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STAFF PAPER P93-2 JANUARY 1993

BUDDHIST EQUILIBRIUM

THE THEORY OF MIDDLE PATH FOR SUSTAINABLE DEVELOPMENT

BY

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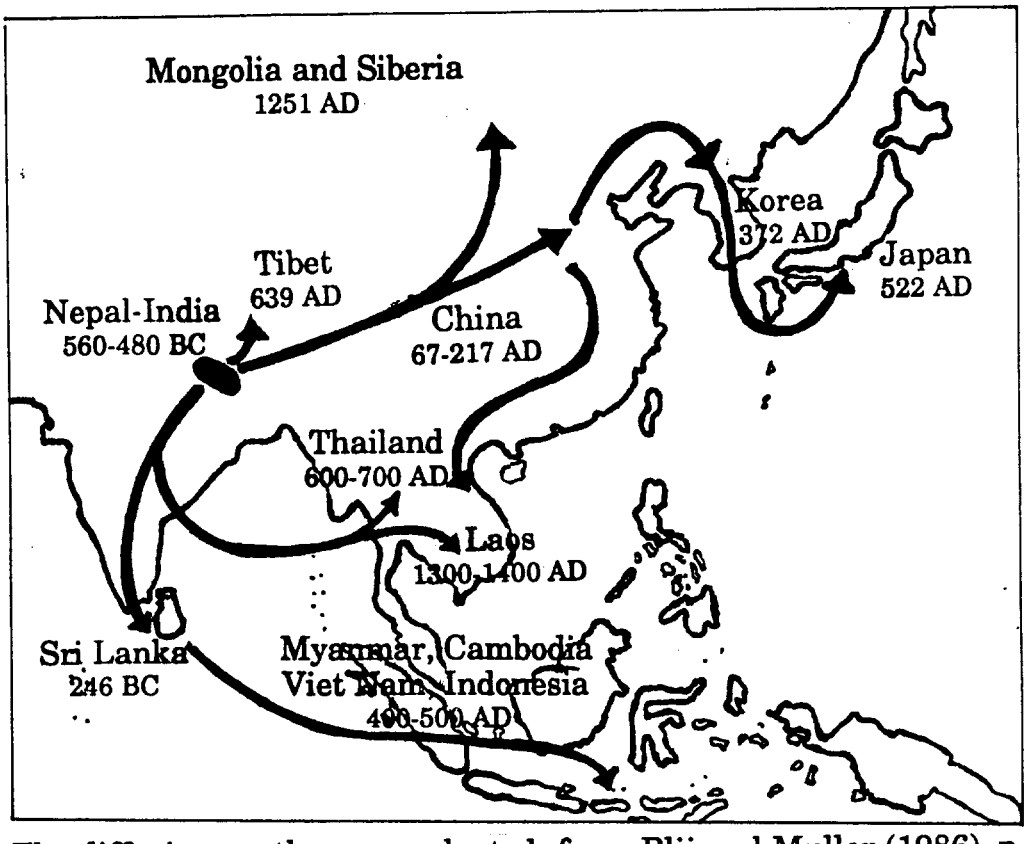
THE DIFFUSION OF BUDDHISM IN ASIA



Source: The diffusion paths are adopted from Blij and Muller (1986), p. 207 and the approximate years of Buddhist diffusion are drawn from Saddhatissa (1971), pp. 124-125.

Notes: The Theravada tradition in the southern school of Buddhism is found in Sri Lanka, Myanmar, Thailand, Cambodia, and Laos. The Mahayana is a generic term which refers to a number of northern schools of Buddhism founded in China, Korea, Mongolia, Japan, Vietnam, Malaysia, Taiwan, Hong Kong, Indonesia, Tibet, Bhutan, Nepal, and Sikkim.

The estimates of Buddhist population vary. Rahula (1967) estimates there were over 500 million Buddhists in the world. Schecter (1967) states that there are 300 million Buddhists in Asia who worship at 2,000,000 shrines attended by 800,000 monks and nuns. Blij and Muller (1986) count approximately 480 million Buddhists in Asia. This includes 187 million in China (where Confucianism, Taoism, and Buddhism were superimposed on the Chinese way of life), 36 million in Japan (where Zen Buddhism were influenced by Shintoism and Buddhism for the Japanese way of life), and the remaining 257 million in other parts of Buddhist Asia.

INTRODUCTION

Buddhism is not a religion; it is a way of life. It teaches the moral and ethical conduct of lay life for the happiness of oneself and the welfare of the community. The Buddhist doctrines, which are designed to formulate an intricate system of analyzing human life and the intrinsic nature of things, are based on reasoning and rational thinking (Grimm, 1965 and Jacobson, 1966). This perennial philosophy, which dates back more than 2,500 years, advocates a well-balanced material and spiritual well-being in order to maintain a simple life and to help attain the ultimate stage of individual liberation, *summum bonum*, or *nirvana*.[1] The Buddhist philosophy is not based on an initial act of faith.

Buddhism thus addresses two fundamental aspects of human life in its search for human happiness: one is economic security to address material hunger; and the second, the psychological security to address spiritual hunger. Buddha, the Enlightened One, prescribes the Noble Eightfold Path as the only way to deal with both spiritual and economic aspects of hunger. This Noble Eightfold Path, which can be termed as a theory of Middle Path, is the thrust of Buddhist teachings for the livelihood of lay people in achieving both material happiness and eternal salvation.

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1 *Nirvana* is the ultimate emancipation, ultimate reality, absolute truth, or total happiness. *Nirvana*, a Sanskrit word, is also written as *Nibbana* in Pali. Throughout this paper, Pali and Sanskrit words are interchangeably used; however, the original Buddhist texts were written in Pali. The words *karma* in Sanskrit (*kamma* in Pali) and *sutta* in Pali (*sutra* in Sanskrit) are, for example, used in the paper. Buddha's original words which are stated within brackets are in Pali. A summary of Buddhist *suttas* and the meaning of *Dhammapada* are provided at the end of the paper. The interpretations of Buddhist doctrines are based more on the texts found in the school of Theravada tradition than on the schools of Mahayana traditions (See the Map and notes on the opposite page).

