



Why alternative approaches to development are needed and how sufficiency economy can contribute?¹

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Based on objectives of the Conference sub-theme “Sufficiency Economy and Mainstream Economic Theory”, the paper will demonstrate how alternative human-centered economic approaches (i.e., Buddhist economics, happiness, and sufficiency economy) contribute values and attitudes in addition or contrary to mainstream economic assumptions about human nature, human motivations, and economic activity. The paper discusses the differences between mainstream economics and these alternative approaches as well as depicts how these alternative approaches can make sustainable development effective.

1) The differences between mainstream economics and alternative approaches.

As weaknesses of mainstream economics on human assumptions and the limitation in GDP are well-known, there have been discussions on the need for alternative paradigms for development. Buddhist economics, sufficiency economy, and happiness economics have been discussed as alternatives. Obviously, there are main differences between the mainstream and these alternative economics in key values/ perspectives, assumptions, analysis, and development goals and results. Table 1 summarizes key differences between the two lines of thoughts.

Table 1. The different perceptions and core values between alternative and mainstream economics

Key differences	Mainstream economics	Happiness, Buddhist economics and sufficiency economy
Utility component	Neo-classic theory of utility excluded subjective aspects: feelings, happiness/ subjective wellbeing.	Happiness economics refer to utilitarianism (of Jeremy Bentham) that used to include happiness in the utility:

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	Utilities based on choices of goods/ services.	<i>“the greatest happiness principle”</i> .
Self vs non-self focus	Self-interest, with the assumption that humans are rationale.	Non-self (emptiness / impermanent in Buddhism). Reduce selfishness
Development driven by	Competition, specializations	Cooperation\ compassion; moderation, diversification for immunization; integrated approach
Development values	Materials / economic prosperity: more consumption/ services and production	Add values for spiritual wellbeing, ethic, goodness, giving, concerns about nature and subjective aspects. Wisdom or insight is essential
Narrow VS broad meaning of happiness	Higher consumption => higher utilities (used as happiness), higher satisfaction of needs and happiness	Happiness from lower to higher levels depends on materials, mind, and wisdom, respectively. Mind and intellectual development lead to real and sustainable happiness. Satisfaction is the state of mind.
Key analytical factors	Limit to only objective indicators and choices	Open for subjective well-being determinants and processes
Development Indicators/ Measurement	Development measurement based mainly on economic indicator – GDP	Development measurement should also be include happiness/ well-being or alternative indicators



Perspectives	Human well-being depends on material wealth. More limited to assumptions to explain human mind and societal well-being.	Broader perspectives of human well-being (not limited to material wealth), more holistic and balanced development. Realize interdependence of human-human and human-nature, moral, self-immunization, peace of mind, etc.
Goal	Economic growth	State of mind happiness, livings in harmony between human beings and nature, social/global peace.
Results	Can have social conflicts and unsustainable development	Social benefits from peace and sustainable development

The main differences in the above Table are utility concepts and assumptions of human behaviors that drive development, perspectives and values. All these lead to different analytical framework and indicators for the development and, consequently, different kinds of development goals and results. With the mainstream economics' assumptions that utility derived by concrete choices of good and services and human being are rational for self-interest, individual lives can be happier by more getting consumption and production. Development has been driven by economic growth from competition and specialization. People have to complete to earn more and get more goods and more accumulation, etc. This led to different goals and development results from alternative approaches.

Sufficiency economy, in contrast, focuses on balanced life with moderated life-style and consumption. For production, in stead of specialization for commercial purpose, the production diversity primarily aims for self-immunization, security for basic needs or social protection, and the recognition of relationship among various lives and nature. At social level, the society should live in harmony, empathy, compassion, generosity, and "middle way" life style. The sufficiency economy philosophy fits well with the Buddhist philosophy of avoiding greed, hatred, and ignorance, which can be cured by compassion, wisdom (*pañña*), and recognition of suffering. The sufficiency economy is in line with Buddhism that places the emphasis on knowledge or insight to know what is "appropriate" for happy living and development. Happiness (driven by wisdom or "*panya*") is the ultimate goal of development under these approaches.



