# Why Buddhist Economics is Needed as a New Paradigm for a Better Understanding of Happiness (Wellness)

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#### Abstract

Happiness (Wellness) in this paper is defined as the opposite state to pain which implies peace and tranquility, rather than the usual meaning of prosperity, pleasure and gratification. This definition is more in line with Buddha-Dhamma or the teaching of Buddha where Buddhist Economics has been originated. One should try to avoid falling into the trap of pleasure and pain first introduced in the 17<sup>th</sup> century by Thomas Hobbes (1588-1679), and ultra materialist philosopher. The word in *Pali* of *sukha* has similar meaning to the reduction of pain or dukkha from having insufficient amount of materials to satisfy four basic needs, namely, food, clothes, shelter and medicine to satisfaction from acquition things from one's own efforts from what one deserves without causing any harm or taking advantage from the others. The first level of sukha is from being relieved from pain. Sukha from acquisition of things is known as kamasukha, or worldly happiness, or happiness arising from sensual pleasure. This level of sukha is accepted in Buddha-Dhamma. However, a higher level of sukha known as niramissukha or sukha from non-acquisition. This kind of sukha also includes vimuttisukha, or bliss of emancipation or bliss of freedom. Niramissukha is considered to be a higher level of sukha than kamasukha and it is praised in Buddha-Dhamma.

Buddhist economics also advocates for this level of sukha. While the mainstream economics or also known as capitalism considers capital as the mode of production, Buddhist economics suggests that pañña, or the ability to understand everything in its own nature is the mode of production. The economy under this mode of production is known as pañña-ism. Buddhist economics, argues that sukha is the result of the emergence of pañña. Those who have pañña are persons who understand everything in its own nature. Such persons will understand that the higher level of *sukha* is from peace and tranquility that will finally lead to complete emancipation or freedom known as vimuttisukha. In opposition to the teaching in mainstream economics that higher levels of utility can be gained from having more wealth and hence more resources being used. higher level of sukha in Buddhist economics can only be gained from pañña that neither requires additional consumption nor resources. Therefore, Buddhist economics is the most efficient economics in term of resources used. It is the kind of economics that advocates sustainable development, especially in the world which is now close to the blink of catastrophe from global warming due to inefficiency in consumption, the concept that cannot be clearly understood in the mainstream economics. The most difficult part in Buddhist economics is how to cultivate *pañña* for as many people as possible.

#### A Brief History of the Concept of Happiness

The economic concept of happiness can be traced back to the time of Aristotle (384-322, B.C.). He differentiated necessities needed for survival and the higher value for flourishing of life known as "the good life". He explained further that "the good life" is the moral life of virtue through which human beings attain "happiness". The economic dimension involved was the role it played in supplying "wealth" through the production process in order to meet basic needs as well as to attain "happiness" or "the good life". The wealth that performs such a function has its "use" value, because it is useful to

people. However, there is also another of side the coin of value that is the "exchange" value. This value is determined in the market and originated from market demand driven by "desirability". Aristotle (384-322, B.C.) did not advocate for "exchange" value since it was driven by desirability and not by necessity or "good" life.

It is quite clear from his explanation that "happiness" or "the good life" is more of a moral life and it has little in common with desirability. However, in his view, happiness or "the good life" could require wealth above the level of necessity or subsistence. This position is close but may not be the same as that of the teaching of the Buddha (623-543, B.C.), known as *Buddha-Dhamma*, a concept that will be discussed in more detail later on.

As the domination of the market forces in economics increased, the concept of "happiness" was gradually replaced by the concept of utility. At the same time, the concept of "happiness" was also changed from the one defined by Aristotle as "the good life" or moral life to one defined by prosperity, pleasure, and gratification. The most significant change originated at the time of the rising of materialist philosophy led by Thomas Hobbes, (1588-1679). He explained good and bad in terms of pleasure and pain; A thing was good because it resulted in our own pleasure and a bad thing was one that brought pain to us. Therefore, to live a gainful life was to seek as much pleasure as possible (Burns, 1958). This marked the beginning of the diversion of the concept of "happiness" from "the good life" to "pleasure".

It is no longer a "good life" that counts but rather what is "good" **in** life. The word "in" here implies Aristotle's desirability, which is closer to vice than virtue. Jeremy Bentham, (1784-1832), a utilitarian philosopher, translated Hobbes' pleasure into utility. From then on, the concept of "utility" has become the supreme goal in economic life. However, Bentham always advocated for greater social utility, currently known as social welfare, than individual utility. His follower, John Stuart Mill (1806-1873), contended that great social enjoyment could only be achieved when individuals were allowed to seek their enjoyment freely. Government intervention into individual rights would only result in pain, hence reducing social enjoyment (Randall Jr. 1976). It should be observed that to Mill, the word utility also means enjoyment which is close to the new meaning of the word "happiness".

