

Happiness, Sufficiency, and Buddhist Economics

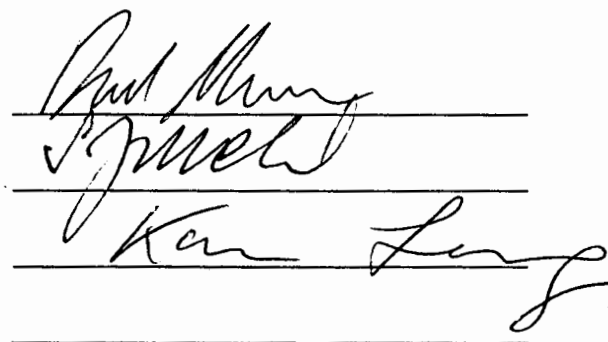
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Introduction: Neo-liberalism and Economic Development

Economic development has been a predominant concern since at least the end of the Second World War. In many ways, national and international histories since then can be read in terms of the competition between an array of economic paradigms. Of course, the Cold War led many to bifurcate economic debates along the lines of capitalist versus communist models. With the collapse of the Soviet Union, the "New World Order" appeared to be decisively capitalist and it was presumed that it would be ushered in following the framework and leadership established by such economic institutions as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO). In fact, these institutions came to exist as the result of efforts to secure the elimination of poverty and increase global prosperity, efforts that became institutionalized in the post-war era. Though checkered by failure by the end of the Cold War, economic development remained a central issue. Truly, it was believed by many that the struggle to eradicate poverty would finally be met with success, since the distractions generated by the Cold War would no longer interfere with efforts to promote economic prosperity.

However, what emerged victorious from the Cold War dichotomy was a particular brand of capitalism: a neo-liberal approach, whose proponents preached the efficacy of free-markets, deregulation and growth-oriented policies. Just as the Cold War was ultimately portrayed as a battle between the United States and the Soviet Union, the victor came to embody this neo-liberal economic model. In turn, neo-liberalism came to

be popularly understood around the world as American-style capitalism.¹ While many object to such characterizations, this label is not entirely unjustified as many proponents of neo-liberalism have, at least ostensibly, vigorously promoted neo-liberal policies both within the United States and abroad.

Neo-liberalism is undeniably effective on its own terms. That is, when the rate of growth of an economy is the means by which its success is evaluated, neo-liberal models appear to be the most efficient manner through which such ends can be achieved. Without doubt, free markets are incredibly powerful engines of growth. However, such measures simply ignore the potentially devastating by-products of neo-liberal prescriptions. Despite the persuasive evidence of more nuanced approaches that encourage alternative conceptions of capitalism, adherents of neo-liberalism continue to defend their models with ideological fervor.²

Although neo-liberalism has effectively become the straw-man for anti-globalization activists, its influence and implications are very real and far-reaching. In many ways, any suggestion of an "alternative" economic paradigm represents an alternative to some of the most basic prescriptions of neo-liberalism. For this reason, the basic neo-liberal prescriptions comprise the bulk of what conventional wisdom holds as "mainstream economics."³ In short, this paper is about the call for alternative paradigms. More specifically, it will highlight alternatives that are based on the argument that neo-liberal capitalism fails to sustain real improvements in human well-being and, perhaps

¹ See, for example, the introduction to Avery (2005).

² See, for example, Henderson (2001) and Hawken (2007), 17.

³ For more on "conventional wisdom" and economics, see Galbraith (1958), 7-20.

more importantly, allows for the destruction of social, cultural and environment capital, which could ultimately produce widespread misery.

After looking at the general findings of the economics of happiness, through which it has been illustrated that economic growth does not necessarily generate improvements in well-being, this paper will turn to an alternative paradigm that is grounded in an approach that expressly deviates from not only the purported goals of neo-liberal economics, but also from its fundamental assumptions and worldview. That is, this paper will look at the concept of Buddhist economics. Whereas the foundations of neo-liberalism can ultimately be traced to the Enlightenment, which entails a view of human life and well-being that is grounded in notions of individual liberty and self-realization, and even further to Judeo-Christian and Greco-Roman worldviews, it is argued that an economic system grounded in Buddhist concepts and principles would be significantly different. As will be seen, there is noteworthy congruence between the conclusions of scholars studying the economics of happiness and the prescriptions of models of Buddhist economics.