In present conventional economic theory, happiness- which is subjective, has been ignored in the utility function and economic analysis. However, happiness economics with the emphasis in subjective well-being has recently gained more recognition. In fact, happiness was once included in the utility concept since classical economist, Jeremy Bentham (1748-1832) introduced utilitarianism principle “*the greatest happiness of the greatest numbers*”. This approach advocated that society should aim to maximize the total utility of individuals, aiming for the greatest happiness for the greatest number of people. In other words, government or the society should try to maximize net effect of happiness from activities. This principle was more developed by later economist such as John Stuart Mill who also considers happiness in quality perspectives (i.e., higher level of happiness from wisdom and morality). However, with the difficulty to quantify this subjective aspects, happiness later be excluded from the utility in neo-classical theory which presently depends only on bundles of tangible goods and services.

Consequently, the idea of development depends mainly on economic growth. As development process has been under the objective framework, in which objective indicators, such as GDP per capita, GDP growth, and material consumption have been used as the sole indicators of how well a nation is performing. The development paradigm has ignored the importance of other subjective elements in human nature, social and environment². As development mainly aims for growth driven by competition, possible tensions or conflicts as well as social and environment problems can happen in the development process.

However, in the past several years, efforts have been made to develop indicators for measuring national well-being which will drive the development for a better direction and results. Subjective well-being is increasingly concerned at global, national, community, and human level. Human mind is more sophisticate than objective process, therefore, subjective well-being indicator is recommended to complement objective ones . Happiness indicator and alternative indicators are suggested. The essence of using these indicators is to cover the importance of non-economic aspects such as spiritual well-being which are essential to human life and development.

Buddhist economics as well as sufficiency economy place the emphasis on spiritual well-being with mind and wisdom as key factors for good living and development. In Buddhism, the highest level of happiness can be achieved only by wisdom or “*pañña*”. In this respect, sufficiency economy, Buddhist economic and happiness development approach have similar focus on wisdom or intellectual development.

With these differences in attitudes and values, the above alternative approaches would not focus only on economic growth, but also the growing in happiness of individual and

² Extracted from Kittiprapas. S., et. al (2009). *Happiness: New Paradigm, Measurement, and Policy Implications*. The synthesis from the International Conference “Happiness and Public Policy”, July 2007, Bangkok.



society - which can also lead to sustainable development. The following section will explain this argument.

2): How happiness in Buddhist perspective and sufficiency economy approach can support the world peace and effective sustainable development?

The happiness (in Buddhist perspective) discussed here can also represent subjective well-being in sufficiency economy. In Buddhist's happiness meaning, there are different levels of happiness: from the lowest to the highest level. Beyond the basic material need for happiness, higher levels of happiness are more subjective based on mind and wisdom development. Individual happiness can be developed into higher levels and more dynamic than what discussed in general Western happiness studies. Therefore, the happiness meaning in the following discussion includes the subjective essence in sufficiency economy that focus on moderation, contentment, and morality.

The higher happiness level in Buddhism (or can be called sustainable happiness) can be generated through mind and wisdom development. Individuals can be developed towards higher level of happiness, which is less dependence on materials. Therefore, if this type of happiness can be practiced, less material would be required. Then, the more resources can be released to help others in needed or more resources can be saved. The whole society would benefit from this type of happiness. The givers are happier from giving, and those who suffer become happier from receiving helps. Resources can be allocated for appropriate uses and reduce exploitation and over-consumption³.