Since World War II in the United States of America, economics (a social science) has risen to become the Queen subject where the King's position was reserved for hard sciences like physics or engineering. The words wealth, prosperity, utility and happiness were used synonymously, particularly the first three. Gross domestic product (GDP) was used as almost the sole indicator to measure economic success. It gradually replaced the concept of wealth to even imply prosperity at an individual level. With some reservation on certain level of income distribution, GDP was used almost synonymously with social welfare and implied social "happiness". There was only one way to achieve a country's development goals, and that was for the country to increase its GDP as rapidly as possible under the pre-requisite of economic stability. Amid the euphoria of economic nirvana came a strong word of caution from Rachel Carson's 1962 book "Silent Spring". The

book was to be one of the most popular in its time. Unfortunately, mainstream economics continued to dominate and push forward its sole objective of economic growth with greater caution on economic stability.

In 1972, mainstream economics suffered another jolt from, "The Limit to Growth: a Report for the Club of Rome's Project on the Predicament of Mankind" by Meadows and Meadows. This time the shock was more real because it was followed by the first oil price spike in 1973/74 driven by the Organization of Petroleum Exporting Countries (OPEC), What resulted was known then among all the so called developed nations or Organization for Economic Co-operation and Development (OECD). as "stagflation". It was stagnation with inflation a condition that had never existed before and was not predictable from known economic theories. At the same time, another little book that became famous in a short period of time was "Small is Beautiful" by E.F. Schumacher (1973). The concept of Buddhist economics was introduced for the first time in this book in Chapter IV.

The word "happiness" was actually re-introduced with its original Aristotelian meaning related to moral life in a small Buddhist Kingdom of Bhutan in 1972 as Jigme Singye Wangchuck ascended to the throne at the age of 16 as the King of Bhutan. He cautiously led his country to development following a new concept currently known as "Gross National Happiness". In response to the accusation in 1987 by a journalist from UK's *Financial Times* that the pace of development in Bhutan was slow, the King said, "Gross National Happiness is more important than Gross National Product" (Greenwald, 2004). Western economists started to take serious note of this statement in 2002. Even Nobel Laureate Daniel Kahneman questions the link between the levels of income and happiness (Kahneman, 2000).

Since then, various books on the economics of happiness have become much more noticeable among economics textbooks. Among them was that of Richard Lanyard (2003). He explained that there were two ways to define it: the hedonistic tradition which saw happiness in terms of pleasure and the avoidance of pain and the eudemonic tradition, originated with Aristotle which refused to equate happiness with pleasure. In this notion it was not happiness in the moment that mattered but living good, virtuous life of self-actualization. However, Lanyard himself, in his own words, defines happiness to mean "feeling good, enjoying life and feeling it is wonderful". His explanation of happiness is closer to the hedonistic tradition, however, his interpretation of feeling good, enjoying life and feeling it is wonderful, does not necessarily come from having money or income alone. His definition of happiness is closer to that of Mill. However, such a definition of happiness has made some progress away from the hedonic tradition of Thomas Hobbes. Unfortunately, it does not go as far as the one of Jigme, Singe Wangchuck (1972-2006) who explained happiness more in the tradition of Buddha-Dhamma. In his later work, Lanyard concluded, "happiness depends on your inner life as much as on your outer circumstances." Like Schumacher, Lanyard looked to Buddhism for inspiration on an alternative path, and took away the insights that people are adaptable, that they need to cultivate trust, compassion, and positive thinking to overcome envy; and that society needs to concentrate more on "education of the spirit" (UNDP, 2007).

# Happiness or Sukha in Buddha Dhamma

Because of the varying meanings of "happiness", this paper will use the word *sukha* drawn from the teaching of the Buddha to replace the word "happiness". The closest word to *sukha* in English is **wellness** not "happiness".

There is also a range of meanings for the word *sukha*. *Sukha* implies the state where pain *dukkha* (either physical, mental or both) is reduced from its original level. Less pain or less *dukkha* implies more *sukha*. On the other hand, pleasure does not necessarily imply less pain. It is more in the hedonistic mode. In fact, pleasure without careful consideration can result in pain. Most of the time, pleasure and pain are different sides of the same coin. While *sukha* can still include *dukkha*, it does so with a decrease in the level of *dukkha*. This is why *sukha* is different from pleasure.

Sukha from acquisition, known is Pali as kamasukha, is a lower level of sukha. It can be the same as hedonism. However, at this level of sukha, the Buddha qualified it, namely, it must not cause any burden for one-self or any other living things. Even with this qualification the Buddha recommended attainment of a higher level of sukha known as niramissukha. It is sukha from non-acquisition. It can be sukha from giving, from meditation, or from helping others be relieved of pain. The highest level of niramissukha is vimuttisukha. It is the sukha derived from being emancipated or liberated from all impurities of mind or all the defilements known as kilesa.