In turn, this paper will look at the development philosophies promoted by the governments of two countries with Buddhist heritages, Bhutan and Thailand. The political leaders in both countries call for understandings of development that are quite different from neo-liberal models: development in Bhutan is purportedly gauged by improvements in Gross National Happiness while Thailand promotes the concept of a Sufficiency Economy. While this paper is meant neither as an evaluation of the respective alternatives nor as a prescription for the implementation of particular policies,

what is suggested is that the reconsideration of the fundamental assumptions of neo-liberalism and the promotion of alternatives is an important step in the establishment of economic structures that generate true well-being.

While the debates between economists and policy-makers are often highly complex and esoteric, they rest ultimately on a set of relatively basic assumptions. Because these provide the foundation upon which capitalist structures rest, this introduction will begin with a brief explanation of the most essential assumptions. From there, it will turn to a general overview of the major critiques of development as they pertain to the issues at hand.

Neo-liberal Capitalism

There are several assumptions upon which the capitalist system is grounded, the neo-liberal model in particular. Two of the most basic are, first, that individuals are primarily self-interested and, second, that they ought to be. While economists have long since recognized that social and altruistic tendencies are as real a part of human nature as self-interest, such tendencies are generally understood to be subjugated to self-interest, particularly when the population is viewed as a whole.⁴ The oft-cited observation of Adam Smith, who is widely considered the progenitor of classical economics, provides the cornerstone of this assumption: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them

⁴ Frey and Stutzer (2002), 21.

of our own necessities but of their advantages.”⁵ Indeed, there is a wide range of empirical and anecdotal evidence to support the claim that individuals are self-interested and there is no need to examine the point; it is confirmed in simple observation of everyday life. Moreover, there are compelling arguments in favor of the promotion of self-interest. After all, if individuals were not, they would simply perish or require the care of another.

However, there are at least two contentious extensions of these observations. The first is that individuals, when granted the liberty to pursue their own ends, tend to *maximize* their own self-interest. The second is that this maximization ultimately leads to the greatest social good.⁶ In this way, the assertion of self-interest is not only recognized as a statement of fact, but functions as a normative claim. As a foundational principal of classical economics, this belief is one of the primary components of neo-liberal economic theory.

A further assumption of classical and neo-liberal economics is that income is directly related to well-being. The logic is essentially that higher levels of income allow for the satisfaction of a larger number of desires and that the satisfaction of desires indicates well-being. Thus, the expectation is that improvements in individual well-being can be secured through economic growth and the generation of higher levels of income. In such a model, as long as the growth rate of the Gross Domestic Product (GDP) or Gross National Product (GNP) outpaces population growth, improvements in well-being are expected to accompany the rise in per capita income. As a result, neo-liberalism calls

⁵ Smith (1994), 15.

⁶ This is a truncated version of Smith's theory of the Invisible Hand.

for policies that promote the growth of GDP and GNP through business enterprises as an end of public policy in itself. In this sense, the advocacy of the pursuit of individual self-interest is logically extended to the business realm, with individual firms and corporations taking the place of individual humans in the above model.

Thus, neo-liberal theory maintains that the maximization of the interests of individual businesses ultimately generates the greatest social benefit. The "self-interest" of business is understood to be profit; hence, the maximization of profit is both the desire of business and *desirable* because of the benefits that accrue to society at large. In this way, business and society are engaged in a mutually beneficial relationship wherein businesses generate profits that are distributed through employment and compensation, the income from which is used by individuals to satisfy self-determined wants through the consumption of goods produced by businesses, thereby generating revenue and profit for efficient businesses. As a result, neo-liberal policies are popularly conceptualized as "business-friendly." The response to objections that some business activities are actually impediments to social welfare (due to, for example, pollution or labor-saving techniques or because the products that are produced are harmful) is that the greater good is secured in the long-run, despite short-term losses.⁷