Buddhism in general, however, conveys the idea that it teaches about the eternal liberation of human life while leaving people in poverty and allowing them to be suppressed by their so-called Buddhist leaders. This image may first come to a Western mind partly because the largest clientele of Buddhism represents the people of Asia and partly because the government leaders of Asia (especially in Vietnam, Cambodia, and Myanmar) often demonstrate acts of "being un-Buddhist" as Lasswell and Cleveland (1962: p. 53) describe in **The Ethic of Power.** Buddhism is also viewed as being against economic prosperity. This is a myth. Buddhist teachings expressed in the *Dhammapada* (No. 203) state that "hunger is the greatest disease. . . ." Walpola Rahula (1978: p. 33), an internationally known Buddhist scholar, writes of a Buddhist *sutta* that "one of the causes of immorality and crimes is poverty (daliddiya). . . rulers should find ways to raise the economic standard of the people." Buddha believes that "health is the highest gain, contentment is the greatest wealth; . . ." (*Dhammapada*, No. 204). Some people may think that Buddhism is superstitious and evil spirited, but Buddha himself says in the *Yakkha Samyutta* (Barua, 1972: P. 546) that "luck always comes to him whose mind is alert; the lucky man prospers with increasing happiness. Tomorrow is a better day for him and he is free from enmity." Venerable Ananda Maithreya (in Ranasinghe: 1957: p. 5) elucidates the underlying meaning of Buddhist doctrines:

> Nobody but you can save yourselves. You, when well disciplined yourselves, become your own savior. The Buddha only shows the path: the path to deliverance from all sufferings and the way leading to perfect peace of mind, for it is the mind that really suffers. And this peace of mind is attained not by any kind of self-hypnosis nor by any temporary ecstatic state induced by concentration on some illusion.

This attests that Buddhism not only attacks poverty but advocates the well-being of human society in a most rational, practical, and moral manner.

In the *Mahapadana Sutta*, Buddha preaches (Barua, 1971: p. 433) to his disciples:

> Go out and about amongst the people for their welfare and their happiness, in compassion for the world and for the individual happiness. . . . Preach the doctrine, lovely in its origin, lovely in its development, and lovely in its consummation.

The purpose of this paper is to examine several relevant Buddhist *suttas* (discourses) to advance our understanding of "Buddhist Economics" as Schumacher (1975) originally defines in his widely-acclaimed book **Small is Beautiful** for contemporary lay society. First, the Buddhist analysis of human suffering and the theory of Middle Path are discussed in order to understand the framework of basic Buddhist teachings for lay life and their applications for human and community development. Here, the concept of *karma* is also introduced. Second, several *suttas* are described to formulate a Buddhist economic philosophy in which the concept of Buddhist economics based initially on "Right Livelihood" is expanded to integrate the Buddhist view of the political economy. Third, Schumacher's view of "Right Livelihood" is taken as a point of departure to analyze the rationality of Buddhist economics and its relevance to contemporary economic thinking. The importance of Buddhist economics as a tool to enhance our understanding of "sustainability" in development is re-examined in the conclusion.

CAUSE OF HUMAN SUFFERING, MIDDLE PATH, AND ITS APPLICATION

The essence of Buddhist teaching is described in the Noble Eightfold Path. It is the Middle Way. Buddha, who experienced the two forms of extremism, realizes that they lead to human suffering: 1) excessive greed or

attachment to material wealth and accumulation lead to suffering, and 2) extreme forms of asceticism and self-mortification lead to human suffering. The first alludes to the life led by rich people who indulge in mere luxuries and seek a peaceful and happy state of mind through human and environmental sacrifices. The second refers to those ascetics who undergo numerous hardships to control their body and mind. Buddha rejects these two extreme modes of life as "painful, unworthy, and unprofitable" and suggests following the Middle Path which "opens the eyes, and bestows understanding, which leads to peace of mind, to the higher wisdom, to full enlightenment, to Nirvana" (Rhys Davids, 1969: p. 147). Humphreys (1951: p. 109) writes that "the Path is both simple and profound, simple in the clarity of its principles, profound in that its precepts rest on no external forces, of God or man, but on the bedrock of immutable and natural law."

In the first sermon (*Dhammacakkappavattana Sutta)*, Buddha sets the Wheel of *Dhamma* (the Wheel of Truth in Motion) to disclose the Four Noble Truths of human suffering and how to end it by pursuing the Middle Path. The First Truth is the acceptance that there is human "suffering" (*dukka*). Buddha (Coomaraswamy, 1964: p. 90) has said:

> This, O monks, is the Ariyan Truth of Suffering: Birth is suffering, old age is suffering, to be united with the unloved is suffering, to be separated from the loved is suffering, not to obtain what one desires is suffering; in short, the five fold clinging to the earth is suffering.

The Second Truth is that suffering derives from "craving" (*tanha*). Buddha continues (Coomaraswamy, 1964: p. 91):

> This, O monks, is the Ariyan Truth of the Origin of Suffering: It is the will to life which leads from birth to birth, together with lust and desire, which finds gratification here and there; the thirst for pleasure, the thirst for being the thirst for power.

Here, Buddha analyzes the roots of "craving" or "thirst" which come in three forms: greed (*lobha*), hatred (*dosa*), and delusion (*moha*). The greed, both craving for sensuous gratification (*kama tanha*) and self-preservation (*bhava tanha*), leads to suffering. Hatred manifested in aggression also leads to violence and annihilation (*vibhava tanha*). Delusion (*moha*) prevents people from seeing the actual nature of life and things around them. These three major forms of craving are the cause of human suffering.[2] The opposite of these are the four ethical qualities of an individual to be cultivated: 1) loving-kindness towards all (*metta*), 2) compassion for those who are afflicted by sorrow (*karuna*), 3) altruistic joy of others' welfare (*mudita*), and 4) equanimity in all vicissitudes of life (*upekka*). After this analysis of human suffering, Buddha states that there is the Third Truth which indicates that there is an ending to human suffering or the "cessation" (*nirodha*) of human attachment, craving, or the greed. The first sermon continues (Coomaraswamy, 1964: p. 91):

> This, O monks, is the Ariyan Truth of the Extinction of Suffering: The extinction of this thirst by complete annihilation of desire, letting it go, expelling it, separating oneself from it, giving it no room.

It is the tranquillity stage at which all forms of physical, economic, psychological, and other sufferings are nullified. The Fourth Noble Truth is the Path leading to the cessation of human suffering which is the Middle Way. The eight elements of the Middle Path, divided into three categories of wisdom, moral, and mental, illustrate the fundamental qualities of the ideal Buddhist way of life:

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2 These three aspects of craving are again sub-divided each into six personal sense-fields of eye, ear, nose, tongue, body, and mind; and for six external sense-fields of form, sound, scent, taste, contact, and thought. All these 36 varieties of craving, according to *Dhammapada* No. 339, lead to suffering.