However, to improve the level of *sukha* from that of *kamasukha* to *vimuttisukha* requires what Lanyard called, "education of the spirit" or what the Dali Lama (1999) put simply as "training the mind". The main purpose of such training is to achieve *pañña*, the ability to understand everything in its own nature. It can be elaborated further that, most of the time human beings distort facts to their own liking or disliking. The greatest distortion of all is that, a humans try to convince themselves that there exists such a thing as "self". The invention of such a concept is due to a sense of insecurity. To hold on to the concept of "self" appears to provide a feeling of security. "Self" does not exist since everything is changing all the time. The reality is that instead of feeling more secure, holding on to "self" results in less security. If the mind has been trained to a point to be able to understand that there is no such a thing as "self", it is at the point that *pañña* has actually been cultivated and misunderstanding will gradually disappear.

The mind will gradually be freed from all defilements. The pain that exists will no longer be "my pain" or "our pain". It provides more lessons and new knowledge to be contemplated and understood. It will become more interesting to contemplate on how the "pain" originated in the first place and how the pain can be eliminated. The best way to eliminate the pain is to get rid of it at its root. The fact that there is no such thing as "my pain" or "our pain", what actually exists is "the pain" to be understood with its causes. In that case, there will be less pain or even no pain for the person. A person, who has no

pain, does not have to suffer. Without pain or the state of *dukkha*, what remains is only non-pain or *sukha*. It can be seen then that *sukha* in Buddha-Dhamma is more associated with mental development than with any form of acquisition. The most important tool to achieve this mental stage is through training of the mind to reach the stage of *pañña*. Therefore, *pañña* is instrumental in being relieved from pain or *dukkha*. With no pain, it will be *sukha* or wellness of the mind as well as the body.

If pain is the one and only problem to be resolved according to Buddha-Dhamma, *pañña* serves as the only instrument for such resolution. Therefore, the cultivation of *pañña* through training of the mind is crucial in Buddha-Dhamma.

### Why a Paradigm Shift is Needed

It has now become quite obvious why the word *sukha* must be used in place of happiness. Happiness has many meanings and some of them can be conflicting. *Sukha* is closer to the concept of wellness, peace and tranquility than pleasure, prosperity, gratification or even enjoyment to a certain extent. Without the clear definition of *sukha*, one cannot possibly discuss the need for a paradigm shift.

It has now been shown clearly that the word utility as used in western economics, had its origin from pleasure that leads to enjoyment and later, especially, in the late 1950's and throughout the 1960's, it was used synonymously with happiness. There is a reason explaining this happening. Most of the so-called "economists" usually take the economic subject for granted. They do not make any attempt to find out what the core values of this subject are for fear that is will not be a positive inquiry. Like it or not, mainstream economics (commonly known as capitalism) does have its own core values. The rest of economic subjects have been developed from these values.

There are two core values commonly accepted without question by economists:

- 1. Following self-interest is considered to be rational behavior for an individual.
- 2. Only competition can lead to economic progress (more and efficient production leads to lower cost for a consumer).

The final output of any economic process is the generation of utility for an individual or the welfare of the society. Also, there is rarely a case of diminishing utility or even the saturation of marginal utility. If the case arises, it is usually recommended that the consumer switch to other products or services where their marginal utilities from consumption of such services or products are still higher than that of the money of that person so that the person can continue to enjoy more from more consumption of other goods and services. As income only serves as an instantaneous constraint in the short run, while in the longer run income can be generated from more production. As a result, income has never been a true constraint. What has never been much mentioned in economics is that production and consumption are related to destruction of resources. In any production process in addition to output, there is also waste from the process. Most of the time, after the products have been consumed, what remains will turn into waste.

More rapid production and consumption result in more rapid production of waste. Competition will hasten the production and consumption processes further. There is a tendency for waste to be created at a more rapid pace than the absorptive capacity of environment. The whole process would finally lead to self-destruction of humankind. One need only look to the existing problem of global warming for present evidence.

Worse still is the fact that each individual who is able to consume more cannot be fully guaranteed of having higher satisfaction or pleasure let alone peace and tranquility. This is due to the fact that satisfaction or pleasure is a state of mind. It can originate from many sources other than consumption. Many times the pleasure from consumption may come from less than healthy desires, such as to show off or to maintain the status quo of the consumer without actually increasing gladness or joy. Such actions only amount to unnecessary waste of resources. In fact, the concept that more consumption will lead to a higher amount of utility and more social welfare only comes from a theoretical statement through logical deduction, without any solid proof. This is because economics only operates on a set of assumptions rather than the reality of the very high degree of sophistication of the human mind. The fact that it tries to avoid dealing with the mind is because it wants to protect its integrity for as a scientific subject, which is in fact an illusion. The real reason is in fact due more to the deficiency or ignorance of economists in dealing with the mind in a more scientific way, rather than the excuse of maintaining the scientific nature of the subject.

