

Buddhist Economics beyond Schumacher

How can contemporary research on Buddhist Economics inform degrowth- approaches?

Summary

Schumacher's seminal book "Small is beautiful" on Buddhist Economics (1973) forms one of the foundations of degrowth. Contemporary research on Buddhist Economics (BEC) still shares central assumptions with degrowth: Humans are interdependent with nature and with other humans, and well-being cannot be increased indefinitely by material consumption. But after Schumacher, the two approaches evolved isolated from each other. This is striking, as BEC can support degrowth in three ways: First, its deep understanding of human psychology, which largely accords with modern psychology, explains the results of happiness research. This descriptive power regarding consumerism alleviates degrowth in a central shortcoming: to render sufficiency attractive to the broad public. Second, BEC provides measures how to shape economy at community, national and global level, while offering valuable links to feminist economics. Third, experiences with BEC at community and national level feature practical insights. I exemplify these three domains by particularly considering work/employment.

Keywords: Buddhist Economics, Sufficiency, Feminist Economics, Work, Employment

Narrative step: Visions or strategies for transformation / facing the current crisis

Thematic threads:

- Organizing society: Conditions for degrowth, Distribution and basic income, (Re) distribution, fairness and inclusion
- Building a social and ecological economy: (Eco)feminism and degrowth, Productivity and (re)productivity beyond growth, Work, labor, and socially meaningful activities beyond growth
- Living conviviality: cultural drivers of growth; spirituality, reconnection and relationality; alternative welfare models: happiness, needs and the good life.

Long Abstract (Abstract)

1. State of research, research question

The degrowth approach builds – amongst others – on the work of E.F. Schumacher, a German-British researcher who applied Buddhist principles to economics. Since his seminal book “Small is beautiful” (1973) however, the link between degrowth research and an economics informed by Buddhist values has been virtually lost. While some researchers in European or US-American based journals do write on Buddhism and Economics (Alexandrin 1993, Daniels 2005, Pryor 1990, 1991), these articles are not considered in degrowth research¹ and even miss a big part of current research conducted in Asia (Payutto 2000, Puntasen 2011, Sivaraksa 2009) as well as by Buddhists in western countries (Norberg-Hodge 1979, Loy 2003, Nelson 2010). However this recent research on Buddhist Economics (BEC) is particularly interesting for it is taking account of effects of globalization processes and financial and economic crises. BEC shares central assumptions with degrowth, which enable it to describe social reality more realistic than neoclassical economics: 1) Humans are interdependent with nature, thus nature is central in the economic model. 2) Humans are no isolated homo oeconomicus but are interdependent with each other, and act also in ethical ways. 3) Human wellbeing does not depend solely or mainly on material consumption. As a consequence, consumption is not maximized but optimized in degrowth as well as BEC.

In order to reconnect these two strands of research from different cultures and world regions, we need to examine how contemporary BEC can inform degrowth research. By reviewing literature from Asia, Europe and the US; from economic professors as well as from socially engaged Buddhists; on theory as well as on practical experiences in various regions, in the contribution to the conference I will focus on the following questions: What are the basic assumptions and norms of contemporary approaches to Buddhist Economics? Which political measures can be derived for the individual, community, national and global layer? What can be learned from the various practical experiences with BEC at community and national layer? And how can these results inform degrowth research?

BEC can support degrowth at least in three ways: First, by understanding human psychology of consumerism and by showing a way towards long-lasting happiness. Second, by providing solutions on how to shape the economy at community, national and global layer. And third, by offering insights from practical experiences at various political levels. Examples can be found at the individual layer „Netzwerk Achtsame Wirtschaft“(Network for mindful economics. Romhardt 2011 or Inoue 2006), for rural development (Sardovaya rural development in Sri Lanka, Zadek 1997), and at the national layer in Thailand (Puntasen 1994, UNDP) and Buthan.

¹ An exception was Helena Norberg-Hodges contribution at the degrowth conference 2012, Venice.