Wisdom (*panna*)

1. Right Understanding (*samma ditthi*)
2. Right Thought (*samma sankappa*)

Physical or moral conduct (*sila*)

3. Right Speech (*samma vaca*)
4. Right Action (*samma kammanta*)
5. Right Livelihood (*samma ajiva*)

Mental discipline (*samadhi*)

6. Right Effort (*samma vayama*)
7. Right Mindfulness (*samma sati*), and
8. Right Concentration (*samma samadhi*).

Right Speech, Right Action, and Right Livelihood constitute the well-tried method for the attainment of moral purity (*sila*). Right Effort, Right Mindfulness, and Right Concentration are the methods for the cultivation of mental purity (*samadhi*). Right Understanding and Right Thought lead one towards the intellectual perfection or the wisdom (*panna*). There is no sequence to which these qualities can be cultivated because they are mutually inclusive. One who practices this Middle Path (*Majjhima Patipada*) will come to realize the true happiness, peace, and harmony in life. The degree of realization depends primarily on the level of individual effort and energy. The Path is an arduous process and individuals are personally responsible for their success. By practice, those who seek pure spiritual development would gradually progress through the three axes of morality (*sila*), mental discipline (*samadhi*), and wisdom (*panna*). The four stages of progress on the way are designated as "entering the stream" (*sovan*), being a "once returner" (*sakkrudagami*), then becoming a "non-returner" (*anagami*), and finally the "ultimate liberation" (*arhat* or *nirvana*).

For a happy and peaceful lay life, Buddhists should observe Five Precepts in fulfilling the primary conditions of "Right Livelihood:" abstain from killing, stealing, propriety of sex relationships, lying, and the use of intoxicants. Buddha (Saddhatissa, 1986: p. 68) elaborates:

> Now just as one man who is committing these things, produces present and future terrible misery, and experiences mental pain and grief, just as one who abstains from these things, produces neither present nor future terrible misery, nor does he experience mental pain and grief; such terrible evil is extinguished in him.

Every Buddhist is expected to live a life according to this Code of Conduct.[3] The continuous practice of the Precepts will lay the foundation of at least three components of the Middle Path (i.e., Right Speech, Right Action, and Right Livelihood) which are immediately relevant to life of lay householders (*gahapatis*).[4] The failure to comply with the Five Precepts may have similar consequences according to the Law of *Karma*. Christmas Humphreys writes (in Woodward, 1973: p. xiv) that:

> There was no compulsion, still less a fear of an Unseen Power which would punish the defaulter for his sin. The offense was itself its punishment, for the Law, the Law of Karma, would bring its due and inevitable effect to bear on the defaulter or its reward for work well done.

This *karmic* flow of cause-effect relationships, which Buddha accepted with the concept of re-birth (reincarnation), is an important aspect of Buddhist teachings which serves as the deterrence to wrong-doings. The concept of *karma*, hence, voluntarily enforces individuals to pursue moral and

---

3 In practice, however, many Buddhists violate the Buddhist way of life. Similar to Stalin's Marxist Soviet state and the Christian brotherhood in Northern Ireland, many Buddhists in Sri Lanka, Myanmar, Thailand, Cambodia, Korea, Japan, China, Tibet, and elsewhere live life contrary to their own religious and philosophical convictions.

4 *Gahapatis* in Pali was originally referred to individuals of wealth who earned their living by industiral and trade acivities.

ethical life. The Path is the guidance. Humphreys (1951: p. 109) asserts that "the Path is a system of self-development according to law, a graded process of moral evolution within the law of Karma." Rahula (1978: p. 53) writes of the individual responsibility for one's own happiness:

> Man is the creator of his own *karma*, and is able to change its course by means of his personal wisdom and effort if he uses his freedom to follow the right path. This is why the Buddha has laid emphasis on good association, good learning, proper awareness, and right conduct as four very important factors for the life of a man.

The only way by which bad *karma* can be nullified is by good thoughts, words, and deeds. This means that past *karma* can constantly be modified and altered by one's own good actions of the present and the future. The *karma*, as latent force, bridges the present existence and the next existence whereby the re-birth of one's life continues in the cycle of existence (*sansara*). Therefore, the Buddhist analysis, both worldly and transcendental, provides the view of the "true nature of things" in life and encourages individuals to take personal responsibility of their lives and live a moral and happy community life.

The *Sarvodaya Shramadana* Movement,[5] founded by Dr. A. T. Ariyaratne in 1958, has applied the teachings of Buddha (also mixed with Gandhian thoughts) in community development in Sri Lanka. The *Sarvodaya* philosophy, according to Ariyaratne (1980 and 1982), adapts the analysis of human suffering to the decline of villages and uses the wisdom of Middle Path to find practical solutions (Figure 1). First, Figure 1 illustrates

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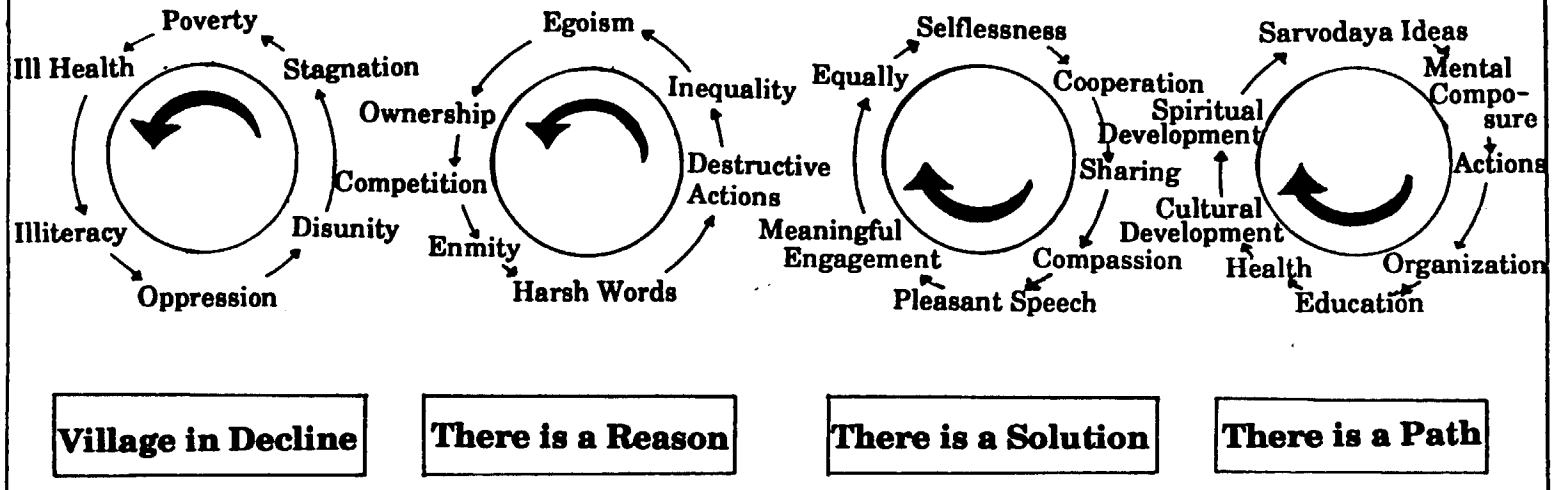
5 The name *Sarvodaya* derives from two Sanskrit words: *Sarva* means universal and *udaya* means awakening. The term *Shramadana* also comes from two Sanskrit words: *Shrama* means labor and *dana* means sharing.

