

The Gini Index is a numerical measurement of income distribution patterns. The index is scaled between 0 and 1, where an index of 0 would signify an extreme case of "perfect equality" of income distribution, and 1 is the opposite extreme of "perfect inequality." With an index of 0, or perfect equality, the incomes received by all households are exactly equal. This could only be achieved by completely leveling of all household incomes regardless of skill levels, occupation or location. Such a situation, of course, would be impossible and would likely be viewed by most people as both undesirable and unfair. A Gini Index of 1, or perfect inequality, would mean that one household receives 100% of all income earned in the economy and all other households receive absolutely nothing. For obvious reasons this also would be neither possible nor desirable. The Gini Index therefore stands somewhere between 0 and 1.

When compared to other countries with similar economic systems, the U.S. is second only to Mexico in terms of having the most unequal pattern of income distribution. Table 5.1 shows Gini Indexes for nations that are members of the Organization for Economic Co-operation and Development (OECD), a group of about 30 countries often referred to as "developed" or "industrialised democracies".

Table 5.1 Gini index for 30 OECD member countries

Country	Gini	Country	Gini
Australia	0.35	Luxembourg	0.31
Austria	0.31	Mexico	0.52
Belgium	0.25	Netherlands	0.33
Canada	0.32	New Zealand	0.36
Czech Republic	0.25	Norway	0.26
Denmark	0.25	Poland	0.32
Finland	0.26	Portugal	0.39
France	0.33	Slovak Republic	0.26
Germany	0.38	Spain	0.33
Greece	0.35	Sweden	0.25
Hungary	0.24	Switzerland	0.33
Ireland	0.36	Turkey	0.40
Italy	0.36	United Kingdom	0.36
Japan	0.25	<i>United States</i>	<i>0.47</i>
Korea	0.32	<i>Average</i>	<i>0.31</i>

Source: UN Human Development Report, *World Bank Development Indicators, 2003*; and U.S. Census Data

The U.S. Gini Index stands nearly 50% higher than the average for this group of OECD countries.

Table 5.2 shows countries that all have Gini ratios over 45%. Most of the countries listed here are typically categorised as “developing” or “Third World” countries, and though it is difficult to make comparisons with a country like the United States, what characterises virtually every country on the list is the absence

Table 5.2 Gini index for countries over 0.45

Country	Gini	Country	Gini
Uruguay	0.45	El Salvador	0.51
Costa Rica	0.46	South Africa	0.59
Malaysia	0.49	Bolivia	0.45
Panama	0.49	Honduras	0.59
Russian Federation	0.46	Mexico	0.52
Colombia	0.57	Nicaragua	0.56
Brazil	0.61	Botswana	0.63
Venezuela	0.49	Mali	0.51
Peru	0.46	Burkina Faso	0.48
Paraguay	0.58	Niger	0.51
Philippines	0.46	Sierra Leone	0.63
Guyana	0.45	Central African Republic	0.61
Dominican Republic	0.47	Ethiopia	0.49
Namibia	0.71	Zambia	0.53
Papua New Guinea	0.51	<i>United States</i>	<i>0.47</i>
Swaziland	0.61	<i>Average</i>	<i>0.53</i>

Source: UN Human Development Report, *World Bank Development Indicators, 2003*; and U.S. Census Data

of democratic institutions. Although the United States is one of the world's wealthiest countries, it has an income distribution pattern that resembles those countries plagued with widespread poverty and lacking basic democratic rights for their people. According to the Luxembourg Income Study, among the members of the OECD countries, the U.S. has the largest percentage of poor families, has the smallest percentage of middle-income families, and has the largest percentage of the wealthy (Henwood 2003, 134–138). The U.S. also has the distinction of having the largest percentage of low-wage workers as a percentage of overall employment. Moreover, of all the OECD countries, the U.S. has the lowest percentage of upward mobility for low-wage workers.

As the U.S. become increasingly class-divided, sustaining a political democracy becomes more difficult. Concentrated financial wealth translates directly into concentrations of political power. Less than one tenth of one percent of the American population has the willingness or financial ability to donate more than \$1,000 to political candidates (Lewis 2004; Green 2002). Yet this minute fraction of the population composed mainly of wealthy individuals and powerful corporations dominates U.S. political institutions. Although large labour unions and other so-called “special interests” spend significant amounts of money in the political arena, businesses spend far more. According to one observation, “The 82 largest American corporations contributed \$33,045,832 to political action committees in the year 2000 election cycle, outspending labor unions by 15 to 1” (Hartmann 2002, 204). Their ability to dominate stems not only from the fact that they have money to spend, but also because political candidates and officials are becoming more dependent on their contributions to finance soaring political campaigns costs.

Because of the high costs of campaigning, being a U.S. Senator or a Member of Congress has nearly become a full-time fundraising job. Senators representing some of the larger states must raise approximately \$34,000 per week for every week they are in office in order to keep themselves in the Senate (Green 2002, 2). In the 2000 election, no challengers who spent less than \$850,000 in their campaign won a seat in the House of Representatives (ibid). When political candidates or parties depend on wealthy individuals and corporations to finance their campaigns, they become less independently minded and become more beholding to those doling out the cash. Moreover, a candidate who does not take money has virtually no chance at success. The intense need to raise money in order to wage an effective campaign naturally rewards those with more corruptible instincts, and who are more likely to grant favours to wealthy campaign donors. Such stark inequalities of income, wealth and power give rise to another systems condition for pathology – the cultural phenomenon of “consumerism”. The term consumerism is used to describe a cultural norm that equates personal well-being with purchasing more and better material possessions. Consumerism is deeply rooted in American culture and grows out of an irrational notion that by accumulating ever-larger amounts of consumer goods, one will achieve proportionally higher amounts of fulfilment and esteem. Social economist Juliet Schor found that as incomes become more polarised, more people attempt to emulate the consumption lifestyles of those in the top ten-percent income bracket so as not to feel like they are left behind (Schor 1998, 3). This is, of course,

not attainable for most people. The end result is class envy, frustration, debt and foreclosures. In addition, Americans suffer from an epidemic of depression, heart disease, cancer and other diseases related to what is now popularly referred to as “affluenza” (Kaza 2005, 9).

Instability

Finally, instability is another systems condition creating pathology in the U.S. economy, particularly in the financial system. Over the last decade, U.S. financial companies have been involved in historically momentous financial market crises: the East Asian crisis in 1997–1998, the Enron and Dot.com crisis in 2001–2002, and most recently the banking crisis that began in 2007.

Around mid September of 2008, a tidal wave of economic trouble crashed across the country and then spread across the world. At the centre of the spreading crisis was the failure of investment banking giant, Lehman Brothers, which broke the record for the largest corporate failure in American history. Until then, the largest bankruptcy occurred in 2002 with the \$104 billion-dollar collapse of telecommunications giant WorldCom. The Lehman bankruptcy wiped out \$639 billion dollars of asset value, an amount greater than the gross state products of every American state except California, Texas, New York and Florida. This was followed by the worst financial crisis in American history since the massive stock market crash of 1929.

At the core of Wall Street’s instability today is the boom and bust housing market and the collapse of the subprime mortgage business. For well over a decade, residential real estate prices have been driven by the same pathology that drives every financial market bubble: greed. Banks were making mortgages and collateralizing them with “Triple A” bonds that were both underwritten and purchased by large investment and commercial banks. The bonds were subsequently sold to other institutional investors and thus provided liquidity to be used to make even more mortgages. Thus the financial sector created two speculative bubbles – one in mortgage backed securities and the other in the housing market – and these bubbles fed each other to form the most gigantic financial bubble and collapse in history.

It has been clear that real estate prices have been in a speculative bubble for some time. Over the 45 year period from 1950 to 1995, housing prices increased approximately at the same rate as general price inflation, but since the mid 1990s, housing prices started a take off in which prices rose over 45% above the rate of inflation. Moreover, the growth in housing prices has pulled far ahead of the growth in rental rates, which indicates that rising prices are not simply caused by an excess of demand of people seeking places to live. The ratio of housing prices to rents is 35% above its average level during the period from 1975 to 2000 (The Economist 2005). Another indication that housing prices are in a bubble is that they are soaring past people’s ability to afford them as dwellings, yet they continued to climb to record levels. The subprime loan collapse that followed was an evidence that such a speculative bubble could not be sustained.

Evidence of a broader condition of instability continues to unfold. Another 1.35 million American homes fell into foreclosure during the third quarter of 2008, which is a 76% increase over the previous year. The American Bankers Association reported this week that the first quarter of 2009 shows record levels of credit delinquencies – the highest since 1974 – and they attribute the cause of these delinquencies to mounting job losses.

For the month of November, the U.S. Department of Labor announced a stunning 533,000 losses of jobs, which is the worst in 34 years and much of it is in the retail business during holiday season. This was then followed by new records – a loss of 681 in December, –741 in January, –681 in February, –652 in March, –519 in April, –322 in May, and –467 in June. Since December, 2007, total payroll employment has fallen by 6.5 million jobs. Along with rising unemployment skyrocketing claims for unemployment benefits from the Federal Government.

At the same time, the U.S. Federal Government and Federal Reserve are taking extreme measures in their attempts to deal with the banking crisis by committing close to \$13 trillion in bank bailouts, loan guarantees and stock purchases – an amount equal to about 93% of the current national output. Yet none of this money is linked to any programs or reforms that would address the underlying problems that gave rise to this crisis in the first place.

Even if these massive bailout programs restored banking back to its normal operations, where does the U.S. economy go from here? The nature of capitalism makes it such that economies must continue to grow always or face failure. Despite the recent drop in oil prices, energy is still scarce and will get scarcer and atmospheric concentrations of carbon dioxide will continue to rise and soaring far above climatologists expectations. These pathological systems conditions have led us to an ecological and economic impasse: either we fight global economic crisis by growing our economy and worsen the conditions of global warming, or we fight global warming and worsen the economic conditions of the recession. It seems evident that the contradictory nature of these solutions should give an indication that we need thoroughgoing institutional reform beyond the traditional capitalist system.

Capitalism

Looking at these problems from purely an individualistic viewpoint, one could easily draw the conclusion that environmental destruction, stark inequalities and instability are based on wrongheaded business practices and individual choices. A systems view, on the other hand, reveals deeper and broader institutional forces at work. That is, such pathology is systemic and deeply woven into the institutional fabric of American society.

Systemic Growth and Environmental Damage

Generating a measurable rate of return for investors is the core element of any capitalist economy. Investors derive their income from percentage returns on stocks, bonds or other business investments. If investors do not get these expected returns, they will sell their investments and seek returns elsewhere. By disinvesting, or cashing out, investors can drive down the book value of a company that can ultimately cause the business to fail. To prevent this outcome, the prime directive of a capitalist business is to sustain robust returns and growth of financial wealth for their investors. This is the paramount goal of capitalist enterprise and all else is of secondary importance.

Driven by the financial necessity of providing investors with a robust rate of return, capitalist businesses must also sustain a robust rate of growth in the production and sale of goods and services. Financial growth is the taskmaster that drives growth in real production.

To sustain ongoing growth in production and sales, businesses must use a portion of their profits for reinvestment in capital stock (plant, equipment, inventory, etc.). With more capital stock, businesses can increase their production capacity to meet the demands of new growth in output and sales. As the funds for making these capital investments are mostly derived from profits on sales, sales growth and investment are locked into a dynamic relationship: profits from current sales provide financing for new investments, these new investments drive future production and future sales, and future sales and profits will finance yet more investments, and so on. Looking at the system in its entirety, keeping the engine of the economic machine running requires a steady flow in real investments derived from a steady rise in production and sales. In the other words, the economy has to keep growing.

This growth imperative is systemic and extends beyond merely generating returns for investors. Not only individual businesses are driven to grow, but also the entire capitalist system depends on it. If the dynamic relationship between investment and growth were to break down, the economic system would break down as well. For example, if sales growth were to slow down, the source of funds for capital investment would begin to evaporate and new investments in capital stock would begin to fall. Falling investments would lead to an overall slowdown in production and sales. With falling sales, incomes would fall and the downward vicious circle of contraction described in the last chapter would follow. Contraction or recession, if sustained over time can turn into a depression and depression signifies the systemic failure of the capitalist system.

As the machine speeds up or slows down, the changes are felt in every corner of society. Every institution within the U.S. economy connects to every other institution as parts in the machine, and all have evolved to be dependent on the growth imperative. If the economy grows, there is a chorus of cheers. Consumers look to growth because it means more goods and services available in markets; workers see growing job opportunities and rising incomes, public agencies receive more money from increased sales and income tax revenue to pay for police, schools and roads;

nonprofits receive more donations and grants from rising incomes; bank loans are repaid; and, most importantly, investors' profits are realized.

When growth turns to contraction (recession), however, trepidation is felt by all. Workers experience layoffs and default on their bank loans; falling share prices in the stock markets depletes the value of pension funds; bankruptcies soar along with government budget deficits and budget cuts. Growth is thus an imperative not only for capitalist enterprise, but also for the entire economic system that for the last 200 years has built itself on a foundation of capitalist profit making. Without steady growth, the economic system will proceed to wither away as would a plant deprived of water and sunlight. For this reason, most observers are very hesitant to question this growth imperative of capitalism.

The acceptance of the growth imperative is deeply infused in American culture and thought. Most would rather turn a blind eye to the inevitable environmental damage that ongoing growth causes than question it. As long as people are feeling benefits of growth, and that those benefits outweigh the damage it causes, people are likely to accept that ongoing economic growth is benign. If this changes, however, and if it becomes clear that the damage outweighs the benefits, then a crisis in the perception of growth will emerge. This shift in perception is bound to occur at some point because of the scientific fact that ongoing growth is not possible. This is perhaps the single most deleterious consequence of the capitalist system. It is based on the contradiction that, on the one hand, it must continue to grow, but on the other hand, it cannot. As it currently stands, many Americans seem to be more willing to accept even illusions of growth rather than directly face and reconcile this contradiction.

Systemic Consumerism

The term consumerism is used to describe a cultural norm that equates personal well-being with purchasing more and better material possessions. If this cultural norm were rooted in a natural human impulse, then economic growth would naturally follow human nature. At some primal level, we can see that economic growth is, in fact, necessary for our survival and success as species. Thorstein Veblen asserted that an innate characteristic of human beings is the instinct for parenting, or the "Parental Bent", and that we have an instinctual desire to see that our offspring have a fair chance at a good life (Veblen 1948, 313–318). Driven by this instinct, Veblen argues, each generation seeks to make its material standard of living better than the last, causing the economy to grow to higher and higher levels of production. If what Veblen tells us is true, then at some level we are by our nature driven to achieve economic growth. This primal instinct, however, has very little to do with the systemic imperative to grow into what is now an already massive \$11 trillion-dollar U.S. economy. In fact, the parental instinct to assure a good life for our offspring and ongoing growth are actually contradictory goals as endless growth promises to deplete available resources and undermine the welfare of future generations.

This ends, ironically, in what Veblen refers to as “race suicide” (*ibid.*, 313). Ongoing growth entails using more and more inputs or resources. As these resources are depleted, the productive capacity of future generations is compromised, as will be their chance at a good life. Moreover, the things people really want for their children – good schools, clean and functional neighborhoods, healthy and vibrant natural environment, economic stability and security – are those that are least likely to be offered in the growth-driven capitalist system. Veblen identified that alongside the parental instinct there is a predatory instinct that is also an innate human characteristic. Veblen writes, “The predatory phase of culture is attained only when the predatory attitude has become the habitual and accredited spiritual attitude for the members of the group. . .” (Veblen 1899, 19). Predatory behavior is not concerned with caring for future generations as much as conquests and self-aggrandizement. With coining terms such as “pecuniary emulation” (*ibid.*, 22) and “conspicuous consumption” (*ibid.*, 68), Veblen was one of the first economists to identify the predatory impulse to achieve social status through owning and consuming more and more goods. In Veblen’s view, bigger better and more goods are consumerist trophies celebrating the prowess and skill of the predator like the taxidermy heads of animals displayed on the hunter’s game room walls. For Veblen, the simultaneous existence of these instincts – the parental instinct to care for our young and the predatory instincts of ostentatious consumption and competitive acquisition – stand in an antagonistic relationship and are emblematic of modern life. In either circumstance, these instincts can become habituated over time and thus become institutionalized. Thich Nhat Hanh refers to these instincts as “seeds” in our store consciousness (Hanh 2007, 17–19, 1998, 12, 51–52). As predatory actions become habituated and institutionalized, they become part of the cultural norm and accredited. The process of social accreditation acts as a kind of watering of the seeds of predation in our store consciousness. At the same time, other more wholesome seeds can be cultivated to bring about healthier alternatives.

Whether the primary impulse stems from a parental or a predatory instinct, the generally accepted view in American culture is that consumers are sovereign in the marketplace. Most proponents as well as critics of capitalism hold the belief that consumer demand is the prime mover in the basic economic processes; that is, consumers will express their demands in the markets and businesses dutifully follow.

Proponents argue that growth serves to satisfy the demands of people, and critics argue that people selfishly, or perhaps unwittingly, create their own destruction with excessive demands. In either view, the line of causality begins with consumption and consumption drives production. We challenge this viewpoint and argue that consumerism is a cultural phenomenon that was created as part of a broader systemic need of the capitalist economy to grow. Profits from sales are the source of returns to capitalist investors, and these returns cannot be sustained if people do not sustain high levels of consumption. The relentless drive for profits, as an act of the predator’s instinct for self-aggrandizement, created the consumer culture that fuels the economic machine.

If consumerism did in fact stem from a natural instinct of the human species, it was not evident among most Americans in the 19th century. One of the problems facing capitalism throughout the 19th century was chronic overproduction. Businesses were producing goods for the market, but people tended to be frugal, self-sufficient, and were reluctant to spend their earnings on more and more consumer goods. More often than not, people tended to follow the ethic expressed in Christian Proverbs: “He that tilleth his land shall have plenty of bread: but he that followeth after vain persons shall have poverty enough . . . Remove far from me vanity and lies: give me neither poverty nor riches; feed me with food convenient for me” (Holy Bible, Proverbs 28:19, 30:8). For many Americans at that time, conspicuous consumption – consuming and buying for social status – was unseemly. By the turn of the 20th century, businesses began searching for new ways to get people to spend more of their earnings on consumer goods. In order to sell goods in volume, businesses began deploying revolutionary methods designed to entice people into consumer indulgences that were previously considered frivolous or unnecessary. According to cultural historian and author, William Leach, the early 20th century was what he described as “The Dawn of a Commercial Empire” (Leach 1993, 15) Leach writes:

After 1880, American commercial capitalism, in the interest of marketing goods and making money, started down the road of creating . . . a set of symbols, signs and enticements . . . From the 1880s onward, a commercial aesthetic of desire and longing took shape to meet the needs of business. And since that need was constantly growing and seeking expression in wider and wider markets, the aesthetic of longing and desire was everywhere and took many forms . . . this aesthetic appeared in shop windows, electrical signs, fashion shows, advertisements, and billboards (ibid., 9).

To satisfy the growth imperative of capitalism, the marketing and advertising industry was born. By the 1920s, consumerism, molded by the nascent advertising industry, was in full swing and established itself not as a fad, but as a permanent and central feature of American culture. Today, advertising is a several hundred billion dollar industry that is about ten times the entire GDP of the U.S. economy at the turn of the 20th century when the industry began. No other institution in the U.S. serves to water the seeds of predation more than the advertising/media industry.

Capitalism has a systemic need to sell things. If people show no inclination to buy these things, then the capitalist machine will break down. To survive, capitalism must find ways – manipulation and seduction if necessary – to get people to buy more and more things that potentially have little or no relevance to their physical or spiritual well-being, or to that of their offspring. Consumerism is a product of modern marketing techniques that stimulate people’s psychological impulses to consume, not because it makes them better off – they may or may not be – but because the growth imperative of the capitalist machine requires it. Ongoing economic growth is not just some haphazard thing that people do by impulse, it occurs deliberately in response to the capitalist system’s requirement to produce and sell ever larger amounts of goods and services. The roots of this requirement run very deep and it is a requirement that has exceeded the planet’s ability to sustain it.

Systemic Inequality

Wealth and income polarization is not an evidence of a flaw or malfunction of American capitalism, but rather is an innate feature of it. By definition, capital is property. Capitalism is an economic system that revolves around an exclusive right to property ownership and to the profits derived from that ownership. One of the core defining features of capitalism is the separation of ownership and work, or what Veblen refers to as “absentee ownership” (Veblen 1923, 3–10). Without this separation, capitalism could not exist as an economic system. This separation is also what inevitably leads to disproportionate concentrations of business asset ownership. Such assets are income-earning assets and thus concentration of wealth leads to a top-heavy income distribution patterns. If ownership of business assets were equally distributed among the population, it would follow that the profits and other forms of income generated from these assets would also be equally distributed. As of 2001, the wealthiest 10% of the American population owned 95.8% of bonds, 88% of stocks, 85% of nonresidential real estate and 78.6% of the shares in mutual funds (Henwood 2003, 34–138). Virtually all of those listed in the “Forbes 400” wealthiest people in America derive their primary income from the ownership of capital and other forms of income-earning property, not from wages and salaries.

Viewing this from a historical perspective, capitalism has always worked to serve the economic interests of a relatively small and wealthy group of investors. As the group becomes wealthier, this is a sign of the success of capitalism, not its failure. To the extent that working people have sought to gain a larger share of the wealth, they had to do so by directly confronting the considerable political power of the affluent. Another core, defining feature is the market system. Popular mythology of *laissez faire* aside, the market system is rarely a free and open competitive environment, but rather is the field within which large businesses are free to seize control and monopolize entire industries. A grim feature of a competitive market system is that it locks people and businesses on both the output and input sides into a Darwinist struggle to survive, or a struggle to avoid selection for extinction. In their drive to make ever-increasing profits, businesses struggle with one another for a larger share of revenues in product markets. As a result of this struggle, some businesses ascend the virtuous circle as winners, and others fall down to the vicious circle of impoverishment and ultimately fail. The winners are those who typically have low production costs and therefore have a competitive advantage. The winners remain in the market, exploit their advantages and become more powerful. The losers are those with high costs, who are less able to compete and are eventually driven out of the market and into extinction.

The logical conclusion of this process is that only one dominant firm, or a selected few, will remain to take the majority of the share of product markets. Product markets eventually become dominated by corporate monopolies or oligopolies. These corporate giants drive small businesses from the market, destroy middle-income jobs and replace them with substandard or minimum wage jobs, and then splendidly compensate their managers and corporate executives for their skill in executing competitive ruthlessness. A small number of corporate winners take all

and leave the rest to a large number of losers who must scramble with one another for the remains. The result is a widening of the income gap between the wealthy winners and the poor losers. Inequality in America is the most sharply polarized it has ever been since the Depression of the 1930s. Class distinctions are becoming more rigid, and social mobility for those at the bottom is becoming increasingly difficult, if not impossible. Income disparities are rapidly getting wider as the more innovative sectors in the U.S. economy such as the high-tech and manufacturing sectors – traditionally reliable sources for union-scale middle-income jobs – are moving offshore. Disparities of wealth and income combined with concentrated industrial and political power, and control over media by a few mega-corporations, seriously call into question whether democracy can survive in America. It is true that there are many other causes of inequality in America – gender inequalities, racism, regional and demographic disparities, and structural changes in the global economy – other than the institutions of capitalism. Nonetheless these characteristic features of capitalism – the separation of ownership and work, the winner-take-all market system, the relentless drive for profits, and the systematic breakdown of non-capitalist institutions – have unquestionably contributed to heightened inequality.

“Buy Low and Sell High”

Financial market instability and capitalism share a common legacy. From the Tulip Mania in Holland in the 17th century, to the stock market crash of 1929, and to the Asian crises in the 1990s, there is a common element. Each occurred where there was significant institutional development directed toward fostering the capitalist credo of “buy low, sell high” for profit. The institutional structure of capitalism is based on buying and selling in markets and taking profits. If these markets are left uncontrolled or unregulated, they tend to undulate through boom and bust patterns of instability. Prices can move up or down as market conditions change; sometimes overnight and sometimes by the minute. These up and down patterns can sometimes swing wildly just as would a vehicle that has no driver at the wheel. Financial markets – markets for stocks, bonds, commodities, currencies and other securities – are particularly vulnerable to such instability as they are designed to be liquid or easily converted to cash and are subject to constantly changing conditions and uncertainty.

Financial markets have evolved over time as part of the institutional fabric of capitalism. Wall Street institutions have drifted far from their original purpose of raising capital for real economic development. Most of what takes place in financial markets today has little or nothing to do with raising capital for real investments and has almost everything to do with speculative buying and selling. That is, people and institutions buy and sell stocks, bonds and other instruments purely on the speculation that money can be made by buying and selling. In this way, the financial system of the United States has come to resemble a nexus of gambling casinos rather than a system designed to bring together sources and uses of funds for real economic development. Speculative buying and selling is not aberrant behavior in capitalism, it is a generally accepted practice that stems from its central purpose of

profit-making. Throughout the several-hundred-year history of capitalism, buying, selling and taking profits has become an accepted path toward wealth accumulation – a path that is completely removed from productive work. Financial markets allow for an almost seamless conversion of assets in the form of stocks into cash, from cash back to stocks again or into bonds and so on. Financial market activity is largely a rapid succession of conversion of cash to a security, back to cash, back to a security, in flurry of speculative buying and selling. This succession is referred to in the financial press as “trading activity”. As we shall see, this rapid trading activity makes financial markets exceptionally unstable. Yet this instability is precisely the environment in which financial market speculators either thrive or are ruined.

With a systems view, we can see that social and cultural forces direct people’s habits and actions as much as they are by their personal impulses. People make choices, but they make them under very specific social contexts. Speculative greed is prevalent not only in capitalist systems, but it has been fostered by capitalist institutions and encouraged with capitalist ideology for 400 years. With the historic development and consolidation of the institutions of capitalism, the self-interested pursuit of wealth for wealth’s sake transformed from the sin of avarice to a high virtue, sanctioned by religious doctrine and by modern liberal philosophy.

The few that score big in financial markets are heralded as wise executives and those that lose are scorned as victims of their own imprudence, even though all engage in the same speculative actions. What separates the winners from losers could be mere luck or, perhaps more significantly, certain advantages. This history of financial market speculation demonstrates that the gains and losses are not distributed evenly when a broad base of the population is involved. Gains typically accrue to the few key inside players, and losses are suffered by those on the outside who were lured in by promises of easy access to the leisure class of which they have never been members. The process for extracting wealth from a broad base of the population in order to benefit the few has always been a key characteristic of capitalism. The mystique of capitalism is that it triumphs even when it appears to be failing miserably. The process of creating tremendous fortunes and simultaneous widespread ruin is not a flaw, but a direct consequence of the money-based, self-interested system of capitalism.

Collective irrationality and the momentum generated in each speculative market bubble was a systemic problem, and it was a problem that originated in the very logic of the capitalist credo to buy low, sell high and otherwise let the devil get the hindmost.