The fact that following the two core values in mainstream economics will eventually lead to the self-destruction of humankind is enough to warrant the need for a paradigm shift.

#### **Buddha-Dhamma as a Mind Based Science**

The teaching of the Buddha known as Buddha-Dhamma is neither a religion nor a philosophy in a western context because it does not offer a set of beliefs or require any faith or beliefs without self-evidence. The *Kalamatsutra* is a lesson of the Buddha (*sutra*) about how to obtain this self-evidence. This *sutra* tells how people would know what information or stories told to them they should trust. The Buddha traveled to one village where the people known as the Kalama resided. The villagers had a tradition of entertaining travelers and enjoyed having dialogue with them. The villagers raised the point that most visitors to the village always talked highly about their own beliefs and put down other people's beliefs. In such cases, they asked, "Whom should we believe?" The Buddha answered that one should not believe all of what:

has been taught, or
has been practiced (tradition), or
has been told (hearsay), or
has mentioned in the text books, or
is logical, or
is hypothesized and proven through the induction method, or
is proven through the reduction method, or
fits your own theory, or

looks convincing, or is taught by your teacher.

# (P.A. Payutto, 2005:232)

This is a challenging concept. The Buddha told them how to deal with confusing information through personal investigation as well as through evidence acceptable to the majority of people with the average level of sanity. So, it is not enough just to be told by believers but it must be a belief in something that has been proven to be correct from personal experiences. Because of this elaborate method of proof, Buddha Dhamma is neither a religion nor a philosophy. Its actual status is as a tested theory or a theory that has already been proven with empirical evidence.

The epistemology of Buddha Dhamma contains three parts. First of all is *Pariyatti* which is the theoretical concept. Second is *Pattipatti*, which is how to apply the theory. The last one is *Pattivedha*, proven results through evaluation that confirms the theory. (P.A. Payutto, 2005:105) The knowledge that can be trusted is the one originated from a theory or a conceptual framework. After then, such concept must be put into actual practice. Finally, the result of the practice must be evaluated and shown that it confirms or at least it is consistent with the said theory.

Buddha Dhamma is different from a mechanistic science, which studies matter and energy. Buddha Dhamma is a mind-based science that goes beyond these. Mechanistic science deals with typical behavior while Buddha Dhamma deals with atypical behavior. In this mind-based science, the "truth" can vary according to different levels of mind development. This concept can never be understood by physics because it is based on a different plane of reality, and physics does not recognize the existence of "mind"; it only understands matter and energy. Although mind is also a form of energy, it can be developed to reach different levels of understanding. This is why the "truth" can vary based on different levels of mind development. The scientific part of this mind-based science is that persons with the same level of mental development will perceive the same "truth". Therefore it is not merely an individual perception. Also there are many known and proven methods of mind development and *sikkhãttaya* is the method suggested by the Buddha himself. It has been proven to work for everyone, so far (Puntasen and Prayukyong, 2007).

This "truth" could be "absolute truth" if you developed your mind to the highest level. But at different levels, the truth can vary from one person to another. The development of the mind requires the condition of a cleanness or a purity of the mind generated by sila, a calm mind generated by  $sam\tilde{a}dhi$  and a clear mind generated by panna. Most of the time human minds are controlled by different degrees of defilements caused by anger, greed and delusion. At the highest level of development of the mind, panna, a person will understand clearly that peace and tranquility or sukha is the opposite side of pain or dukkha

This concept of "mind" cannot be well understood unless the concept of "emergence" into a completely new thing from existing things is clearly understood. H<sub>2</sub>O, which is

known as water, is a compound of two elements, oxygen and hydrogen. However, as the two are combined, water "emerges" leaving no trace of hydrogen or oxygen and what results contain no property related to the properties of the elements that make it up. Although mind comes from matter and energy, its qualities are more than either of them separately. It has become a completely new thing but not completely independent of the body. The existence of a mind can be shown to a person if the person is reading this paper or listening to some explanation. Such consciousness implies that the mind exists and is working. Most of the time, a mind can be trained to develop to a higher level, especially a human mind. The development of the mind or this training process of the mind is going on all the time. Things are different according to the degree of development. For example, *sukha* or wellness can vary according to the perception and level of understanding and the level of mental purification for neutrality of each individual (Puntasen and Prayukvong, 2007).

The explanation made so far is an attempt to show the existence of the mind and the ability of the mind to be developed. All methods of development are scientific. However it is a science that has a different nature than physics or chemistry. It is a science that is beyond them because it is a mind-based science.

#### **Definition of Buddhist Economics in contrast to Mainstream Economics**

The term was first introduced in Chapter IV of E. F. Schumacher's book "Small is Beautiful" in 1973 as mentioned before. Since then, the concept has been elaborated on by many well-known scholars all over the world.