Figure 1

COMMUNITY DEVELOPMENT: SARVODAYA PHILOSOPHY AND THE BUDDHIST CYCLE OF SUFFERING



Source: Adapted from Macy (1983: p. 34) and other materials.

a village in decline with poverty because there is human suffering in both material and psychological aspects. Second, craving is the primary cause of suffering and it is translated to villages by showing the interaction of egoism, harsh words, and enmity which leads to the destruction and inequality within and among communities. Third, there is a solution as there is a cessation to human suffering. It is translated by applying and developing four qualities of *metta*, *karuna*, *muditha*, and *upekka* which lead to sharing, cooperation, and mutual self-help for the well-being of the entire community. Finally, the path of *Sarvodaya* philosophy is to transform **individuals** through *shramadanas* in terms of spiritual, cultural, health, educational, and other action programs. The *Sarvodaya* Movement, which has gained an international recognition as a model for community development (Goulet, 1979, 1981, and 1988; Kantowsky, 1980; and Macy, 1983), uses the Middle Path and Buddhist *suttas* as its guiding philosophy to alleviate poverty and to promote human development. As in Buddhist teachings, the *Sarvodaya* philosophy gives the utmost importance to an individual whose personal awakening (*puroshodaya*) leads to community or village awakening (*gramodaya*). The next steps of country awakening (*deshodaya*) and world awakening (*vishovodaya*) are all derived from the development of human base.[6]

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6 The development programs sponsored by the Government of Sri Lanka also professes that their philosophical base for the One-million Housing Program, the *Gam Udawa* (Village Re-awakening), and the *Janasaviya* (Poverty Alleviation Program) comes from Buddhist teachings (See Mendis, 1987, 1992, and 1993).

SUTTAS FOR A BUDDHIST ECONOMIC PHILOSOPHY

Numerous *suttas,* which elaborate the framework of Buddhist economic philosophy, are directly related to human progress, community development, and ecological sustainability. For material and economic security, several Buddhist *suttas* address a set of diverse but mutually interrelated social, political, ecological, and ethical aspects of human life. The Buddhist economic philosophy is not, therefore, taken out of context but it considers all aspects of human relationships as a whole.

Buddhist teachings assume that the moral and physical decline of man is a direct result of poverty. The conditions of poverty themselves are the causes of social unrest, crime, violence, and immorality according to the *Cakkavatti Sihanada Sutta*. This *sutta* analyzes that poverty increases when there is no production of economic and material goods among people. The rise of poverty leads to theft and plunder which in turn increase the demand for weapons and armaments. This results in violence. Buddha, then, in the *Kutadanta Sutta* describes that violence is caused by poverty and punishment to suppress them is futile; therefore, the king (state) is advised to "remove poverty in his kingdom. Because affluence alone is the sure protection against corruption, theft and such other evils" (Barua, 1971: p. 421). This *sutta* further suggests a formula to provide better economic conditions and employment opportunities for the people so they can eradicate crime and violence. It states that: a) farmers should be provided with grain and other facilities for agriculture, b) traders should be lent capital for business activities, c) employers should be paid adequate wages and salaries, and d) taxes should be exempted from those who are in financial distress. When people have better economic conditions and meaningful opportunities

to earn a sufficient income they will concentrate on their work. The need for stealing, lying, violence, and other social crimes would gradually disappear and as a result the entire community will be happy, peaceful, and prosperous.

In this process, the *Cakkavatti Sihanada* and *Kutadanta Suttas* suggest that the cooperation between the king (government) and the people should be established in creating the economic security (material and moral) and social security (maintaining law and order). This explains that mutual interdependence between the state and the people is a function of a good society. In such a society, individual freedom is guaranteed in the pursuit of economic activities and personal happiness. The *Kutadanta sutta* refers to the creation of a conducive and free atmosphere for the progress of individual efforts and livelihoods which encourage private entrepreneurship for economic and material well-being. These two *suttas* advocate the fostering of democratic values and social justice because the pursuit of individual happiness and human liberation can only be realized in a free society.

Buddhism emphasizes the importance of full employment because it is conducive to achieving higher self-development and self-actualization. Such employment opportunities through Right Action and Right Effort are the most valuable in the life of a Buddhist. The *Vyagghapajja Sutta* outlines the four elements of attaining conducive environment for economic prosperity: a) persistent effort in performing the duties connected with the occupation; b) protecting the wealth and earnings from thieves, floods, fire, etc.; c) maintaining a good friendship with those who are highly cultured, full of confidence, virtue, charity, and wisdom; and d) leading a balanced livelihood which is neither extravagant nor miserly. The *Kutadanta Sutta* also attests that having a meaningful employment is more important than the goods and

services produced by individuals routinely because the joy of work would bring spiritual happiness more than those of monetary returns.

The Buddhist economic teachings hence outline the ways in which an individual could attain higher spiritual ends by cultivating and following three aspects of economic and material life:

a) Creation of wealth and income through skilled and earnest endeavors, (*utthana sampada*),

b) Protecting and savings, (*arakkha sampada*), and

c) Live a life within one's means, (*samajivikata*).

Creation of Wealth and Income

The *Utthana Sampada* depicts that human satisfaction derives from the possession of "adequate wealth" obtained by righteous means of work. Schumacher (1975: pp. 54-55) stresses that Right Livelihood, based on the function of work, would bring about the material well-being as well as the character building of an individual in three ways: a) giving people the opportunity to purify the human character by utilizing and developing their own faculties, b) enabling them to rise above their ego-centeredness by joining with other people in a common task, and c) producing goods and services needed for the common existence. The Buddhist economic attitude towards work is positive because it nurtures both physical and spiritual fulfillments. Buddha also states that people who engage in Right Livelihood should be skillful, efficient, earnest, and energetic in their work. Buddhist teachings, however, alert the danger of being a slave to accumulating excessive wealth and the emotional suffering of harmful professions such as the production and trade of lethal weapons, poisons, and alcoholic drinks. The concept of "adequate wealth" here is vague but it implies the amount of

wealth needed to support the family and to help relatives, friends, needy, and the deserving people. Those who share their wealth with others would attain inner happiness and satisfaction. The *Ariyawamsa Patipada* further explains that Right Livelihood should be based on simplicity in everything including food, clothes, and housing because it allows people to give a greater emphasis on meditation which cultivates calmness and non-violence for a higher human happiness.

