

Buddhist Economics

By E. F. Schumacher

"Right Livelihood" is one of the requirements of the Buddha's Noble Eightfold Path. It is clear, therefore, that there must be such a thing as Buddhist economics. Buddhist countries have often stated that they wish to remain faithful to their heritage. So Burma: "The New Burma sees no conflict between religious values and economic progress. Spiritual health and material well-being are not enemies: they are natural allies." Or: "We can blend successfully the religious and spiritual values of our heritage with the benefits of modern technology." Or: "We Burmans have a sacred duty to conform both our dreams and our acts to our faith. This we shall ever do."

All the same, such countries invariably assume that they can model their economic development plans in accordance with modern economics, and they call upon modern economists from so-called advanced countries to advise them, to formulate the policies to be pursued, and to construct the grand design for development, the Five-Year Plan or whatever it may be called. No one seems to think that a Buddhist way of life would call for Buddhist economics, just as the modern materialist way of life has brought forth modern economics.

Economists themselves, like most specialists, normally suffer from a kind of metaphysical blindness, assuming that theirs is a science of absolute and invariable truths, without any presuppositions. Some go as far as to claim that economic laws are as free from "metaphysics" or "values" as the law of gravitation. We need not, however, get involved in arguments of methodology. Instead, let us take some fundamentals and see what they look like when viewed by a modern economist and a Buddhist economist.

There is universal agreement that a fundamental source of wealth is human labour. Now, the modern economist has been brought up to consider "labour" or work as little more than a necessary evil. From the point of view of the employer, it is in any case simply an item of cost, to be reduced to a minimum if it can not be eliminated altogether, say, by automation. From the point of view of the workman, it is a "disutility"; to work is to make a sacrifice of one's leisure and comfort, and wages are a kind of compensation for the sacrifice. Hence the ideal from the point of view of the employer is to have output without employees, and the ideal from the point of view of the employee is to have income without employment.

The consequences of these attitudes both in theory and in practice are, of course, extremely far-reaching. If the ideal with regard to work is to get rid of it, every method that "reduces the work load" is a good thing. The most potent method, short of automation, is the so-called "division of labour" and the classical example is the pin factory eulogised in Adam Smith's *Wealth of Nations*. Here it is not a matter of ordinary specialisation, which mankind has practiced from time immemorial, but of dividing up every complete process of production into minute parts, so that the final product can be produced at great speed without anyone having had to contribute more than a totally insignificant and, in most cases, unskilled movement of his limbs.

The Buddhist point of view takes the function of work to be at least threefold: to give man a chance to utilise and develop his faculties; to enable him to overcome his ego-centredness by joining with other

people in a common task; and to bring forth the goods and services needed for a becoming existence. Again, the consequences that flow from this view are endless. To organise work in such a manner that it becomes meaningless, boring, stultifying, or nerve-racking for the worker would be little short of criminal; it would indicate a greater concern with goods than with people, an evil lack of compassion and a soul-destroying degree of attachment to the most primitive side of this worldly existence. Equally, to strive for leisure as an alternative to work would be considered a complete misunderstanding of one of the basic truths of human existence, namely that work and leisure are complementary parts of the same living process and cannot be separated without destroying the joy of work and the bliss of leisure.

From the Buddhist point of view, there are therefore two types of mechanisation which must be clearly distinguished: one that enhances a man's skill and power and one that turns the work of man over to a mechanical slave, leaving man in a position of having to serve the slave. How to tell the one from the other? "The craftsman himself," says Ananda Coomaraswamy, a man equally competent to talk about the modern West as the ancient East, "can always, if allowed to, draw the delicate distinction between the machine and the tool. The carpet loom is a tool, a contrivance for holding warp threads at a stretch for the pile to be woven round them by the craftsmen's fingers; but the power loom is a machine, and its significance as a destroyer of culture lies in the fact that it does the essentially human part of the work." It is clear, therefore, that Buddhist economics must be very different from the economics of modern materialism, since the Buddhist sees the essence of civilisation not in a multiplication of wants but in the purification of human character. Character, at the same time, is formed primarily by a man's work. And work, properly conducted in conditions of human dignity and freedom, blesses those who do it and equally their products. The Indian philosopher and economist J. C. Kumarappa sums the matter up as follows:

If the nature of the work is properly appreciated and applied, it will stand in the same relation to the higher faculties as food is to the physical body. It nourishes and enlivens the higher man and urges him to produce the best he is capable of. It directs his free will along the proper course and disciplines the animal in him into progressive channels. It furnishes an excellent background for man to display his scale of values and develop his personality.