The most noted one in Thailand was Venerable P.A. Payutto first in 1982 and in a more complete version in 1984. In his book called "Buddhist Economics: A Middle Way for the Market Place." he actually reinterpreted most economic terms to how they should be interpreted in Buddhist economics. Examples of those economic terms are value, consumption, production, work, competition, and choice. Also, the technical terms associated with Buddhist economics such as moderation, non-consumption, overconsumption, cooperation etc. are discussed.

Buddhist economics results from themelding of two words, "Buddhist" and "economics". "Economics" is a subject developed in the West. It is generally defined as the subject explaining "economic activities (production, distribution, and consumption) with the aim for individuals to achieve maximum utility under the condition of resource constraint and for the society to reach maximum welfare under the same condition". (Puntasen, 2005)

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<sup>&</sup>lt;sup>1</sup> This book has inspired the author to write his own book on Buddhist Economics. It started in 1995 because people were saying that Venerable P.A. Payutto had no formal training in Economics so they discounted his work. Puntasen's book on "Buddhist Economics: Evolution, Theories, and Their Application to Various Economic Subjects", first published in 2001 has further enlarged the concept explained by the two prominent pioneers, Schumacher and Venerable P. A. Payutto. The third edition was published in 2004. The forth edition is forthcoming.

Following a similar line of thought, "Buddhist Economics is the subject explaining economic activities with the aim for both individuals and society to achieve peace and tranquility under resource constraint". (Puntasen, 2005)

The difference between Buddhist economics and mainstream economics is based on different paradigms of human nature. Under the scientific materialism paradigm, mainstream economics observes that each human being normally follows his/her self-interest. For an individual to follow self-interest is considered "rational" behavior. This belief originated with Thomas Hobbes, an ultra materialist philosopher of the 17<sup>th</sup> century discussed earlier.

Welfare for an individual in this case has been translated in economics as "utility". Under this scientific materialism paradigm, the typical way for human beings to gain more "pleasure" or "utility" is "having" more material possessions. The term "having" is very important. Humanistic economists have begun to understand that utility can be improved not only from "having", but also "doing", "being" and "being related with" without emphasis on "having" as the only way for utility generation. Buddhist, Christian and Islamic economists will also add "giving" as a utility generator. This demonstrates the narrowness of the concepts of mainstream economics, as its core values include only "self-interest" and "competition". Because of such development of thought, mainstream economics defines pursuing of self-interest as rational behavior as it is the behavior that contributes to generation of more utility.

The core values in Buddhist Economics are, non-self that leads to compassion instead of self-interest, and cooperation instead of competition. According to Buddha-Dhamma, for any living thing as soon as it exists or is born, it can never be free from *dukkha*. At its most basic, *dukkha* results from natural changes namely, birth, aging, illness and death. Therefore it does not make sense to inflict more pain on each other while there is no guarantee that the one who cause pain to the others will be better off. Most of the time such a person will also suffer from that person's ill will. It makes much more sense to be more compassionate and helping to each other at all times, because there is more chance to result in more *sukha* from such kind action for both parties. In order to avoid *dukkha* completely the understanding of "non-self" rather than "self-interest" is the most crucial thing.

In a system of capitalism with industrialization and consumerism, one can visualize growth without end. In reality it turns out to be an unsustainable, downward spiral resulting in more waste generation and resource depletion causing environmental degradation, and eventually human self-destruction. With such a depressing scenario for humankind under capitalism, Buddhist economics, where *sukha* or wellness is not generated through increased consumption but rather through mental development that does not require excessive material inputs, can offer a much more promising alternative. Under this new paradigm, the concepts of production, consumption, and distribution in Buddhist economics should be explained in order to show clearly why sustainability with peace and tranquility is possible under such scenario.

#### **Production in Buddhist Economics**

Before discussing production, it should be clearly understood that the mode of production in Buddhist economics is being defined as <code>paňňa-ism.² Paňňa</code> is the supreme quality of the mind. It means the ability to understand everything in terms of its own nature. People may not realize that their minds often distort the truth based on their own likes and dislikes. Such problems result from inadequate training in understanding the working on one's own mind. It is also a problem for many who claim to be Buddhists themselves. Most of the time people do not have <code>paňňa</code> because of their own ignorance or they distort facts depending on their own likes or dislikes. Such a special quality of mind as <code>paňňa</code> must be continuously trained to achieve its status of neutrality so that we can learn and understand everything in terms of the object's own nature.

Paňňa cannot be developed alone. It must be developed simultaneously with "sila" (shortly known as good conduct) and samãdhi (concentration). The threefold training is known as sikkhāttaya. It begins with the basic faith that having good intentions will result in good conduct (a purified mind) which leads to a calm mind or a mind more capable of concentration or samãdhi. Samãdhi will support the neutrality of the mind that will be able to learn and understand everything in its own nature without any distortion. This latter state of mind equates to the qualities of right thought or right intention and right views, two of the Noble Eightfold Path and together known as paňňa.