Speculative buying and selling of securities did not originate with capitalism. However, as capitalism came to be the dominant economic system, speculation and the profit motive moved from the margins of pre-capitalist society to occupy a central place. The institutions of capitalism transformed speculative trading activity from limited, localized events to major national and international financial crises. Virtually every large-scale financial market boom and bust crisis has occurred where capitalist institutions predominate. Moreover, throughout the history of capitalism large-scale boom and bust financial crises have followed a consistent and familiar pattern. These crises were also rooted in the same core institutions and were driven by the same motivation: greed.

Habits of Thought and Habit Energy

Before people in America can be convinced of a need to cease the behaviors that cause pathological systems conditions, they must see clearly its causes. This is difficult, and the difficulty lies with the institutionalization of these systems conditions, and with people's collective consciousness and attitudes about the world in which they live. It is very difficult for Americans to look deeply, with clear minds, and see that the systems conditions mentioned here are somehow anchored to the logic of capitalism itself. On this notion of the collective mind, Thich Nhat Hanh writes,

We may think that our agitation is ours alone, but if we look carefully, we'll see that it is our inheritance from our whole society and many generations of our ancestors. Individual consciousness is made of the collective consciousness, and the collective consciousness is made of individual consciousnesses. They cannot be separated. Looking deeply into our individual consciousness, we touch the collective consciousness. Our ideas of beauty, goodness, and happiness, for example are also the ideas of our society (Hanh 1998, 75).

Hanh is expressing a view that our thought-formations are as much societal as they are individual. Although each individual has unique thought processes, those processes are based on what Alfred North Whitehead referred to as "a widespread instinctive conviction in the existence of an Order of Things" (Whitehead 1925:4). In other words, this order is a shared model or paradigm that is socially constructed and reified into society's institutional fabric.

This conception of a paradigm corresponds to what Jürgen Habermas refers to as "an instrument with whose help we form objects or as a medium through which the light of the world enters the subject . . . the [paradigm] produces the world through which reality is mediated" (Habermas 1971, 10–12). Stephen Pepper concurs, "Man has a limited memory and a limited attention . . . [and] because of human limitations he does have to find convenient systems of organization for his data" (Pepper 1942, 71–72). Peter Berger and Thomas Luckman emphasize a similar notion as a "zone of lucidity against a background of darkness. As some zones of reality are illuminated, others are adumbrated" (Berger and Luckman 1966, 42). For Berger and Luckman, the ideality is socially constructed, that is, it is a set of ideas or categories of ideas that are socially created in such a way that a social group can organize and cohere their perceptions of reality such as to render it collectively intelligible.

Extending beyond Whitehead's original formulation, it can be argued that paradigms are comprised of symbols, images, icons or even mathematical abstractions that are sublimated by a social group and are passed on to subsequent generations. Objects in nature, which include social relations as well as things, are made to seem natural as they are formulated within the imagery of a paradigm. Once these objects are naturalized they are woven into the institutional fabric of society. Institutions, however, are key elements in guiding human social behavior – including economic activity. At the same time, the paradigms themselves are the products of human activity as they are socially constructed. In this way, there is a circular dynamic between the material world of economic *activity* and the non-material world of ideas and thought, or *ideality* (Magnuson 1995, 18). The two worlds are locked into a state of continuous dynamic interplay (Fig. 5.1).

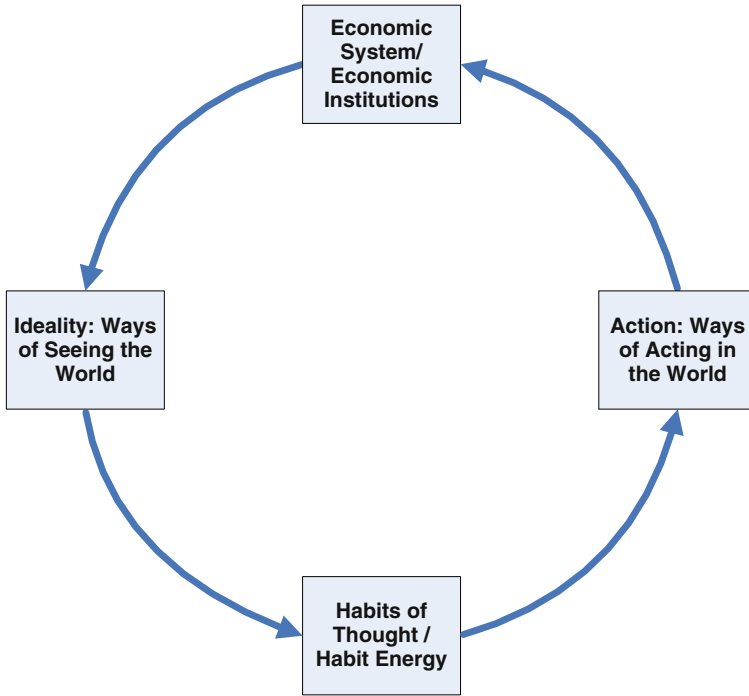


Fig. 5.1 Institutionalization

The dichotomous interaction between economic activity and ideality is at the core of the social construction of consciousness. This dichotomy can perhaps best be depicted as a heuristic separation of human activity and human culture. In this sense, human activity is envisioned as partly the act of engaging in a material interchange with nature, and partly interaction among people. Human culture is seen here as a constellation of all the material technics (tools, machinery, technology, etc.) and social practices (language, science, religion, etc.) that are necessarily linked to human activity.

For most of humanity, everyday lives have been consumed in the social struggles to fashion a living out of the material world. Knowledge about this material world is derived from what is illuminated in, or relevant to, these struggles. As one daily sets out to work in the world, one eventually settles on following a certain set of established practices or procedures, without which one would have to uneconomically reinvent and redefine the manner with which one performs work tasks each day. These practices become habitualized or routinized and consequently provide a stable foundation upon which new procedures may be innovated. These new procedures also become habitualized. Included here are the practices of developing habitual thought-formations, or what Thorstein Veblen refers to as “habits of thought” (Veblen 1919, 10).

Here we find a profound overlap between heterodox economic theory and Buddhist philosophy. For Veblen, habits of thought are the roots of social institutions (Veblen 1948, 297–305) yet, within the Buddhist tradition such habits or “habit energy” can be the roots of suffering (Hanh 1998, 24–35).

For Veblen and other heterodox economists, economic institutions are inherited habitually by subsequent generations. The institutions that are formed direct both economic activity and the advance of systematic knowledge. The structure of systematic knowledge, or the ideality, takes on an instrumental purposiveness as it congeals into the cultural tapestry of technics and practices that serve to advance the dynamic interplay with the material world. In addition, as knowledge congeals into certain material technics, there is a general advance in the culture’s store of technical knowledge pertaining to economic activity. On this Habermas writes,

... transformation of the labor process into a scientific process that would bring man’s material exchange with nature under the control of a human species totally emancipated from necessary labor. ... The processes of natural history are mediated by the productive activity of individuals and the organization of their interrelations. These relations are subject to norms that decide, with the force of institutions, how responsibilities and rewards, obligations and charges to the social budget are distributed among members. The medium in which these relations of subjects and of groups are normatively regulated is cultural tradition. It forms the ... basis of which subjects interpret both nature and themselves (Habermas 1971, 50).

The key point is the last sentence in this passage. In other words, the socially constructed ideality serves to guide our interpretation of our surroundings and ourselves. The ideality grips a conceptual hold on the minds of people. The productive activities of people in the United States are largely organized within the institutions of capitalism, and as such, a belief in capitalism holds a very tight grip in their minds.

Ideality not only functions as a structure for the systematic organization of thought, but also functions as mechanism serving to maintain institutional order and sustain the systems conditions that cause suffering. For Veblen, thought in this way can become habituated to serve the pragmatic function of maintaining a social status quo, and outline expedient rules of conduct and axioms of nature with the ulterior purpose of rigidifying habits of thought.

Habituated ideas and thoughts about our surroundings and ourselves are formulated in the dynamic process of acting in, and thinking about, the world. Our thoughts inform our actions and our actions inform our thoughts, which in turn inform our actions. This ongoing, mutually reinforcing process becomes reified into institutional structures. These institutional structures evolve into systems, which control economic activity. In this way, economic activity can be directed in a pathological way, and at the same time reinforce pathological ways of thinking. As we go about these daily activities, our actions become habitual and this becomes pathology of action – which reinforces the habit energy and pathology of mind. The seeds of pathology receive water from pathological institutions, which grow and provide even more water. That is, pathology of mind and pathology of action lock into a

mutually reinforcing dynamic, and we and our planet get sicker. The key to breaking out of this dynamic of pathology is mindfulness.

Mindful Institutional and Systemic Change

In a literal sense, mindfulness is a state of mind in which people become aware of their thoughts and actions, and are fully occupied in the present moment. To be mindful is to be totally engaged in the here and the now. With mindfulness, our minds are not cluttered with a running mental commentary or mental chatter about the millions of things that can capture our thoughts in a state. Mindfulness is a state that is free from this chatter and thereby enables us to openly and directly be engaged in the activities before us. With a daily practice of mindfulness, we can break out of the treadmill of pathology of action and mind. We become awakened to the true dynamic between action and ideality, and develop a clear understanding of the meaning of our actions and our motives. Mindfulness is thoughtfulness without superfluous baggage, and thoughts are clear, open and directly focused on the tasks at hand. Cultivated over time with practice, mindfulness allows us to be present in our minds and directly engaged in our daily tasks without delusion or attachment. But these tasks are not random, they are directed toward bringing about human and ecological well-being and this will involve playing a role in institutional and systemic change.

Active social participation is part of the Buddhist way. According to the teachings of the Buddha, people are not to escape from life, but to relate and engage to it as thoroughly as possible (Hanh 1998, 8). Such engagement is the practice of mindfulness. With appropriate mindfulness, people can begin the hard work of restructuring key economic institutions that direct economic activity on to a new course that leads systemic change and healthier livelihoods. Just as the institutions of capitalism have evolved over time to cohere into a complete economic system, the new institutions of a mindful economy, in time, will evolve and cohere into a new system. With appropriate mindfulness, systemic change will come to pass as a result of a process that will evolve out of, and away from, the current capitalist system, but not by overthrowing it as many critics of capitalism have advocated.

Systemic change is predicated on a kind of redrawing the institutional map. By this we mean actively mapping out a new set of institutions that are fully integrated and cohere systemically. Systemic change is an evolutionary process that openly seeks to redefine all aspects of economic life: the structure of ownership, the relationships between workers and managers, how consumers and producers interact, the nature and function of financial systems and financial instruments, public policy, clear ideas of what “fairness” and “justice” mean, as well as ecology and people’s relationships to their natural environment. All of these elements cohere into, and are embedded within, a broader cultural configuration that will be the mindful economy.

In mindful economics we seek to redraw the institutional map from both a bird’s-eye view and a worm’s-eye view. Envisioning economic embeddedness

requires a bird's-eye view. But this view cannot come into clear focus without actual work. We cannot understand how to change our material surroundings with an intellectual blueprint, we must also act. And through our actions we derive an understanding of how to make the necessary changes. In our daily struggles to make a living we generate knowledge about our material surroundings. This knowledge eventually congeals into our technology and institutions, and these become a part of our broader cultural fabric. So, as we work, our culture changes and these changes get shared with members of our community, and the culture itself acts as a mediator defining how we interact with nature and with each other. This, in turn, changes the way we work in our daily struggle to produce a living, and thus our economic system evolves.

Our vision of a mindful economy is not rooted in revolutionary ideology. It is practically inconceivable that a massive \$11 trillion dollar economy can be fundamentally altered in a peaceful or meaningful way through a sudden revolutionary catharsis. Bringing our vision of a mindful economy to reality will also require much hard work and patience. What is more conceivable and practical than cathartic revolution is a process of implementing real economic change in small steps beginning with the development of locally-based alternative institutions.

Capitalism and all other major economic systems that have existed historically were originally small and localized systems. In a mindful economy, smaller-scale local economic systems are not enclaves of economic utopias or communes, they are merely the starting places from which a broader and more comprehensive system can evolve and grow.

Pathways to a Mindful Economy

In the Buddhist tradition, the Fourth Noble Truth is the way out of suffering. This way requires a map, and as we work to redraw the institutional map of our economy, we shall need guidance. The Noble Eightfold Path is such guidance and can lead us out of suffering. To quote Thich Nhat Hanh,

If we live according to the Noble Eightfold Path, we cultivate well-being and our life will be filled with joy, ease, and wonder. But if our path is not noble, if there is craving, hatred, ignorance, and fear in the way we live our daily life . . . suffering will naturally be the outcome (Hanh 1998, 46).

The eight dimensions to this path are: Right View (Vision), Right Thinking, Right Speech, Right Action, Right Livelihood, Right Diligence, Right Mindfulness and Right Concentration. It would be beyond the scope of our work here to expand on all eight dimensions, so we limit our focus to what is seen as “right” in this conception. What is considered “right” is simply that which is truly beneficial, healthy or wholesome. Rightness is not based on moral judgments or commandments, but rather it is through our awareness that we come to see what is beneficial to the community, the environment and ourselves. As this is an institutional analysis, we see rightness as a set of principles that will serve as guides for institutional development

for creating beneficial, healthy and wholesome lifestyles. Moreover, as we are concerned about evolving our economy away from the pathological systems conditions of environmental damage, inequality and instability, we identify these principles of “rightness” to include (1) social justice, equity and democracy, (2) ecological sustainability and (3) stability. These principles can guide economic activity toward wholesome outcomes and can also be specifically structured into the bylaws for governance of community-based corporations.

The Intrinsically Democratic, Equitable, and Just Character of a Mindful Economy

Thich Nhat Hanh offers training in mindfulness, which involves cultivating an awareness of the suffering created by exploitation and social injustice (Hanh 2007, 54). As we are directly and purposefully engaged in challenging this problem, we seek to build intrinsically democratic economic institutions. An intrinsically democratic economic institution is one governed directly by all the stakeholders in the community who are affected in some way by the activities of the business. A mindful economy is based on the fair and equitable value of each individual’s contribution. Their right to work without harassment or racial or gender discrimination, and the right to a decent livelihood are all important to the overall livability of the community. People are full-fledged members of their communities and play an active, four-dimensional role in the economy: as employees, consumers, owners and citizens. As employees, people in a mindful economy earn incomes by working for community-based, non-capitalist businesses. As consumers their incomes are also spent in these same community-based businesses whose operations are guided by core values-based principles. What makes these businesses community-based is the fact they are owned by the people in the community. By becoming owners, people have the constitutionally guaranteed right to sovereignty over their businesses; that is, they govern the actions of the businesses democratically. To govern means to actively participate in the decision-making process as mindful economic citizens. Unlike capitalism where people are separated from ownership, in a mindful economy people are empowered with ownership as well as the rights and responsibilities that go with it.

Respect for All Life and Natural Processes

In mindfulness training, Hanh also emphasizes a commitment to cultivating the well-being of animals, plants and other resources (Hanh 2007, 54). In a mindful economy, the natural environment is seen as something to be valued and preserved in its own right, not only on the merits that it provides something useful to people. A systematic way of approaching proper stewardship of the planet and its resources is to follow the Brundtland Commission’s “Socio-Ecological Principles for a Sustainable Society” (Magnuson 2007, 326–327) listed below:

- (1) Substances extracted from the lithosphere must not systematically accumulate in the ecosphere.
- (2) Society-produced substances must not systematically accumulate in the ecosphere.
- (3) The physical conditions for production and diversity within the ecosphere must not be systematically deteriorated.
- (4) The use of resources must be effective and just with respect to meeting human needs.

Stability of a Mindful Economy

Unlike the boom and bust instabilities of capitalism, a mindful economy rests on a secure foundation that is firmly embedded in the local community. It is independent from the Wall Street speculators and other predatory practices that cause the financial system to swing up and down with instability. To build a mindful economy, these principles must be present in all economic institutions whether they are involved in manufacturing, agriculture, banking, retail or any other sector. The most direct and effective way to build such a system is to create community corporations that are chartered specifically to pursue these values.

Community Corporation

The process of creating a corporation begins with a legal draft of the articles of incorporation or certificate of incorporation filed with state governments. This is the legal description of the corporation including the name, place, description and purpose of activities as board members and so on. From the point of its creation, the corporation exists as a distinct legal entity. The certificate of incorporation establishes the entity itself and its purpose, but the operating rules of the business are set out in the corporate *bylaws*. Corporate bylaws provide legal and managerial guidelines directing the day-to-day business activities along the lines set out in the articles. Founders can propose specific provisions based on what they believe would make the business most effective in achieving its intended purposes. Each business can lay out specific principles of governance on an industry or community-specific basis to guide business practices. In other words, a just or sustainable practice in agriculture may differ from those in banking, which will differ from those in manufacturing, and so on. Once instituted, all stakeholders will be contractually obligated to follow the rules and guidelines set out in the bylaws. Exactly what a community wants the corporation to do is established in this process. In a mindful economy, therefore, we contend that each business enterprise must have the principle of a mindful economy built into its articles and bylaws. Once these principles are built into the corporate charter, the corporation itself is duty-bound to work accordingly.

One model of a community corporation that can be adopted as mindful economic community corporation is the B Corporation and the “B” stands for “beneficial”. B

corporations are relatively new corporate model that are designed to specifically meet social and environmental standards as well as to create a social change movement by institutionalizing stakeholder interests, which includes not just the interest of investors but also employees, customers, their community and the environment. Stakeholders in B Corporations also build a collective voice by unifying their products with other B Corporation brands. B Corporations explicitly embed their values into their governing documents to ensure that as investors, managers and personnel come and go, the values will remain intact. To become a B Corporation, the company must first pass a rigorous test, or rating system, on their environmental practices, employment practices, purchasing policies and whether their products are beneficial to society.

Another such possibility would be to create the community corporation as a co-operative. Once established as a co-operative, the articles and bylaws can specify that the company is also to be guided by the principles of governance of cooperatives established by ICA Commission on Co-operative Principles. Co-operatives can also be established as fundamentally non-capitalist as it is not characterized by the profit motive, the social separation of ownership and work or the growth imperative. The company is driven by the motive to serve the community, integrates ownership and work and does not pursue growth for growth's sake. A co-operative can also extend democratic ownership and control to all stakeholders in the community who are affected by its operations including employees, consumers, suppliers and members in the immediate surrounding community.

The process of creating a community corporation and defining its purpose its legal documentation is the key. This is arguably the single most important step in evolving an economic system toward a mindful economy. It is here with the corporate charter that the DNA of the business institutions is defined, and it is from these institutions that specific actions are determined. From the actions, new habits are formed as well as new idealities.

With appropriate mindfulness, people's motivations are significantly different from those of capitalism. Capitalism is a system that is based on the cynical assumptions that people are naturally greedy and self-interested. In a capitalist system it is assumed that people aspire to own businesses because their only interest is to become wealthy. It is also assumed that people consume as means to indulge self-interest and to elevate their social status. There is certainly plenty of evidence of greed, self-interest and conspicuous consumption in America, but it is our contention that these human traits have been allowed to grow and have become institutionalized by the capitalist system's need to produce, sell and grow. In a mindful economy, other human characteristics and traits can be fostered and developed under a different system. In a mindful economy, people are motivated by certain core values, not greed and self-indulgence. Consumption is not a means to elevated social status, but an integral part of a sustainable healthy life of light ecological footprints and minimal waste through consuming green and consuming less. Ownership is not a path to riches but is local or community-based, and is part of a truly democratic system. In a mindful economy community corporations fundamentally integrate ownership and work. These businesses are created to achieve specific purposes that are, again, guided by the core values-based principles of mindful economics. Unlike

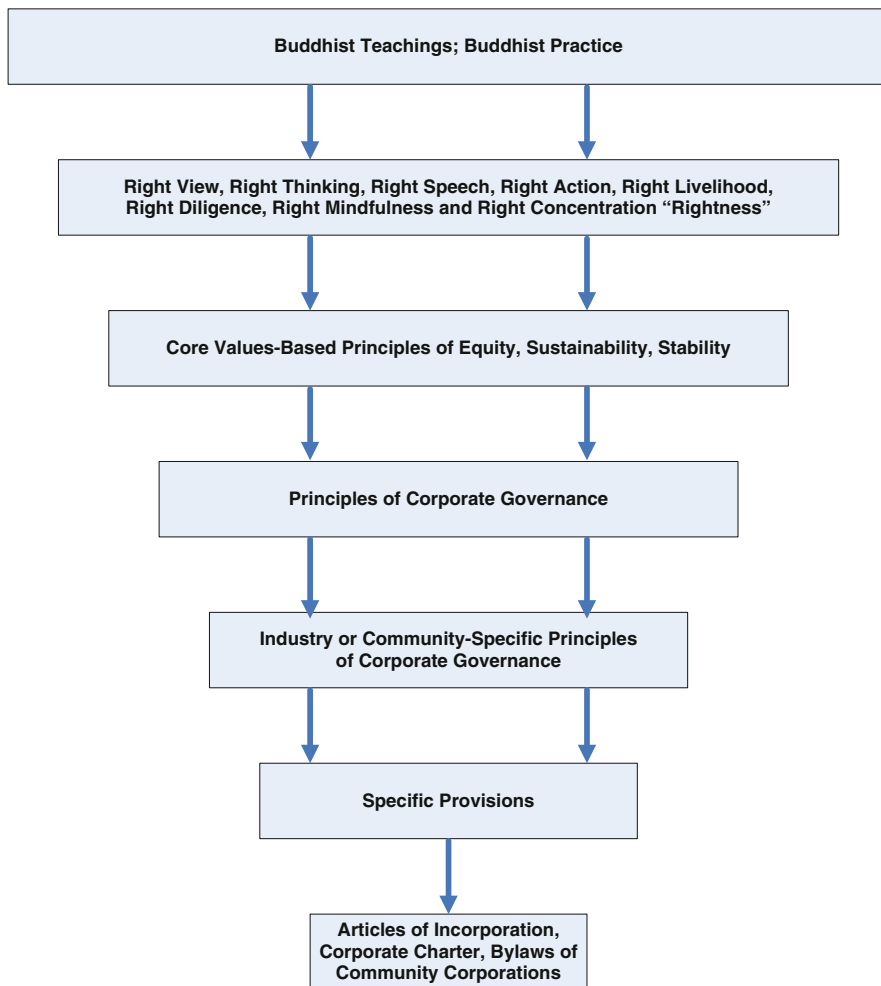


Fig. 5.2 Businesses in a mindful economy

capitalism in which the purpose is to make profits for investors, businesses in a mindful economy openly and directly work to serve the needs of people by producing and distributing food, clothing, shelter, health care, education, transportation, etc. (Fig. 5.2)

From Anecdotes to a Mindful Economic System

In a mindful economy, households are still locked together with these businesses through a network of markets. Unlike capitalism, however, they are not locked together in a mutually antagonistic cash nexus fraught with conflict and opposition.

In a mindful economy they are brought together by shared values and a fundamental integration of ownership, work and consumption. In a mindful economy the monetary and banking system can be re-created to be democratically controlled by local community corporations – financial cooperatives – and citizens, and function not as a gambling casino, but be true to its original purpose. Unlike the non-democratic and centrally controlled system of capitalism, the financial system of a mindful economy serves the true needs of the community by providing financial services for economic development, homes, public works projects, etc. and provides monetary stability. Since the mindful economy is not driven by the profit motive, it is not subject to speculate greed that creates financial market instability. A community-based system of money and finance can achieve independence from Wall Street and to some degree from the Federal Reserve System.

A mindful economy is supported by local government that is firmly rooted in procedural and substantive democracy. Democratically accountable government does not imply accountability to special interests, powerful institutions or money. It implies that it is directly accountable to its citizens, and the citizens are also responsible for participating in the democratic governance of the community. And imagine an economy in which people living in homes, eating food and wearing clothes that were all produced using sustainable practices. All these elements of a mindful economy exist in one form or another like the pieces of a puzzle. What is missing is bringing these pieces or anecdotes together into a full-fledged system. The whole of the system is at least as great as the institutional parts (Fig. 5.3).

The big picture of a mindful economy is a network of institutions that are compatible, and are compatible because people will have mindfully and purposefully made them so. A mindful economy, therefore, is an economic system comprised of a network of institutions created by people who share this core set of values-based principles.

The process of moving from dispersed anecdotes – a food co-op here, community corporation there, financial cooperative elsewhere – to a networked and unified system will be difficult and will take time. Institutional change is difficult and systemic change is even more difficult. But change is inevitable nonetheless. Recall Daniel Quinn, “If there are still people here in 200 years, they won’t be living the way we do. I can make that prediction with confidence, because if people go on living the way we do, there won’t be any people here in 200 years.” The question therefore should not be about whether or not we shall change, but how to bring about the right kind of change. Bookshelves are loaded with books that take a critical view of our economic system, but very few venture a suggestion as how to change it. This is probably because as we make suggestions for change, the suggestions are always met with much resistance. Resistance often comes from what famous sociologist, William F. Ogburn, referred to as “cultural lag”. Ogburn was among the first sociologists to address cultural lag as a specific problem in social evolution. Taking a systems approach in which economic activity is embedded in a totality of culture, he noted that change and adaptation can occur at a different pace for different parts of society. For example, he noted that auto manufacturing technology has evolved at a faster rate than the development of transportation infrastructure

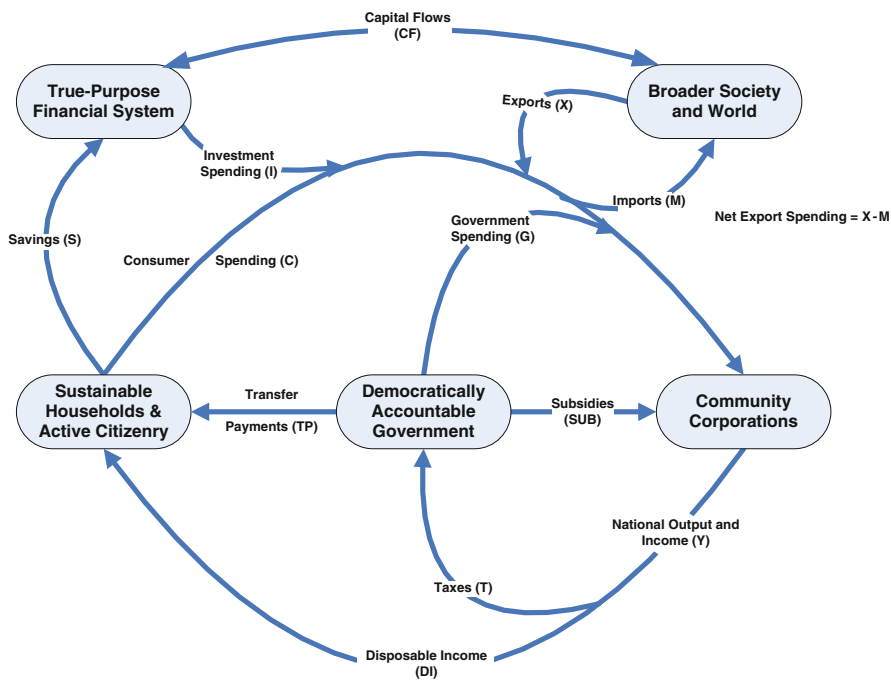


Fig. 5.3 Mindful economic system

necessary to accommodate the newer, larger and faster vehicles. During the Stone Age, Ogburn noted, non-material or institutional aspects of cultures were evolving much more quickly than stone technology. In the modern period, however, he sees science and technology as the prime movers of culture, and social institutions have lagged behind (Ogburn 1964, 86–95). Currently we seem to be in a new phase in which the long-term consequences of economic growth are becoming manifest, but social institutions are slow to change in order to accommodate the transformations and adaptations necessary for our survival. The totality of culture consists of both material (physical property and artifacts) and non-material (institutions), and both must evolve to adapt to our changing world environment. Social institutions need to change and evolve so as to allow new technology to develop and to foster its development. Technology is institutionally engendered, and a passively blind faith in technology is tantamount to blind faith in existing social institutions. People must be proactive and actively pursue institutional change. This change will foster new technologies – necessity is, as the saying goes, the mother of invention.