Saving, Investment, and Conservation

The *Arakkha Sampada* explains that those who protect and save their righteously earned wealth from thieves, fire, and floods can achieve happiness. The Buddhist teachings here emphasize the importance of savings and advocate a life free from debts as an essential element of achieving happiness. The *Samannaphala Sutta* indicates that a person who is free from debts and saves his wealth for the family and children attains true happiness. It further elaborates that those who are skilled in their own professions enjoy the fruit of their proficiency in this very life. Venerable Rinpoche (1984: p. 89), who translates the *Samannaphala Sutta*, writes that "they make themselves well-fed and happy. And so do they make their mothers and fathers well-fed and happy, their wives and children well-fed and happy, and their friends well-fed and happy." In this *sutta*, Buddha, however, expresses the view that if Samana were to search for pure spiritual life it is better to renounce hearth and home and become a recluse leading the homeless life.

For a happy lay life, Buddhist teachings further provide a Code of Discipline for householders (*gihi vinaya*). In the *Sigalovada Sutta*, for example, Buddha advises Sigala, a young man who is a son of an ordinary

householder, how to earn and allocate his wealth and savings. This *sutta* states that a householder should accumulate his wealth as a bee who collects nectar from a flower. The bee harms neither fragrance nor the beauty of the flower but gathers nectar to produce sweet honey (de Silva, 1992: p. 22). Similarly, people are expected to obtain their wealth by treating nature gently and non-aggressively. Sigala was then told to divide his income into four portions: one-portion for his daily expenses and his family; two-portions for investment in his business; and the fourth should be reserved for unforeseen emergencies such as drought, floods, pestilence, and disease etc. Buddha then asks Sigala to abstain from four acts of defilement which lead to the destruction of life: killing, stealing, lying, and adultery. Furthermore, Buddha states the duties of a householder in terms of protecting his wealth and conducting his lay life. A householder should abstain from the four factors which instigate evil acts: craving, anger, ignorance, and fear. A householder should also avoid six practices which lead to the dissipating of wealth (Rinpoche, 1984: p. 435):

> Indulgence in intoxicants which cause inebriety and negligence leads to dissipation of wealth, sauntering in streets at unseemingly hours leads to dissipation of wealth, frequenting shows and entertainment leads to dissipation of wealth, addiction to gambling which causes negligence leads to dissipation of wealth, associating with bad companions leads to dissipation of wealth, and habitual idleness leads to dissipation of wealth.

In the same *sutta*, Buddha advises to "worship" (respect) the six directions in fulfilling one's duties as a good householder: parents as the east, teachers as the south, wife and children as the west, friends and companions as the north, servants and employees as the nadir, and religious leaders as the zenith. In turn, parents have to look after their children and educate them, children have to honor their parents and maintain family traditions,

teachers must train and instruct their pupils properly, and pupils must be diligent and dutiful to their teachers. A husband should be kind, loyal, and respectful to his wife, supply her needs, and give her authority at home. Wife in return should be faithful, understanding, efficient, industrious, and economical in performing her duties. Friends should be generous, courteous, kind, benevolent, and helpful to each other. Employers must be considerate, assign tasks according to employee strength, give adequate wages, look after their illness, and give holidays. Employees in return must be honest, sincere, and faithful to their employers. They must do their work well and appreciate the virtues of their employers. Laymen should support monks and other religious leaders in deed, words, and thoughts of loving-kindness. Religious teachers should preach discourses (*suttas*) and show the way to happiness. In the *Sigalovada sutta*, Buddha again summarizes the Code of Conduct (Rinpoche, 1984: p. 434):

> Young householder, the noble disciple refrains from four acts of defilement, he does no evil which is instigated by four factors, and he does not indulge in six practices causing dissipation of wealth. Thus avoiding these fourteen evil things, he covers the six directions and follows the path for success . . . .

Similarly in the *Maha Mangala Sutta,* Buddha further reveals the 38 blessings of a noble householder (Saddhatissa, 1971: p. 109). Some of them include: dissociation with the wicked, association with the wise, living in congenial surroundings, succoring of mother, succoring of father, cherishing of wife and children, well-regulated discipline, abstinence from intoxicating drinks, among other. The *Sigalovada* and *Maha Mangala suttas* are the main two *suttas* extensively ascribed to the overall noble qualities for the well-being of individuals and of the society. Thus, the Buddhist code of ethics is primarily intended to address the lofty qualities of a happy, peaceful, and prosperous lay livelihood because these are based on the underlying Buddhist

assumption that a moral life is the only way to attain the ultimate individual emancipation.

The *Dasaraja Dhamma* in the *Cakkavatti Sihanada Sutta* elaborates that a country could attain prosperity by following a similar savings and free of debts formula prescribed to a householder. It implies the notion that a country that uses its resources for excessive consumption and does not save for future economic security would end up in failure. The *Vyagghappajja Sutta* also refers to savings as one of the important requirements for economic prosperity. These *suttas* attest that the Buddhist economic philosophy emphasizes the value of savings because Buddhist economics is itself built on frugality, resourcefulness, control over excessive craving, and moderate patterns of consumption in the search of balanced material and spiritual life.

Buddhism, thus, advocates the value of conservation of the natural environment by promoting frugality of economic life. Buddha strongly opposes harmful acts toward any form of living beings and promotes the biodiversity in animal, birds, and plants for the welfare of humankind. In the *Sadapunnappavaddhana Sutta*, for example, Buddha refers to the value of rural economy where the construction of irrigation facilities for agricultural development is considered meritorious. This is because, in Buddhist view, the agricultural sector is more important for two reasons: a) the essential foods for economic and material survival come from agricultural production and b) such an interaction between people and the natural environment creates a harmonious and mutually beneficial livelihood. Those who are employed in agricultural activities also have a set of comparative advantages: one is that they can utilize their physical and mental faculties to relax and reflect on the meaning of their life in a serene rural environment. Second,

they are free from externalities of modern industrial life and pollution. Third, they can easily achieve a harmonious life with nature in attaining both material and spiritual happiness through simplicity. This perennial Buddhist thinking developed with the wisdom of historical experiences which was demonstrated in early civilizations under which a system of agriculture and irrigation networks fostered human progress.

On the investment side, Buddhist teachings also specify the ways in which wealthy entrepreneurs and bankers should finance. Lending money for Right Livelihood activities especially in agriculture, trade, animal husbandry, industries (crafts and handlooms in ancient time), and public programs is encouraged. Activities leading to illegal trade, weapon production, extravagance consumption, and destruction to the natural environment are condemned. A Buddhist economist considers the value of investment for societal gains as long as the source of savings is emerged within the framework of Buddhist way of livelihood.