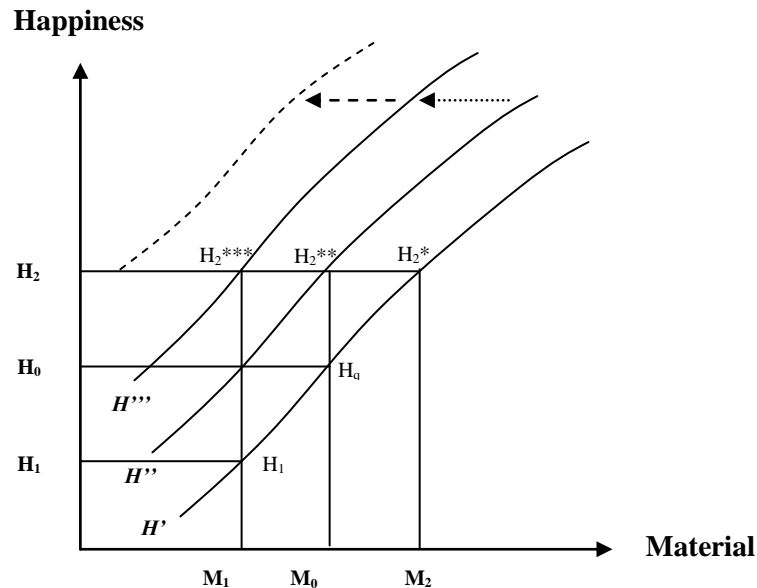
To explain the above idea, I have tried to put together similar thoughts to be explained in an economic manner with clear pictures. The relationship of happiness to material, or represented by income level, has long been a subject of discussion among thinkers, philosophers, academics/ researchers, and development practitioners. The diminishing return of happiness to income that economists have now come to realize indicates that, to maximize happiness, way of life based on sufficiency economy philosophy makes sense as excessive gain in materials may not necessary. Figure 1 and Figure 2 are examples⁴ to show that individual happiness and the feeling of contentment can lead to societal happiness and sustainable development; while excessive material accumulation including consumption and production may not bring in more happiness.

³ The ideas are summarized from the Dhamma book by Phra Brahmaganabhorn (P.A. Payutto), *"Perfect life"* (in Thai), Wat Nyannavesakavan.

⁴ The pictures were illustrated by adaptation from the idea in the *"Perfect life"* Dhamma book. However, the author is responsible for any error or misinterpretation that might be occurred.



Figure 1. The relationship between materials and happiness at different levels



From the Figure, line $H'H^*$ is supposed to show the relationship between happiness and material levels for ordinary persons. The relationship shows that, at the low level of material, the relationship between happiness and materials is positive with increasing return. However, moving to higher levels of materials, the relationship to happiness is still positive but with decreasing returns. Happiness line $H''H^{**}$ is supposed to represent those who require less material than ordinary person to be happy. For happiness at H_0 , ordinary person would depend on material at M_0 (along $H'H^*$ line), but those who required less M to be happy (i.e, those who are self-reliant and contentment, or Dhamma-oriented) would need only M_1 (along $H''H^{**}$) for the same happiness level at H_0 . This makes their happiness line stays above ordinary persons' happiness line. Therefore, with the same level of happiness- H_0 , this type of persons would need less M – leading to resource saving for $M_1 < M_0$ which can be released to give away for others. With happiness at mind level, they would be happy from giving or helping people, and those needy who received helps are happy from the remedy or less deprivation. Therefore, the whole society is happier from this kind of happiness development and human behavior, in addition to less utilization of natural resources. With individuals' higher happiness in mind from giving and helping others, individuals' happiness line then lift upward to $H'''H^{***}$ – that represent the happier level to H_2 level (with materials only at M_1). If this happiness line also reflect societal happiness, this increase in social happiness benefits from the less use of resource ($H_1 < H_0$) and from giving ($H_0 < H_2$), and, as a result, resource can be saved for $M_1 < M_2$ or resources abundance for $M_1 < M_2$ can be released or distributed to others. If the individual has ability to produce M_2 , then he



can donate or benefit others for M1M2, leading to social benefit and upward social happiness line. The development for higher and higher level of happiness which happens inside oneself can lead to less and less material dependence and, consequently, social benefits continue to rise. The society would gain positive effects from this type of sustainable happiness-led development, which is much more than basic/ physical development.