Our concern is that we cannot afford to have cultural lag in the face of a multi-faceted crisis of resource depletion, rising instabilities and crushing inequalities. We must be proactive and actively begin building new institutions despite fierce opposition. Those growing problems all require institutional change and adaptation away from capitalism.

Capitalism began as an anecdotal model and evolved, with institutional change and adaptation, into a full-fledged economic system. We can learn from this historical precedent. In Mindful Economics we see that economies can once again evolve. We see it evolving, step-by-step, away from the growth-oriented, profit-driven capitalist system to a community-based, sustainable system. This must necessarily involve mindful institutional development and change. And unlike Utopia, which means “nowhere,” the alternatives are everywhere all around us.

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Part III
Achieving Happiness and Peace

Chapter 6

Do Our Economic Choices Make Us Happy?

Colin Ash

The “dismal science” of economics is getting happy. Empirical evidence consistently shows that above a fairly basic level of income, extra income or consumption gives very little additional happiness. Interpersonal relationships become increasingly important, as do one’s personal values, philosophy of life, and religious affiliation; also strategies and techniques for mood control and raising one’s baseline or set-point level of happiness. All of which focuses the attention on how we choose to spend our money and time.

There are many parallels between recent findings by psychologists and economists researching happiness, and the Buddhist analysis of the ‘happiness problem’. *Dependent origination* is a psychological conditioning process driven by deep cognitive errors. Resulting choices are typically experienced as unsatisfactory. This paper explains these parallels; also the Buddhist therapeutic response – meditative mind training. Again there are links – with contemporary clinical techniques, e.g. cognitive behavioral therapy and positive psychology. Though Buddhism could be viewed as a form of negative utilitarianism, its conception of happiness is more akin to *eudaemonia* than a hedonic balance of pleasures and pains. Should the aim of individuals and policy makers be the maximization of happiness?

Introduction

Economics, particularly the branch of the subject known as microeconomics, studies choice. For example, economists analyze the decisions made by individuals and households on how to allocate their money and time: what to buy, how much to save, and how many hours to work. Recent empirical evidence indicates that often these economic choices do not much improve our happiness.

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Economists like general theories. Buddhism provides what might be called a general theory of *unhappiness*. It offers an understanding of the generic cause of unhappiness, and proposes a remedy. Thus the purpose of this chapter is first to summarize the empirical evidence on ‘unhappy’ economic choices, and then to present a Buddhist analysis which has remarkable complementarity with recent findings from psychologists and others researching happiness. Buddhist diagnoses leads to a potential Buddhist cure, which we discuss. The chapter ends, however, on a cautionary note: in what sense, if any, is ‘the greatest happiness’ is the Buddhist goal?

Income and Happiness

What is economic activity for? The obvious answer is that its purpose is to generate, sustain and, if possible, improve human welfare. However the concept of human welfare is itself elusive; economists have long been concerned about its meaning and measurement. For about 150 years, economists were utilitarians. They subscribed to the philosophy of Jeremy Bentham (1789): the best society was one in which citizens are the happiest, so the aim of policy should be to promote “the happiness of the greatest number”. The problem was then and still is, how to measure happiness?

The sense of happiness extends in (at least) three dimensions. The most immediate is hedonic, sensual and emotional – pleasurable feelings. Then there is a more cognitive, judgmental evaluation of the balance of pleasant and unpleasant feelings over the longer term. The broadest and most normative concept of happiness relates to the quality of life, human flourishing and the realization of one’s potential (Aristotelian *eudaemonia*).

So perhaps it is not surprising that most surveys of subjective well-being retreat from explicitly defining happiness, asking instead a simple question which allows respondents to reply according to their own criteria. A typical questionnaire might ask: “On a scale of 0 (totally unhappy) to 10 (totally happy), how happy or satisfied are you with your life as a whole these days?” However suppose that over the last 10 years, three-quarters of society say that they have become a little happier, while the remaining 25% are now reporting acute clinical depression. Is society better or worse off? Without any means of making interpersonal comparisons of reported happiness, these surveys give little practical guidance to policy-makers. For example, redistributing wealth to the poor from the rich no doubt makes the first group happier and the second group less so. But how far should this redistribution be taken if the aim is to make everyone as happy as possible? The answer requires objective quantifiable information about the impact of changes in wealth on different individuals’ well-being. So from the 1930s onwards, attention shifted towards a much easier, admittedly imperfect, measure of welfare – Gross National Product (GNP), the sum of a country’s income or spending or output.

This is why economics and particularly economic policy often seems to focus almost exclusively on the growth of income and creation of wealth. Consumer spending, the provision of public services, investment by private and public sectors and international trade undoubtedly contribute to well-being. For example, wealthy

people are generally more educated, enjoy better health, and live longer. It is hard to imagine that people experiencing grinding poverty are happy. What is true for the individual is true for society as a whole: once basic needs are satisfied, further growth in national income opens up the possibility of expanding the range of choices open to society. Economic progress, in the form of greater material prosperity, has generally been a very good thing indeed. However economists have always viewed GNP as an imperfect measure of human welfare. Recently they have begun (again) to take happiness seriously. (And, in 2004, the Himalayan Buddhist kingdom of Bhutan became the only country in the world to attempt to measure its well-being by Gross National Happiness (GNH) instead of GNP.)

This gradual and ongoing shift of focus has come about, because the neuroscience of happiness has markedly progressed over the past 20 years or so. Measures of serotonin levels, blood flow, oxygen uptake, electrical activity in different parts of the brain and fMRI scans all confirm a direct connection between brain activity and reported mood – positive and negative feelings (Davidson 2004; Urry et al. 2004). Questionnaire results correlate directly with the neuroscientific measures. Happiness is, in principle, as measurable as blood pressure. Economists can begin again to take happiness seriously because self-reported subjective well-being is now shown to have objective validity: for evidence, see Coghill et al. (2003), Davidson (1992, 2000), Davidson et al. (2000), and the summary provided by Layard (2005).

A renewed and burgeoning interest in happiness within the “dismal science” of economics has come about not least because of the discovery that the correlation between the increases in income and in reported happiness is at best tenuous. Many of our economic choices do not appear to make us happier. Accessible and comprehensive reviews of and contributions to the relevant economics literature can be found in Bruni and Porta (2005), Frey and Stutzer (2002) and Layard (2005). Readers particularly interested in the psychological basis of this research will find valuable summaries in Kahneman et al. (1999), Nettle (2005), *New Scientist* (2003), and Schwartz (2004). The following summary of this research leans heavily on these excellent sources.

Economic analysis of the relationship between GNP per head and happiness, measured by average population scores from surveys, shows three remarkably clear findings:

- (1) Over the past 50 years rich countries (e.g. US, UK and Japan) have become much richer; for example average real incomes have more than doubled. However the evidence shows that people are on average no happier. In the economics literature, this is known as “Easterlin’s Paradox” (Easterlin 1974, 1995). Researches by psychologists (Diener et al. 1995) and political scientists (Inglehart 1990) reach the same conclusion. Figure 6.1 illustrates this finding. In fact depression, suicide, alcoholism and crime have risen. Happiness in poor countries on the other hand has increased with higher income.
- (2) Rich countries are usually happier on average than poor countries. Obviously other things besides income determine happiness. This can be seen from Fig. 6.2. Why is New Zealand about as happy on average as the US when average income in the US is almost double New Zealand’s? Vietnam has half the per

capita income of the Ukraine, yet the Vietnamese are on average almost twice as happy.

- (3) As Table 6.1 shows, within rich countries the rich are much happier than the poor. However increases in income have not made either group any happier.

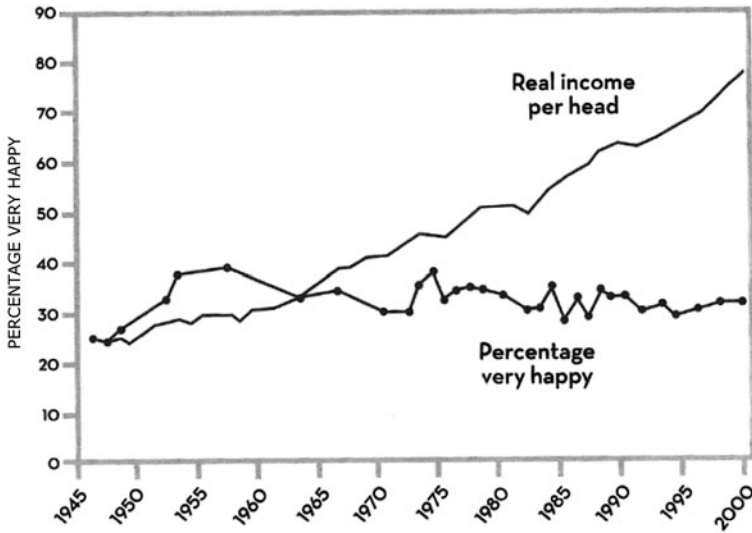


Fig. 6.1 Income and happiness in the United States
Source: Layard (2005, 30)

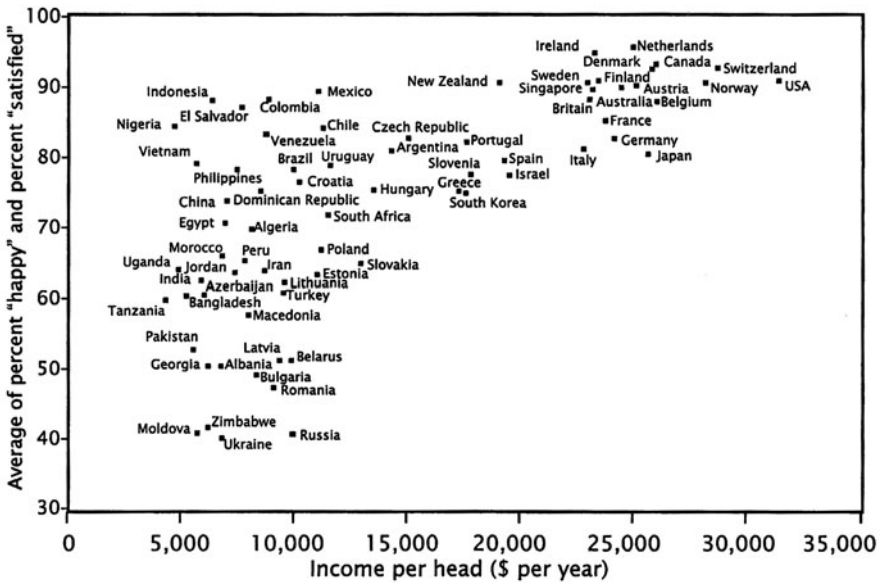


Fig. 6.2 Income and happiness: comparing countries
Source: Layard (2005, 32)

Table 6.1 Happiness in the US by income (%)

	Top quarter of income		Bottom quarter of income	
	1975	1998	1975	1998
Very happy	39	37	19	16
Pretty happy	53	57	51	53
Not too happy	8	6	30	31
	100	100	100	100

Source: Layard (2003)

All the evidence suggests that extra income certainly matters, but only when we do not have a lot of it. For an individual or a society struggling to subsist, an extra dollar can significantly raise well-being. From there on and controlling for all other influences on happiness, the effect of extra income begins to tail off. Once income per head exceeds about \$20,000 (at 2005 prices), extra income appears to have very little additional impact on happiness, *ceteris paribus*. There are diminishing marginal returns. This occurs because of adaptation and social comparison.

Adaptation (or habituation) is part of our human hardwiring. Like other animals, we respond less and less to any given level of sensory stimulus. An increase in income or a lottery win initially raises happiness. After a while we get used to a higher material standard of living, and take it for granted. Happiness falls back towards a baseline level, probably determined by innate personality and temperament.

In addition to changing our response to a given level of stimulus, we often ratchet up our expectations, raising our targets and aspirations as our actual standard of living increases. For example a recent survey, (targetpointconsulting.com 2009), concludes that “the median income at which people say they would feel happy is roughly double their actual income, pretty much regardless of the income level. Proof. . .that more money is unlikely to be enough – whatever you earn ‘rich’ is out of reach” (Briscoe 2010). If our satisfaction or happiness depends on closing the gap between the income we want and the income we actually have, we find ourselves on a hedonic treadmill, always chasing a moving target, and always being dissatisfied. Whatever the cause of adaptation, some of the empirical evidence suggests that *changes* in income have a larger quantitative effect on the level of happiness than the *level* of income. However much income they have, income addicts always want more!

Social comparison (or rivalry) puts us on another inherently unsatisfactory treadmill. Once again there is strong empirical evidence that what matters for individual happiness is not so much our own income or consumption in isolation, but our income or consumption compared with that of others: see Clark et al. (2008) for an excellent survey of the relevant literature. *Relative* income matters to happiness at least as much as our *absolute level* of income. Vendrik and Woltjer (2007) show that individuals’ happiness is particularly sensitive to relative losses. Given others’ income, a loss of, for example, \$100 hurts more than the extra happiness enjoyed

from \$100 gained. They explain this in terms of increasing financial obstacles to social participation when relative income falls.

Consumption is “positional” and often deliberately conspicuous. We want to “keep up with the Joneses”, and ideally get ahead. Data for the US suggests that if one person’s income goes up, the loss to others is 30% of his or her initial gain in happiness (Blanchflower and Oswald 2004). In the limit, if everyone’s income increased at the same rate, no-one would be better off. Social comparison helps to explain why rich Americans are happier than the poor, and yet neither group seems to have been made much happier even though there has been sustained income growth across the whole country since the 1950s. The futile attempt by each of us to have higher income or consumption than everyone else puts us on a social status treadmill. The resulting “income arms race” is inefficient. People spend too much time working to achieve what is at best a temporary gain in relative income. All would be happier if overworking were deterred. Frank (1985, 1999, 2005) in the US, and Layard (2005, 2006) in the UK therefore advocate taxation on income or consumption in order to correct this inefficient misallocation of time. More leisure time could then be spent investing in interpersonal relationships – e.g. with family, friends and within the community. Happiness research consistently reveals that, once a fairly basic level of real income has been achieved, extra income or consumption gives very little additional happiness, compared with enjoying such relatively time-intensive relationships as these.

Like adaptation, social comparison may be part of human hardwiring. It has been suggested by Nettle (2005) that our early ancestors learnt about the availability of subsistence essentials such as food, shelter and primitive tools by observing the possessions of their neighbors; also, those with better food, shelter, etc. implicitly signaled their superior genetic fitness. If these were indeed the original reasons for social comparison and rivalry, they are largely redundant today.

Income therefore matters as long as it increases, and if we have at least as much as others in our reference group. Fortunately, recent research also confirms that there is more to happiness than income, wealth and material consumption, once basic needs are met. Our genetic inheritance and family upbringing no doubt affect our capacity to be happy as adults. Then, surveying the available evidence, Layard (2005) concludes that there are five factors which have little or no impact on happiness: age, gender, our physical attractiveness, IQ and education. He identifies seven factors which research shows do have a significant impact on our well-being (the first five are listed in order of quantitative importance): family relationships, financial situation, work, community and friends, health, personal freedom and personal values or philosophy of life. The size of the marginal impact on happiness of these seven factors is shown in Appendix 1. What is remarkable is how large a quantitative effect these mainly relational variables have particularly when compared with significant changes in family finances. *A propos* the subject matter of this paper, note the relative size of the coefficient for religious belief.

One point stands out very clearly. Because we are “social-selves”, we need to belong. Close relationships – in our family, with friends, at work, in our community, as members of a voluntary organization or religious group – make us happy. As well as providing love, support and material comfort, they define our identity – our sense of who we are. These are high trust relationships, and trust between people is an important contributor to personal happiness. Divorce, widowhood and unemployment have a significant and lasting negative impact on our well-being. Unemployment hurts beyond the loss of income as social ties are broken, and rising unemployment causes insecurity which reduces the happiness of even those who do have jobs.

Social relationships – their formation and fracture – have a more lasting impact on happiness than does income. The reason is that adaptation to them is typically incomplete. People never fully adjust back to their baseline level of happiness after getting married or losing their job. Expectations and goals do not seem to be raised or lowered after these significant life events as much as they are by fluctuations in material circumstances. The psychological impact of changes in social relationships which impinge upon our very identity are more profound than transitory hedonic stimuli. However, relationships are often either explicitly or implicitly conditional. The paradox is then that, while offering us intrinsic benefits, these relationships also require time and money to sustain them. Long hours at work may be the price that has to be paid to maintain workplace friendships. In order to enjoy a valuable relationship with the Joneses, we may have to match their spending. Rational happiness maximizers compare these benefits and costs, and choose their relationships accordingly (Ash 2009).

Notice also the inclusion of personal freedom and personal values or philosophy of life in Layard’s list of the seven major factors determining happiness. The quality of government matters: administrative efficiency and effectiveness, stability, accountability and democracy, including democracy at the local level, all enhance the well-being of citizens. And as economist Richard Layard concludes: “Finally, and crucially, our happiness depends on our inner self and our philosophy of life. [P]eople are happier to appreciate what they have, whatever it is, if they do not always compare themselves with others; and if they can school their own moods . . . [H]ow we interact with others is equally important. . . .more anxiety comes from striving to ‘do well’ for yourself than from striving to ‘do good’ for the rest of the world” (Layard 2005, 71–73).

Based on his evaluation of the factors which most influence our well-being, Layard recommends appropriate policies, some of which are markedly different from current, orthodox economic thinking. These are shown in Appendix 2.

A Buddhist Diagnosis

As we have seen, in wealthy, developed economies happiness has not increased in spite of very large increases in income. No doubt part of the reason is because there have been simultaneous offsetting trends in depression, crime, mistrust and

family break-up. Some might want to add the pervasive influence of increased hours spent watching television: an alleged reason for the decline of community life and for creating wants by commercial advertising. Others might put the blame on moral erosion due to increased individualism and, outside the US, declining religious belief. Materialism breeds discontent: Nikerson et al. (2003) show that “the more important people believe financial success is, the more dissatisfied with both work and family life they are” (Nettle 2005, 152). Clark and Lelkes (2005, 2007), Helliwell (2003) and other researchers have evidence that religious behavior is positively correlated with individual life satisfaction, when controlling for other possible influences. Besides the utility from expected afterlife rewards that individuals derive from religious practice, religion may act as a buffer against stressful life events, for example unemployment and divorce, and religious affiliation can be an important source of social support. In their study of 20 European countries, Clark and Lelkes (2007) show that religious behavior in a region has positive spillover effects, enhancing the well-being of both those who are religious and those who are not.

As previously explained, the pursuit of income and consumption is unsatisfactory in itself because of eventual adaptation and social comparison. Trapped on hedonic and social treadmills, we over-invest our time in paid work and associated commuting, at the expense of building and maintaining valuable relationships with family and friends, and within the wider community. Clearly many of our choices – what to buy, how many hours to work – often do not bring us happiness.

Buddhism recognizes that there is the happiness of sense pleasures – the Pali terms are *kamasukha* or *samisasukha* – and spiritual happiness, *niramisasukha*, the highest form of which is *vimuttisukha*, happiness which is independent of material things and sense desires. (This happiness hierarchy is but one small example of an important general point made by Riis and Woodhead (2010): “religious people learn to sound the emotional notes approved by the religions to which they belong in authorised ways. In doing so, their emotional lives are formed according to an approved pattern of emotional stability and coherence”. The study of religious emotion needs to be nuanced: it is as much about recognizing the role of socialization, culture and indeed power, as it is about neuroscientific data). Although “contentment is the greatest wealth” (Dhp. V. 204), there is recognition that wealth, lawfully obtained by hard work, brings four sources of worldly happiness: economic security, having enough to spend generously on oneself and others, the peace of mind that accompanies freedom from debt, and the peace of mind of knowing that one has earned one’s wealth blamelessly (A II 62). This sort of worldly happiness is attained through skillful endeavor, protecting one’s savings, having trustworthy associates, and living within one’s means (A IV 281 and 285).

The starting point for a Buddhist analysis of the “happiness problem” is the starting point of the *Dhamma*, the Buddhist world-view, itself: *dukkha* – suffering, unsatisfactoriness – and its cause. Its proximate cause is *tanha*, strong desire or craving. Its root cause is *avijja*, ignorance. Here I shall focus specifically on ignorance in the following sense: as not understanding through experience and insight what from the Buddhist perspective are the three fundamental characteristics of existence – impermanence, unsatisfactoriness and selflessness or emptiness – and

dependent origination. In a nutshell, suffering arises through attempting to sustain a mistaken identity built on attachment to transitory mental and physical phenomena. The process by which this comes about is dependent origination.

Ignorance, a fundamental and pervasive cognitive deficiency, conditions and is manifesting in our *karma* formations – our “inherited forces” (Collins 1982, 202) or core “operating system”, in particular our habitual drives and tendencies. These habitual drives in turn propel our awareness/discernment (Harvey 1995) into a discriminating mode (Sucitto 1991, 9) that operates in terms of the “conceptual and formational blueprint” which is our experiential individuality (Hamilton 1996, chapter 6). This “blueprint” determines our sensory functioning, in particular the way we select, process and interpret sensory data. Phenomena are therefore discerned as existing on one side or other of the “sense doors” (Sucitto 1991, 9); that is, as “I”, subject, and “other”, object.

Sensory stimuli give rise to varying degrees of pleasant or unpleasant feelings. These feelings stimulate desire (or its opposite, aversion), which grabs the attention – or, more accurately, the attention grabs and attaches to the desire. Layard (2005, 189) observes that “[i]n psychological jargon the problem is one of ‘framing’ – by focusing on one particular desire or feeling we give it excessive salience”. We identify ourselves with this desire. Personal aims and obsessions develop (Sucitto 1991, 10), reinforcing the sense-of-self. This motivates intentional choices and actions (*cetana*). However as the original stimuli inevitably cease so too do the associated feelings. Only the motivational energy of the self remains. These choices, now lacking any sustainable rationale, inevitably lead to disappointment, depression and dissatisfaction.

Keown (1992, 66–71, 211–214, 223–225) amplifies and clarifies the Buddhist analysis of choice. Intentional choices are the outcome of the interplay between cognitive faculties and processes, *sanna*, as well as affective ones, *vedana*. Both these processes are conditioned, in the way previously described, by the *asava*, the underlying biases or viruses infecting our psychological programming, propensities and sensory functioning. Typically this results in incorrect cognitive evaluations and inappropriate emotional responses. *Tanha*, strong desire or craving, is a malfunction of *sanna* and *vedana*. Choices are therefore driven by desires for pleasurable (but transient) states, mistakenly conceived as good when they are not.

This process is repeated moment-to-moment and endlessly as long as ignorance persists, i.e. as long as cognitive errors, conditioned responses to stimuli, and self-deception remain unrecognized and unchallenged. At root is false self-consciousness. Loy (2003, 22–28) emphasizes that “the sense of self is shadowed by a sense of lack”; that we try to make ourselves real in ways that never work; in particular that we try to construct a real self, and therefore become happy, by satisfying our desires. This project is bound to fail. The upshot is a permanent state of unfulfilled desire, manifesting in the economic sphere as a mood of restless dissatisfaction with what we have got and who we are so that, for example, we go out and buy more.

According to the Buddha’s diagnosis, we inherit deep cognitive errors – ignorance, in Buddhist parlance – which infect our cognitive evaluations and emotional

responses. Strong desires, *tanha*, and attachments, *upadana*, dominate our choices often for things that we may expect to be immediately pleasurable but which do not, indeed cannot bring satisfaction or contentment.

There are remarkable parallels between the conditioning process of dependent origination and recent findings of psychologists and others researching happiness. *Sankhara* – inherited forces, habitual drives and tendencies – condition the way we experience the world, together with our erroneous cognitive evaluations of this experience and inappropriate emotional responses. About 50% of personality (Nettle 2007) and anything from 50% (Lyubormirsky et al. 2004) to 80% (Lykken and Tellegen 1996) of the interpersonal variation in long term subjective well-being can be ascribed to inborn temperament, character and ability to overcome setbacks. Both personality and happiness show temporal stability, with happiness certainly responding to life events in the short run, but eventually reverting towards the individual's set-point on account of adaptation (Costa and McRae 1980; Costa et al. 1987; Magnus et al. 1993). We have also inherited a basic survival program of seeking pleasure and avoiding pain. But pleasure is not the same as happiness. Different brain chemicals drive desire and pleasure on the one hand, and happiness on the other. Dopamine and opioids are involved in pleasure, wanting and desire. Serotonin is involved in well-being and happiness.

The Buddha points to *tanha*, strong desire, as the proximate cause of existential unsatisfactoriness. Psychologist Daniel Nettle (2005) posits that human behavior is driven by desire, and that evolution has made us desire things that are generally good for our (early ancestors') fitness (e.g. status and material resources). These things may make us happy, or they may not. Evolution has also given us a "strong implicit theory of happiness. . . . we come to the world believing that there is such a thing as achievable happiness, that it is desirable and important, and that the things we desire will bring it about. It is not self-evident that any of these are actually true. The idea of happiness has done its job if it has kept us trying. In other words, evolution hasn't set us up for the attainment of happiness, merely its pursuit" (Nettle 2005, 168). We therefore pursue income, consumer goods and status at the expense of more valuable relationships, programmed also, it would appear, to mispredict adaptation and social comparison (Nikerson et al. (2003). Even when desires do bring happiness, at the very moment of their fulfillment the pleasure of anticipation and the excitement of the pursuit disappear.

Behavioral economists, for example Ariely (2008) and Thaler and Sunstein (2009), as well as economists researching happiness emphasize the role of cognitive and other biases in leading to suboptimal choices. In particular, we are poor affective forecasters, mispredicting the future happiness resulting from our present choices. Frey and Stutzer (2002, chapter 2) and Haybron (2008, ch. 11) elaborate these biases. A non-exhaustive list includes:

- Biased memories of past relevant events focusing on peak happy or unhappy experiences, or on more recent experiences of happiness. Giving salience to these biased memories can lead to exaggerating how much happier achieving the things we want will make us.