Given the above qualities, there will be increasing understanding as to why good conduct is necessary for wellness in life that will lead to a better life. The relationship among them is in the form of a virtuous spiral. When people have good conduct, they tend to have better concentration and better *paňňa* afterwards. Once people have better *paňňa*, doing good things is no longer due to a person's faith or belief but rather more because of a better understanding that will result in improving their own conduct. Unfortunately, without mindfulness all the time, the spiral can move backwards in a regressive way and the mind can slip into greed, hatred and delusion anytime when it slips from mindfulness.

The three components of good conduct or *sila* are right action, right speech, and right livelihood. Given right conduct, the mind can concentrate better because it will not be disturbed by bad thinking and bad conduct. This quality of mind is known as *Samādhi* and it represents three additional components of the Eightfold Path or *magga*. They are right effort, right mindfulness, and right concentration. The remaining two of the Eightfold Path are the components of *paňňa*: discussed before.

The *sikkhāttaya* is the training of the three functions of the mind: *sila*, *samādhi*, and *paňňa*. These together are *magga* or the way to be relieved from *dukkha*, or the conflict, alienation, pain, misery, and suffering that all human beings try to avoid. We can substitute the word *dukkha* with pain or suffering. In Buddhism, positive feelings are considered as *dukkha* as well, since they are fleeting, subject to change and do not result in any sort of permanent satisfaction.

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<sup>&</sup>lt;sup>2</sup> It is the most important concept in Buddha-Dhamma.

According to Buddha-Dhamma, a human being who has paňňa will not seek to maximize pleasure or utility but will seek to be relieved of and relieve others of pain as much as possible. With less pain there will be more peace or wellness or sukha. Pain in Buddha-Dhamma is like temperature. It contains varying degrees of both heat and cool at the same time. With more heat there will be less cool and vice versa. It is not black and white. It is a continuum of all shades of gray. Similarly, with less pain there will be more peace or wellness in the sense of Buddha Dhamma. Wellness in this case can be equated to peace rather than joy or gladness.

With the full understanding of the above concepts, production in Buddhist economics can be clearly explained as follows:

Since paňňa is the mode of production in Buddhist economics, paňňa should be used to control all factor inputs, such as technology, capital and natural resources. The production process should be done in such a way to enhance the good qualities of human inputs. The process should generate human skills and creativity as well as provide a sense of fulfillment from their work.

Workers should not feel that they are being exploited but rather given opportunities to do something worthwhile for themselves as well as others. Minimal use of non-renewable resources should be constantly practiced, while use of renewable resources should be encouraged in place of non-renewable resources as much as possible.

Waste from the production process should be kept at a minimum. Every attempt should be made to improve nature and environment at the same time. The need for production to be increased to meet increased demand for consumption is not required in Buddhist economics, since consumption will also be in moderation.

# **Consumption in Buddhist Economics**

The main objective of consumption in Buddhist economics is not to maximize pleasure or utility but to maintain good physical and mental health, that serves as a strong foundation for the generation and accumulation of *paňňa*, the fundamental tool to relieve individuals and society from *dukkha*, because this is the only necessary and sufficient condition for wellness in life. In consumption, people only require enough nutrition for the daily life. To have sufficient nutrition does not require expensive food. Maximizing pleasure or utility will not always lead to less pain. Most of the time, it leads to more pain.

Consumption controlled by *paňňa* will only lead to moderate consumption, because it is the optimal consumption needed. For example, in the case of food consumption, too much food intake can result in health problems both in the short and long term. Too little consumption will lead to nutrient deficiencies that can be harmful to mental as well as physical health. Similarly, too much accumulation of material wealth will bring more pain as a result of cravings.

As only moderate consumption in everything is needed, the rest can be given or donated to others who are still in need. Peace and tranquility are a result of the ability to understand everything in its own nature or having *paňňa*. Such knowledge will result in more understanding of the world, as well as the understanding of "nothingness" or "void" and no self to cling on to, the main cause for pain. This way excessive production is not needed.

In fact, moderation - the key concept in Buddha-Dhamma - comes from natural law and is demonstrated in the harmony and balance of nature. In this respect, understanding Dhamma is the same as understanding the law of nature. To appreciate Buddha Dhamma is to understand how to live in harmony with nature as one is trying one's best to comply with the law of nature.

#### **Distribution in Buddhist Economics**

The main purpose of Buddhist economics is to reduce pain or suffering for all living things as much as possible. The reason behind this goal is that once any living thing is born, it will never be free from pain. (This part of reasoning has already been explained before.) Therefore, it does not make much sense to inflict more pain or to cause more of a burden to each other. Consequently, helping and loving each other or loving and kindness should be more of a standard practice.