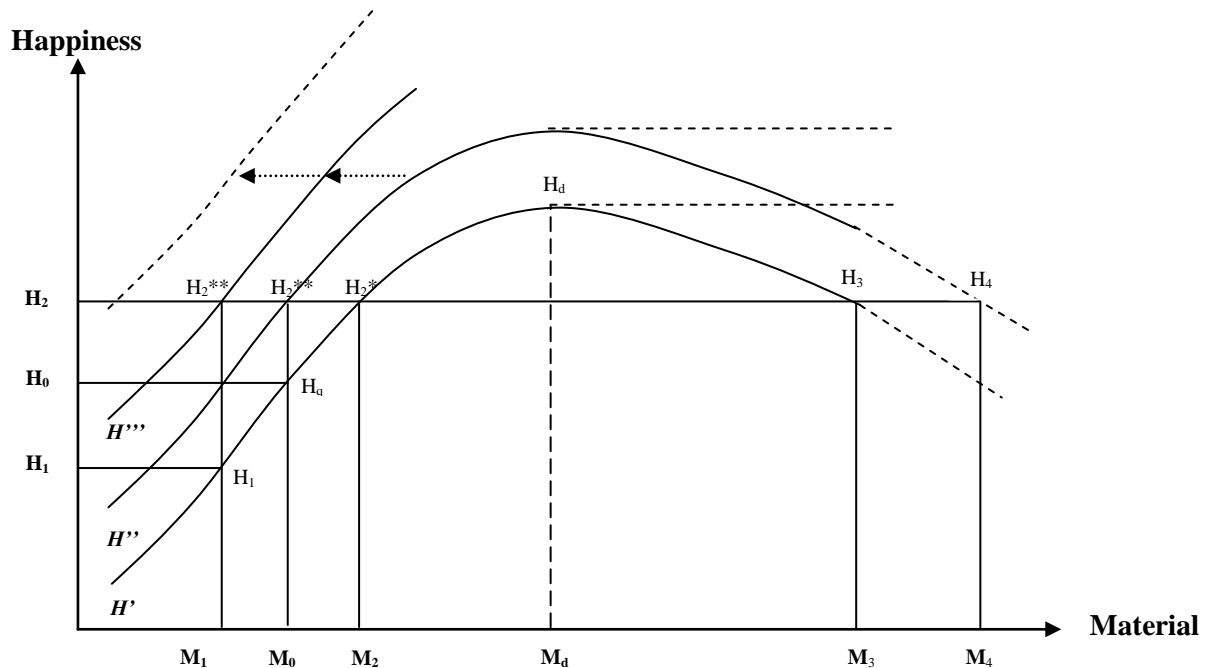
This example shows how sufficiency economy concept can raise social happiness, as sufficiency economy related to this happiness at mind level. People, who live with moderation and feel contentment with what they have, would be less selfish and generous enough to share resources with other. As explained above, the whole society would become happier.

In addition to Figure 1, there are more explanations in the case of excessive gains or uses of materials. For example, there are also some studies indicating that, over time, the continued higher income cannot lead to the rise in happiness, as evident in the case of US., Japan, and recent study of both developed and developing countries including transitional countries (Easterlin, 1974, Kusago, 2007, Clark et.al (2006), and Easterlin and Angelescu, 2009). Furthermore, some thought that the continued rising in income may lead to the drop in happiness, after the relationship of happiness to income reach the peak. I make a simply graph to represent the two ideas in the Figure 2.

To represent the first group of thought, when material gain reaches a certain level (i.e. at M_d), happiness would no longer increase. Then, after H_d , the happiness line will be parallel with M . For the second group of thought (i.e., from some thinkers/ writers, and monks), after the relationship of happiness to materials rise to the peak (i.e., H_d), happiness starts to decline. The happiness line after material level M_d continues to decrease. The idea behind this is that too much materials beyond appropriate level can bring in suffering (i.e., cases of unhappy millionaires, happy living with moderation, etc.) that is in line with Buddhist teaching. However, both cases bring in the same conclusion that will be explained in the Figure 2.