- Over-optimistically “following the herd” when comparing ourselves with others. Thus “if I do what others do, I will be at least as happy as I believe those others to be”. Not the least error in this prediction is that it ignores our different capabilities for enjoying the same pleasant event.
- Over-optimistic social comparison is compounded by what Haybron (2008) terms “lay rationalism”, evaluating our outcomes in terms of “hard” observables such as income and possessions, rather than choosing goods which do enhance well-being such as family life, friendship and a more relaxed life-style.
- Inertia: status quo bias and loss aversion. Attachment to what we already have leads us to pass up opportunities which would actually make us happier. And it appears that “giving things up entails difficulties well beyond their value” (Haybron 2008, 237). We therefore also stick to poor ways of decision making, appearing not to learn from past mistakes.
- Self-control problems lead to spontaneous, ill-considered responses to sensory arousal which can result in bad outcomes. It is as if an individual contains, in the words of Thaler and Sunstein (2009, 45–46), “two semi-autonomous selves, a far-sighted ‘Planner’ and a myopic ‘Doer’ . . . The Planner is trying to promote your long-term welfare but must cope with the feelings, mischief, and strong will of the Doer, who is exposed to the temptations that come with arousal. Recent research in neuroeconomics . . . has found evidence consistent with this two-system conception of self-control. Some parts of the brain get tempted, and other parts are prepared to enable us to resist temptation by assessing how we should react to the temptation. Sometimes the two parts of the brain can be in severe conflict – a kind of battle that one or other is bound to lose.”
- Finally and most significantly, we neglect adaptation, leading us to overestimate the emotional impact of future events. Future tastes, which we have limited ability to predict, are contingent upon the outcome of present choices. Present choices are unlikely to be congruent with future preferences. I today am not me tomorrow.

It is not surprising that selves which are essentially empty of substance, as is the Buddhist view, should be unable to exercise self-control or predict their future trajectory. Rather, to try to make ourselves real, we attach to the greater certainty of the status quo: we identify with our current physical and psychological characteristics as well as with our tastes, memories, habits, routines and possessions. A propos economics and happiness, the ultimate cognitive error is the self-deception of defining our identity by what we earn and consume. Expecting to find contentment is illusory when durable goods inevitably depreciate, non-durables are immediately consumed, and experiences, including these consumption experiences, change our preferences. It would be hard to find a more obvious illustration of *avijja*, the Buddhist notion of ignorance: not understanding the nexus between impermanence, identity and discontent. The social-self, identification with others, is also a manifestation of deeply ingrained cognitive errors. On the one hand this leads to the frustration of social comparison. On the other, attachment to this identity results in the large lasting losses of well-being reported when significant relationships collapse.

From a Buddhist perspective, aiming to achieve “the best” from this process of dependent origination is quite literally self-defeating. Better to settle for what is “good enough”. Again psychology confirms the wisdom of this advice. Schwartz (2004) studies the happiness of maximizers, for whom only the best will do, and satisfiers who are content with whatever meets predetermined criteria and standards. Maximizing is seen to be a source of great dissatisfaction. Maximizers are more vulnerable to regret from comparison with imagined alternative possible outcomes, and to status: “the only way to be the best is to have the best”. The more alternatives available the more difficult is maximization. And, as Schwartz (2004, 101) says: “every choice we make is a testament to our autonomy, to our sense of self-determination”. However the more bounded, unique and independent is our sense of self, the more we tend to take personal responsibility and blame ourselves for failure to make the “right” choice. One consequence of having higher income is an expanded range of possible choices. On the one hand this has the potential to enhance individual autonomy; on the other the problems of making a choice increase, along with the psychological cost – the regret of missing out on a larger number of forgone opportunities.

Put starkly, largely subconscious mental activity drives unsatisfactory choices which are, at best, semi-automatic. Recent findings from neuroscientific research, summarized by Haggard (2005), suggest that conscious decisions to perform volitional acts are preceded and potentially caused by subconscious electrical processes in the brain. Pioneering research by Libet (1985), Libet et al. (1983) and later by Soon et al. (2008) finds a lag of anything up to ten seconds between neural activity and associated conscious intention. While all conscious decisions appear to require previous subconscious neural activity, not all neural activity results inevitably in subsequent conscious decisions. Libet (1985) and Libet et al. (1983) show that conscious volition is exercised in the form of a power of veto, withholding from performing an unconscious urge. We have the power not of free will, but of what is sometimes called “free won’t”. Again, this is consistent with the Buddha’s hypothesis of a middle way between free will and strict determinism (Gombrich 2009; Keown 1992). Buddhist practices, such as mindfulness, aim to interrupt the conditioning process of dependent origination, reversing its unsatisfactory consequences.

The Buddhist Cure

There is no shortage of books by Buddhist authors on how to develop happiness: see, for example, H.H. Dalai Lama and Cutler (1998), Ricard (2003) and Brahm (2006). Layard (2005, ch. 12) provides a brief overview.

The purpose of the Buddhist agenda can be summed up in two words: stop suffering. To the extent that suffering, in the sense of unsatisfactory conscious experience, is internal and conditioned, meditation is central to Buddhist practice: the aim is

to train the mind so that ultimately the process of dependent origination ceases. Mindfulness meditation is a noticing practice, “being the knowing” rather than automatically identifying with moods, feelings, etc. Simple techniques are used to calm the mind and sharpen the awareness or attention. The various components of dependent origination can then be observed more objectively, in detail, and with increasing refinement. Just observing sensory contact, feelings, desire and aversion, attachment and framing, and obsessions as they arise and pass away reduces their continuity and connectedness. Gradually mindfulness practitioners are able to come off autopilot, letting go, for example, of ingrained comparisons between perceptions of their present situation with memories of the past and expectations and goals for the future. Mindfulness enables the exercise of the neuroscientists’ “free won’t”. By becoming aware of a formerly subconscious mental trigger, it is possible to forgo what otherwise would have been the automatic, conscious response. A more even balance can then be sustained between the far-sighted ‘Planner’ and the myopic ‘Doer’; between, to repeat the words of Thaler and Sunstein (2009, 45), “long-term welfare . . . and the temptations that come with arousal”.

More fundamentally, direct observation reveals that all phenomena are transitory, potentially unsatisfactory and empty of self. These insights re-program our “core operating system”, purging our “Windows on the World” of the deep cognitive errors which infect our “conceptual and functional blueprint”. Choice, including economic choices, which are less infected by these underlying cognitive and affective biases, are progressively experienced as less unsatisfactory. Subjective well-being improves.

Mental health professionals are increasingly applying mindfulness techniques in the clinical domain, teaching these methods to patients experiencing clinical depression, anxiety, chronic pain and other problems – see Germer et al. (2005) and Segal et al. (2002). “The *core skill* to be learned is how to exit (step out of) and stay out of . . . self-perpetuating cognitive routines. The bottom line is *be mindful (aware), let go*. Letting go means relinquishing involvement in these routines, freeing oneself of the attachment/aversion driving the thinking patterns – *it is the continued attempts to escape or avoid unhappiness, or to achieve happiness that keep the negative cycles turning. The aim of the program is freedom*, not happiness, relaxation, and so on, although these may well be welcome by-products” (Segal et al. 2002, 91, their italics). Physical health may also improve. Davidson et al. (2003) show that an additional benefit of mindfulness meditation is an improvement in the immune system.

Another strand of Buddhist meditation cultivates four unconditional and unlimited positive mind-states (*brahma-viharas*):

- (1) loving kindness;
- (2) compassion;
- (3) enjoyment of others’ success; and
- (4) equanimity.

Combined they are characterized by

- a concern for the welfare of all without discrimination;
- being unenvious;
- the elimination of aversion and acquisitiveness;
- objectivity towards oneself and others equally; and;
- taking responsibility for the consequences of one's actions.

This is the stuff of mood control, by which one develops a positive attitude towards oneself and others, and resilience to fluctuations in one's own fortunes. The *brahma-viharas* have the therapeutic benefit of promoting subjective well-being; at the deeper level of insight, they erode a concept of self which is bounded, independent and permanent. Doing the best for our limited and erroneous sense-of-self is recognized as a pointlessly frustrating strategy in an inherently imperfect world. Better to settle for what is "good enough", and work to ameliorate the suffering of all.

Genetic determinism and hedonic adaptation together suggest that any gains in happiness are short lived, as well-being reverts inevitably to a greater or lesser extent towards its set-point. Such a pessimistic view is challenged not only by Buddhist theory and practice, but also by the concept of neuroplasticity, that the brain physically responds to experience and in particular to training, so that a sustainable positive change in happiness is possible (Eriksson et al. 1998; Goleman 2003; Lyubormirsky et al. 2004; Rilling et al. 2002). Buddhist meditation practices have been shown to have this neurological effect (Davidson et al. 2003; Lutz et al. 2004). Though there is no supporting neurological evidence, it is well established that there is also a positive correlation between altruism and happiness (Diener and Seligman 2002; Layard 2005 Annex 8.1; Seligman 2002; Sheldon and Lyubomirsky 2006).

Generosity towards others is surprisingly good for you, or such is the conclusion of much recent empirical research. Altruistic behavior can improve health, life expectancy and general life satisfaction (Post 2007). Generous other-regarding behavior by those who are elderly and unwell appears to correlate with an improvement in their physical and mental health (Ironson 2007; Oman et al. 1999; Schwartz 2007; Schwartz and Sendor 1999). It is even been claimed that the biblical idea that it is more blessed to give than to receive is now supported by firm scientific evidences (Post and Neimark 2007). These findings resonate with the Buddhist principle of *kamma-vipaka*: moral actions – preceded by intentional choices – have personal consequences. Virtuous actions not only promote one's spiritual welfare but also can be accompanied by pleasant, hedonically happy results (Keown 1992).

In the context of the happiness literature one should also note the positive benefits of morality, another cornerstone of Buddhist practice. Adherence to the Buddhist lay precepts – not killing, stealing or lying, and refraining from sexual misconduct and alcohol and drug abuse – means that we can trust others, and others can trust us. Trust is the glue which holds relationships together. It enhances well-being. Schwartz (2004, 112) points out that the rules by which we live have a further value.

Constraining behavior in some areas may reduce the scope of our autonomy, but it also simplifies and lifts the onus for making complex decisions, for example “how much of our life we devote to ourselves and what our obligations to family, friends and community should be”. Moreover accepting these constraints on our behavior is usually a necessary condition if we want to enjoy the benefits of intrinsically valuable relationships, leading Ash (2000, 280) to a conclusion “which surely all mature adults know to be true, but which professional economists usually do not like to admit: that life goes better for us when we voluntarily put limits on our freedom of choice”.

A Cautionary Conclusion

The evidence is that extra income raises happiness, but only up to a point. From a Buddhist perspective there is nothing wrong with economic progress, unless it stimulates attachment and greed. On the contrary, if it serves to alleviate suffering it is welcome. An excellent explanation of Buddhist economic ethics is provided by Harvey (2000, ch. 5). In a nutshell, there is no particular merit in poverty; indeed poverty is recognized as a cause of crime and other immorality. Rather, the traditional teaching is that current prosperity is a mark of past generosity. What matters is how wealth is earned, how it is spent, and how we relate to it. Wealth, lawfully obtained by hard work, brings four sources of worldly happiness: economic security; having enough to spend generously on oneself and others; the peace of mind that accompanies freedom from debt; and the peace of mind from leading a blameless life. However Loy (2003, 28) observes “[while] there is a basic level of human need for food, shelter and medical care that should be provided for everyone . . . the Buddhist perspective is that we are otherwise mistaken to strive for an economic solution to human unhappiness”.

Dependent origination gives a generic account of why we suffer. Its explanation of why income and wealth provide only temporary satisfaction and why, even so, we spend so much time and effort trying to accumulate even more, is consistent with recent findings in psychology and economics. Buddhist meditation practice provides techniques for overcoming these self-defeating strategies, and, like other therapies, has the potential to raise baseline or set-point levels of subjective well-being.

All of which would be uncontroversial if Buddhism were just one more therapy. The *Dhamma* however offers skillful means not just of improving psycho-physical conditions but of realizing the unconditioned. Layard (2005, 12) puts it concisely: happiness is “feeling good” – a pleasant but transitory feeling, good to experience in the moment but foolish to cling to. Happiness can certainly arise in meditation practice, and is an indispensable condition for attaining concentration of mind (Brahm 2006). Similarly the modern concept of “flow” (Csikszentmihalyi 1990), absorption into the task at hand, whatever the task is, brings a deep sense of enjoyment. Concern for the well-being of all sentient beings, without limit, is an indispensable

characteristic of the *brahma-viharas*. Nevertheless, happiness, in the sense in which we have used the word throughout this paper, is not the ultimate goal of Buddhism. The cessation of suffering is. A *bodhisattva* is a savior-being: the bodhisattva's vow of compassion is to free all sentient beings from suffering, not to make them happy. Buddhism could therefore be viewed as a form of negative utilitarianism (Keown 1992, chapter 7).

Final liberation from suffering only comes about with the full and complete realization of *Nirvana*, and the ending of further rebirth. *Nirvana* is sometimes described as the highest happiness, but happiness here does not refer to sense pleasures. How it manifests in consciousness is not described, "but just as cognition in this state is more intuitive and holistic and less differentiated, it is clear that the feeling is something like a calm, disinterested, undisturbed satisfaction" (Johansson 1969, 26). Nirvanic happiness, unconditioned and unconditional contentment, is the culmination of a life in which the person fulfils from a Buddhist viewpoint their true potential, the good life, akin to Aristotle's *eudaemonia* (Keown 1992, 199). Reviewing a recent book by Bakewell (2009) on the 16th century essayist Montaigne, Baggini (2010) writes as follows. "Montaigne's philosophy was a selective hybrid of three great Hellenistic traditions: Epicureanism, Stoicism and Skepticism. What all three had in common was the idea that this *eudaemonia* – the good, flourishing life – required tranquility of mind, *ataraxia* . . . For him, tranquility depended on suspending judgment and cultivating a lack of attachment." The Buddha would offer meditation practice as a means towards achieving this end. The highest Buddhist happiness, *vimuttisukha*, cannot be conceived as Bentham's hedonic balance of pleasures and pains, though as we have seen, an emerging sense of well-being in the sense usually studied by psychologists and described by Nettle, (2005, 17) as a hybrid of emotion, and judgements about emotion, may be a happy by-product of progress along the Buddhist Eightfold Path.

Postscript from an Economics Nobel Laureate

Should happiness be the goal?

There are many different and plausible ways of seeing the quality of living.

You could be *well off*, without being *well*.

You could be *well*, without being able to lead the life you *wanted*.

You could have got the life you *wanted*, without being *happy*.

You could be *happy* without having much *freedom*.

You could have a good deal of *freedom*, without *achieving* much.

Sen (1987, 1).

The problem is adaptation again. Preferences change and can be changed. People can be manipulated. In Aldous Huxley's *Brave New World*, people take soma to make themselves feel happier. Protesters were quickly sprayed with soma, not CS gas.

Given suitable brainwashing, slaves might embrace their servitude, insisting that they live in the best of all possible worlds.

In the UK, fluoride is added to the water supply because it is good for our teeth. Suppose Prozac were soluble and there were no adverse side effects. Should it be added to the water supply to make us feel happier?

Consider more prosaic policies. The evidence clearly indicates that many people do not, for whatever reason, succeed in maximizing their happiness. But perhaps that is not their objective. The suggestion is that there is an inconsistency between the pursuit of happiness and following our desires, often our more immediate desires for states perceived to be pleasurable. Maybe getting what we, the pleasure-seeking people, desire is considered by us to be a greater good than contentment. Democratic policy-makers might then face a dilemma; the Buddha would not.

Appendix 1

	Fall in happiness (points)
<i>Financial situation</i>	
Family income down by a third	2
<i>Family relationships</i>	
Divorced (rather than married)	5
Separated (rather than married)	8
Widowed (rather than married)	4
Never married (rather than married)	4.5
Cohabiting (rather than married)	2
<i>Work</i>	
Unemployed (rather than employed)	6
Job insecure (rather than secure)	3
Unemployment rate up 10 percentage points	3
<i>Community and friends</i>	
“In general people can be trusted”	
Percentage of citizens saying yes down by 50 percentage points	1.5
<i>Health</i>	
Subjective health down 1 point (on a 5-point scale)	6
<i>Personal freedom</i>	
Quality of government	
Belarus 1995 rather than Hungary 1995	5
<i>Personal values</i>	
“God is important in my life”	
You say no to this rather than yes	3.5

Source: Helliwell (2003), Layard (2005, 64)

Appendix 2: Rethinking Economic Policy

1. The development of happiness should be monitored as closely as the development of income.
2. Income should be redistributed towards where it makes the most difference (the poor within developed countries, and towards the Third World).
3. Self-defeating work should be discouraged by suitable taxation.
4. Income comparisons and the zero-sum struggle for rank and status should be discouraged. Instead, motivation should be an adequate general level of pay, and by stressing the importance of the job, professional norms and professional competence.
5. The costs of too much geographical mobility – increasing crime, weakening families and communities – should be recognized and addressed by policy-makers.
6. High unemployment should be eliminated, and secure work should be promoted by welfare-to-work and reasonable employment protection.
7. Activities that promote community life should be subsidized.
8. To improve family life, more family-friendly practices at work should be introduced (e.g. more flexible hours, more parental leave, easier access to child care).
9. Dysfunctional advertising, which escalates wants, should be limited. In particular, commercial advertising to children should be prohibited.
10. Participatory democracy should be actively promoted.
11. Mental health should receive a much higher priority.
12. Better education is needed, including moral education. “We should teach the systematic practice of empathy, and the desire to serve others . . . The curriculum should also cover control of one’s own emotions, parenting, mental illness . . . and citizenship. But the basic aim should be the sense of an overall purpose wider than oneself.” (Layard 2005, 234).

Layard (2003, 2005)

Abbreviations: Texts of the Pali Canon

- A *Anguttara Nikaya*; (trans. F.L. Woodward and E.M. Hare), *The Book of Gradual Sayings*, 5 vols. London: PTS, 1932–1936.
- Dhp. *Dhammapada*; (trans. Narada Thera), *The Dhammapada*, London: John Murray, 1954, and Buddhist Missionary Society, Kuala Lumpur, 1978 – available from Wisdom Publications, London.

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Chapter 7

Gross National Happiness

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The concept of Gross National Happiness (GNH) was first expressed by King of Bhutan in the 1980s in response to western economists visiting his country who said that they regarded Bhutan to be a “poor” country by standards of Gross Domestic Product (GDP). While acknowledging that Bhutan may score low on the scale of conventional indicators for a nation’s economic performance, he claimed that his country, secluded in the Himalayas, would score high on an indicator measuring happiness. But GNH is more than a counterpoint to GDP. This essay takes the perspective that GNH can be regarded as the next stage in the evolution of economic indicators for sustainable development, going beyond merely measuring values that can be expressed in money, such as in GDP. GNH is an attempt to develop an indicator that accounts for all values relevant to life on this planet, including the most subtle and profound: happiness. Moreover, by taking happiness as objective, GNH serves as an important yardstick for a framework of Buddhist economics.

The search for alternative indicators of economic progress is critically important at the time that contemporary world faces a growing threat of ecological collapse due to climate change, and ecosystem loss, and rapidly depleting natural resources. We can no longer rely only on measurements such as GDP that only measures material and financial capital while ignoring natural and social capital. This is increasingly understood, also by western economists (Layard 2005; Stern 2006; Krugman 2009; Stiglitz 2009). In fact, Nobel Prize Winner in Economics Joseph Stiglitz (2009) recently called for adjusting GDP to measure other influences on the well-being of a nation aside from the turnover of goods and money, including national happiness and environmental conservation. “GDP has failed to capture the factors that make a difference in people’s lives and contribute to their happiness, meaning security, leisure, income distribution and a clean environment”.

The definition of happiness has until recently been absent from conventional western scientific research, on which modern economic theory is based. In fact, conventional economics and its indicators such as Gross National Product (GNP),

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deliberately leave phenomena such as human happiness outside its spectrum, tacitly assuming “maximum utility”, that is the notion that material development, as measured by GNP and income per capita growth, is positively correlated to human well-being. Further analysis of the relationship between material development and human psychology has been outside the scope of economic theory.

Yet this is changing: breakthrough research – in quantum physics, medicine, biology, behavioral science, psychology and cognitive science – is now making the science of the mind relevant to economics. Conversely, from within the profession of economics, attempts are being made to broaden the scope of economics into the domain of psychology, which led to the emergence of schools such as behavioral- and neuro-economics. This essay will explore what Buddhist psychology and philosophy, which inspired the Buddhist King of Bhutan to conceive of GNH, have to offer to the shift in economic thinking.

Buddhism

Buddhism is based on the teachings of Gautama Buddha who lived 2500 years ago in ancient India. One of his key teachings was that suffering is caused by the way we perceive ourselves and the world around us. Because things appear to us through our senses as if they have the power to provide us lasting happiness and comfort, we become attached to them and crave to have more of them. But this craving is a result of ignorance about reality. The reality of things is that they are transient, impermanent, and therefore cannot produce the lasting happiness that we expect from them.

Thus, Buddha made it very clear: real happiness does not come from acquiring or consuming material things. Happiness is an experience derived from a state of mind, and mind/consciousness is distinct from matter. Thus, Buddhism considers the path of mental or spiritual development superior to that of material development. What really matters is to mentally detach oneself from matter, and strive for a state of what is called “liberation” or “enlightenment”, which is considered the ultimate state of happiness and fulfillment. This is achieved by the cultivation of one’s mind, which along with enhanced well-being brings about kindness, compassion, tolerance and wisdom.

It is important to note that Buddhism does not reject matter and wealth as inherently evil, but considers them useful. First, material wealth prevents us from poverty and, second, it allows us to practice generosity, which causes “merit” or positive karma, and ultimately a more happy society for all. Among the eight main requirements of the Buddha’s path, the Noble Eightfold Path, is the practice of Right Livelihood, which has been defined as follows:

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

A true Buddhist person not only seeks wealth lawfully and spends it for the good, but also enjoys spiritual freedom. He does not have to renounce the material world all together: the Buddhist Pali Canon states that a Buddhist acts in the world as follows (Phra Rajavarukmi 1990):

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

Right Livelihood is based on Right View, the most important guideline set forth by Buddha, which refers to the correct understanding of how the phenomenological world exists and operates. Thus, by definition, Right View includes a perspective on the world of business and economics. These guidelines for living provided the ground for authors to define the concept of *Buddhist economics* (Schumacher 1973; Payutto 1992; Bubna-Litic 2000).

But Buddhism is more than a set of moral guidelines. The Dalai Lama has said that Buddhism has three dimensions: it can be seen as a religion, a science and a philosophy (2005). The part of Buddhism which can be called an “inner science”, deals with questions such as: How does the mind work? How does the mind create and experience suffering and well-being? How can we create well-being for others? The Mahayana (or Northern) tradition of Buddhism, in particular, emphasizes the fundamental interconnectedness of humanity – we are intrinsically connected among each other and to nature. Given this interrelated and interdependent nature of reality, Buddhists are concerned with the world around them; you cannot work on developing your own minds while not trying to find ways to diminish suffering in our world, even if this seems remote and difficult to change. So from this viewpoint – the Mahayana viewpoint – Buddhism has a role to play in tackling the many global problems and challenges we are facing, not just by overcoming our own afflictions but also by taking an active role in society, business and government.

From this perspective there is more than the individual dimension of the Eightfold path that is important to Buddhist economics. We can live wisely (Right View, Right Thought), act responsibly (Right Speech, Right Action and Right Livelihood) and lead a contemplative life (Right Effort, Right Mindfulness and Right Concentration) and still suffer by being witness to an economic and political system that creates suffering for many, for example by ignoring the value of ecosystems and overvaluing short-term profits at the expense of longer term and common interests. The Thai Buddhist thinker Sulak Sivaraksa (1992) has distinguished three levels of violence: inner, outer and structural. Inner violence – our mental afflictions such as ignorance, attachment and hatred – is considered the most fundamental cause of suffering and should therefore be abandoned. Likewise, outer violence – harmful behavior, which is the expression of inner violence – should be avoided as well. The concept of *structural violence* refers to violence imposed on others through structures, systems and culture, says Sivaraksa. At this time and

age, we can observe that the predominant growth-obsessed economic system carries an element of structural violence. It is also to this point – the collective, structural aspects of violence and suffering – that Buddhism is relevant to economics.

Thus, Buddhism offers more than a set of practices for mental development at an individual level: it provides a philosophical framework for creating happiness for society at large (Thurman 1997; Dalai Lama 2000; Loy 2003) and therefore naturally intersects with economics. Let's explore the philosophical origins of economics and its contemporary application, before attempting to bridge Buddhism and economics.

The Roots of Economics

Economics has its roots in ancient Greece (the term is derived from *oikonomikos*, literally meaning “household management”), and now is commonly defined as “a science that studies human behavior as a relationship between ends and scarce means with alternative uses” (Robbins 2002). In this discussion, it is important to note that economics defines ends and means primarily in *material* terms, which moreover can be quantified in monetary terms. Immaterial and non-monetary values are considered subjective and therefore outside its scope. Further, by stating that economic means are naturally limited and scarce, economic theory accepts a natural element of competition for these resources.

In addition to assuming that we naturally compete for scarce and limited material resources, economic textbooks assume that well-being is achieved by consumption of these resources. Happy is the one who consumes, unhappy is the one who does not. Classical economics tell us that it makes no sense to exert time, effort or expense on non-consuming activities, such as maintaining values, if money can be made by ignoring them. Intangible values don't really count (Robbins 2002).

The assumptions underlying the so-called “economic laws” were developed at a time when religion was being separated from science, the accepted worldview became secularized, and the sacred was substituted by belief in matter. Economic theory was affected by great scientific discoveries in physics, biology and psychology, and economic laws were presented with the same authority as laws of nature. Newton and Descartes described reality in terms of a more or less fixed number of “building blocks”, of “things”, subject to measurable laws such as gravity and, put together smartly, operating like a big machine. The world of matter was regarded as a mere machine, to be used by man, his reason and free will.

When Adam Smith, in his famous work “The Wealth of Nations” (1776), introduced the “invisible hand” of the market, by which the things and building blocks can be exchanged efficiently on the basis of each individual's self interest, we extended these laws into the realm of economics. 19th century economists such as Malthus and Ricardo, added the notion that economies are closed systems, bound

by fixed quantities of material goods. No matter how large economies become, they remain closed, thus limited. This has led to an important premise underlying classical economics: scarcity is a natural state. Hence it is believed that competition for scarce resources, or even war, is natural too. We forgot that Adam Smith wrote in his earlier work, “The Theory of Moral Sentiments” (1982) that markets could not function without ethics and morals. We have come to believe that greed and selfishness is what economies are all about.

This worldview was solidified when Darwin described human beings as a relatively intelligent species evolved from primitive apes motivated by lusts and aggression (as Freud would confirm later in psychology). Our intelligence has taught us to behave socially, but fundamentally we are selfish beings subject to the law of “survival of the fittest”. Even though this worldview is now no longer recognized as scientific but as a belief system now called “scientific materialism” (Wallace 2007), it still holding sway over our economic thinking.

E.F. Schumacher observed in his landmark book “Small is Beautiful” that the idea of competition, natural selection and the survival of the fittest, which purports to explain the natural and automatic process of evolution and development, still dominates the minds of educated people today. Schumacher argues that

These ideas, combined with the belief in positivism, have wrongly been given universal validity. They simply do not stand up to factual verification. But since they conveniently relieved us from responsibility – we could blame our immoral behavior on ‘instincts’ – these ideas have retained a prominent place in the consciousness of modern man (Schumacher 1973).