2. Human psychology and consumerism

According to Payutto (1994), demand for consumption goods is driven by different kinds of desires: either by the essential needs for material goods such as nourishment, or by vanity and the strive for short-term sensual pleasures. While the first form of consumption is the basis for reaching long-term wellbeing, the second is based on fear and cravings and leads to irrational economic decisions: Compulsory consumption only causes temporal satisfaction but increases attachment to material goods. This may explain the outcomes of happiness research. These dynamic effects of consumption are not captured by mainstream economics. Thus, neoclassical economics focuses only on efficiency in production but not on efficiency in consumption (Puntasen 2011): it searches for „rational solutions to largely irrational problems“ (Payutto 1994:5). As neoclassical economics lacks the spiritual dimension, it encourages maximal consumption

According to BEC, while humans are born ignorant and follow their blind cravings, they have the potential to develop wisdom through self reflection and meditation. Education that integrates various forms of knowledge can support this development (Sivaraksa 1994). By this people are able to choose efficient consumption, which is consumption of basic needs for sustaining a healthy body and mind (Puntasen 1994). This is the basis for reaching emancipation and freedom from suffering, thus being attached to and dependent from luxury. However, Buddhist Economics does not advocate asceticism either. The “Middle Way” is to optimize consumption and to live “real materialism”, that is to get in real sensual contact with the things people are consuming every day (Loy 2003). Furthermore, through practicing loving kindness and compassion, people can get aware of the damage that overconsumption causes on their social and natural environment. According to Buddhist teaching, ethical behavior becomes rational, as soon as the individual realizes that it is dependent on all other beings. In more traditional approaches, this interdependence is explained by karma and rebirth, while more modern approaches explain that only being free from negative emotions as hatred or greed, and by acting in compassionate ways, humans can be really free from suffering. A current physical example of interdependence of all beings is climate change.

3. Transformation of the economic system

For Buddhists, peace in the world cannot be reached without peace in the people themselves. Thus, personal and social liberation have to go hand in hand. (Sivaraksa) Whether transformation of society should take part mainly on the personal layer or also by confronting capitalism, is debated controversially amongst Buddhist scholars. Some of the scholars stick to original Buddhist teachings of “right livelihood” and advocate ethical forms of doing business and acquiring wealth (Payutto 1994). Others hold that the situation has changed since those days. They criticize the violence of economic imperialism and state that competition leads to putting one’s own interests above those of others

(Samdhong Rinpoche 2006). According to Norberg-Hodge, globalization leads to loss of cultural diversity as well as renders compassion more difficult as the distance between cause and consequence increase (Norberg-Hodge). Sivaraksa (1992) pleads for more self-sufficiency, independence and interdependence of people and communities, instead of dependence on outside experts and powerful business. Here, Buddhist economics shows similarities to Gandhian Economics, to small scale economics and technology. However, other researchers warn against a dogmatic localism, communalism, and idealization of the “natural” (Nelson): While structural changes are needed, people still may be greedy and full of hatred in small scale communities. Thus also values have to be taken into account. By only removing capitalism, greed will not disappear.

A major difference between BEC and degrowth is that BEC stresses that also rich people are suffering, are poor. They are not perceived as enemies but seen with compassion. This differentiation seems to be necessary if degrowth wants to be authentic, gain support also from rich and wanting-to-be rich citizens and deal with one of its major shortcomings: the difficulty to render sufficiency a positive connotation (Paech 2010). Buddhism perceives poor people to be equally capable to develop towards well-being as rich, as soon as they have enough to fulfill their basic needs. This seems to be also fruitful in convincing labor unions on changing their requests from further increases of wages towards more time for social relations, security or a more meaningful work.