Simplicity of Life

The *Samajivikata* means that a person should spend reasonably in proportion to his income. Buddha advocates that people should live within their means. In the *Pattakamma Sutta*, Buddha discourses the formula in which an individual should use wealth: a) spend on food, clothing, housing, medicine, and other needs; b) spend on the welfare of parents, family, and servants; c) spend on illness and other emergencies; and d) spend on charitable activities including religious institutions and taxes for public goods. Moreover, Buddha illustrates how the people of wealth can achieve happiness through economic and material success. In his advice to Anathapindika, a prominent wealthy banker and a family man, Buddha

indicates that a lay person can gain four kinds of happiness: a) enjoy the economic security resulting from wealth and income gained righteously (*atti sukha*), b) spend his wealth liberally on his family and children as well as his relatives and friends (*bhoga sukha*), c) maintain a life free from debts (*anana sukha*), and d) live a good life away from wrong-doings (*anavajja sukka*). In the *Dhammapada* (No. 155), Buddha further reiterates that "they who have not led the Holy Life, who in youth have not acquired wealth, pine away like old herons on a pond without fish." Buddha, however, reminds that the economic and material happiness is not worth one-sixteenth of the spiritual happiness derived from a good life (Rahula, 1967: p. 83).

These *suttas* demonstrate the value given to the economic and material welfare as a prerequisite for human happiness. The craving for the sake of material richness is the danger which results in human suffering and environmental destruction. One who lives a well-balanced life and uses his wealth for the welfare of many is the guiding lay principle in Buddhist economics which foster the human sustainability. The *Dhammapada* (No. 355) states that "riches ruin the foolish, but not those in quest of the beyond; through craving for riches, the foolish one ruins himself as if he were ruining others." Buddhism, therefore, stresses the greater importance on the spiritual and moral aspects of happiness than on the happiness derived from material and economic wealth. Overall happiness can be attained by following the Middle Way and by those *suttas* which emphasize the value of optimal consumption habits and the detachment from excessive greed for wealth which leads to ecological destruction, social imbalance, and psychological suffering.

RATIONALE OF BUDDHIST ECONOMICS AND EQULIBRIUM

The fundamentals of the Buddhist way of life, which leads to individual development in both physical and spiritual domain, derive from the development of two equally important qualities of human life: wisdom (*panna*) and compassion (*karuna*). Wisdom represents the intellectual or qualities of mind. Compassion is manifested in love, charity, kindness, and tolerance which indicate the qualities of heart. The first two *Dhammapadas*, for example, give primacy to human mind as the forerunner of suffering and happiness. Even though the mind is the forerunner of human life, Buddha emphasizes the physical wellness as equally important as the mind because of their mutual interdependence. For instance, Buddha once refused to preach to a hungry man to demonstrate the fact that the economic factors are indeed essential determinants of spiritual welfare of an individual.

The "Right Livelihood," as Schumacher (1975) emphasizes, is the best way to achieve a materially and spiritually balanced happy life. Schumacher believes that the spiritual health and material well-being are a natural part of every human being that can be achieved through simplicity and a non-violent way of livelihood. Schumacher (1975: p. 53) thus validates the concept of Buddhist economics: ". . . a Buddhist way of life would call for Buddhist economics, just as the modern materialist way of life has brought forth modern economics." It differs significantly from the economics of modern materialism because Buddhist economics evolves around the concept of simplicity, morality, and rational livelihood. It also argues that the desire for excessive material well-being and continuous greed for more wealth encourages people to satisfy the human body by consuming more goods and

services and achieving a higher economic growth. This is legitimized by the rationality of "economic man" or *homo economicus* by Adam Smith (1776) in his **The Wealth of Nations**. The view of modern economics of life is to maximize individual's utility by increasing the level of income or the level of consumption in order to have a higher standard of living. The Buddhist view of such economic life is that it leads to the destruction of the natural environment to which the human life support system is linked and thus far has sustained. Buddhist teachings consider it as a senseless life-style. The *Dhammapada* (No. 334) points out that "the craving of the person addicted to careless living grows like a creeper; he jumps from life to life like a fruit-loving monkey in the forest." For a Buddhist economist, a high level of living standard is not the same as a high level of consumption; the Buddhist economic rationale is "to obtain maximize well-being with a minimum level of consumption" (Schumacher, 1975: p. 57). Schumacher (p. 57) explains:

> While the materialist is mainly interested in goods, the Buddhist is mainly interested in liberation. But Buddhism is "The Middle Way" and therefore in no way antagonistic to physical well-being. *It is not wealth that stands in the way of liberation but the attachment to wealth; not the enjoyment of pleasurable things but the craving for them.* The keynote of Buddhist economics, therefore, is simplicity and non-violence (italic added).

In the view of a Buddhist economist, mainstream economics fails to address the social ills (violence and crime) as well as the degradation of the environment; whereas, Buddhist economics internalizes the overall sustainability of economic, ecological, ethical, and spiritual aspects of human progress. For a Buddhist economist, economic behavior is a part of the totality of human behavior; therefore, the well-being of humans and the environment should be considered within a larger framework of moral and ethical values.

The Buddhist way of life can only emerge in a free and democratic society where individual liberty reigns; therefore, Buddhist doctrines promote an environment that fosters individual and free entrepreneurship. The Buddhist economic system facilitates the value of individual initiatives, the awareness of obtaining wealth by righteous means, the enjoyment of one's wealth in comfortable living, and the welfare of others; however, excessive greed in accumulating wealth and harmful professions are not approved. The *Dhammapada* (No. 24) characterizes a person of entrepreneurship as he is energetic, mindful, pure in deed, considerate, self-controlled, right-living, and heedful. Individual liberty and the freedom to act are essential ingredients of a Buddhist economy. But, the domination of acquisitive drive for material wealth, which leads to attachment and never-ending desire, is detrimental to achieving human liberation. Within the Buddhist system, however, there exists individuals with healthy "achievement motives," as McClelland (1961) called for sharing, caring, and giving for the welfare of others. These characterizations illustrate that Buddhist economics focuses more on the optimum level of human and social development based on moral and ethical considerations.

Modern mainstream economic theories seek to promote economic growth by increasing efficiency, productivity, and consumption. The risk involved with such policies, which tend to create volatile cycles in the economy in terms of unemployment, inflation, violence, degradation of environment, or depletion of natural resources, cannot be considered within the framework of pure economic thinking as rational and ethical. Modern economics deals with scarcity and the way to allocate resources in the most efficient manner. But economists until recently assumed that the natural environment is an outset of economic considerations and ignored the social

externalities such as unrest, crimes, and violence connected with economic growth and less equality of income distribution.