In fact, over the last two centuries these principles of competition and expansion have been firmly enshrined in our capitalist legal systems, first domestically and more recently also internationally. For example, the international laws governing the main multilateral agency for international trade, the World Trade Organization, are based on Ricardo’s concept of “comparative advantage”, the idea that nations, by specializing yet keeping their borders open, will all benefit from unfettered competition. This belief arose from 17th century Europe, which had invented the nation state to better deal with the opportunities provided by colonialist expansion. The idea that there could be limits to competition and growth did not occur to the policymakers of that time.

Likewise, with the emergence of the nation state, monetary systems and policies were developed based on the notion of scarce money supply, linked to gold and silver, the value of which was controlled by the nation. The artificial measurement of money scarcity, when the churches relaxed their restrictions on interest bearing lending (considered “usury” for many centuries), introduced an official element of competition among those in need of funding (Rowbotham 1998; Lietear 1999; Anielski 2007). In contrast, those with money could set rules on how the scarce resources should be invested. These rules favor those with wealth over those who have not, the vast majority. Nonetheless, because they created stability, the rules

have been canonized as the central feature of our corporate and banking laws, forming the basis of what we know as “capitalism”. The majority has been locked in a competitive cycle for scarce capital ever since.

What Do We Measure?

Late 19th century economists like Jevons and Walras, who were inspired by the mathematical approach of the natural sciences, made economics into a measurement and forecasting tool. These inventions enabled us to develop indicators to measure the well-being of our society in terms of growth. We measure things that can be quantified by assigning monetary weightings, which means they measure primarily money-based or economic phenomena. Thus, they exclude qualitative distinctions.

Yet over the last decades it has appeared that it is exactly the qualitative factors that are crucial to our understanding the ecological, social and psychological dimensions of economic activity. For example, economic calculations ignore the value of things such as fresh water, green forests, clean air, traditional ways of life, democratic process, human rights, to name but a few – simply because they cannot be easily quantified. We regard these phenomena as “public goods” for which we don’t use economic valuations. This partial blindness of our current economic system is increasingly recognized as the most important force behind the accelerating destruction of the global environment (Van Dieren 1997; Stiglitz 2009). For what cannot be measured, cannot be properly managed either.

The most basic measure of a nation’s economic performance is called Gross National Product (GNP) calculated on the basis of all quantifiable economic transactions recorded in a given period. GNP was developed during World War II to keep track of contributions to the war. After the Second World War, governments started to use GNP as a measure for economic progress. Yet GNP statistics are inherently flawed. In calculating GNP, natural resources are not depreciated as they are being exploited. Buildings and factories are depreciated, as well as machinery, equipment, trucks and cars. Why are forests not depreciated after irresponsible logging and farming methods turn them into barren slopes causing erosion and landslides? The money received from the sale of logs is counted as part of the country’s income for the year. Further, the national statistics would show that the country has gone richer for cleaning up landslides. The funds spent on the chain-saws and logging trucks will be entered on the expense side of the project’s accounts, but those to be spent on the supposed replanting will not. Nowhere in the calculations of this country’s GNP will be an entry reflecting the reality that millions of trees are gone forever.

Our system also fails to account for all the associated costs of what is called consumption. Every time we produce and consume something, some sort of waste is created, but these costs are usually overlooked. From the economic viewpoint these costs are considered “externalities”. For instance, for all the fuel we consume in a given day, we do not account for extra CO₂ emission in the atmosphere. Since we equate an increase in consumption with an increase in “standard of living”, we encourage ourselves to produce more and also waste more.

Discounting the Future

Our national accounting standards also contain questionable assumptions about what is valuable in the future as opposed to the present. In particular, the standard discount rate that assesses cash flows resulting from the use or development of natural resources assumes that all resources belong totally to the present generation. As a result, any value that they may have to future generations is heavily discounted when compared to the value of using them up now (Gowdy 2009). Likewise, by discounting the future value of money on the basis of interest rates, we have accepted that a dollar spent today is more valuable than a dollar spent tomorrow. This has caused a dangerous short-term mentality among fund managers who control increasing amounts of investment funds, which can be moved from one country to another at the speed of online digital communication (Dixon 2003). It also provided a whirlpool-like force behind the expansion of our financial markets, which have come to grow to such an extent that national authority can no longer control them as the 2008 financial crisis has shown.

The financial markets, in particular, with the daily turnover of more than US\$2.3 trillion on foreign currency markets worldwide, are now setting the pace for continued growth and expansion. Money should be moved in order to make more money. Short-term rewards are more important than long-term, sustainable investments. Increases in stock prices are equated with economic success, and conversely, a drop is regarded as an economic failure with immediate divestment as a result. This has had already disastrous results, as is shown by the repeated crashes of emerging markets, the Internet bubble, corporate scandals and most recently in the subprime crisis which led to the implosion of financial markets. Many blamed this entirely on weak and ineffective governance, while only few recognize that the global financial system itself is at fault. It should, of course, be quite obvious that preoccupation with growth at all costs cannot but lead to disaster, but the supertanker of short-term capitalism seems unstoppable (Anielski 2007; Foster 2009).

By concentrating on the mere statistics of monetary indicators, we fail to distinguish between the qualitative aspects of growth: healthy or unhealthy growth, temporary or sustainable growth. We do not question what growth is actually needed, what is required to actually improve the quality of our life.

As long as governments view GDP growth as their overall objective, its populations will be locked into a cycle of increasing consumption at the expense of societal and ecological health. As long as industrial institutions are designed to make profits as their prime purpose, and financial markets reward and punish them solely on this basis, they will continue to extract value from the planet at unsustainable rates. Creating sustainable economics now means more than a gradual adjustment of policies. It means reinventing new economic, financial and business models, not only leapfrogging to environmentally sound technologies and infrastructures, but also shifting established norms and changing the “rules of the game” that are currently biased against the future. This requires us to look at our collective beliefs.

We first have to revisit the assumptions that underlie our current models. Are the economic laws really uncontrollable? Modern physics, cognitive sciences,

Buddhism and most of the world's spiritual teachings tell us that we make up reality, so likewise it must be us who make up the economy. So let's have a closer look at who we are and how we live.

Spiritual Views Rediscovered

Twenty-first century physics is describing reality in terms rather different from traditional economic theory. While the latter are primarily concerned with a fragment of human behavior, namely "economic" actions defined as those that can be quantified in terms of money, the former approach holistically, incorporating all actions – and even thoughts – that make up our world. While Newton, Descartes and classical economics define the world in things, of separate building blocks, the new sciences point out there is really no independent *thing* there, and that the focus on things will miss the relations and the whole context that make the thing possible. In economic textbooks human beings are isolated consumers and producers interacting at markets driven by monetary gains. Modern sciences now tend to agree with age-old spiritual traditions such as Buddhism, by viewing humans as being part of a larger whole.

This holistic viewpoint is based on insights from modern quantum and astrophysics, which postulate that the universe consists of unified patterns of energy (Laszlo 2004; Goswami 2000). According to one of Einstein's favorite epigrams, the field generates the object, not vice versa. That is, whole systems give rise to specific things, not the other way around. While in the Cartesian worldview we can only know reality by knowing specific parts, Einstein discovered that in order to know things, we need to know the whole from which they originate. In other words, we are not isolated hard and fast physical things but more like "light beings" or "energy-flows" continuously interrelating and changing. Thus, we are more like "intangibles" – exactly that which cannot be measured in classical economic models.

The new understanding of reality is a systemic understanding, which means that it is based not only on the analysis of material structures, but also on the analysis of patterns of relationships among these structures and of the specific processes underlying their formation. This is evident not only in modern physics, but also in biology, psychology and social sciences. The understanding of modern biology is that the process of life essentially is the spontaneous and self-organizing emergence of new order, which is the basis of life's inherent abundance and creativity. Moreover, the life processes are associated with the cognitive dimension of life, and the emergence of a new order includes the emergence of language and consciousness (Capra 1992).

In contrast, most economic strategies are built around the possession of scarce material things such as land, labor and capital. What counts is how much real estate we own, how much money we have and how many hours we work. This thinking is based on the assumption that land, labor and capital are all there is, that the real world is a closed end system. Physics and biology now state the opposite, pointing

to the openness and interrelatedness of all things, particularly of that which lives. Buddhism and most spiritual traditions recognize the unlimited potential in every sentient being – the potential to be whole and enlightened. Our minds create and pervade everything; hence physical reality is open for the spiritual.

The key in the modern economy is that what counts here is not merely material possession, but know how and creativity, the domain of the mind. Hence the term “knowledge economy”. As many of companies have found out, a company cannot “own” the knowledge that resides in the heads of the employees. Research has shown that most successful business strategies focus less on things but more on how to manage them. It is commonly accepted that all technical and social innovation is based on what is now phrased as “intellectual capital”. And unlike ordinary capital, intellectual capital is not subject to physical limits.

So what does all this tell us? Clearly, the 19th century mechanistic “matter only” worldview has been turned on its head. And thus we should revise long-held axioms. First, the traditional concept that we are simply competitive beings chasing scarce material resources is incorrect. Second, intangible values are equally important for our well-being. These intangibles are stored in the mind, free from physical constraints and therefore potentially of unlimited supply. Third, happiness is not merely determined by what we have, how much we consume, but also by what we know, how we can manage and how we can be creative, ultimately by who we are – so not by having, but by being. We are human *beings* after all.

Human Nature and Motivation

Since these findings seem to correspond with Buddhist axioms, it is conceivable that common ground between Buddhism and economics may emerge. Let us therefore examine this “being” side of our existence more deeply. What kind of beings are we? Happy or unhappy? Altruistic or selfish? Compassionate or competitive? Modest or greedy? Driven to seek short-term pleasure, or seeking meaning, a higher purpose, a longer-term state of happiness? At first glance economic theory and Buddhism seem to hold different views on these questions.

Economists have accepted the principles of selfish individualism: the more the individual consumes, the better off he will be. And he consumes out of perpetual needs, which – if unmet – make him innately unhappy. Economic growth is achieved when individuals consume more and more so that demand and output are boosted. This leaves no room for altruism, where an individual may incur costs for no conceivable benefit to himself. This approach reduces the meaning of cooperation to a mere reciprocal arrangement among individuals: individual sacrifices on behalf of the community can only be seen as an insurance policy, for it will ensure the individual that the community will help him in the future.

We can understand the need for values such as altruism because of mutual dependence in this increasingly smaller and interconnected world. But Buddhism points to another, more profound and personal dimension of altruism and compassion.

Buddhist practitioners make altruism the core of their practice, not only because it is the cheapest and most effective insurance policy for their future, but also specifically because the *real* benefit of compassion is that it will bring about a transformation in the mind of the practitioner. It will make them happy.

How can this be done if our real nature is selfish? Compassion can only work if our nature is receptive to having an altruistic attitude, if somehow compassion is in harmony with our essence, so that we can actually *enjoy* being compassionate. If we were inherently selfish, any attempt to develop an altruistic attitude would be self-defeating.

Buddhism explains that there is no real independently existing self that is either good or bad. Our selfish motives are based on an illusionary belief in an independent self, separating us from others. We do have selfish traits, they may even dominate us at times, but they can be removed by mental practice. What remains is our true nature, our Buddha-nature, which is a state of mind recognizing the interconnect- edness with all that lives. Since we are so connected to the world, since there is no disconnected self, the practice of kindness and compassion is the most effective.

Altruism has also been found to be more efficient than market exchange in spheres such as health care and education (Titmuss 1970) and various other experi- ments in economics have confirmed the role of altruism in economics (Güth 1982; Fehr and Gächter 1999). Several modern scientific disciplines, such as psychol- ogy, neuro-physiology and medical science, have started to study the effects of empathy on the human mind, body, health and relationships. Not surprisingly, they have ascertained that compassion is of tremendous help to our well-being. A compassionate frame of mind has a positive effect on our mental and physical health, as well as on our social life, while the lack of empathy has been found to cause or aggravate serious social, psychological and even physical disorders (Varela 1991; Goleman 1997; Singer 2001). In a recent experiment with experienced con- templatives, the neuroscientist Richard Davidson of the University of Wisconsin found that meditation on compassion affects brain structures, a phenomena called “neuro-plasticity”(Davidson 2004; Schwartz and Begley 2002) indicating a positive correlation between compassion, well-being and health.

Other recent research on stress shows that people who only seek short-term pleasure, are more prone to stress and burn out than those who seek a higher pur- pose, who seek meaning rather than pleasure (Seligman 2002). Meaning generally is derived from a higher purpose or values such as serving others, going beyond short-term selfish needs. The fact that disregarding short-term selfish needs is actu- ally a source of longer-term happiness turns the classical economic notion of selfish individualism upside down. As economist Stanislaw Menchikov observes:

The standard, neoclassical model is actually in conflict with human nature. It does not reflect prevailing patterns of human behavior. [. . .] If you look around carefully, you will see that most people are not really maximizers, but instead what you might call ‘satisfiers’: they want to satisfy their needs, and that means being in equilibrium with oneself, with other people, with society and with nature. This is reflected in families, where people spent most of their time, and where relations are mostly based on altruism and compassion. So most of our lifetime we are actually altruists and compassionate (Tideman 2002).

What does all this mean for the way we manage our economy? Here we are entering uncharted territory. But some things are clear. The debate is not simply on government versus markets. As noted earlier, I believe it is about deeper questions related to the mind, our consciousness. Economic thinking is primarily focused on creating systems of arranging matter for optimal intake of consumption. It assumes that the main human impulses are competition and consumption, and it has sidestepped moral and spiritual issues because it would involve a qualitative judgment on values and other intangibles that goes beyond its initial premises. But by assuming that the more we consume, the happier we are, economists have overlooked the intricate working of the human mind and human society.

At the root of this belief in the market lies a very fundamental misconception, or what Buddha would have called “Wrong View”. That is, we have not really understood what makes us happy – our mind. Blind faith in classical economic theory has led us to believe that the market will bring us all the things that we want. We cling to the notion that contentment is obtained by the senses, by sensual experiences derived from consuming material goods. This feeds an emotion of sensual desire. At the same time, we are led to believe that others are our competitors who are longing after the same, limited resources as we are. Hence we experience fear, the fear of losing out, the fear that our desire will not be satisfied.

So we can observe that the whole machine of expanding capitalism is fuelled by two very strong and mutually reinforcing emotions: desire and fear. They are so strong that they appear to be permanent features of our condition. Yet Buddha taught that since these emotions are based on ignorance, a misconception of reality, they can be removed by the understanding of reality, which is the prime object of spiritual practice. According to all religions, happiness is an inner experience, available to anyone, regardless of wealth or poverty. Further, fundamentally there is nothing that we lack. By developing the mind, our inner qualities, we can experience perfect wholeness and contentment. Finally, if we share with others, we will find that we are not surrounded by competitors. Others depend on us as we depend on them and it is precisely these social interactions that provide us with pleasure and meaning (Gintis 2000; Seligman 2002).

It was in recognition of these principles that Buddha created the monastic community, the Sangha, which in many countries exists into the present day. By creating the Sangha he offered an escape from the *structural nature of desire and fear*. He may even have foreseen the extent to which this would grow until our entire global society would be locked in an addictive cycle of consumption, both driven by and driving greed and anxiety.

I believe that if Buddha would be alive today, in addition to creating the Sangha and offering moral guidelines for Right Livelihood, he would create economic theory based on a correct and complete understanding of what is a human being and what makes him/her happy – in other words: a contemporary and expanded version of Right View. Buddha would understand that as long as economics is based on a partial or wrong image of man and his reality, it will not produce the results we need.

Towards a New Paradigm for Economics

But change is upon us: we are gradually shedding the “wrong views” of economics in order to explain the persistent tension between economic theory and practice. Old assumptions are being reviewed in various sub-schools of economics.

The field of behavioral economics has arisen over the last 30 years based on empirical findings from many experiments involving real people. It has gotten considerable traction thanks to the financial crisis that erupted in 2008 and the subsequent economic depression, which made it obvious that classical notions of rationality and equilibrium of markets were mere theoretical constructs and had little to do with how financial markets behave in reality. Several recent publications have popularized these new insights (Akerlof and Schiller 2008; Ariely 2009; Sunstein and Thaler 2009). A central insight of behavioral economics is that of fairness and trust as prime human drivers (Camerer 2004). Neuro-economics is another emerging school that explores the same territory of real behavior, founded by Daniel Kahneman who received the 2003 Nobel Prize in Economics for his studies on intuitive judgment and decision-making. The significance of his work lies in its ability – for the first time in the history of economics – to describe the neuro-biological basis of economic behavior. This work is bridging the heretofore-distinct disciplines of psychology and economics (Kahneman 1979; Glimcher 2009).

The new neuro- and behavioral science is revelatory because it provides empirical evidence derived from a biological basis for the notion that human nature is *not* driven by greed and egoism alone; at least equally important are principles of fairness, cooperation and altruism. Since neoclassical economics consider itself to be a science concerned with “hard data”, the fact that there is hard biological basis for these principles helps to uproot the long held yet untested assumptions of classical economics on selfishness and rationality (Beinhocker 2006; Gowdy 2008). The wiring of the human brain indicates that motives of fairness and degrees of altruism are more natural to the human mind than selfishness and individuality. Most significantly, neuro- and behavioral economics have established that the so called “rational self-regarding actor model” needs to be replaced by a framework that accounts for our irrational, emotional and pro-social behaviors (Gintis 2000; Beinhocker 2006; Gowdy 2008).

By extension, our view of markets as a neutral mechanism that efficiently processes our collective rational choices into collective well-being and a state of equilibrium has become obsolete. Buddha understood that our untamed minds are constantly influenced by emotional up- and downswings. We now know that the minds of market players are continuously subject to emotional and social influences (Zak 2008). Thus, the theory of market equilibrium needs to be replaced by a view of markets as a dynamic, evolutionary process that is both shaped by our choices and shaping our choices, mostly on an unconscious basis.

The new paradigm is that many stakeholders of the market are all partners in a continuous process of dynamic co-creation, with the human mind not as independent (or objective) witness but as active (subjective) co-creator determining the quality and direction of this process. Quantum physics and neurobiology have observed

that the human mind creates the reality that it perceives: hence markets must be creations of the mind as well. It is moreover a proven scientific fact that the human mind has the capacity to observe and alter itself – a phenomena called “mindsight” by Dan Siegel (2009). Neuro-science experiments have indicated that the mind (through dedicated mental effort) can even alter physical brain structures (Schwartz and Begley 2002; Davidson 2004). The mind can no longer be exclusive identified with the brain. These findings constitutes a paradigm shift in our thinking about consciousness and the brain, and have put the mind, relegated as “unscientific” by Descartes, back at the center of our worldview (Damasio 2002). Importantly, these facts allow for the possibility of a new, mind-based paradigm for economics too.

The new economic schools have in common that they try to incorporate intangibles values such as (un)conscious choice, emotions, relationships, culture and eco-systems into their models. Nobel Prize winning economist Douglass North, a founder of institutional economics, says:

The theory employed, based on the assumption of scarcity and hence competition, is not up to the task. To put it simply, what has been missing [in economic theory] is an understanding of the nature of human coordination and cooperation (North 1992).

The 1998 Nobel Prize in Economic Science was awarded to Amartya Sen, who defines economic development in terms of freedom of basic necessities such as education and healthcare. He observed that as long as the contemporary world denies elementary freedoms to the majority of the world population, planning for economic development is of no use. In doing so, he has restored an ethical dimension to the discussion of development. Sen (1998):

Along with the working of markets, a variety of social institutions contribute to the process of development precisely through their effects on enhancing and sustaining individual freedoms. The formation of values and social ethics are also part of the process of development that needs attention.

The subjective dimension of economics was already clear to economic historian David Landes, who concludes in his review of two millennia of economic history “The Wealth and Poverty of Nations”: “If we learn anything from the history of economic development, it is that culture makes all the difference” (1998). Just because markets give signals does not mean that people respond timely, rationally or well. Some people do this better than others, depending on their culture, and culture is nothing but the aggregation of values.

George Soros, the Hungarian born financier discovered these flaws in market exchanges firsthand. After making fortunes from speculating on what he saw as market inconsistencies, he now passionately campaigns for a more social face of capitalism. In 2000 he stated:

Economic theory presupposes that each participant is a profit center bent on maximizing profits to the exclusion of all other considerations. But there must remain other values at work to sustain society – indeed human life. I contend that now market values have assumed an importance that is way beyond anything that is appropriate and sustainable. Markets are not designed to take care of the common interest.

It is increasingly understood that in order to preserve the common interests, we need a new model of economic governance, globally and locally. Currently the commons of air, water, forest, fishery and biodiversity have no market value; hence we think they are “free”. Governments have sought to protect these commons by either keeping them off-limits to economic exploitation (nature parks, limits, caps) or by pricing them in the hope that their increased scarcity will lead to less demand. But this does not seem to work in practice. While clean water is increasingly scarce globally, it is still cheaply available to most in the west. Yet for more than 2 billion people in the south who lack clean water there is no way to buy it. The 2009 Nobel Prize in Economics was awarded to Elinor Ostrom, who spent her life studying the economics and governance of commons. She advises: “It is better to induce cooperation with institutional arrangements fitted to local ecosystems than to try to command from afar”(2009). At the same time “the systems from above” – governments, law, international bodies – can be critically important in empowering and facilitating the commons. But for doing this, they need a commons perspective inscribed into their measurements and polity architecture as well.

Towards GNH Indicators

A whole range of economists is busily developing models that account for the more intangible common factors affecting our economies. One of the first was Herman Daly, who asserted in “For the Common Good” that a country’s growth has both costs and benefits – not just the benefits that contribute to GDP (1989). He said that, in some situations, expanded production facilities damage the health, culture and welfare of people. Growth that was in excess of sustainable norms (e.g. of ecological yield) had to be considered to be *uneconomic*. These efforts paved the way for the creation of the Genuine Progress Indicators (GPI), which has found application in various local jurisdictions, especially in Canada (Anielski 2007).

The World Bank has issued a “Wealth Index“, which defines the wealth of nations to consist for 60% of “human capital” (social organization, human skills and knowledge), 20% of environmental capital (nature’s contribution) and only 20% of built capital (factories and capital). Swiss economists Bruno Frey and Alois Stutzer (2002) integrate insights from the emerging field of happiness psychology and economics, by measuring the degree to which unemployment and inflation nurture unhappiness. The UK Government has shown interest in creating a new indicator set focused on well-being, inspired by the Happy Planet Index from The New Economics Foundation (2008). The French President Sarkozy commission a report on alternative indicators, which upon its release generated substantial media attention (Stiglitz 2009).

The most visionary model comes from the Buddhist Kingdom of Bhutan. After hosting the first Gross National Happiness Conference in 2004; the Himalayan country is working on making GNH into a genuine tool for policymaking and economic planning (Ura and Galay 2004). Bhutan’s leaders define GNH in terms of four

pillars: economic development, good governance, cultural preservation and nature conservation. By including governance and culture into its measurements, Bhutan not only follows the trend in global economics of incorporating the qualitative dimension into its models but can also be a pioneer among nations.

In contrast to GDP, which is based on easily quantifiable data such as production and consumption, GNH should incorporate intangible values for which there are no commonly accepted definitions at present. The appeal of the conventional economic indicators has been that they are based on money, which can be subjected to mathematical logic and discipline. GNH and other sustainability indicators are based on more complex factors associated to life, which is much more difficult to measure.

Buddhist philosophy can help us in this endeavor. Buddha set forth a path of spiritual development with various levels of insight and accomplishment along the path. Some Buddhist schools emphasize the possibility of “instant enlightenment”, but the majority of Buddhists advocates a gradual process, in which the worldview of the practitioner gradually evolves. Likewise, the practitioner experiences evolving degrees of happiness. While beginners may be attached to short-term, sensory well-being, they gradually learn to appreciate and strive for long-term happiness. Buddha did not state that these levels of happiness are mutually exclusive – you need to evolve from one stage to another. This gradual, evolutionary approach is in accord with the concept of “hierarchy of needs” developed by psychologists such as Maslow and more recently Seligman (2002), founder of “Positive Psychology”, who have observed that people have the natural ability to learn and grow to higher degrees of fulfillment. It also corresponds to insights from post-Darwinian evolutionary biology, which has ascertained that life itself can be described as an evolutionary process of organisms coping in increasingly complex environments by gradually developing higher levels of intelligence and consciousness (Capra 1992).

We can extend this evolutionary and axiological logic to the relationship between GNP and GNH. GNP represents the material viewpoint, in which material consumption is considered instrumental for achieving happiness, while GNH represents a worldview in which material needs have been met and the objective has become to develop mental or spiritual happiness. In this reasoning GNH is an indicator of a higher order viewpoint than GNP.

Khenpo Phuntsho Tashi and Diederik Prakke were among the first to create a Buddhist framework for measuring GNH (Galay 1999). They took the Eightfold path of Buddhism as a basis and drew parallels with evolutionary psychology. A comparable evolutionary approach has been taken by Richard Barrett (2006), who developed a model which measures seven levels of consciousness based on a corresponding hierarchy of values which he observed in the culture of organizations and nations. Barrett’s model corresponds to the eightfold path approach as presented by Khenpo Puntsho Tashi and Prakke. By explaining the hierarchical relationship between values, Barrett’s model enabled me to match the Eightfold path to Bhutan’s four-pillar definition of GNH. The following synthesizes these approaches in one framework (Table 7.1).

The benefit of this model is that it includes both GDP – the “lowest” level bottom line – while complementing it with “higher level” components that collectively

Table 7.1 Bhutan's four-pillar definition of Gross National Happiness

Buddha's eightfold path	Values/levels of consciousness	Maslow hierarchy of needs	GNH components
8. Right meditation	Transcendence/freedom	Service	Monastic well-being; Religious freedom and flourishing
7. Right mindfulness	Identity	Contribution	Culture Development; Leadership education
6. Right view	Creation	Responsibility	Social welfare; Sustainable development
5. Right effort	Idleness	Internal cohesion	Nature and resource preservation; Culture preservation
4. Right concentration	Participation	Transformation	Political participation
3. Right speaking	Affection/understanding	Self esteem	Education; Culture; Media
2. Right action	Protection	Relationships (community, family)	Governance; Judicial system; norms
1. Right livelihood	Subsistence	Survival	GDP; Economic opportunities; markets

constitute GNH. This model helps us to see how we can combine efforts to generate financial capital alongside with policies to generate social, environmental and cultural capital.

It can also serve as a tool for policymaking when confronted with conflicting interests. Typically, political decisions are made on the basis of trade-offs. For example, when faced with the choice between providing employment versus the preservation of environment, most governments would choose the former. The above GNH model shows that this trade-offs should be made in the context of a certain hierarchy of values. Otherwise policymakers will continue to sacrifice higher values for lower values, longer term interests for shorter term interests, and causing investments in sustainable development to be put off. If GNH can be developed into a comprehensive tool incorporating all relevant values for a happy life, it will free governments from defaulting to economic decisions on the narrow paradigm of materialism.

The holistic nature of GNH will also allow for market forces to remain active. In fact, as long as we treasure the freedom and opportunities that the market economy provides, GNH will have to include principles of competition and market

forces – but only as a supportive force for higher valued well-being. Competition is so much valued in our capitalist economies because it has proven to be an effective incentive for bringing out the best of our selves. That is why capitalism has “defeated” communism. But competition without a higher moral dimension is like an elephant gone wild – it will destroy the very earth it depends on. At the same time, the failure of Marxism has shown us that values such as compassion or cooperation can never be more than guidelines for individuals or groups who remain free to make their own choices – it cannot be turned into an ideological system.