4. Work in Buddhist Economics

Work and employment are important strands of degrowth research. Thereby the significance of the (re)productive spheres of care and nature (Bisecker 2011) and the reduction of working hours are discussed (Kallis et al. 2013, Reuter 2010). While in neoclassical economics, work is a necessary evil that has to be born in order to consume, work is an important exercise on the spiritual path in BEC (Payutto 1994). By working harmoniously with others, humans can free themselves from egocentrism, use and develop their capabilities and express personal values (Sivaraksa 2009). Thus, the dualism between work and leisure is overcome. Work is not a means to an end but has itself to become meaningful. Buddhist researchers derive different implications from this. While Schumacher states that unemployment is unacceptable (Schumacher 1973), Payutto claims that people have to be valued higher than products so that work will no longer be boring, dangerous or dishonoring. All economic activities have to be reoriented so that they can increase quality of life and “help realize the potential for a good and noble life” (Payutto 1994).

Literature

- Alexandrin, G. (1993). Elements of Buddhist economics. *International Journal of Social Economics*, 20(2), 3-11.
- Bisecker, Adelheid (2011) Vorsorgendes Wirtschaften, in: Rätz, Werner; von Egan-Krieger, Tanja (Hg.): *Ausgewachsen! Ökologische Gerechtigkeit. Soziale Rechte. Gutes Leben*, VSA-Verlag, Hamburg.
- Daniels, P. L. (2005). Economic systems and the Buddhist world view: The 21st century nexus. *The Journal of Socio-Economics*, 34(2), 245-268.
- Loy, D. (2003). *The great awakening: A Buddhist social theory*. Wisdom Publications Inc.
- Nelson, Julie (2010). *The relational economy: a buddhist and feminist analysis*. Tufts University.
- Norberg-Hodge, H. (1997). *Buddhist engagement in the global economy*. REVISION-CAMBRIDGE MA THEN WASHINGTON-, 19, 20-25.
- Paech, Niko (2010) *Nach dem Wachstumsrausch - eine Zeitökonomische Theorie der Suffizienz*, Zeitschrift für Sozialökonomie 166/167, S. 33-40.
- Payutto, P. A. (2000) *Buddhist Solutions: For the Twenty-first Century*. Buddhadhamma Foundation.
- Payutto, Venerable P. A. (1994): *Buddhist Economics. A Middle Way for the Market Place*, verfügbar unter: <http://www.buddhanet.net/cmdsg/econ.htm> (Letzter Zugriff am 29.09.2012)
- Pryor, F. L. (1990). A Buddhist economic system—in principle. *American Journal of Economics and Sociology*, 49(3), 339-349.
- Pryor, F. L. (1991). A Buddhist economic system—in practice. *American Journal of Economics and Sociology*, 50(1), 17-32.
- Puntasen, A. (2011, March). *The World's Crises and the Response to the Crises by Buddhist Economics*. In *Second Meeting of the WCC Greed Line Study Group* (pp. 15-17).
- Puntasen, Apichai (2002) *Buddhist Economics: Evolution, Theories and its Application to other Economics Subjects*, Amarin, Bangkok.
- Reuter, Norbert (2010). *Der Arbeitsmarkt im Spannungsfeld von Wachstum, Ökologie und Verteilung*. Seidl, Irmi/Zahrnt, Angelika: *Postwachstumsgesellschaft. Konzepte für die Zukunft*, Marburg, 85-102.
- Romhardt, K. (2011). *Wir sind die Wirtschaft: Achtsam leben-Sinnvoll handeln*. inspire!
- UNDP (2007) *Thailand Human Development Report 2007 – Sufficiency Economy and human Development*.
- Samdhong Rinpoche (2006) *Uncompromising Truth for a Compromised World*
- Schumacher, Ernst Friedrich (1973) *Small is Beautiful*, new edition (2001) *Small is Beautiful. Die Rückkehr zum menschlichen Maß*, Stiftung Ökologie & Landbau, Bad Dürkheim.
- Sivaraksa, Sulak (2009) *The Wisdom of Sustainability. Buddhist Economics for the 21st century*, Souvenir Press, London.

Sulak Sivaraksa Sivaraksa, S. (1992). *Seeds of peace: A Buddhist vision for renewing society*. Parallax Pr.

Zadek, S. (1997). Towards a progressive Buddhist economics. *Entering the Realm of Reality: Towards Dharmmic Societies*. Bangkok: INEB, 241-273.