Neo-liberalism gained favor in the wake of the global economic downturn in the 1960s and 1970s as many prominent economists opposed to state intervention and regulation re-established the basic principles of classical economics. The most important tenets of neo-liberal theory eventually took the form of policy prescriptions in what came

⁷ Friedman (1970).

to be known as the Washington consensus. Adherents of this approach successfully advocated for the reforms implemented in the 1980s by the Reagan and Thatcher administrations, the success of which appeared to validate the efficacy of neo-liberal theory. That is, the end of the stagflation crisis, the economic growth that was generated by the efficiency of neo-liberal markets, and the collapse of the Soviet Union all presumably undermined support for state-led economic policies while garnering support for privatization and demand-driven production. With the perceived triumph of neo-liberalism, the maximization of self-interest effectively came to serve as a driving force behind the global economic ethic.

The reality of such a "triumph," though, has always been in question. First, the heyday of neo-liberalism also witnessed the "East Asian miracle." It is widely recognized that the tremendous success of many East Asian countries was largely due to the fact that many of their policies ran *counter* to the free-market reforms advocated by major development institutions and economists.⁸ Beyond the implications for public policy, there is significant support for the speculation that the cultural component of the "miracle" was a Confucian ethic through which broader social concerns took precedence over self-interest.⁹ Second, the social inequities left in the wake of neo-liberal reforms led to the anti-globalization activism of the late 1990s and spurred many economists to

⁸ See, for example, the World Bank report, *The East Asian Miracle* (1993). In addition, in his foreword to Polanyi's *Great Transformation*, Joseph Stiglitz (2001) points out the apparent joy with which neo-liberal ideologues witnessed the 1997 crash. Though analysis suggests otherwise, they insisted that it was due to excessive state intervention (xiv).

⁹ See, for examples, Wei-Ming (1996), Rowen (1998) and Yeung (2004).

encourage the consolidation of a “post-Washington consensus.”¹⁰ Indeed, a major point of contention was (and remains) the fact that wealthy states continued to intervene in support of their own economies, despite the *laissez-faire* demands being placed on poor countries.¹¹

Beyond Neo-liberalism

A more accurate assessment is that the end of the twentieth century saw something of a double movement in the global economy, in terms of both its guiding structures and its philosophies.¹² Roughly, one movement can be seen in the neo-liberal, free-market approach that effectively served as the guiding force behind changes in the global economy. The other is the more socially and environmentally conscious, “sustainable” approach that came about largely in response to the former. In the wake of the collapse of the Soviet Union, the capitalist economic model became truly global—with a few exceptions—although policy-makers continue to debate the extent to which markets should be restricted and the level of services governments should provide.¹³ Certainly, there was no denying the power and efficiency of markets and privatization in generating wealth and innovation. On the global level, the relaxation of restrictions, especially on goods traded and on the movement of capital, progressed unabated and took on the appearance of inevitability. Global wealth increased and, despite the simultaneous

¹⁰ Basu (2001), 64.

¹¹ Stiglitz (2002), 3-23.

¹² This interpretation of the events is in line with Polanyi's (2001) prediction, 79.

¹³ The East Asian experience is a prime example.

amplification of the gap in income distribution, virtually everyone connected to the global marketplace experienced improvements in standards of living and growth in per capita income.¹⁴

Concurrently, however, evidence and awareness of the negative effects of the global spread of neo-liberal capitalism increased. Environmental degradation; rapid urbanization accompanied by increased crime, drug use, homelessness and human trafficking; the consolidation of capital into fewer hands; and the increasing income gap between the rich and the poor—on both international and domestic levels—all called into question the efficacy of neo-liberal models in efforts to secure prosperity and justice. This led to more public discussions regarding the purpose of the global economy, with many arguing that the efficient generation of wealth, a cornerstone of neo-liberalism, should not be an end in itself.¹⁵

Rather, many argued that the means by which wealth is generated and the way in which it is distributed should be as, if not more, important than efficiency alone. In other words, calls were made to account for the “negative externalities” generated by both production and distribution in the capitalist model. In order to accomplish this, many insisted that economic policies consider their social and environmental consequences rather than focus solely on abstract concepts such as price, consumption and production. While this movement has taken many forms, it has come to be associated with the notion of “sustainable development.” Broadly, sustainable development calls for economic policies that meet the needs of the present generation without sacrificing the ability of

¹⁴ World Bank (2000), 14-16.