In sum, GNH is congruent with what is known as a “mixed economy”, the idea that market forces could do many things well – but not everything. This will require government and all actors in the economy to reclaim responsibility for their lives and start defining economic objectives in more human terms. The neoclassical principle of “laissez faire” has wrongly created a mentality of taking things for granted and we have become enslaved by the market and its monetary values. The alternative is not a return to rigid central planning and closing one’s border, but rather the development of an alternative economic model tailor-made to suit the condition of our own society and life itself.

What would an economic model look like if it were to allow, in the spirit of Buddhism, the prospect of happiness for all being to inform our collective behaviors? Clearly, as we discussed earlier, our current models have not taken this notion into account. Let’s first have a look at our largest, macro-economic models. Recalling the original Greek meaning of economics, and now knowing that we are all part of one global system, we may ask: how should we manage our planetary household?

In the last century we have experimented with the two extremes of economic modeling: central planning under communism and free market capitalism. The latter functions on principles of self-regulation, self-organization, and creativity and so on, while communism is based on a central point of intelligence. Capitalism clearly allows better for the emergence of individual happiness, yet when we look more carefully, we can observe that neither of the extremes is optimal. The fostering of happiness is not limited to mere self-expression and seeking short-term happiness for oneself alone, but rather involves a long-term perspective of meaningful fulfillment for the collective. As extensive research has shown, true happiness is a function of integral belonging to a larger whole (Seligman 2002). Hence happiness relates to sustainability and equity, exactly those aims that are put at jeopardy by the current form of global capitalism.

There are now many ways to show that both capitalism and communism are systems that, when taken to an extreme, are self-destructive. Governments who see themselves to be owner of the economy tend to over-promise and over-spend. Their politicians express rhetoric and fail to take measures towards sustainable development, as these would require longer-term investments beyond their elected office tenure. Conversely, if governments, considering markets supreme, fail to provide effective market guidance and regulation, business ends up controlling the economy. This is what has happened in the last decades, as business is increasingly holding governments hostage over the promise to be the nation’s employment and

tax generator. Business, designed to focus on short-term financial profits for its shareholders as its primary objective, is now dominating governments' longer-term agendas. Under such a scenario no significant investments in sustainable development can be expected either. More likely is the collapse of the entire system (Foster 2009). The financial crisis of 2008 gave us a taste of what may lie ahead.

What is needed is a “middle way” approach: the notion that we need efficient markets *and* central leadership. Middle way does not mean a compromise or settling for second-best. Rather, it means proactively creating an attitude of responsibility of all actors in the economy by which synergetic alliances with win-win outcomes are naturally achieved. Thus, Buddhist economics is congruent with what is known as a “mixed economy”, the idea that market forces could do many things well – but not everything. Economic history has shown that healthy economies and in fact healthy societies generally had such a mixed economy, in which markets and governments work together in a dynamic equilibrium. The challenge we now face is to create an economic system that fosters sustainability and well-being for all.

While this may be a distant ideal, we can be inspired by a fact of historic significance: the new emerging scientific paradigm of non-material interconnectedness – everything being an integral part of the larger whole, with human consciousness at its source – is in agreement with central tenets of Buddhism. As Buddha has taught, once we fully understand the implication of the interdependent nature of reality, breakthrough insights will emerge. These will indicate the best way forward for managing our planetary household, which triggers hope for our future. The economic models of the future will no doubt account for a reality much closer to the totality of the human experience. They will be more aligned with mankind's deeper aspiration, in which the mind, emotions and other intangible values play such an important role.

By being so aligned to the emerging scientific worldview, the philosophy of Buddhism can play an important role in this endeavor. It takes the inner experience as starting point of the inquiry into reality, as opposed to conventional science, which takes outer reality as starting point. The power of the Buddhist approach is that it does not intend to exclude the conventional scientific approach, but expands it. The reverse is more difficult. By expanding the outward oriented approach of science, and taking a more holistic, inclusive and systemic approach to understanding reality, Buddhism can help defining and explaining a comprehensive understanding of human life, human experience, human motivation and human behavior. In addition, Buddhism has also much to say how we can free ourselves from the systemic, structural violence that mainstream economics is bringing about.

All this is part of the Buddhist notion of Right View as antidote to Wrong View or ignorance. H.H. the Dalai Lama stated that there are two kinds of ignorance: one is not knowing, the other is wrong knowledge (2005). There is no reason why we would limit these kinds of ignorance to refer to our inner internal world only, such as the nature of our “self” et cetera. After all, society and economy are “man-made” phenomena – or better: mind-made phenomena. And because they are mental constructs, an understanding of human nature will be indispensable for understanding the outer world as well.

Buddhist economics is more than subscribing to individual mental practice and Right Livelihood. As soon as we enter the market place, and buy products produced by a system that destroys environmental and social integrity, we may actually breach Right Livelihood – we may add to structural violence. To say it differently, as long as the assumptions behind our current economic system contradict the wisdom of Right View, we cannot expect the system to encourage Right Action from the people who operate within the system.

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Chapter 8

The Application of Buddhist Theory and Practice in Modern Organizations

Bronwen Rees and Tamas Agocs

The Nature of the Modern Workplace

Modern workplaces have become places of measurement, of monitoring, of managing. In some organizations, the names of workers are set out on spreadsheets, their “performance” graded by obscure sets of criteria such as “orientation to customer”. Other people will then examine the worksheets, and decide what reward each of these workers should receive, and then plan next year’s strategy around these figures. Their jobs will depend on the “success” of this strategy. These workers could be shop floor workers, nurses, teachers, or call-centre employees. If an individual is astute enough, they may question these rewards, and personally negotiate with the person handing out the rewards that their performance has been badly graded, or marred by personal circumstances. In that case, depending on the quality of the negotiation, they may be better rewarded. In other organizations, the salaries may be negotiated by individuals, but this is done behind closed doors, and the outcome remains secret. So, whilst there may be an appearance of transparency and equality, it is up to the individuals to find their way round the system to ensure that they receive the most money. These systems are divisive, and thereby promote a sense of fear; having to watch each other’s backs in case one misses a trick, or fails to push oneself forward at the right time. In attempting to create the appearance of “equality”, and to preserve the “rights” of the individual, modern systems have failed to take into account the human need for community and shared working, where a healthy working out of the relationships between group and individual could take place in shared dialogue. The outward focus on the “customer” and “enterprise” which has dominated business thinking for the past decade has meant that the way in which people relate to one another, and work with one another inside an organization, has been neglected.

In the past, in the U.K., most people would have worked supported by trades unions, or by fellow workers. They would have been able to talk collectively

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about their experience, and create the possibilities for empathy and mutual support. Modern systems of management have eroded this support, and now, individuals can only share and measure their experience by the appraisals that take place behind closed doors, with reports filed away in the human resource department (Rees 2004; Rees and Garnsey 2004). Life becomes that of individualized reward, offered for the way in which each individual has met up to or matched the requirements of the organization, which are invariably turned outwards. When these rewards are no longer available, or not big enough, we leave our colleagues and move on to other organizations, where we may find greater rewards. Life is fragmented and discontinuous. We remain disconnected and isolated from our fellows. We are all in this together, we know we are in this, but our only point of apparent and explicitly articulated commonality is the tick boxes on the appraisal scheme.

Our sense of “teamwork” comes from how we perform in the organization’s targets – or from the team roles into which occupational psychologists may classify us. Hospital workers are graded on the numbers of people they can wheel through the wards (dead or alive). We look at each other across meeting tables, articulate our achievements in terms of these targets, and spill out the elegant and persuasive rhetoric of the management guru. We talk about quality, about excellence, about assurance, and we glance, subversively, at our managers to check that this language has been noted, the myth maintained. We will talk about globalization, growth, profits, turnovers, efficiencies and effectiveness, and we will also talk about the human resources that produce these concepts. At the same time, those managing budgets will always keep back contingencies, so that in times of stress, suddenly money becomes available. As one highly successful organizational consultant noted about this phenomenon: “We actually lie to one another, and most of the time we know we are lying”.

Whilst this may be an overstatement, it is clear that the pressures in organizations may lead us to behave in ways in which we do not behave “outside” the organization. It is often difficult to remain true to ourselves. In these conditions, most of us will experience fear, as we struggle to create a persona which is separate from our fellow workers.

One of the causes of this system is the increasingly technologized nature of our society (Habermas 1972). The products of our efforts become less tangible; they are merely recorded on the virtual world of the computer, and beamed across the world through the e-mail. We no longer handle the products that we may sell. These are figures on the screen. Achievement is reached through manipulation of these figures. As these figures lose connection with the “material world” they become meaningless; an extra 0 on the spreadsheet, a bit of fudging on the management accounts does not seem very important. Ethics is a question of how the organization presents itself to the outside world, and how we can avoid blame (Rees and Wilson 2003). And there is less and less opportunity for relating face to face; our relationships are mediated through technology, monitored through systems of surveillance. We have no material understanding of the effects of our actions on others. We usually do not see it. What lies behind the incoming e-mail? What human story is it really recounting? Even when travelling, our psyches become disconnected by the persistent use

of mobile phones, so that we are rarely fully present as an embodied presence. In organizational life itself, the computer screens act as screens from ourselves. We may be linked up world-wide with China, Hungary, America, but what is happening in the actual office itself, where we all sit as physical presences? Why is it that we learn to e-mail people only 10 yards away from us? Because these tools take us away from ourselves, and the people with whom we are in daily physical contact, then we lose the sense of community, the sense of an embodied collective, a sense of working together as human beings.

The Workings of Power

How is it we have come to this state? How is it that we all end up, to some degree or other “buying into” this way of life which takes us so far from our human desire to relate meaningfully? If we look hard enough, we can see manifesting here the workings of power. But this is not power relations in the form of overt economic or social exploitation. The French philosopher Foucault, showed, through his notion of disciplinary practices, how power relations are maintained through methods for documenting and depicting behavior in specific spheres of activity. This is one way of examining what really happens in organizations. Power works through the ways in which knowledge is classified, codified, recorded and inscribed. They are constructed in processes of social interaction. Through his notion of disciplinary practices, Foucault opened up the analysis of processes whereby power relations are maintained through methods for documenting and depicting behavior in specific spheres of activity. Foucaultian studies have become more prevalent in organization studies over the past decade (e.g. Hollway 1991; Townley 1993; Du Gay et al. 1996; Alvesson and Deetz 2000; Rees 2003).

Disciplinary practices encompass relations between power and knowledge with which Foucault was closely concerned: “Power and knowledge directly imply each other; . . . there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations” (1977, 27).

Foucault’s notion of governance emphasizes regulatory processes and methods of thinking about or perceiving a domain, especially where specific forms of documentation have the authority to depict this sphere of activity, such as appraisal sheets, learning outcomes, quality measures, to name but a few of those endless sheets that many of us spend our time filling in.

We are now living in a knowledge society. Our jobs depend on our knowledge of the markets. Information, access to the spreadsheets is power. Filling in a person’s appraisal is a vehicle of this power. And what’s more, our behavior becomes governed by the criteria by which we are judged in these appraisal. Thus the appraisal form comes to have a significance not merely as a document of measurement, but they actually define the conduct and behavior expected of employees.

And such processes are gendered. Acker (1992) points out that gendered processes are both overt and covert. Gendered processes are often resources in organizational control and transformation. However:

Underlying these processes, and intimately connected to them, is a gendered substructure of organizations that links the more surface gender arrangements with the gender relations in other parts of the society. Ostensibly gender neutral, everyday activities of organizing and managing large organizations reproduce the gendered substructure within the organization itself and within wider society. I think that this is the most important part of the process to comprehend, because it is hidden within abstract, objectifying, textually mediated relations and is difficult to make visible. The fiction of the universal worker obscures the gendered effects of these ostensibly neutral processes and helps to banish gender from theorizing about the fundamental character of complex organizations. Gender, sexuality, reproduction and emotionality of women are outside organizational boundaries, continually and actively consigned to that social space by ongoing organizational practices (p. 259).

Whilst gender divisions are not, in the U.K. at least, the only arena where power relations tend to divide rather than enhance group and personal relationships, it is perhaps the arena where the most biological and most obvious division in human experience is not honored, but overlaid and hidden in the technologized progress that presumes to benefit us all – but which in practice only benefits the richer nations of the West.

Tackling the Conditions of the Modern Workplace

As pointed out earlier, these conditions of hidden or unacknowledged power relations has led to conditions of fear in the workplace. Perhaps this fear is reflected in the alarming statistics in the U.K. that 1 in 6 workers suffers from depression. Given this perspective on the modern organization, and her experience as organizational researcher and consultant, one of the authors was responsible for creating and setting up a team of Buddhist meditation teachers and psychotherapists to see if there was a possibility of addressing these undermining and unseen power relations that were, in her view, responsible for creating fear in the workplace. Unlike other monotheistic religions, which requires either a set of beliefs or a revealed truth, Buddhism can be conceived of as a set of practices, a methodology, through which one can gain a greater sense of interconnectedness, and “transcend” an isolated sense of self. As the Buddha himself said “Come and see”. It is an invitation to experience oneself in greater and greater depth, and to experience that sense of self in relationship to others. From her own experience as a Buddhist practitioner, she felt that meditation held a largely untapped potential to improve the quality of organizational life, be it within business or within the public sector. Could the conditions be created in the modern organization where this could take place, thus surfacing the hidden power relations, and helping people experience themselves more creatively, and removing some of the inherent fear in the workplace? The challenge was to

find a way of translating Buddhist meditational practices and its underlying philosophy of “no-self” into a language and form that could help transform organizational life – into a form that could lead to a sense of greater interconnectedness and hence a values system that is based on collaboration rather than competition.

The History of the Crucible Team

The origins of Crucible Research go back to 1999 when two of its future founder members began to collaborate on a small scale project concerned with trying to access the effects of meditation in a secondary education context. These were: Dr. Bronwen Rees, Director of the Centre for Communication and Ethics in International Business at Anglia Polytechnic University (ARU) and Patrick Dunlop, then Chairman of the Cambridge Buddhist Centre. The Cambridge Buddhist Centre is part of the Friends of the Western Buddhist Order, which is one of the largest Buddhist organizations in England.

They carried out a number of different projects with schools in the Cambridge area. Their attempts to establish meditation in schools, met with limited success, due in part to a lack of support from the hierarchy of the schools concerned. They did however run workshops with teachers, enabling them to use “stilling” exercises in their teaching. During this time they began to meet up with Richard Huson, who would become the third member of the Crucible team. Richard is also a very experienced meditation teacher. In addition he has been a practicing psychotherapist for over 10 years. The three of them met up periodically over the next 18 months to discuss the application of meditation to educational and other organizations, resulting in the production of a joint conference paper entitled “Unity in diversity and diversity in unity; consciousness and myth in organizational life”. At this time John Wilson, joined the team to take up a PhD scholarship which had arisen at the Ashcroft International Business School where Bronwen worked. He, who had recently returned from San Francisco where he had spent 8 years, establishing a Buddhist Centre in the Mission district of the city.

So by the autumn of 2002 the four team members had come together, dedicating to seeing whether and how they could develop a shared language and methodology that could be taken into the business context. Drawing on Buddhist ideas of mindfulness, and working together through an on-going dialogue, they began to develop a research methodology and set of concepts that could usefully be applied to organizational life which, they believe might improve the quality of working life, and re-introduce principles of shared values and relationships that have been lost in the modern organization.

In March 2003, the team received funding from Anglia Ruskin University to see if these practices could cross cultures, and hence a collaboration was set up with the East/West Research Institute of the Buddhist College in Budapest, where a team was developed to work in collaboration with the U.K. team.

Action Research as Method

The traditional “scientific” modes of inquiry were not at all appropriate for the types of inquiry implied by the Crucible intent. Action research was found to be ideal in that it seeks to bridge the gap between theory and practice by emphasizing the experiential basis of knowledge and practical application of understanding. It studies human situations in order to enhance the quality of action within them. Its approach is flexible and takes account of the process of research as it unfolds (Heron 1996; Winter and Munn-Giddings 2001; McNiff 2000).

Action research differs from other forms of qualitative and quantitative research in that it does not try to just describe a static situation. Action research engages with an on-going situation in order to improve the understanding of those in that situation and, if possible, bring about change through collaborative action. Action research aims to describe what is learnt from the process of change as it occurs. That is why it is such a suitable form to work within the Crucible, since what happens in the Crucible is an on-going process of transformation.

Action research begins by negotiating collaborative ways of working that are based in partnership and mutual respect. This negotiation is an on-going process and as such is part of the research, requiring plan, actions, observation and reflection. Action research works towards change rather than just a description of a situation. The process of research is transparent and constructive and it does not attempt to be objective or invisible. Just like in the Crucible, when the alchemist also changes, in action research, the researchers are also participants. This means that the facilitation within the Crucible is also subject to action research and therefore is self-evaluative and questioning.

In a sense action research is what we all do already – in so far as we reflect on our actions. We act, we reflect on the outcome of the action and we modify future actions, in light of what we have learnt. Of course we know that life isn’t quite that simple. One reason why it isn’t so simple is that we often lack the clarity due to emotional instability to reflect clearly on our own actions; another is that we are not just rational beings, and although we might understand that our actions may lead to unhappy consequences, we still continue through habit to act in the same way. However, setting up a model of collective reflection means that we can support one another both in reflecting on, and changing our actions, even if we are unsure of the outcome. Action research provides an excellent model for this reflection at a collective level. It was felt that this model could help break through some of the fear that, we noted earlier, was an inherent part of the organization, and also the fragmented and often polarized gender relations.

Applying a Model of Action Research to Crucible

Action research is a method of encouraging positive change in the way a group of people work together. It places the power, as much as possible within the collective

of the group. The group actively participates in all aspects of the research; defining the problem; setting aims designing the intervention; assessing the results; setting modified aims.

So, for example, if Crucible took a group of teachers interested in meditation, they would want first to find out what they thought meditation might help them with. The team would then implement an intervention (for example, teach meditation) and then with the teachers try and assess the usefulness of the intervention through a process of reflection. On the basis of that reflection a new intervention would be planned and reflected upon. In this way a cycle or spiral of learning is created. If we worked with a group of people interested in community, we would begin to find out what are the crucial requirements each individual needs from a community, and why it is these needs are not being met. If we worked in with a group of senior women managers, as Bronwen Rees has done with teams from both Hungary and the U.K., then the invitation is to set up the conditions where we can mutually reflect on our experiences, and find ways of reconnecting with ourselves and with the organizations in which we worked.

Further, it is ideal in organizational contexts in that a process can be set up that is self-sustaining. This means that the community has the opportunity to constantly develop and inquire into its own functioning. Often change programs do not sustain themselves since individuals who have undergone such training find it impossible to maintain that change when back in their own context.

Principles of the Work: Alchemy, Embodiment and the Reflective Ground

Through their dialogue, the idea of “alchemy” emerged – interestingly two of the team members came up with this idea spontaneously and separately. This had three benefits: it could relate to Western understandings and origins; it carried with it the notion of transformation; and the process of alchemy itself was mirrored in the action research methodology that the team had adopted. There was here an intricate set of interconnections that carried a symbology that transcended both time and space. The name Crucible Research was born, to represent the “container” within which the transformation of the organization’s relationships could take place, and a sense of community be fostered.

The outward aim of alchemy was the transformation of a base metal, such as lead, into gold, while the hidden aim was the transformation of the alchemist through attentiveness to the work undertaken. Alchemy, the forerunner of science, was eclipsed by the scientific method which separated the investigator from the investigated, the work from the worker. Alchemy was a passionate pursuit where the alchemist understood that he or she was re-created by the work undertaken. Thus alchemy represented a possible way of working in which the “individualizing” tendencies of the modern workplace – the separation of the worker from human experience – could be addressed. It also meant that the team needed to reflect upon

its own internal dynamics, as, in the principles of alchemy, the researcher is as much researched as the object of the research.

The term “crucible” is used to delineate the space or ground in which fundamental change may occur. A Crucible is the vessel used by alchemists for the transformation of the prima material into gold. The role of the Crucible team is to help create and maintain this space which allows a creative engagement with the situation as it is. The crucible or ground of transformation is created through attentiveness to how things really are, which is the underlying method of Buddhist meditation. This means that each individual within any given situation strives to be fully present. Drawing further on methods of Buddhist psychotherapy (Watson et al. 1999), which have become increasingly important in modern psychology, there was an additional understanding that we can only become present when we are fully in relationship to one another. Thus the team inquire into the nature of the relational field, and what holds us back from connection. What are the habitual patterns which mean that our interactions may stay at the level of the personality and thus are often defensive? How can we help one another break down the defensive strategies that go into making up the personality? By providing conditions where we can explore “what is present”, and where it feels safe to do so, then we begin to “uncover” or reveal the more fluid conditions beneath our usual dualistic perceptions. It was felt that, if the conditions for such an exploration could be set up in this way, then there was the possibility for breaking through the stifling tentacles of corporate capitalism that we described earlier.

The Process

Over the years the team has developed a shared way of working, that holds the possibility for, at the one level, radical transformation of an organization’s dynamics, or at least a possibility of creating greater kindness and understanding between organization’s members. Whilst at one level, the process itself appears fairly simple, it is based on very subtle understandings of human consciousness. What the team strives to evoke, is a “reflective ground” through which participants can then share their experiences. The team will establish the reflective ground through some simple practice such as body awareness or walking meditation. This has the effect of “slowing down” our mental, physical and emotional processes, so that we truly inquire into the nature of our collective life

This is evoked through simple awareness practices. It is important to realize here that, in Buddhist understandings, the meditative state, although often referred to as an altered state or some kind of trance-like state is, at least in terms of the Buddhist idea of mindfulness, a natural mental state that is available to all. It is important that the particular techniques, such as following the breath that might be employed to encourage this experience of mindfulness are not to be confused with the state itself. Such techniques support the individual to recognize how their mind is. Mindfulness is most simply and profoundly understood as an awareness of how the mind is – not as an abstracted experience, outside of the physical, social or historical context in

which it occurs, but rather it is a recognition of how the mind is in the actual context that the mind finds itself. It is grounded in that situation. Thus, if we understand mindfulness as always being grounded in this way, it becomes clear that the ground is of great importance to the effectiveness of the practice or inquiry. This is particularly true in a group situation where the technique taught is less important than the ground that is established on which the experience of mindfulness rests. The use of Mindfulness techniques is growing in the U.K., particularly in contexts such as the National Health Service.

This grounding is often achieved by employing a simple walking meditation during which the person is invited to notice the situation in terms of the physical environment and the other people present, while also having an intuitive sense of what surrounds that space in terms of their life world and its broader context of the earth itself. Participants might be asked to place themselves in the room where they feel comfortable in relationship to the space itself and the others in the space with them.

This reflective ground is crucial to the work in that it suggests a movement away from a cause and effect model to one of conditionality. In such a model the individual is challenged to acknowledge that his or her behavior always contributes to the conditions and is to some degree reflected in all other conditions that make up the situation as it is. It is then a step towards taking fuller responsibility for the situation in that the individual is located in an interpenetrating and interdependent field of human activity. This perspective is shared by many cultures and traditions; we find a similar acknowledgement of conditionality that goes beyond the mechanistic idea of cause and effect in, for example, Sufi, Hindu, Buddhist, Shamanic, or pre-enlightenment Europe. The underlying conceptual principles then could be summarized as follows:

1 Establishing the reflective ground

The reflective ground refers to the physical as well as the emotional space in which the inquiry takes place. Participants are helped to be aware of the space. The space is recognized as being significant in terms of it being the space where a sense of awareness and kindness will be evoked. The space and in particular the ground brings and holds those there in relationship to one another.

2 Encouraging a sense of embodiment

In this stage an awareness practice is used to encourage the individuals to be as present as they are able to be. It is at this stage that we can say the crucible has been created.

3 Reflection

Reflection is some type of process in which participants are encouraged to reflect upon some aspect of themselves in relationship to their workplace and work – for example, in a business school, the team has evoked questions such as “What brought you into education?” A fairly simple question in itself, but when asked in the context of the reflective ground, then a person’s deepest values may emerge. This can then be offered to the rest of the group through a process of dialogue.

4 Dialogue

This may take place in one large group, or small groups, once the reflective ground has been established. The inquiry takes place in the actual situation by that we mean the emotional/ethical situation that is. It should not be thought that a perfect, reflective ground has to be established before the inquiry can progress.

Conclusion

The work being undertaken by Crucible Research in both the U.K. and Hungary is complex. Whilst at the one level, it began as the simple application of meditation procedures in order to develop community in different contexts, at another level, it represents an attempt at bringing together different understandings of the world, different ontological and practical ways of working together. The work has raised some real issues: how can individuals bring together different methods (Buddhist meditation and modern Western psychology); how can we preserve the integrity of the work without becoming drawn into the imperatives of globalised organizations? However, the ideas are beginning to spread in ways that we could not have envisaged at the start of the project, and this bears witness to the strength of the non-rational process itself. The work has unfolded and moved into different directions, but the methods of communication have gone beyond the original founders of the Crucible team, and whilst they will continue to work together and develop new ideas, some of the growth from this work has taken on yet another direction. This shows us the power of the “irrational” when it is allowed to be brought into consciousness and to flow freely.

Its potential strength lies in the possibility of finding ways of relating that go deeper than that of language, since the awareness practices work at emotional, bodily and intellectual levels, and therefore of finding ways of communicating that undermine the common Western drive towards a task-based outcome. Relationship is privileged over outcome. Diversity is welcomed in an open approach that encourages a mutual exploration of experience. Transcendence is seen as a transcendence of self and a heightened and ever-growing understanding of the interpenetration and connection of our lives. Hopefully, this can penetrate deeper than the empty rhetoric of globalised consumerism, and foster a united sense of community.

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Chapter 9

Leadership the Buddhist Way

Laurens van den Muyzenberg

This paper describes the main conclusions of *His Holiness the Dalai Lama* and me, reached over a 10-year period, about the Buddhist principles useful for leaders of organizations with as its main focus of business organizations (Dalai Lama et al., 2009). We took as a starting point the many severe problems in the world still to be solved and the contribution business can make. Ven. P.A. Payutto also contributed with important insights. We examined not only Buddhist principles but also the ideas from prominent modern thinkers about leadership, amongst others, Peter Drucker, Chester Barnard, Jim Collins and the economist Friedrich van Hayek. It also includes the examination of my experiences of 50 years of leadership and international management consulting.

Pursuit of Happiness as the Base

Leading the Buddhist Way is based on two principles. The first principle is that the purpose of all of us is to seek happiness, and the second principle is that nothing exists that is permanent on its own, independent of causes and conditions.

The first principle is frequently referred to by the Dalai Lama as one of the central teachings of the Buddha. Aristotle expressed the same view. It is also one of the most important statements in the Declaration of Independence of the United States of July 6, 1776: “All men are created equal. . . with certain unalienable Rights, and among these are. . . the pursuit of Happiness”.

