

Ethical Principles and Economic Transformation

A Buddhist Approach

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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, the decline of stock prices and the 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 *ignorance* and *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 overshoot* by 250-600 %. (See Table 1)

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 %

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.

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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