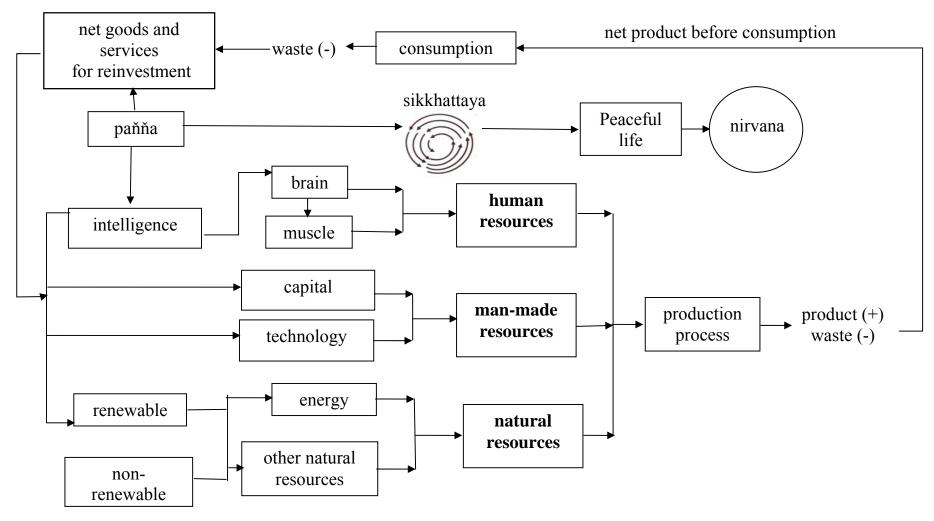
Instead of insisting on efficient production according to a person's ability, as explained in mainstream economics that each factor of production should be paid for at its marginal productivity. In practice, economists are not able to identify or calculate the productivity of any factor of production since it is very difficult to identify the true price or even the shadow price of all final products under the condition of perfect information and perfect competition. The rule or criteria to estimate price must be introduced. So, productivity, in the true sense of an economist, is only a rough calculation. However, this is not the most important point. When the distribution is determined according to their ability, those who have more ability still receive more even if they do not really need it.

Buddhist Economics insists that priority goes to those living things that are still in pain because of inadequate materials to support their lives. Those who have more *paňňa* should only use what they need to maintain their own lives and give the rest to the more needy ones.

The interactions between production, consumption, and distribution in sustainability using Buddhist economics can be summarized by Fig. 1.

Fig. 1 Consumption and Production Theories of Buddhist Economics.

The system of production and consumption under the conditions of sustainable development and the promotion of a peaceful life.



Sustainable development and the reduction of conflict or contradiction yielding a more peaceful body and mind is the condition when net goods and services produced are more than enough to maintain the existing system of production. The rest can be used to reduce pain and suffering of those who need it. With the help of technology, production efficiency can be improved.

The resources in the production process are classified as human resources, man-made resources and natural resources. Brains and muscles are the components of human resources, which cannot be completely separated. Brainpower – knowledge, reasoning and creativity - is the best resource among all other factors of production. The more the brain is used, the more the value added. Other resources used will remain the same or decay. This is why labor-intensive production is nonsense; the brain or *paňňa* should be the crucial factor.

Capital and technology are the components of man-made resources. Natural resources are classed into energy and other natural resources. In the past, people used their intelligence to create capital and technology. But without the influence of paňňa, the trend was in a destructive direction rather than a beneficial one. If people use all the factors of production and apply paňňa, there will be more use of renewable resources, than destruction. Production systems will be friendlier to human beings. In mainstream economics, waste is not included in the output equation. Without waste in the production equation, there is potential for unlimited growth Actually, waste is always a part of output from a production process. When waste is discounted and net production is negative, the result is non-sustainability.

When goods and services emerge from the production process, they are passed on to the consumption process. There is waste in the consumption process as well. The consumption process is similar to the process of production. When people take something into their bodies or into their minds to keep them going, it is similar to an input in the production process. Consumption can be considered as the process of maintenance of the existing production process on part of human inputs. The rest must be used for the maintenance of all other inputs.

If the overall system has enough surplus then it will be sustainable. However, it will be very difficult to prove whether there is a sustainable system if the second law of thermodynamics known as the law of entropy is still relevant. In that case, the only way that one can do is only to prolong the system as long as possible. The surplus can be used to support all other living things that are still in pain due to inadequate material inputs.

On the other hand, wellness or a peaceful life comes from the process of training in *sila*, *samădhi*, and *paňňa*, which is also known as a virtual spiral. So wellness or *sukha* is not from consumption but from having better *paňňa*. *Paňňa* controls everything in this model and we therefore call this mode of production, *paňňa*-ism.

In conclusion, while the core values of capitalism are self-interest and competition, the core values of *paňňa*-ism are selflessness and compassion leading to cooperation. It is up to the readers to judge if *paňňa*-ism is more preferable than capitalism.