The second principle of impermanence is presented in different ways in Buddhism. For example nothing exists without a cause and a cause has (an) effect(s) in endless chains of change. These change cycles are sometimes referred to as “dependent origination” or “conditioned arising”. Conditioned arising differs in two ways from “cause and effect”. First, the emphasis is on the process of arising and not on the “steady state” of the effect. Second, an effect is not only dependent on

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a cause but also on conditions. For example a seed becomes only a plant with conditions such as soil, water and light. The term “dependent” in “dependent arising” refers to “dependent on conditions”. Therefore, solving problems requires not only finding the cause(s) but also the condition(s) that allowed the cause(s) to become a process leading to (an) effect(s). Impermanence, or constant change, is in a way obvious, we all change, we are born and die. Even though it is obvious that people do not like impermanence. People prefer that once things are pleasant it would remain the same. The pursuit of happiness is as therefore a dynamic process considering impermanence. Happiness in this context does not mean pleasure as pleasures come and go. Happiness refers to peace of mind, having a feeling that you are doing the right things, using all the capabilities and energy you have.

Buddhist leadership is based on facilitating and producing happiness in a constantly changing process. To be able to function in this process you have to act based on Right View. Right View can also be referred to as Right Vision or Right Intention. Acting based on Right View is referred to as Right Conduct. Having the Right View but not acting upon it is without merit. This is often a problem; people have good intentions but do not act accordingly.

We will look together in the next sections Right View and Right Conduct at three levels of leadership:

Level One, Leadership of your own mind and behavior.

Level Two, Leadership of an organization.

Level Three, Leadership of an organization as an integral part of an ever-changing society.

What Is Leadership?

We are concerned with the leadership of organizations. What are organizations? An organization consists of a group of people that have joined the organization on a voluntary basis, because they believe that as a member of the organization they can reach goals they cannot reach alone. For example designing and producing an aircraft requires a large number of people with different skills that cooperate, the same for an airline, or a hospital.

The first task of the leader is to see that the organization survives in the face of rapidly changing circumstances, with economic ups and downs, competition, innovation and growing and declining markets.

The second task is to see that the organization makes a positive contribution to the well-being of the members of the organization and of the buyers of their products and services, their shareholders and all the other members of society with which they are in contact.

Leaders lead organizations by making decisions. We will examine the decision-making at three levels: from the perspective of the leader as an individual, from the perspective of the organization he or she leads, and from the perspective of society at large.

Leading Yourself

The Buddha said, “The best way for a ruler to reign over his country is first of all to rule himself”. That is why we start by describing how to lead yourself.

Right View and Right Conduct

Decisions can have two causes: an external impulse or an internal impulse (that is an initiative you want to take). In both cases the first step is to ask yourself, what do I want to achieve and why, what is my goal, my intention, are the consequences good? “Good” is an action of which the consequences are positive and healthy for you and for those effected by the consequences of the decision. A decision that is only good for you but not for others is bad as is a decision good for others but not for you.

Determining the effects of a decision requires often a great deal of analysis and thinking. What are the short-, medium-, and long term effects? What is the effect on our employees and our customers, what are those risks involved? You will also find situations where the effects are good for some but bad for others. What do you do if even after many attempts you cannot eliminate all negative consequences? There is no easy answer to these questions. First, you have to consider the intensities of the good and the bad in total and by individual. Second you must make sure that the good effects are far greater than the bad. What a good leader should never do is taking a decision that will be beneficial to himself but harms others.

In arriving at Right View you will face many obstacles. One of the obstacles is wrong motivation. The first question many people ask when looking at the effect of a decision is “what is in it for me”, and they show little interest in the consequences on others. Another mistake is to look only at the materialist effects and not at spiritual effects, like “will I earn more money and if I will earn more, is it good”.

Many other motivations will lead to the wrong results, for example if the desire for prestige, jealousy, hatred, fear, anger, ego centeredness, greed, lack of self-confidence, revenge influencing your mind, that will lead to Wrong View. These motivations are referred to as “negative thoughts and emotions”. Therefore to make the right decisions you have to reduce or eliminate these negative thoughts and emotions from taking control by training your mind.

The Necessity of Training Your Mind

Many books have been published about training the mind, under the heading of “meditation”. The objective is often given as becoming calm, getting rid of stress, to relax. In the context of leadership the purpose is to make the mind ready to work effectively. The Dalai Lama says the purpose is to discipline the mind so it does what you want. The Dalai Lama often compares the way your mind works to a

monkey that swings in a tree from branch to branch, from subject to subject, unable to concentrate.

This section does not contain a complete guide to training the mind, but given the mystique and many misunderstandings I will present two training methods I use that you may find helpful too.

The simplest method is “walking meditation”. You just walk back and forth and instead of letting your mind jump around you try to concentrate on the feeling in your feet as the heel lifts from the floor, moves forward, touches the floor again. Just concentrate on the feeling of moving touching and no other thoughts. You may think this to be ridiculously simple but you will find it very difficult. Inevitably your thoughts will start entering your mind. When that happens classify the thought as pleasant, unpleasant, neutral and drop it.

It can help your concentration by pronouncing, aloud or silently, the word corresponding to each movement. For example say “heeling” (lifting your heel while the toes are still on the floor), “moving” (moving the foot forward), “touch” (your toes touch the floor), “weight” (moving your full weight on the foot as the heel goes down). You can go one step further by bringing your breath consciously in harmony with the movement of your feet by breathing in after “weight” when “heeling” starts. The words like “heeling” and “weight” have been chosen after a great deal of trial and error. For example “touch” and “weight” are “stopping” words, “heeling” and “moving” are movement words. The movements should be carried out in slow motion. No faster than you can say the words calmly. Start with 5 min every day, at any time. Make it a habit. Over time you will find that your ability to control your mind will improve.

The second method is sitting meditation. You sit down on a chair or on the floor with your back straight and unsupported, where instead of concentrating on the feeling of your feet moving you concentrate on your breath going in and out.

This training helps you to improve your “mindfulness”. Mindfulness refers to the ability to “see” an emotion or a thought starting to develop in your mind and recognize whether it is a good one or a bad one. For example you will be aware that you are starting to become angry and have a possibility to stop it from taking control over your mind. This is not easy. Many Buddhist texts say that you should be grateful if someone offends or severely criticizes you because it presents you with the opportunity to train your mind to stay calm.

The following very simple example shows the difference in how the trained and the untrained mind work. Imagine, you are the head of an organization and you have scheduled a meeting of the Executive Committee starting at 9.00 AM. You are entering the meeting room at 9.00 and notice one person is missing. That initiates immediately an unpleasant feeling. Then you have to choose between many options, get angry, calmly wait until the person arrives, call him on his mobile or his secretary. The leader with the trained mind will, with mindfulness, immediately recognize that an unpleasant emotion is entering his mind, that immediately rings an alarm bell, “be careful do not act under the influence of a negative emotion”. Therefore he stays calm, and makes one of two decisions: start straight away or wait until the person arrives. If he chooses to wait and it takes too long until the missing

person arrives, he will start anyway and when the missing person arrives, he will summarize what would have been discussed so far. In both cases, after the meeting, he calls the latecomer to find out what the cause of his absence was. If that was not an acceptable cause, he reaches an agreement with the latecomer about what would be a valid cause. He will always stay calm.

Buddhism proposes a useful list of the “seven character traits of an ideal leader”. This list is a good bridge to the next section “leading an organization”.

The Ideal Leader

Understanding Principles and Causes

Leaders are aware of what duties and responsibilities are involved in their role, and of the challenges they face. Leaders should be able to identify the causes of problems and the principles that should be applied to solve them. For example a problem can be caused by a lack of self-discipline. If that is the case, the leader should know the steps to take to correct it.

Understanding Objectives and Results

Leaders know the meaning and objectives of the principles they abide by; they understand the tasks they are undertaking; they understand the reasons behind their actions. They know what may be expected in the future as a result of their actions and whether these will lead to good or bad result. This kind of foresight is important for a leader when they are taking an action now that will only lead to results in the longer term, or are insisting on taking an action that is not popular.

Understanding Oneself

Leaders know their strengths, knowledge, aptitudes, abilities and virtues, and are able to correct and improve themselves. They also have to be aware of their limited knowledge of the operations of the company and how the company in turn affects its many stakeholder-groups. They must be very eager to learn.

Understanding Moderation

Leaders know moderation in speech, work and action. They do everything with an understanding of the objectives and the real benefits expected. They do not act merely for their own ends, but also consider the effect of their actions on the benefits for the organization for which they are responsible.

Understanding the Occasion and Efficient Use of Time

Leaders know the proper occasion and the proper amount of time for actions and dealings with people – what should be done and how – and they act punctually and at the appropriate time. This includes knowing how to plan one's time and organize it effectively. Additionally leaders must have "discernment", the ability to identify the issues that matter most and concentrate on them. It is very important not to waste time on trivial matters.

Understanding the Organization

Leaders know that the organization should be approached this way: people within it have rules and regulations; they have a culture and traditions; they have needs that should be dealt with, helped along, served, and benefited in the proper way. They need to have an understanding of the character of the company and their responsibility for developing that character and should be aware if some aspects of the character need to be changed.

Understanding People

Leaders know and comprehend differences among individuals. They know how to relate to people effectively what can be learnt from them, how they should be praised, criticized, advised and taught.

Leading Your Organization

The three main tasks of the leader of an organization are (1) to see it that it survives, (2) that the members thrive (3) and that it fulfills a useful function in society. Most people that do not have any experience of leading a business often do not know how difficult this task is. Just survival is a major challenge. Less than half of the 500 biggest companies in the US in 1980 were still in business 20 years later. Not all of those that disappeared were closed; some were bought and restructured by other companies. Closure and restructuring of companies cause a great deal of suffering and wealth destruction. The major cause of these disasters is incompetent management, the management that lacked the ability to cope with changing circumstances, which is impermanence. Remember accepting impermanence is one of the two foundations of Buddhist leadership.

Your Organization Is Alive with Immense Power Potential

Competent leadership is a condition for survival for organizations with more than, say, 50 members. Business organizations with more than 50 employees provide

more jobs than any other type of organization and also produce more wealth than any other group. Smaller organizations also need a leader, where natural talent can suffice. As these organizations depend on leadership, business leadership is the largest power on earth. The Dalai Lama recognized this fact and therefore accepted to investigate how Buddhist principles could help directing this power in the right way.

A remarkable aspect of an organization is that it is alive. It functions in many ways like a living organism. People talk about their organization like “this is a very nice organization”, “our organization is the best in the world” or “our organization is suffering from bad management”. A company can be sentenced for wrongdoing and fined.

When you meet people many will ask: “For whom do you work?” A friend of mine worked for IBM. When people asked him this question, when the company was new in the UK and he answered IBM, the reaction was: “IBM, who are they?” When IBM became famous the reaction became, “Lucky you, that is a fine company”, and when IBM got ran into some problems, it became: “You are in trouble, aren’t you?” Being a member of an organization becomes one of your identities. That is not surprising as you may spend as much time in the company as with your family.

Another remarkable aspect of an organization is that it is invisible. Offices, factories, machinery, computers have no power on their own. They only have power in their relationship with people who use them and who have invisible relations with other people in the same organization and with people outside the organization, like customers in an active gigantic network of communication.

Chester Barnard compared members of an organization to iron filing particles on a glass plate with a magnet below it. The particles align themselves in lines on the glass plate without any visible contact with the magnet. With some imagination you can see the magnet as the leader. In summary an organization consists of invisible relationships between the members inside the organization and of other type of relations with people outside the organization such as clients and suppliers.

Directing the Power of the Organization by Formulating the Purpose

Many companies, but far from all, have formulated the purpose and values of their organization. If done and implemented well, it is the most powerful tool for a leader, who has to direct the power of the organization. In this section we will examine the helpful Buddhist principles to develop purpose and values. In case you have already done so you can test their adequacy. Companies use widely different terminology in referring to “Purpose”. Some use “Mission” instead of “Purpose”. The mission statement can also include the values. Other refers to “Business Principles” that includes Mission and Values. The purpose or mission refers to the “business idea”, “what the business is we are in, and what we aim for”; the values are principles to be followed in realizing the Mission or Purpose.

Jack Welch, retired CEO of General Electric, found in the seminars he held for top management all over the world that 60% of the companies did not have a mission statement. He also found that many mission statements were of no value like “Our mission is to be the best company in the industry”. An example of a good mission statement is that of Google: “To organize the world’s information and make it universally accessible and useful.”

As a starting point we will examine a description of the purpose of an organization by Chester Barnard, probably the most profound thinker on this subject. He wrote:

The leader’s job is formulating and defining the purpose of the organization; providing a system of communication; and attracting and retaining very competent people, encouraging them to put their best efforts into realizing the purpose of the business.

More in detail:

Leadership must inspire cooperative (C) decision-making by creating faith (A); faith (A) in the common understanding of ultimate success, faith (A) in the ultimate satisfaction (B) of personal motives, faith (A) in the integrity of the leadership, faith (A) in the superiority of the common purpose of the organization as a personal aim of its members. Without the creation of faith (A), the catalyst by which the living system of human efforts is enabled to continue its incessant interchanges of energy (D) and satisfactions (B), vitality will be lacking and the company will die. Cooperation (C), not leadership is the creative process; but leadership (E) is the indispensable condition for its success.

Comments considering Buddhist principles.

- (A) Faith. Barnard stresses the importance, that the employees must be inspired to have faith in what the company is doing. Buddhism believes that faith is a very powerful force and that it is of the utmost importance that it is justified. Blind faith is dangerous. That is why the purpose must be good for the pursuit of happiness. Faith in management is only justified if it acts with integrity.
- (B) Satisfaction. “Satisfaction” relates to the “pursuit of happiness”. Happiness as explained before does not refer to short-term pleasure, but to satisfaction or even better “peace of mind”. “Satisfaction of personal motives” means that the employees must feel good about what they are doing, otherwise they will not put in their best effort and might leave. The “exchange of satisfactions” refers to the importance that when people work with each other they must feel good about it. If they dislike dealing with others it will have a negative impact on the performance of the organization.
- (C) Cooperation. Many people, even members of organizations sometimes talk as if organizations consists of people are in constant competition with each other. That view is incorrect. There is far more cooperation in an organization than competition. But there is some competition too, for example for promotion and in large companies between divisions. That competition can be healthy and unhealthy, and it is a task of the leader to see to it that it is healthy. For example those promotions are made on merit without discrimination. “Cooperative decision making” refers to the need of people from different functions and different

levels for making decisions together. The alternative to cooperative decision-making is hierarchical decision-making by command. Hierarchy is necessary so it is clear who has the authority to make major decisions like building a new factory. “Cooperation is the creative process”, relates to the Buddhist principle of maximum freedom with responsibility. Creation is about doing something new and different from the present. The task of the leader is to see to it that this freedom exists and is organized. For example developing a new product needs the bringing together of people from different disciplines with a plan and a schedule.

- (D) Incessant interchanges of energy. This refers to continuous communication between different functions and levels. It refers to a concern of Barnard that leaders at the top of an organization often are not informed about the reality, the employees experience especially at the “ultimate” work level, that is the salesman meeting a client, the worker in the workshop, the person dealing with customer complaints. Facing reality, knowing the way things are is a very important Buddhist principle and one of the most important tasks of the leader.

One Buddhist principle not specifically referred to is the principle of coherence. Coherence means that the actions of the people in the company should be supportive of each other and not the opposite. This is easier said than done in a complex organization. One Buddhist concept is “Everything originates together is mutually dependent”. Coherence means that the leadership has to be aware of the changes inside the organization and the environment to make sure that actions throughout the organization are coherent.

Why Making a Profit Cannot Be the Purpose of a Business?

Some companies still claim that the purpose of a company is to make profit. Making profit is a condition for survival. Stating that the purpose of a company is to make profit is the equivalent to the statement that “the purpose of life is eating (as otherwise we die)”.

Peter Ducker, one of the most respected thinker about business, wrote in 1977, “A business cannot be defined or explained in terms of profit”. Asked what a business is, the typical businessman is likely to answer, “an organization to make profit”. The typical economist is likely to give the same answer. The answer is not only false: it is irrelevant. The purpose of a business must lie outside the business itself. In fact it must lie in society, since a business enterprise is an “organ of society”. “There is only one starting point. It is the customer. The customer delivers the business.”

You can still find prominent persons, mostly academics claiming profit is the purpose of business. For example Richard Lambert, the Director General of the CBI (Confederation of British Industry) wrote still in 2010. “Business in some ways quite simple. It has clearly defined aims. The aim is to make money. So you have a measure against which to judge all subsidiary actions which add up to the overall result.”

Every businessman knows that his business has to make profit to survive. It is correct that a company considering an action should consider the impact on profit. That is also obvious, but that does not mean to make profit is the purpose of a business. The Buddhist view is that there is nothing wrong with generating wealth as long as it is done honestly without harming people beside making a positive contribution to society.

Leading a business is very difficult as indicated by the many failures. The failures are not because the leaders were not interested in making profit but because they did not know how to develop and keep customers and supply them with products and services, on which they could make profit in an impermanent, ever-changing world.

Jim Collins in his excellent book “From Good to Great”, found that all great companies had a clear purpose and make excellent comments on how the purpose was developed.

We return now to the subject of values associated with the purpose.

Company Values as a Guide for Decision-Making

Companies that define their purpose generally, also define corporate values that should be respected when realizing the purpose. The following statements are typical examples of statements of values of different companies.

Customers: To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact.

Employees: To respect the human rights of our employees and to provide them with good and safe working conditions, competitive terms and conditions of employment. To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns. We recognize that commercial success depends on the full commitment of all employees. We expect all our employees to act with honesty and fairness.

Shareholders: To protect shareholders’ investments, and provide long-term return competitive with those of other leading companies in the industry.

Change: We have to develop and adjust ourselves and our organization to the demands of our customers and constantly find ways to improve our performance. We will listen carefully to the views and ideas of our employees and take appropriate actions.

Communications: Bad news must travel fast, good news can wait.

Formulating the purpose and values is a unique task for every business. These values have to reflect the character of the company, considering what the company

wants to be. The gap between what the company is and wants to be should not be too large as it is then unlikely that the values can be adhered to.

More than half of the FTSE100 companies have a mission and value statements. Unfortunately investigations have found that in many companies these statements are window dressing and are not practiced. Some leaders think that the values apply for the employees but not to them. The values to be practiced by all demand that all members of top management strictly adhere to them.

Multiple Perspectives and Execution

An important Buddhist principle is that important decisions should only be made after different and competing plans of actions have been compared and evaluated. This evaluation should include the consequences from the point of view of the company and from the point of view of people and organizations affected by them, as well as the risks and uncertainties.

General Electric and IBM have found that they can generate more perspectives by involving diverse group of people. Diverse referring to culture, sex, race, nationality and age. When all participants are white, protestant and male, the perspectives will be far more limited. Broad participation does not mean chaotic decision-making. The steps in the decision process should be clear as well as who has the authority to make the decision.

The step that follows the decision is Right Conduct. Right Conduct consists of two parts: (1) executing the plan and (2) monitoring that the effects are as foreseen. Given impermanence one can almost be certain that unforeseeable developments will occur that will influence the outcome, and then corrective action must be taken with as little delay as possible.

In summary as Jeff Immelt, CEO of General Electric recently said, “Vision is the motivation – Execution is to win”. Vision is Right View, execution is Right Conduct.

Leadership in an Interconnected World

Two of the most important types of organizations with which a business interacts are other businesses and governments. Cooperation with other businesses is very important. This is referred to as Business to Business (B2B). All businesses buy products and services from other businesses. In most cases a business will ask several businesses to make an offer and select the business that offers the best combination between price and performance. A car producing company employs many more people amongst its suppliers than in their own factories.

The government is also very important as it establishes a framework within which the business has to operate. This framework consists of the infrastructure of the country and laws and regulations. Important parts of the infrastructure are for example roads, ports, sewage systems, education (from primary to university), training

and health care like hospitals. The quality of the infrastructure varies enormously between poor and prosperous countries. A low quality of the infrastructure is one reason why countries are, and remain poor.

The second type of regulations concern products that vary between products types. For example pharmaceutical products cannot be sold unless approved by government agencies, the same for airplanes. On the other hand there are no regulations for shoes. Another type of regulations concern the conditions about the way a product is produced like precaution against fire in the work place, working hours, child labor and in many countries a minimum wage.

Yet another category deals with competition. Competition between businesses is very effective in “directing” companies to produce products that people want to buy at reasonable prices. But there are problems too. This is probably the area where governments have the greatest difficulties in establishing the right regulations. One of the problems that the government faces is a substantial number of companies, which will not act responsibly unless they are punished. For example instead of competing honestly some will bribe clients to buy from them. Another problem is that businesses prefer to be able to sell without competition as they can then fix the price to make very high profits. This can be achieved by “killing” all competitors by using unfair methods, or by buying all competing companies. For that reason all countries have anti-monopoly laws that forbid companies to act this way. This can be very complicated as for example with Microsoft that developed an excellent product and gained a large market share and established close to a monopoly position. Microsoft has been forced to change products and has paid fines of hundreds of millions of dollars because it had overstepped fair competition rules.

Another problem is that all countries use an egocentric approach to developing business regulations, giving advantages to national companies and creating obstacles for foreign companies to compete in the national market. A well-known example is in agriculture where the United States and Europe subsidize their farmers and use other methods to reduce competition from poor countries.

Establishing the right regulations is very difficult. It will be obvious from the examples given that regulations are unavoidable. Some theorists claim that if there would be no regulations, then all problems would be solved automatically. Just imagine what would happen if regulation of pharmaceutical products would be taken away or if everybody would be free to drive at any speed on any road.

Global cross border interdependence poses a major challenge. The first problem is that government officials establish regulations from an egocentric country point of view. Right View would mean establishing regulations that consider the effects on its own and other countries. Global markets need global regulations. For example banking and financial systems are the areas where global interdependence has become very advanced and face a desperate need for global regulations. So far countries have been unable to agree on how such regulations are to be established, let alone what they should be. This can lead to a global catastrophe. That is one reason why we believe that the principle of Universal Responsibility is vital. Universal Responsibility means to act considering the interests of all concerned.

A second problem is that businesses are, as a matter of principle, oppose all regulations. Businesses opposed the abolishment of slave labor, child labor, restrictions in working hours and minimum wage. Instead businesses should work with governments to develop regulations considering many perspectives as recommended before.

A third problem is that business very often says, “with this regulation we can no longer compete and will have to close our factory and move to a country that does not have this regulation”. If the principle of universal responsibility would be adapted, then a large amount of regulations could be removed and the remainder could be made more effective.

Lastly governments are bureaucracies, once a regulation is established it is never changed. This is a problem in developed countries but often an even bigger problem in poor countries. For example in many poor countries, because of ancient regulations, it takes much longer and costs much more to start a business than in developed countries. One of the consequences is that entrepreneurs operate in the black market with negative effects on the tax income of the government, employee security and high interest payments on the loan the entrepreneur takes (if he can find an organization to give him a loan).

This is not to say that all problems can be solved with regulations. Changing attitudes as described will make an important difference. It also requires amongst other new and different institutions and new knowledge on for example how to reach low levels of unemployment with price stability.

The most common economic system in the world is referred to as “capitalism”. We think that “capitalism” is an unfortunate and a misleading word to describe this economic system. Capital is a means to an end. A farmer with one cow is already a “capitalist” as he has had to invest capital (savings or a loan) to buy the cow. We believe that a much more accurate description about what we should aim for is the *Free and Responsible Market Economy*. Prosperity and happiness depend on freedom, the freedom to pursue happiness. That freedom however must be linked with responsibility with Right View and Right Conduct. Right View also means that all have to accept that happiness and prosperity can never be attained by exclusive concentration on increasing material wealth; that freedom and spiritual wealth are at least equally important.

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Chapter 10

The Contributions of Buddhist Economics

Laszlo Zsolnai

Buddhist economics can be seen as a radical alternative to the Western economic mindset. Western economics represents a *maximizing* framework. It wants to maximize profit, desires, market, instrumental use and self-interest, and tends to build a world where “bigger is better” and “more is more”. Buddhist economics represents a *minimizing* framework where suffering, desires, violence, instrumental use and self-interest have to be minimized. This is why “small is beautiful” and “less is more” nicely express the essence of the Buddhist approach to economic life (Table 10.1).

In the following paragraphs I summarize the main contributions of the papers presented in the book. They represent polyphonic, but convergent views.

Table 10.1 Characteristic of Western economics and Buddhist economics

Western economics	Buddhist economics
Maximize profit	Minimize suffering
Maximize desires	Minimize desires
Maximize market	Minimize violence
Maximize instrumental use	Minimize instrumental use
Maximize self-interest	Minimize self-interest
“Bigger is better”	“Small is beautiful”
“More is more”	“Less is more”

The Critique of Mainstream Economics

Julie Nelson stresses that the notion of “Economic Man” is doubly biased. First, in leaving out all aspects of human life having to do with body, emotion, dependence, or other-interest, it highlights only culturally masculine-associated notions of

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humanity, while blocking out consideration of feminine-associated ones. Not only are the occupations of feeding, cleaning and nursing bodies (traditionally assigned to women) made invisible, but *everyone's* experiences of social life in general, and of dependency in childhood, illness and old age in particular, are denied. In Buddhist terms, “economic man” elevates the autonomous “self” to a concrete entity, radically denying codependent origination. Economists have done a good job *teaching* that people are self-interested (greedy) in our economic lives, that firms have no choice but to profit-maximize, and that the economy does not evolve, but rather runs like clockwork according to universal laws. The neoclassical notions of an impersonal, mechanical system has saturated the popular image of economic life in the West.

Julia Essen states that while economic objectives in both Buddhist and mainstream Western models involve satisfying self-interest through rational choice, these concepts hold different meanings in each perspective. The enlightenment era’s “Economic Man” model, based on the neoclassical theory of methodological individualism, presents an atomistic individual, using instrumental or means-to-ends rationality, calculating choices of comparable values to arrive at the optimal outcome: maximization of self-interests, whether for profit or some other form of satisfaction. But a Buddhist version of this model (call it the Rational Buddhist Householder) based on the theory of conditionality or dependent origination and the law of causality looks a bit different. The Buddhist sense of self is connected to other entities rather than being isolated, and an individual’s actions have consequences arising in a non-linear fashion, possibly resulting in a karmic boomerang. This undoubtedly expands an individual’s notion of “self-interest”. As such, where the neoclassical Economic Man’s rational process stops at satisfying a demand, the Rational Buddhist Householder would first factor into his or her choices the possible effects on all spheres of human existence: individual, society and nature.

Mainstream Western and Buddhist models also differ in their objectives of achieving wellbeing and the desire that stimulates efforts toward that aim. While the former promotes material wellbeing for its own sake, the latter considers it as a necessary condition for the ultimate goal – attaining Nirvana. That is, in Buddhist economics, the provisioning of basic material needs – food, shelter, clothing and medicine – serves as the foundation for human spiritual advancement. With the minimum material comfort as its objective, it may seem that there is scant motivation to be productive in the Buddhist economic model. The capitalist economy, after all, is driven by desires, and Buddhists are supposed to rid themselves of this source of suffering.

Sander Tideman warns us that our selfish motives are based on an illusory belief in an independent self, separating us from others. We do have selfish traits, they may even dominate us at times, but they can be removed by mental practice. What remains is our true nature, our Buddha-nature, which is a state of mind recognizing the interconnectedness with all that lives. Since we are so connected to the world the practice of kindness and compassion is the most effective.