The rationality of modern economics in solving larger societal problems is, therefore, questioned partly because it does not accommodate the essence of human craving or excessive desire that generates impulses for more consumption which would neither advance human happiness nor minimize the cause of environmental degradation. In fact, the pursuit of excessive wealth and higher consumption risks human happiness. Veblen (1992), who was an American economist and social critic, argued in his **The Theory of the Leisure Class** (first published in 1899) that "conspicuous consumption" driven by two motives of "pecuniary emulation" and "invidious comparison" is neither subsistence nor comfort but the attainment of "the esteem and envy of fellow men." Durning (1993: p. 21) also argues that:

> if human desires are in fact infinitely expandable, consumption is ultimately incapable of providing fulfillment -- a logical consequence ignored by economic theory. Indeed, social scientists have found striking evidence that high-consumption societies, just as high-living individuals, consume ever more without achieving satisfaction. The allure of the consumer society is powerful, even irresistible, but it is shallow nonetheless.

Thus, Buddhist teachings would dismiss the fundamental premise of modern economics on the ground that more wealth would neither increase human well-being nor stabilize the economy.

Human greed by nature is insatiable; therefore, one may further argue here: how can one utilize the scarce resources in the most rational and efficient manner when there are people who behave irrationally and immorally in the mist of greed? A Buddhist economist sees this type of behavior as leading to a pattern of diminishing returns because the pursuit of excessive wealth and conspicuous consumption after a certain level would not

bring incremental happiness but would endanger the natural endowments and ecosystem. For example, a newly-constructed Buddhist Well-being Curve depicted in Figure 2 demonstrates that point B is the optimum balance between human happiness and ecological sustainability. Beyond this point, the level of human happiness does not increase as the level of consumption increases. Studies on happiness indicate that the main determinants of happiness in life are not related to consumption at all--prominent among them are satisfaction with family life, especially marriage, followed by satisfaction with work, leisure to develop talents, and friendships (Durning, 1993: p. 21). The excessive greed for higher material consumption has the propensity to decrease the overall human well-being by sacrificing the natural resource endowments and by creating a social imbalance.[7] This decreasing pattern (from B to C) does not yield anything to the society in the long-run but it rather diminishes the ability of human survival in terms of physical and psychological security. Durning (1993: p. 20), who summarizes some findings, writes "high rates of consumption are regarded as signs of economic success. But over consumption is depleting the planet's resources, creating massive waste, and often making people miserable." This tendency within the Buddhist context can be termed as the Buddhist Law of Diminishing Returns to Human Well-being.[8] The diminishing returns also occur from B to A (and beyond A) when there exists conditions of material poverty whereby the low level of capacity and effort does not allow people to

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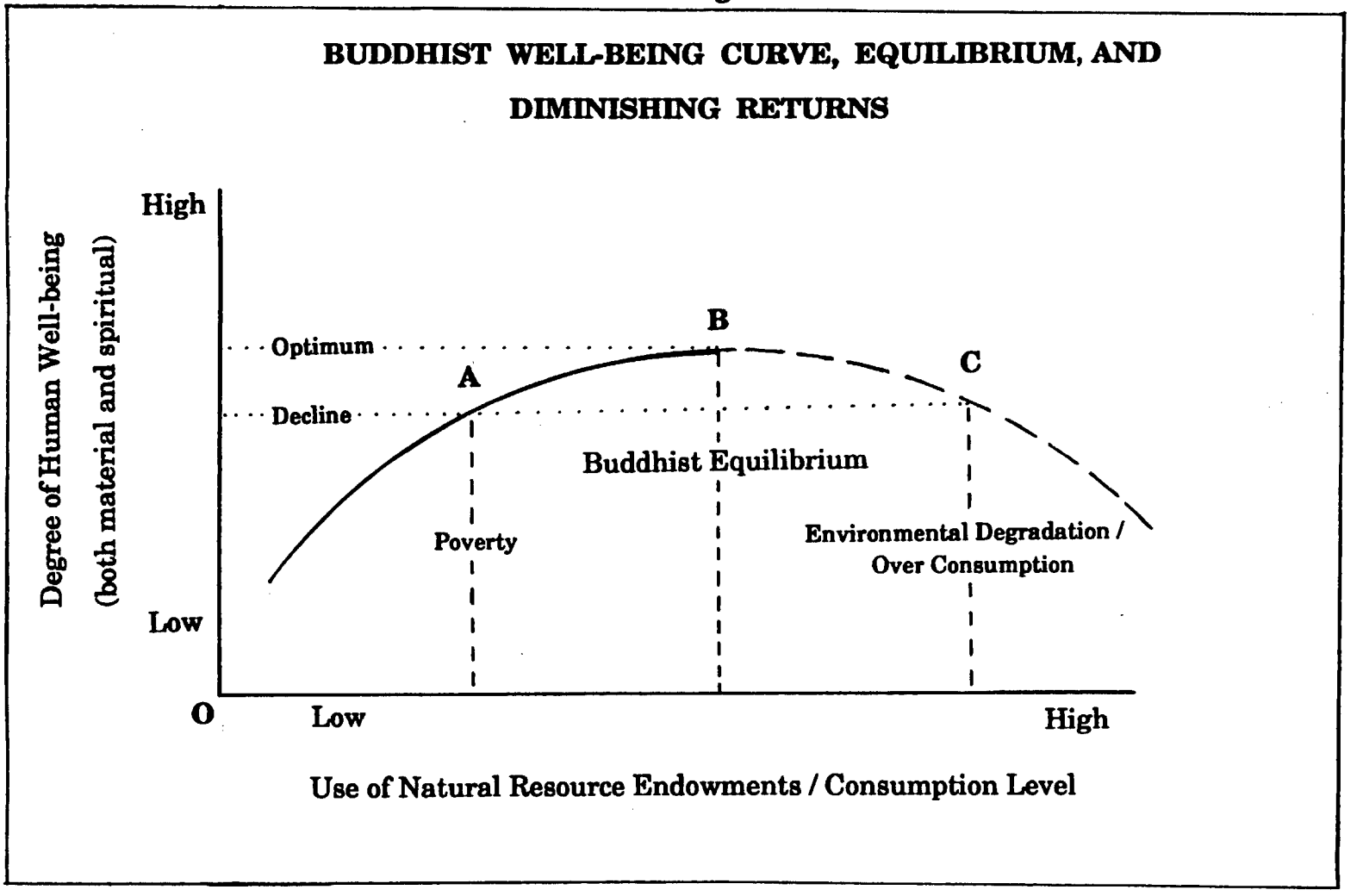
7 For two interesting essays, see **The Economist** (1993: pp. 95-98) and Durning (1992).