If a man has no chance of obtaining work he is in a desperate position, not simply because he lacks an income but because he lacks this nourishing and enlivening factor of disciplined work which nothing can replace. A modern economist may engage in highly sophisticated calculations on whether full employment "pays" or whether it might be more "economic" to run an economy at less than full employment so as to insure a greater mobility of labour, a better stability of wages, and so forth. His fundamental criterion of success is simply the total quantity of goods produced during a given period of time. "If the marginal urgency of goods is low," says Professor Galbraith in *The Affluent Society*, "then so is the urgency of employing the last man or the last million men in the labour force." And again: "If . . . we can afford some unemployment in the interest of stability—a proposition, incidentally, of impeccably conservative antecedents—then we can afford to give those who are unemployed the goods that enable them to sustain their accustomed standard of living."

From a Buddhist point of view, this is standing the truth on its head by considering goods as more important than people and consumption as more important than creative activity. It means shifting the emphasis from the worker to the product of work, that is, from the human to the subhuman, a surrender to the forces of evil. The very start of Buddhist economic planning would be a planning for full employment, and the primary purpose of this would in fact be employment for everyone who needs an

"outside" job: it would not be the maximisation of employment nor the maximisation of production. Women, on the whole, do not need an "outside" job, and the large-scale employment of women in offices or factories would be considered a sign of serious economic failure. In particular, to let mothers of young children work in factories while the children run wild would be as uneconomic in the eyes of a Buddhist economist as the employment of a skilled worker as a soldier in the eyes of a modern economist.

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. From an economist's point of view, the marvel of the Buddhist way of life is the utter rationality of its pattern—amazingly small means leading to extraordinarily satisfactory results.

For the modern economist this is very difficult to understand. He is used to measuring the "standard of living" by the amount of annual consumption, assuming all the time that a man who consumes more is "better off" than a man who consumes less. A Buddhist economist would consider this approach excessively irrational: since consumption is merely a means to human well-being, the aim should be to obtain the maximum of well-being with the minimum of consumption. Thus, if the purpose of clothing is a certain amount of temperature comfort and an attractive appearance, the task is to attain this purpose with the smallest possible effort, that is, with the smallest annual destruction of cloth and with the help of designs that involve the smallest possible input of toil. The less toil there is, the more time and strength is left for artistic creativity. It would be highly uneconomic, for instance, to go in for complicated tailoring, like the modern West, when a much more beautiful effect can be achieved by the skillful draping of uncut material. It would be the height of folly to make material so that it should wear out quickly and the height of barbarity to make anything ugly, shabby, or mean. What has just been said about clothing applies equally to all other human requirements. The ownership and the consumption of goods is a means to an end, and Buddhist economics is the systematic study of how to attain given ends with the minimum means.

Modern economics, on the other hand, considers consumption to be the sole end and purpose of all economic activity, taking the factors of production—and, labour, and capital—as the means. The former, in short, tries to maximise human satisfactions by the optimal pattern of consumption, while the latter tries to maximise consumption by the optimal pattern of productive effort. It is easy to see that the effort needed to sustain a way of life which seeks to attain the optimal pattern of consumption is likely to be much smaller than the effort needed to sustain a drive for maximum consumption. We need not be surprised, therefore, that the pressure and strain of living is very much less in say, Burma, than it is in the United States, in spite of the fact that the amount of labour-saving machinery used in the former country is only a minute fraction of the amount used in the latter.

Simplicity and non-violence are obviously closely related. The optimal pattern of consumption, producing a high degree of human satisfaction by means of a relatively low rate of consumption, allows people to live without great pressure and strain and to fulfill the primary injunction of Buddhist teaching: "Cease to do evil; try to do good." As physical resources are everywhere limited, people satisfying their needs by means of a modest use of resources are obviously less likely to be at each other's throats than people depending upon a high rate of use. Equally, people who live in highly self-sufficient local communities are less likely to get involved in large-scale violence than people whose existence depends on world-wide systems of trade.

From the point of view of Buddhist economics, therefore, production from local resources for local needs is the most rational way of economic life, while dependence on imports from afar and the consequent need to produce for export to unknown and distant peoples is highly uneconomic and justifiable only in exceptional cases and on a small scale. Just as the modern economist would admit that a high rate of consumption of transport services between a man's home and his place of work signifies a misfortune and not a high standard of life, so the Buddhist would hold that to satisfy human wants from faraway sources rather than from sources nearby signifies failure rather than success. The former tends to take statistics showing an increase in the number of ton/miles per head of the population carried by a country's transport system as proof of economic progress, while to the latter—the Buddhist economist—the same statistics would indicate a highly undesirable deterioration in the pattern of consumption.