The new neuroscience and behavioral science is revelatory because they provide empirical evidence derived from a biological basis for the notion that human nature is not driven by greed and egoism alone. At least equally important are the principles

of fairness, cooperation and altruism. Since neoclassical economics consider itself to be a science concerned with “hard data”, the fact that there is hard biological basis for these principles helps to uproot the long held yet untested assumptions of economics on self-interest and rationality. The wiring of the human brain indicates that motives of fairness and degrees of altruism are more natural to the human mind than selfishness and individuality. Most significantly, neuroeconomics and behavioral economics have established that the so called “rational self-regarding actor model” needs to be replaced by a framework that accounts for our emotional and pro-social behaviors.

Julie Nelson emphasizes that it is a neoclassical economic dogma that firms maximize profit which automatically leads to efficiency and social welfare for all. In reality business firms do a great many things. They make products or services. They employ people: they are places where people work hard, or are lazy; make friendships, or not; find meaning in work, or can't wait to go home. They have a physical presence, and take things from the rest of the natural environment and put things back into it. Businesses develop relationships with the communities in which they locate: their customers, suppliers and creditors. Sometimes these are healthy relationships and sometimes not; sometimes they last, sometimes they do not. Businesses develop institutional histories and particular internal cultures – for example, some take pride in the quality of the goods or services they produce, others in their role in their community, while others may be more innovation-oriented or finance-oriented and they may be structured in more hierarchical or more egalitarian ways. They are populated by people who are sometimes wise and long-sighted and sometimes greedy and short-sighted – and most often, a mix of the two. Sometimes people within a firm cooperate and work together well towards their joint goals, and sometimes firms are a mess of mismanagement and miscommunication. The activities of buying and selling depend in part on people's desire to make trades that are to their own advantage, but also on people's ability to trust each other, on people's creativity and initiative, on social structures of norms and reputation, and on state structures of regulation and enforcement. Markets are the way in which most people reading this book, most of the time (and contrary perhaps to our fantasies) get what we need for living. Businesses and markets are concrete, specific, physical and social institutions, not abstract “profit-maximizers” and spheres of pure exchange.

Tideman observes that many stakeholders of the market are all partners in a continuous process of dynamic co-creation, with the human mind not as independent (or objective) witness but as active (subjective) co-creator determining the quality and direction of this process. Quantum physics and neurobiology have discovered that the human mind creates the reality that it perceives: hence markets must be creations of the mind as well.

Sustainability and Right Livelihood

Peter Daniels describes sustainable production and consumption where goods and services are provided and used to fulfill basic human needs and bring better quality of life – while keeping natural resource use and emissions of toxic and other waste

over life cycle and supply and post-use chains at levels that will not jeopardize the ability to meet the needs of future generations.

These conditions require the maintenance of various forms of “capital”. Capital is defined in the sense of produced and natural assets or resources ready to provide the materials, energy and services for human welfare. At least three forms of capital need to be maintained for sustainable development:

- (1) produced or manufactured capital to provide transformed-nature material means of satisfying needs and wants (economic sustainability);
- (2) natural capital for direct and feedstock services from nature (environmental sustainability);
- (3) social capital or strong social networks and institutions to support the other forms of sustainability (social sustainability).

Changes towards sustainable consumption can be seen at two general levels. Firstly, we can reduce the environmental demands from what we purchase by minor, incremental shifts in the bundle of specific items that effectively provide the same levels and end-use services. If it assumed that production technologies are largely given, then consumer choices can respond in view of the material, energy and waste (MEW) demands or intensities as they exist now and across their full life cycles and supply chains. This would include the MEW demands in the *use* of goods and services purchased, that is, the service utilization or operation of the economic unit over its product life; as well as in its disposal or reuse phases. A flip side to the environmental demands is the service-intensity of the changes in consumer decisions. Service-intensity involves the level and quality of service that is actually derived from products. If consumption shifts towards greater service-intensity, then welfare is enhanced or at least maintained in a more sustainable way. Both reductions in MEW- or environment-intensity and increases in service-intensity, are ideal at this level of sustainable consumption initiatives. As discussed, sustainable production changes would be stimulated over time in response to this type of change.

Secondly, sustainable consumption can occur via more profound changes in people’s overall consumption bundles or lifestyles. As in voluntary simplicity, “downshifting” and organic, holistic lifestyle trends where effectively “less is more” beyond some basic need-want levels. This includes a wide range of decisions with profound influences upon our “consumption” such as those relating to work-income-leisure and associated time use, housing and location, fertility, diet, health and a host of ethical issues.

Daniels notes that under both the Buddhist and sustainability perspectives, choices about what we seek and pursue from life and the environment should accurately reflect the impact of these choices on our long-term well-being. This logic seems obvious but, from the Buddhist view, the underlying problem is that people lack knowledge about the appropriate path to a sustained state of satisfaction or contentment. People repeatedly experience the inability of want-pursuit based on external phenomena to bring lasting satisfaction but they generally do not learn the lesson that suffering cannot be overcome from grasping or clinging to the objects of

“reality”. If an individual’s preferences are targeted at long-term welfare or satisfaction, this condition can be described in economics as a divergence between actual and true preferences. True preferences are the set of ranked choices that represent those that really lead to satisfaction or what is best for that person. At least part of this divergence may stem from lack of foresight and information about the unintended consequences of incessant growth in demand upon a limited resource base. Buddhism can help achieve sustainable consumption. It can do this by providing a logic and perspective for understanding the consequences of the levels and patterns of consumption upon the highly interconnected social and natural realms (and back on jointly-determined personal and community welfare).

Julia Essen stresses that “Right Livelihood” is guided by *chanda* and allows the individual to keep the five householder precepts (to abstain from killing or harming life, stealing, lying, engaging in sexual misconduct and consuming sense-altering substances). Right livelihood also requires diligence, an important Buddhist virtue, and in the Buddha’s directives for householders to achieve happiness in the present lifetime: diligent acquisition, followed by careful conservation, having virtuous friends and living within one’s means. Finally, implicit in the notion of Right Livelihood for the householder is self-reliance. In terms of material self-reliance, householders must meet their own subsistence plus generate enough surplus to support the monastic community that depends on them.

Wealth accumulation is not so much the issue for Buddhists as is what happens afterwards. Along with the benefits of wealth come increased potential for attachment to money, material goods and the resulting status as well as the craving for more. The Buddha specified five uses of wealth: to provide for oneself and one’s family, to share with friends, to save for emergencies, to make the fivefold offerings (to relatives, guests, the departed, the government and the deities) and to support spiritual teachers and monks.

The Buddha did not advocate deprivation as material wellbeing is necessary for spiritual advancement. Moderation is a better approach to consumption, since it is in line with the teachings of the Middle Way of neither extreme luxury nor extreme asceticism. The question of what is “sufficient” is to be continually re-evaluated by each individual at different levels of spiritual attainment. The aim, though, is to consume less.

Assuming a steady rate of diligent wealth accumulation (and no debt), reduced consumption permits greater opportunity for giving. This is desirable not simply because generosity is a virtue, but because giving allows Buddhists to practice non-attachment to material objects and possessive feelings; it is training in selflessness.

Peter Daniels argues that for the natural environment, appropriate changes in beliefs, attitudes and motives – based on the law of karma – should have a beneficial impact by minimizing or at least moderating and managing consumption so that material and energy throughput (and hence environmental exploitation) is substantially reduced. Awareness of the karmic spillovers of material and energy consumption would act to decrease the overall biophysical scale of material output demanded and consumed as well as instigating fundamental changes in the nature or composition of economic output. The significance of cause-effect chains,

with ramifications far beyond the primary target of the originator's action (and usually back upon the initial agent), is closely aligned with the incorporation of "spillover effects" or "externalities" into production and consumption decisions in contemporary economic-environmental thought.

A major target of more traditional economic approaches has been to reduce the biophysical metabolism of the economy to reduce impact per unit of welfare output. To date, the "rebound effect", or growth in consumption capability from technological efficiencies and economic growth has predominantly acted to offset reduced environmental harm from eco-efficiency gains. The ability to moderate and dematerialize the rebound effect will be instrumental for sustainable consumption and Buddhism has important offerings in its ethical approach and world view.

Techniques of socioeconomic mapping metabolism (SEMM) for reducing society's impact on nature share is like Buddhism's "operational" goal of reducing material and energy livelihood-related throughput. Their similarities and complementary nature are too significant to ignore. At root, they concur with an ethos of the improvement of human physical and spiritual well-being pivoted upon "scientific" understanding of the interconnectedness of the three spheres of human existence. The logical approach and intuitive rationality of a Buddhist-related value system would be strongly supportive for an economic system based on dematerialization and metabolism reduction. Hence, it could help fulfill the vital need for a philosophical and humanistic foundation for the technological and structural changes required for the harmonious co-existence. This situation represents a unique and potentially very beneficial conjuncture in the development of human society and its ability to cope with the enormous social and environmental problems faced in the 21st century.

The Happiness Problem

Colin Ash notes that the sense of happiness extends in (at least) three dimensions. The most immediate is hedonic, sensual and emotional – pleasurable feelings. Then there is a more cognitive, judgmental evaluation of the balance of pleasant and unpleasant feelings over the longer term. The broadest and most normative concept of happiness relates to the quality of life, human flourishing and the realization of one's potential (Aristotelian "eudaemonia").

From contemporary research on happiness we can draw some major empirical regularities:

- (1) Over the past 50 years rich countries (e.g. US, UK and Japan) have become much richer; for example average real incomes have more than doubled. However the evidence shows that people are on average no happier. In the economics literature, this is known as the "Easterlin's Paradox". Research by psychologists and political scientists reach the same conclusion. In fact depression, suicide, alcoholism and crime have risen. Happiness in poor countries on the other hand has increased attaining higher income.

- (2) Rich countries are usually happier on average than poor countries. Obviously other things besides income determine happiness. Why is New Zealand about as happy on average as the US when average income in the US is almost double New Zealand's? Vietnam has half the per capita income of the Ukraine, yet the Vietnamese are on average almost twice as happy.
- (3) Within rich countries the rich are much happier than the poor. However increases in income have not made either group any happier.

Colin Ash argues that all the evidence suggests that extra income certainly matters, but only when we do not have a lot of it. For an individual or a society struggling to subsist, an extra dollar can significantly raise well-being. From there on and controlling for all other influences on happiness, the effect of extra income begins to tail off. Once income per head exceeds about \$20,000 (at 2005 prices), extra income appears to have very little additional impact on happiness, *ceteris paribus*. There are diminishing marginal returns.

The pursuit of income and consumption is unsatisfactory in itself because of eventual adaptation and social comparison. Trapped on hedonic and social treadmills, we over-invest our time in paid work and associated commuting at the expense of building and maintaining valuable relationships with family and friends, and within the wider community. Clearly many of our choices – what to buy, how many hours to work – often do not bring us happiness.

Social relationships have a more lasting impact on happiness than does income. Close relationships – in our family, with friends, at work, in our community, as members of a voluntary organization or religious group – make us happy. As well as providing love, support and material comfort, they define our identity – our sense of who we are. These are high trust relationships and trust between people is an important contributor to personal happiness. Divorce, widowhood and unemployment have a significant and lasting negative impact on our well-being. Unemployment hurts beyond the loss of income as social ties are broken, and rising unemployment causes insecurity which reduces the happiness of even those who do have jobs.

Colin Ash suggests that the starting point for a Buddhist analysis of the “happiness problem” is the starting point of the Dhamma, the Buddhist world-view, itself: *dukkha* – suffering, unsatisfactoriness – and its cause. Its proximate cause is “*tanha*”, strong desire or craving. Its root cause is “*avijja*”, ignorance. In a nutshell, suffering arises through attempting to sustain a mistaken identity built on attachment to transitory mental and physical phenomena.

According to the Buddha's diagnosis, we inherit deep cognitive errors – ignorance, in Buddhist parlance – which infect our cognitive evaluations and emotional responses. Strong desires, *tanha* and attachments, *upadana*, dominate our choices often for things that we may expect to be immediately pleasurable but which do not, indeed cannot bring satisfaction or contentment.

The purpose of the Buddhist agenda can be summed up in two words: stop suffering. To the extent that suffering, in the sense of unsatisfactory conscious experience, is internal and conditioned, meditation is central to Buddhist practice: the aim is to train the mind so that ultimately the process of dependent origination

ceases. Mindfulness meditation is a noticing practice, “being the knowing” rather than automatically identifying with moods, feelings, etc. Simple techniques are used to calm the mind and sharpen the awareness or attention. The various components of dependent origination can then be observed more objectively, in detail and with increasing refinement. Just observing sensory contacts, feelings, desires and aversions, attachments and framings, and obsessions as they arise and pass away reduces their continuity and connectedness. Gradually mindfulness practitioners are able to come off autopilot, letting go, for example, of ingrained comparisons between perceptions of their present situation with memories of the past and expectations and goals for the future. Mindfulness enables the exercise of the neuroscientists’ “free won’t”. By becoming aware of a formerly subconscious mental trigger, it is possible to forgo what otherwise would have been the automatic, unconscious response. A more even balance can then be sustained between the far-sighted “Planner” and the myopic “Doer”; between, long-term welfare and the temptations that come with arousal.

Another strand of Buddhist meditation cultivates four unconditional and unlimited positive mind-states (brahma-viharas):

- (1) loving kindness;
- (2) compassion;
- (3) enjoyment of others’ success; and
- (4) equanimity.

Combined they are characterized by

- (i) a concern for the welfare of all without discrimination;
- (ii) being unenvious;
- (iii) the elimination of aversion and acquisitiveness;
- (iv) objectivity towards oneself and others equally;
- (v) taking responsibility for the consequences of one’s actions.

Nevertheless, happiness is not the ultimate goal of Buddhism – warns Colin Ash. The cessation of suffering is. A bodhisattva is a savior-being: the bodhisattva’s vow of compassion is to free all sentient beings from suffering, not to make them happy. Buddhism could therefore be viewed as a form of negative utilitarianism.

Economic Models

Julia Essen notes that moderation is the quintessential Buddhist notion of the Middle Way signifying not too much and not too little, suggesting frugality. Reasonableness should not be confused with the narrow neoclassical economic conception of rationality. It involves analyzing reasons and potential actions, and grasping the immediate and distant consequences of those actions; it also implies compassion.

Self-immunity does not refer to self-isolation but self-reliance and self-discipline as well as the ability to withstand external shocks and cope with uncontrollable events. A required condition for these components to operate effectively is wisdom, which embodies not only accumulated knowledge, but the insight to put it to judicious use. The second required condition is integrity, meaning virtuous or ethical behavior including honesty, diligence and non-exploitation. The emphasis in these guidelines is clearly on mental development, apropos of Buddhism.

Santi Asoke Buddhist Reform Movement of Thailand represents a practical realization of a special Buddhist economic model. Asoke communities are organized around the principles of meritism, specified in the slogan “Consume Little, Work Hard and Give the Rest to Society”.

First, residents limit consumption by adhering to the Buddhist precepts, sharing communal resources and following the environmental edict, “The Four Rs” (recycle, reuse, repair, reject). Many residents who reflect on their practice of consuming little show an appreciation for balance and the relation between the spiritual and material worlds. Deeply concerned with the root defilement, greed, Asoke members value “to be content with little”. Yet they caution to consume enough, following the Buddhist Middle Way of neither extreme asceticism nor extreme luxury. A second idea, members put forth is “to be satisfied with what one has”, in accordance with the Buddha’s revelation that desire causes suffering.

Work serves as Asoke communities’ primary method of meditation. The common image of Buddhist practice is sitting still with eyes closed, monitoring the breath, but this is only one method of meditation. Members also practice “open eye” meditation continuously as they work and interact with others within their community. Following the original meaning of the Thai word for work, *gnan*, the Asoke group includes working for one’s livelihood as well as attending meetings, chanting, eating, watching movies and chatting with neighbors in their understanding of work.

The third component, “giving the rest to society”, is a training in selflessness or non-self, the pillar of Buddhism. Giving to make merit is a common practice for Thai Buddhists, yet Asoke Buddhists do not just give the typical temple offerings. They aid material and spiritual development in Thai society through many means. For instance, they run vegetarian restaurants and non-profit markets that simultaneously provide the Thai public with healthy food and useful goods at low cost while promoting the concepts of meritism. The most time-, energy- and resource-intensive, outwardly oriented activities, however, are free trainings in the Asoke way of life.

The concept of *Gross National Happiness* (GNH) has gained world-wide recognition. *Sander Tideman* reminds that the concept was first expressed by King of Bhutan in the 1980s in response to western economists visiting his country who said that they regarded Bhutan to be a “poor” country by standards of Gross Domestic Product (GDP). While acknowledging that Bhutan may score low on the scale of conventional indicators for a nation’s economic performance, he claimed that his country secluded in the Himalayas would score high on an indicator measuring happiness. But GNH is more than a counterpoint to GDP. This essay takes the

perspective that GNH can be regarded as the next stage in the evolution of economic indicators for sustainable development, going beyond merely measuring values that can be expressed in money, such as in GDP. GNH is an attempt to develop an indicator that accounts for all values relevant to life on this planet, including the most subtle and profound: happiness. Moreover, by taking happiness as the objective, GNH serves as an important yardstick for a framework of Buddhist economics.

Tideman argues that as long as governments view GDP growth as their overall objective, its populations will be locked into a cycle of increasing consumption at the expense of societal and ecological health. As long as industrial institutions are designed to make profits as their prime purpose, and financial markets reward and punish them solely on this basis, they will continue to extract value from the planet at unsustainable rates. Creating sustainable economics now means more than a gradual adjustment of policies. It means reinventing new economic, financial and business models, not only leapfrogging to environmentally sound technologies and infrastructures, but also shifting established norms and changing the “rules of the game” that are currently biased against the future.

Bhutan’s leaders define GNH in terms of four pillars: economic development, good governance, cultural preservation and nature conservation. By including governance and culture into its measurements, Bhutan not only follows the trend in global economics of incorporating the qualitative dimension into its model but can also be a pioneer among nations. The benefit of this model is that it includes both GDP – the “lowest” level bottom line – while complementing it with “higher level” components that collectively constitute GNH. This model helps us to see how we can combine efforts to generate financial capital alongside with policies to generate social, environmental and cultural capital.

It can also serve as a tool for policymaking when confronted with conflicting interests. Typically, political decisions are made on the basis of trade-offs. For example, when faced with the choice between providing employment versus the preservation of environment, most governments would choose the former. The above GNH model shows that this trade-offs should be made in the context of a certain hierarchy of values. Otherwise policymakers will continue to sacrifice higher values for lower values, longer term interests for shorter term interests, and causing investments in sustainable development to be put off. If GNH can be developed into a comprehensive tool incorporating all relevant values for a happy life, it will free governments from defaulting to economic decisions on the narrow paradigm of materialism.

Tideman suggests that GNH is congruent with what is known as a “mixed economy,” the idea that market forces could do many things well – but not everything. This will require government and all actors in the economy to reclaim responsibility for their lives and start defining economic objectives in more human terms. The neoclassical principle of “laissez-faire” has wrongly created a mentality of taking things for granted and we have become enslaved by the market and its monetary values. The alternative is not a return to rigid central planning and closing one’s border, but rather the development of an alternative economic model tailor-made to suit the condition of our own society and life itself.

We need efficient markets and central leadership. Middle way does not mean a compromise or settling for second-best. Rather, it means proactively creating an attitude of responsibility of all actors in the economy by which synergetic alliances with win-win outcomes are naturally achieved. Economic history has shown that healthy economies and in fact healthy societies generally had a mixed economy, in which markets and governments work together in a dynamic equilibrium. The challenge we now face is to create an economic system that fosters sustainability and well-being for all.

Joel Magnusson believes that with a daily practice of mindfulness, we can break out of the treadmill of pathologies of action and mind. We become awakened to the true dynamic between action and ideality, and develop a clear understanding of the meaning of our actions and our motives. Mindfulness is thoughtfulness without superfluous baggage, and thoughts are clear, open and directly focused on the tasks at hand. Cultivated over time with practice, mindfulness allows us to be present in our minds and directly engaged in our daily tasks without delusion or attachment. But these tasks are not random, they are directed toward bringing about human and ecological well-being and this will involve playing a role in institutional and systemic change.

With appropriate mindfulness, people can begin the hard work of restructuring key economic institutions that direct economic activity to a new course that leads systemic change and healthier livelihoods. Just as the institutions of capitalism have evolved over time to cohere into a complete economic system, the new institutions of a mindful economy, in time, will evolve and cohere into a new system. With appropriate mindfulness, systemic change will come to pass as a result of a process that will evolve out of and away from, the current capitalist system, but not by overthrowing it as many critics of capitalism have advocated.

For Magnusson a mindful economy is based on the fair and equitable value of each individual's contribution. Their right to work without harassment or racial or gender discrimination, and the right to a decent livelihood are all important to the overall livability of the community. People are full-fledged members of their communities and play an active, four-dimensional role in the economy: employees, consumers, owners and citizens. As employees, people in a mindful economy earn incomes by working for community-based, non-capitalist businesses. As consumers their incomes are also spent in these same community-based businesses whose operations are guided by core value-based principles. What makes these businesses community-based is the fact that they are owned by the people in the community. By becoming owners, people have the constitutionally guaranteed right to sovereignty over their businesses; that is, they govern the actions of the businesses democratically. To govern means to actively participate in the decision-making process as mindful economic citizens. Unlike capitalism where people are separated from ownership, in a mindful economy people are empowered with ownership as well as the rights and responsibilities that go with it.

Magnusson stresses that one model of a community corporation that can be adopted as mindful economic community corporation is the "B Corporation" and the "B" stands for "beneficial". B Corporations are relatively new corporate model

that are designed to specifically meet social and environmental standards as well as to create a social change movement by institutionalizing stakeholder interests, which includes not just the interest of investors but also employees, customers, their community and the environment. Stakeholders in B Corporations also build a collective voice by unifying their products with other B Corporation brands. B Corporations explicitly embed their values into their governing documents to ensure that as investors, managers and personnel come and go, the values will remain intact. To become a B Corporation, the company must first pass a rigorous test, or rating system, on their environmental practices, employment practices, purchasing policies and whether their products are beneficial to society.

Another such possibility would be to create the community corporation as a co-operative. Once established as co-operative, the articles and bylaws can specify that the company is also guided by the principles of governance of cooperatives established by ICA Commission on Co-operative Principles. Co-operatives can also be established as fundamentally non-capitalist as it is not characterized by the profit motive, the social separation of ownership and work or the growth imperative. The company is driven by the motive to serve the community, integrates ownership and work and does not pursue growth for growth's sake. A co-operative can also extend democratic ownership and control to all stakeholders in the community who are affected by its operations including employees, consumers, suppliers and members in the immediate surrounding community.

Organizational Solutions

Bronwen Rees and *Tamas Agocs* observe that many organisations in the West are characterised by high levels of anxiety leading to increasing absenteeism and mental and physical burn-out. Part of the problem is caused by the divisive nature of modern managerial strategies, which increasingly leave individuals with a sense of isolation, and often, through the over-use of modern technologies, out of contact with their sensory world and thereby isolated.

Rees and Agocs suggest that a secularised Buddhist method, combined with action research methods, can address issues of power and release the creativity and sense of community in the empowered modern organizations. To create a "reflective ground" is crucial to the work which brings a movement away from a cause and effect model to one of conditionality. In such a model the individual is challenged to acknowledge that his or her behaviour always contributes to the conditions and is to some degree reflected in all other conditions that make up the situation as it is. It is then a step towards taking fuller responsibility for the situation in that the individual is located in an interpenetrating and interdependent field of human activity. The underlying conceptual principles can be summarised as follows:

(i) Establishing the Reflective Ground

The reflective ground refers to the physical as well as the emotional space in which the inquiry takes place. Participants are helped to be aware of the space. The space is recognised as being significant in terms of it being the space where a sense of awareness and kindness will be evoked. The space and in particular the ground brings and holds those there in relationship to one another.

(ii) Encouraging a Sense of Embodiment

In this stage an awareness practice is used to encourage the individuals to be as present as they are able to be. It is at this stage that we can say the crucible has been created.

(iii) Reflection

Reflection is some type of process in which participants are encouraged to reflect upon some aspects of themselves in relationship to their workplace and work – for example, in a business school, the team has evoked questions such as “What brought you into education?” A fairly simple question in itself, but when asked in the context of the reflective ground, then a person’s deepest values may emerge. This can then be offered to the rest of the group through a process of dialogue.

(iv) Dialogue

This may take place in one large group, or small groups, once the reflective ground has been established. The inquiry takes place in the actual situation by that we mean the emotional/ethical situation that is. It should not be thought that a perfect reflective ground has to be established before the inquiry can progress.

Rees and Agocs see the strength of this approach in the possibility of finding ways of relating that go deeper than that of language, since the awareness practices work at emotional, bodily and intellectual levels, and therefore of finding ways of communicating that undermine the common Western drive towards a task-based outcome. Relationship is privileged over outcome. Diversity is welcomed in an open approach that encourages a mutual exploration of experience. Transcendence is seen as a transcendence of self and a heightened and ever-growing understanding of the interpenetration and connection of our lives.

Laurens van den Muyzenberg emphasizes the importance of mindfulness in business leadership. He argues that leading yourself requires mental discipline. All people have egocentric tendencies like greed, jealousy, craving for material goods, recognition. Buddhists refer to these as negative thoughts and emotions and recommend training the mind via meditation to reduce these negative tendencies. The first step is mindfulness, that is to become aware when negative thoughts and emotions start coloring the thinking in the mind.

Van den Muyzenberg argues that in business profit and competition are two fundamental issues. Profit is a necessary condition for business to survive. However leaders that considers the sole goal of business as making maximum profits hold a wrong view. Profit is the result of having satisfied customers, satisfied employees

and satisfied shareholders. Leaders have to meet the challenge of balancing these interests. Very important is a holistic view. Businesses have a responsibility of the long-term effects of what they produce.

Non-utopian Thinking

Julie Nelson suggests that we should have some open skepticism about any utopian proposal. We cannot believe that any sort of institution – business, government, non-profit, local enterprise, community, family or sangha – has an essential “nature” that makes it *automatically* serve human and ecological ends. Our poisons, our thirst, our suffering cannot be made to magically disappear by some perfection of system, structure or scale. Yet, in each moment, we have an opportunity to respond. A key contribution of Buddhism is in reminding us about non-attachment, and warning us against latching onto us-versus-them thinking. Applied to economic suffering, this does not mean inactivity and does not mean that attempts at transformation, including through local community action, must be abandoned. But the teachings of the Middle Way should also encourage us to be alert to the temptations of self-righteousness and to be more open to wide and deep engagement with businesses, governments and the larger world.

It is not the primary aim of Buddhist economics to build an economic system of its own. It is better to see it as an alternative strategy, which can be applied in any economic setting anytime. Buddhist economics may help Buddhist and non-Buddhist alike to create sustainable livelihood solutions which reduce suffering of human and non-human sentient beings by practicing want negation, non-violence, caring and generosity based on the liberating insight of no-self.

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