¹⁵ Sen (1999) is among the most well-known and influential.

future generations to meet their own needs.¹⁶ In order to ensure this occurs, it is argued that businesses and governments must adopt a "triple-bottom line" approach that includes the measurement of social and environmental performance in addition to the traditional measure of financial performance in the evaluation of a business.

Understandings of justice and equity are central to the debates between the approaches. On the one hand, proponents of neo-liberal policies insist that the protection of the rights of individual actors to hold property and maximize wealth is the most efficient means by which long-term social benefits can be guaranteed, regardless of short-term problems that may occur. On the other hand, advocates of sustainability call for policies that *also* guarantee the rights of individuals and communities *negatively* affected by global economic policies. They maintain that long-term benefits can only be guaranteed by taking into account short-term consequences and minimizing the negative effects of the pursuit of business objectives. While the two approaches are extraordinarily complex, they can be broadly characterized by two approaches to the measurement of economic success.

As mentioned above, the former gauges success based on GDP. For the latter, the Human Development Index (HDI)—which measures life expectancy, literacy, access to education, and standard of living—employed by the United Nations has been used for nearly two decades, although it remains the case that there is no commonly agreed upon framework to measure sustainability. However, efforts are underway to develop and

¹⁶ World Commission on Environment and Development (1987), 43. The term, "sustainable development," was popularized on the international level in 1987 with the appearance of *Our Common Future*, a report by the World Commission on Environment and Development, also known as the Brundtland Report.

promote the use of Genuine Progress Indicators (GPI), which would account for all of the costs in increases of GDP and presumably provide a more accurate assessment of economic development. Yet even with such efforts gaining approval and despite the consensus that HDI serve as a more accurate measure of progress in economic development than GDP, popular media and politicians tend to point to the rate of growth of GDP in discussions of economic matters.

As a result, many critics of development efforts insist that mainstream efforts at least tacitly approve of neo-liberal notions. In this way, it can be understood how the fundamental assumptions that underlie the neo-liberal model influence the policies its proponents prescribe. Moreover, these assumptions, and the fact that they have been so influential, shape the entire process of economic development.

Economic Development

"Development" is a term as contentious as it is inspiring. Encompassing a wide range of issues, each with a distinct subset of problems, it is viewed alternately as the harbinger of, and solution to, many of the most pressing global issues: opponents detest it as a symbol of the power and exploitation of wealthy nations; proponents point to dramatic improvements in the quality of life it promises. At the risk of descent into polemic, this section will focus on the critiques of development, in part because the benefits do not require elaboration, but primarily because it is the critiques of development that have provided the impetus for the policies in Bhutan and Thailand, which will be discussed in the third chapter.

Throughout, "development" will be understood as the implementation of policies and practices oriented toward the establishment of the infrastructure—both physical and psychological—necessary for the production, distribution, and consumption of goods and services with the purpose of the improvement of well-being. Although the term is commonly understood as the means by which the generation of wealth is made most efficient, it will be seen that "development" can incorporate a wide range of goals. Insofar as development in this sense can be separated from the provision of basic needs (i.e., health and sanitation services, adequate shelter, and access to food and clean water), this paper will not delve into these issues. Although they are hardly exclusive topics, there is simply no room to look into the issues surrounding the provision of basic needs. That said, the underlying values that support the development philosophy in a particular place or for a particular organization will likely have significant influence on the means by which such basic needs are provided.

While anti-globalization activists often raise objections to specific development policies, programs, and institutions, there is a broad undercurrent of suspicion to the general project of development. In the first place, opponents point out the false promises and hypocritical policies associated with development. Secondly, many argue that economic development is simply a manifestation of Western cultural imperialism and results in the erosion of traditional cultures.