In Thailand Buddhist economics is not a concept familiar to most Thai people, even though most of them claim to be Buddhists themselves. There are two reasons for this situation. Most people who claim to be Buddhist do not actually understand the core concept in Buddha-Dhamma and most importantly the world economy and ideology has long been dominated by capitalism. It becomes much more difficult to look for or understand other alternative economic models especially as most traditional economic teaching and training emphasize an appreciation of economic mechanisms without

questioning the ideology. This is the real reason why a paradigm shift to Buddhist economics is urgently needed.

# **Revisiting Aristotelian Happiness**

In 2003, Lanyard explained happiness in eudemonic tradition originated in Aristotle as not happiness in the moment but living a good, virtuous life of self-actualization. Aristotle equated happiness to a good life that he further explained as a moral life that has nothing to do with desirability. If this concept is translated to Buddha-Dhamma, desirability can be equated to craving. We can say that according to Aristotle, a life without craving can be a good life. However, having a good life in Aristotelian tradition does require more than basic necessity needed for survival but a little more for flourishing. In order to help or take care of the needy ones. This concept is closer to that of philanthropist in Buddhism.

However, *sukha* in Buddha Dhamma especially at the highest level, known as *vimuttisukha*, or *sukha* gained from freedom from all defilements does not require anything more than necessities to maintain life. At the same time it does not have to be not happiness in the moment. The level of *sukha* lower than *vimuttisukha* one may result in good feeling from good intention and good deed at that moment. However, *vimuttisukha* is the state of *sukha* that does not require any good feeling since it is the state of being without the impairment of any defilements of the mind which is already the state of perpetual *sukha*.

Although Aristotelian happiness is close to the concept of *niramissukha* or *sukha* without requiring any acquisition the difference is that Aristotelian happiness may still require additional things to accommodate the good life than what is required for the necessity of survival. Also, according to Lanyard's interpretation, it is not happiness in the moment, while *sukha* is the state of mind that one can feel at anytime namely feeling good. At the *vimuttisukha* level one will experience no pain at all or the freedom from pain.

If *sukha* is analyzed in any economic tradition including mainstream economics, it will be seen to be the most efficient way of having *sukha*, since it require no additional resources more than basic necessity and a person will be free from pain in a sustainable way. This is why it is worth understanding *sukha* and trying to attain it in a Buddhist tradition.

#### **Conclusion**

What has been discussed in this paper is an exploration of the concept of happiness in the western sense starting from the Aristotelian tradition and proceeding to the current concept in an economy dominated by capitalism. It has been demonstrated that capitalism is neither viable nor sustainable. Such a situation provides a strong reason for a new paradigm of thought. As the concept of happiness developed in the West has varying meaning and often some of its meanings contradict others, the new concept of *sukha* in the tradition of Buddha-Dhamma is introduced as an alternative. *Sukha* in general implies a lesser degree of *dukkha* or pain. *Sukha* in itself has varying degrees. At the lowest level is *kamasukha*, *sukha* from acquisition; however, with a qualification that one should not add any burden on oneself as well all others. This is

because as soon as any burden is added, *dukkha* will also increase. It will become uncertain whether there is a net increase in *sukha*. At the higher level is *sukha* from non-acquisition or *niramissukha*. This level of *sukha* will assure that there will be no additional burden to any party. It is a win-win situation. The highest level of *niramissukha* is *vimuttisukha* or sustainable *sukha* without any interference from all defilements. This is the most efficient way in attaining *sukha* in a sustainable way.

However the only way to attain such *sukha* is to understand the core concept in Buddha-Dhamma as well as to keep training the mind continuously. The main objective of such training is to cultivate *pañña* as the crucial tool to end *dukkha*. This way one will thoroughly understand that mainstream economics with its core values of self-interest and competition or more commonly known as capitalism can never result in such situation of sustainable *sukha*. On the other hand, Buddhist economics with its core values of selfless that leads to compassion and cooperation, the subject developed from the understanding of a human being in its more realistic nature will offer a better solution. Production, consumption, and distribution in Buddhist economics, all have the ultimate goal to achieve sustainable *sukha* through *pañña*. Therefore, *pañña* is the mode of production in Buddhist economics. The economic system having *pañña* as the mode of production is known as *pañña-ism*. Only *sukha* explained in Buddha Dhamma is consistent with sustainable *sukha* explained in the model of Buddhist economics.

For the reason discussed above the paradigm shift from capitalism to  $pa\tilde{n}\tilde{n}a$ -ism is inevitable. The most difficult part is how to cultivate human  $pa\tilde{n}\tilde{n}a$  to understand the reality of natural laws as human beings always have a strong tendency to distort facts for their own liking or not liking as well as just their sheer ignorance. The Buddha himself also admitted that the task to cultivate human  $pa\tilde{n}\tilde{n}a$  is the most difficult task among all.

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