Another striking difference between modern economics and Buddhist economics arises over the use of natural resources. Bertrand de Jouvenel, the eminent French political philosopher, has characterised "Western man" in words which may be taken as a fair description of the modern economist:

He tends to count nothing as an expenditure, other than human effort; he does not seem to mind how much mineral matter he wastes and, far worse, how much living matter he destroys. He does not seem to realize at all that human life is a dependent part of an ecosystem of many different forms of life. As the world is ruled from towns where men are cut off from any form of life other than human, the feeling of belonging to an ecosystem is not revived. This results in a harsh and improvident treatment of things upon which we ultimately depend, such as water and trees.

The teaching of the Buddha, on the other hand, enjoins a reverent and non-violent attitude not only to all sentient beings but also, with great emphasis, to trees. Every follower of the Buddha ought to plant a tree every few years and look after it until it is safely established, and the Buddhist economist can demonstrate without difficulty that the universal observation of this rule would result in a high rate of genuine economic development independent of any foreign aid. Much of the economic decay of southeast Asia (as of many other parts of the world) is undoubtedly due to a heedless and shameful neglect of trees.

Modern economics does not distinguish between renewable and non-renewable materials, as its very method is to equalise and quantify everything by means of a money price. Thus, taking various alternative fuels, like coal, oil, wood, or water-power: the only difference between them recognised by modern economics is relative cost per equivalent unit. The cheapest is automatically the one to be preferred, as to do otherwise would be irrational and "uneconomic." From a Buddhist point of view, of course, this will not do; the essential difference between non-renewable fuels like coal and oil on the one hand and renewable fuels like wood and water-power on the other cannot be simply overlooked. Non-renewable goods must be used only if they are indispensable, and then only with the greatest care and the most meticulous concern for conservation. To use them heedlessly or extravagantly is an act of violence, and while complete non-violence may not be attainable on this earth, there is nonetheless an ineluctable duty on man to aim at the ideal of non-violence in all he does.

Just as a modern European economist would not consider it a great achievement if all European art treasures were sold to America at attractive prices, so the Buddhist economist would insist that a population basing its economic life on non-renewable fuels is living parasitically, on capital instead of income. Such a way of life could have no permanence and could therefore be justified only as a purely temporary expedient. As the world's resources of non-renewable fuels—coal, oil, and natural gas—are

exceedingly unevenly distributed over the globe and undoubtedly limited in quantity, it is clear that their exploitation at an ever-increasing rate is an act of violence against nature which must almost inevitably lead to violence between men.

This fact alone might give food for thought even to those people in Buddhist countries who care nothing for the religious and spiritual values of their heritage and ardently desire to embrace the materialism of modern economics at the fastest possible speed. Before they dismiss Buddhist economics as nothing better than a nostalgic dream, they might wish to consider whether the path of economic development outlined by modern economics is likely to lead them to places where they really want to be. Towards the end of his courageous book *The Challenge of Man's Future*, Professor Harrison Brown of the California Institute of Technology gives the following appraisal:

Thus we see that, just as industrial society is fundamentally unstable and subject to reversion to agrarian existence, so within it the conditions which offer individual freedom are unstable in their ability to avoid the conditions which impose rigid organisation and totalitarian control. Indeed, when we examine all the foreseeable difficulties which threaten the survival of industrial civilisation, it is difficult to see how the achievement of stability and the maintenance of individual liberty can be made compatible.

Even if this were dismissed as a long-term view there is the immediate question of whether "modernisation," as currently practised without regard to religious and spiritual values, is actually producing agreeable results. As far as the masses are concerned, the results appear to be disastrous—a collapse of the rural economy, a rising tide of unemployment in town and country, and the growth of a city proletariat without nourishment for either body or soul.

It is in the light of both immediate experience and long term prospects that the study of Buddhist economics could be recommended even to those who believe that economic growth is more important than any spiritual or religious values. For it is not a question of choosing between "modern growth" and "traditional stagnation." It is a question of finding the right path of development, the Middle Way between materialist heedlessness and traditionalist immobility, in short, of finding "Right Livelihood."

[Endnotes](#)

The essay "Buddhist Economics" was first published in *Asia: A Handbook*, edited by Guy Wint, published by Anthony Blond Ltd., London, 1966. In 1973 it was collected with other essays by Ernest Friedrich Schumacher in *Small Is Beautiful: Economics as if People Mattered*. The book has been translated into 27 different languages and in 1995 was named by the London Times Literary Supplement as one of the hundred most influential books written after World War II.

New Economics Institute | neueconomics@neueconomicsinstitute.org

Berkshire Office: 140 Jug End Road, Great Barrington, MA 01230 | TEL (413) 528 1737
Boston Office: PO Box 121215 Boston, MA 02112- 1215