First, opponents of institutional development efforts maintain that past policies actually *created* many of the problems development seeks to address today. Urban poverty, homelessness and unemployment are the most obvious negative effects of

market-oriented reforms and it is often argued that they would not otherwise exist. Arturo Escobar, an anthropologist and prominent critic of mainstream development efforts, typifies this perspective: "massive poverty in the modern sense appeared only when the spread of the market economy broke down community ties and deprived millions of people from access to land, water and other resources. With the consolidation of capitalism, systemic pauperization became inevitable."¹⁷ It is important to emphasize that such claims are not made simply by radical activists and isolated academics. Many participants in institutional development efforts make parallel, if more tempered, claims. An obvious example is Joseph Stiglitz, a former president of the World Bank and widely read critic of the IMF and WTO, who points out the failures of their policies. In reference to the liberalization and structural-adjustment schemes demanded by the IMF he writes, "(t)he result for many people has been poverty and for many countries social and political chaos."¹⁸

Blame for the negative effects of industrialization is levied on such development institutions for a host of reasons, two of the most prominent of which are conditionality and trade. In short, conditionality refers to the conditions on which assistance (whether in the form of loans, grants, or debt relief) is provided to developing countries. While there is little objection to conditions that, for example, require greater transparency or measures to combat corruption, the levels of austerity that have been demanded of developing countries are frequently cited as the cause of many problems. With an

¹⁷ Escobar (1995), 22. Escobar is highly critical of Western development strategies, including current strategies of "sustainable development" (193-196). Ultimately, he suggests that "development" itself needs to be "unmade" (217).

¹⁸ Stiglitz (2002), 18.

emphasis on macro-economic policy, the conditions of loans since the fifties have essentially called for the rapid establishment of free-market institutions and the withdrawal of state funding for social services. In effect, they demanded that developing countries remove the "safety-nets" provided for the most vulnerable communities. This included the elimination of subsidies or tariffs designed to protect domestic industries.¹⁹

By the standards of those advocating their implementation, these measures were often deemed successful in that they appeared to lead to higher rates of investment in the developing countries that adopted them. Yet, even with an eye to the benefits brought about by them, critics maintain that they pale in comparison to both the benefits they generated for wealthy countries and the negative effects in developing countries. In terms of trade, agreements are generally determined by wealthy countries, with their own domestic interests prioritized, often at the expense of poorer countries. For example, between 1995 and 2002, "the net effect (of trade agreements) was to lower the prices some of the poorest countries in the world received relative to what they paid for their imports. The result was that some of the poorest countries in the world were actually made worse off."²⁰

In short, the criticism is that the benefits of development accrue to the middle and upper-class while the burdens are disproportionately borne by the poor. In response, some advocate a shift in the evaluation of development efforts to a system based on the increase in the per capita income of the poorest quintile of any given economy.²¹ The

¹⁹ *ibid.*, 23-52.

²⁰ *ibid.*, 7.

²¹ Basu (2001). The proposition is, in effect, in line with a Rawlsian theory of justice.

most obvious objection to this kind of proposal is that, under such a rubric, a heavy redistributive tax on the wealthy would secure short-term gains for the poorest quintile, but could be self-defeating by doing such damage to the economy that the long-term interests of the entire society would be compromised. But such an evaluation would not necessarily have to focus exclusively on the poorest quintile; it would simply require that the success of a development policy be measured by the benefit it brings to the poor. Others insist that the above-mentioned failures are all the result of *past* policies that stemmed from ideologically driven prescriptions that have since been amended. True, the argument holds, prescriptions for rapid industrialization and structural adjustment were based on misguided conclusions, but their failures have since been accounted for and the proper adjustments have been made. In particular, economists and the leaders of development institutions are now aware of the importance of "social capital" and seek to improve the social welfare of developing countries rather than blindly adhering to ideology.²²

Ultimately, the fact that development has brought significant benefits in terms of widely accepted definitions of quality of life cannot be denied.²³ Still, one of the most fundamental points of contention with development is, and will likely remain, the fact that it almost universally leads to an ever-increasing income gap between the rich and the poor. Although this fact is often dismissed by proponents of such policies on the grounds that the "real" improvements in material well-being offset the negative implications of

²² Meier (2001), 28-30.

