

# **Happiness and the Economy**

The Ideas of Buddhist Economics

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## Preface

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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 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 *avarice* of consumers fueled by *greedy financial institutions*. The prospect of future economic growth supposed to be the guarantor of the indebtedness of households, companies and economies. Today we experience the 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. In 2005 this earthshare was calculated at 1.6 hectare per person.

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 footprint of the *most industrialized countries* are shockingly big. These countries are *ecologically overshoot* by 600 - 250 %. (See Table I)

Table I      *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 ecological footprint of the so-called *Buddhist countries* are more modest. Most of them even do *not use* the full *ecological capacity* available for them. (Table II)

Table II *Ecological footprint of Buddhist countries in 2005*

Country	Ecological footprint	Ecological overshoot as % of sustainable level
Nepal	0.8	50 %
Bhutan	1,0	62 %
Myanmar	1,1	63 %
Tibet *	2,1	131 %
Thailand	2,1	131 %
Sri Lanka	1,0	62 %

\* Calculated by the average of China but actually much smaller.

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 becoming crucial for our survival.

The global warming survival guide created by the American weekly magazine, *Time* suggest 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)

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 a Buddhist life is liberation from all suffering. *Nirvana* is the end state, which can be approached by want negation and purification of human character. In Schumacher's reconstruction (Schumacher, E.F.: *Small is beautiful.* 1973) the central values of Buddhist economics are simplicity and non-violence. From a Buddhist point of view the optimal pattern of consumption is to reach a high level of human 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.

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. In the 1980s and 1990s more and more alternative minded, Western economists and social scientists turned to study Buddhist economics. One reason is the popularity of Buddhism in the West, especially in North America, Western Europe and Scandinavia. The other reason is the growing interest in the happiness problematic.

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 relationship and a spiritual approach to material welfare. Not unsurprisingly Buddhist countries are perform well in the happiness test.

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 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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