8 A critical analysis of economic growth based on the "concept of social scarecity," see **Social Limits to Growth** by Fred Hirsch (1976).

Figure 2


BUDDHIST WELL-BEING CURVE, EQUILIBRIUM, AND DIMINISHING RETURNS
Degree of Human Well-being (both material and spiritual)
High
Low
Optimum
Decline
A
B
C
Buddhist Equilibrium
Poverty
Environmental Degradation / Over Consumption
O
Low
High
Use of Natural Resource Endowments / Consumption Level

improve their economic base. The conditions of poverty at A (for example, in developing world) and excessive consumption habits at C (in Western industrialist countries) contribute to the decreasing level of human well-being and negate the social and environmental balance in achieving the Buddhist optimal or equilibrium at B.

The framework of Buddhist economic thinking is rationale and comprehensive because it internalizes the whole interactions of the "Buddhist factors of production" which include nature, human, society, and knowledge (*Dhamma*) as criteria for a stable economy which is conducive to human progress and spiritual liberation.

SUMMARY AND CONCLUSION

The exposition of Buddhist vision of optimal economic life demonstrates that Buddhism does not advocate an ideology or represent a pessimism in life. Neither is it a faith. Buddhist doctrines are based on reasoning and experiencing; hence, it reflects the "true nature of things." Buddhist teachings give the primacy to the happiness of all humans and to the surrounding ecological system and demonstrates that the mind is the forerunner of human suffering. The development of the human mind should then be nurtured within a framework of the Middle Path which allows both material and spiritual happiness. It shows that the Buddhist economic philosophy is not taken out of context but rather integrates the realities of society to reflect the survival of economic and spiritual life and to maintain mutually beneficial relationships between human-induced activities and the ecological support system. Thus, the simplicity and non-violent way of life advocated in the Middle Path is the theory (and its successful application to

community and human development such as in the case of *Sarvodaya* Movement) that leads to a long-term human sustainability.

When human greed and acquisition of more wealth become a way of life it leads to an individual and environmental destruction and creates an imbalance in human life and in the natural ecosystem. Buddhist teachings advocate a gentle attitude towards the environment and stress the importance of a peaceful, violence-free society -- a prime requirement in the Buddhist equilibrium. The natural environment and violence are not assumptions outside Buddhist thinking, they are the foundations on which Buddhist economics is built for sustainable development. Buddha was born under a tree, attained the Enlightenment under a tree, and passed away under a tree, symbolizing the close relationship between people and nature. The Buddhist economic thinking, therefore, has shown an alternative perspective to understanding the way things really are and how to maintain individual happiness in the most optimum and sustainable means. Buddhism also asserts that all human beings are transients in this life and only become guardians of the environment, not the owners. Thus, the Buddhist way of livelihood, supported by discourses for lay people, lies the foundation for Buddhist economics which emphasizes that "human progress" means an intellectual, moral, and spiritual development for **internal** equilibrium and a social, economic, political, and ethical development for **external** equilibrium.

SOURCES AND BRIEF DESCRIPTION OF *SUTTAS*

All of Buddhist teachings are written in Pali in three collections (*nikayas*) of books or "baskets" known as *Tipitika*: *Sutta Pitaka* (discourses), *Vinaya Pitika* (discipline for monks), and *Abhidhamma Pitika* (ultimate truth). The *Sutta Pitika* (books of discourses or sermons) cited in this paper are compiled in five *nikayas* as follows (Guruge, 1975 and Nyanatiloka, 1969): *Digha* (long *suttas*), *Majjhima* (medium length *suttas*), *Samyutta* (collection of kindred sayings or grouped *suttas*), *Anguttara* (arranged by numerical groupings), and *Khuddaka* (short *suttas* which include *Dhammapada*, *Sutta Nipata*, *jataka* stories, among other). Even though these *suttas* are compiled in certain *nikayas* they are mutually referred in other *nikayas* as well.

Cakkavatti Sihanada Sutta in the *Digha Nikaya*, (Barua, 1971: pp. 449-450 and Rhys Davids, 1921: pp. 53-76): Related to war, poverty, moral, crime, and corruption. *Dasaraja Dhamma* in this *Sutta* relates to savings and investment and how it leads a country to prosperity.

Dhammacakkappavattana Sutta in the *Samyutta Nikaya,* (Barua, 1971: pp. 570- 575; Rahula, 1967: pp 16-50; and Rhys Davids, 1969: pp. 139-155): This is the first sermon of the Buddha known as "The Setting in Motion the Wheel of Truth." Related to the suffering, its origin, its cessation, and the way leading to its cessation.

Dhammapada in the *Khuddaka Nikaya*, (Narada, 1954): The "Words of Doctrines" consist of 423 stanzas known as the proverbial wisdom which gives the essence of Buddhist teachings relating to every aspect of ethics and philosophy.

Kutadanta Sutta in the *Digha Nikaya*, (Barua, 1971: pp. 419-423 and Rhys Davids, 1899: pp. 160-185): Related to poverty and the value of providing employment opportunities to remove corruption and the conditions of poverty.

Mahapadana Sutta in the *Digha Nikaya*, (Barua, 1971: pp. 432-434 and Rhys Davids, 1910: pp. 1-41): Mentioned that monks should spread the teachings of Buddha for the welfare of many.

Maha Mangala Sutta in *Sutta Nipata* of the *Khuddaka Nikaya*, (Saddhatissa, 1971: p. 109): Related to the 38 blessings of lay life which lead to worldly and transcendental happiness.

Pattakamma Suttta in the *Anguttara Nikaya*, (Woodward, 1933: pp. 73-78): Related how to earn and allocate personal wealth for the happiness of oneself (householder and others who depend on him and serve him).

Sadapunnappavaddhana Sutta in the *Samyutta Nikaya*, (Rhys Davids, 1917: pp. 25-42): Related to harmonious use of nature, the construction of

irrigation, and the proper use of agriculture for the benefit of individuals.

Samannaphala Sutta in the *Digha Nikaya*, (Barua, 1971: pp. 412-416; Rinpoche, 1984: pp. 73-121; and Rhys Davids, 1899: pp. 65-95): Related mainly to the fruits of a recluse life but discusses the life free from debt and the maintenance of surplus to support the family.

Sigalovada Sutta in the *Digha Nikaya*, (Rinpoche, 1984: pp. 433-445 and Rhys Davids, 1921: pp. 168-184): Related to domestic savings, protecting wealth, and social ethics for lay people.

Vyagghapajja Sutta in the *Anguttara Nikaya*, (Saddhatissa, 1971: pp. 111-114): Related to householder's persistent effort, protecting wealth, good friendship, and balanced livelihood for lay happiness.

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