Figure 2. The relationship between happiness and materials (in case of excessive materials)



This picture demonstrates happiness after it reaches a large amount of material, such as M_d , that it may have 2 types of slope from the two thoughts discussed above. From the picture, at the lower level of material gain, happiness can increase with the increased in materials. But when happiness reaches a peak (M_d), the more materials cannot bring in more happiness.

Suppose there is a possibility that there would be a negative slope of happiness and income relation (after H_d and M_d), the over-consumption to level M_3 can lead to happiness only at H_2 level. That means that we have used unnecessary resources and over-consumption for M_2M_3 (for ordinary people) or M_0M_4 (for Dhamma-oriented or self-sufficient persons), which do not result in the increase in happiness.

On the other hand, suppose the relationship between happiness and income is parallel instead of negative, this has not changed the main conclusion above; that is, when happiness to material reaches a peak, more materials cannot increase happiness but only over-exploitation of resources. They both show that sometimes we use unnecessary resources for a certain level of happiness. If the higher materials at some point cannot bring in more happiness, there may be a misleading in development direction that has resulted in over consumption and excessive natural resource exploitation



The implication of both cases is that we have to be moderate and reasonable in consumption or material need, which is the sufficiency economy concept. The peak point, Hd, reflects the fact that we should know what level of material accumulation is “enough”, and at what level it can turn to be a burden or suffering. We should know: what is “appropriate” or optimal level; over-consumption and accumulation are not necessary; or the more we have, the more burdens we may face and lead to suffering. That is why people can be happy and feel contentment of what they have. This is sufficiency economy life style which people must have happiness in mind (beyond material level). Buddhist principle on the middle-way can explain that both two extreme points of having nothing and excessive material accumulation/ burden can bring in suffering in different ways. Thus, the middle path way of life is suggested.

It also indicates that our previous development, driven by conventional approaches, have weaknesses in the over uses of natural resources, unbalanced and unsustainable development. Therefore, the development guided by this sustainable happiness approach or sufficiency economy concept offer a new way to a balanced and sustainable development for both individual and social levels.

3) The contributions of these alternative approaches to add values to mainstream economics

The higher level of happiness (towards mind and insight, with less material dependence) a human can achieve, the more resources can be allocated to help others - leading to compassion, cooperation, and sharing. The society will have less conflict than the idea of development by achieving higher materials with high competition. This is why the new approach can lead to a more peaceful society. This type of approach can also make sustainable development effective because with this higher level of happiness, the less resources people will use or exploited for themselves.

Sufficiency economy concept, in line with Buddhist’s happiness concept, focuses on moderation, will not exploit or over-use of resources and that is why it supports sustainable development and social peace. Sufficiency economy, with the middle way of life, feeling of contentment, and peaceful mind, can lead to the development of life balance. Overall, sufficiency economy is more balanced development, covering not only economic development but also other elements in life necessary for a better living, higher quality of life, happiness, and sustainable development. In contrast to the conventional economics approach indicating that the more we consume, the higher utility (and happiness) we have, the sufficiency economy focuses on moderation and reasonableness with knowledge and morality.



Therefore, sufficiency economy is not only economics, it's about life. It's a principle how to leave peacefully within society and nature. However, sufficiency economy or happiness development approach do not reject the importance of economic development which is also relevant and can alleviate poverty, inequality, and provide basic needs, but it advocates economic growth with caution, self-reliance ability, economic security, and wisdom (to know what is appropriate or balance). It also aims towards higher goals in life. It cultivates spiritual well-being to human and social development, or aim to achieve well-being at higher level. It lays a strong foundation for livings in harmony for personal and social development. Therefore, the development that guided by happiness and sufficiency economy would lead to a more sustainable goal and is a way to develop both human-being and the society as a whole.

The introduction of Buddhist economics, that sufficiency economy philosophy is based on, and happiness economics into economics will make economics more human-nature concern with values for human happiness and social development. The sufficiency economy philosophy focuses on moderation, self-immunization, and reasonableness, with morality and knowledge, are necessary factors for higher level of happiness of human/ societal development. These are missing values in mainstream economics.



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