²³ "Study after study confirms the benefits for poor countries of integrating into the world economy, albeit placing different degrees of emphasis on the importance of initial conditions and institutional endowments in achieving growth and poverty reduction." Graham (2004), 2.

increased inequity, recent evidence calls this into question. As will be examined in the first chapter, studies that specifically examine subjective reports of well-being reveal that relative income and perceived mobility may be the most significant components of well-being in a market-oriented economy, once basic material needs are met.²⁴ In light of this, the social and cultural effects of development rightly deserve the place that critics demand.

The "Great Transformation"

Beyond the purely economic debates of the benefits or drawbacks of neo-liberal development lie the more troubling, and galvanizing, issues of the cultural ramifications of such models for development. It is on the grounds that development inevitably entails the adoption—or imposition—of Western culture that many opponents of mainstream development base their arguments. The claim that development poses a cultural threat is grounded in the assertion that, at its roots, the process considers non-Western (i.e., non-capitalist) cultures an impediment to economic "progress." As stated above, one of the primary assumptions of classical and, therefore, neo-liberal economics is that human beings are *and ought to be* primarily self-interested. Without delving too deeply into the debate regarding the veracity of this assumption or the complexities of human nature, it is important to point out the response of mainstream economic thought to objections to this assumption.

The core of the objections are epitomized by sociological and anthropological studies, which have amassed a large body of evidence suggesting that reciprocity and

²⁴ Meier (2001).

redistribution, as opposed to self-interest and accumulation, are the predominant values of many pre-capitalist societies. Rather than admit that this undermines the claim to objectivity and that the self-interest of classical economics may actually be a self-fulfilling prophecy, the tradition effectively put a new twist on the assertion: the inhibition of self-interest became viewed as an unfortunate historical artifact. Coerced by mercantile and feudal systems or deceived by the soteriology of religious superstition, individuals failing to recognize the valor of self-interest effectively came to be understood as representatives of a backward, pre-Enlightenment mentality. In this way, the normative claims of classical economics were reinforced by their association with progress and even modernity itself.²⁵ That this view is embodied in neo-liberal ideology hardly seems to necessitate elaboration.²⁶ Hence, the sense that mainstream economics, however implicitly, views cultural restraints on self-interest as impediments to progress is one of the primary components of the critiques of development.

At the very least, the major development institutions were influenced by this view of culture in their infancy. For example, a United Nations report from 1951, published by the Department of Social and Economic affairs, explicitly revealed this perspective. The report reads,

²⁵ Polanyi (2001) writes "The tradition of the classical economists, who attempted to base the law of the market on the alleged propensities of man in the state of nature, was replaced by an abandonment of all interest in the cultures of 'uncivilized' man as irrelevant to an understanding of the problems of our age" (47). It must be noted, though, that he is of the tradition that maintains, "(b)roadly, the proposition holds that all economic systems known to us up to the end of feudalism in Western Europe were organized either on the principle of reciprocity or redistribution, or householding, or some combination of the three" (57). Writing in the midst of World War II, Polanyi was centrally concerned with developing his critique of market liberalism (xx).

²⁶ For more, see Herschok (2006).

There is a sense in which rapid economic progress is impossible without painful adjustments. Ancient philosophies have to be scrapped; old social institutions have to disintegrate; bonds of cast, creed and race have to burst; and large numbers of persons who cannot keep up with progress have to have their expectations of a comfortable life frustrated. Very few communities are willing to pay the full price of economic progress.²⁷

That development is still influenced by the assumption that economic "progress" necessitates "painful adjustments" is made clear by the "shock-therapy" techniques currently promoted by prominent economists.²⁸

As a result, the received fear is that one of the most dominant features of development is that it entails not just the eradication of poverty, but the reformation of "developing" cultures after the model of the West. Indeed, many point to the substitution of Western "reductionist science" for traditional or indigenous knowledge as an act that inevitably promotes Western modes of thought and value. In the former, phenomenon are understood by their "separability and manipulability," while the latter is assumed to be more holistic. Ultimately, it is argued, this leads to a restructuring of concepts of power and value as well as social relations and ecological sensibilities that are more in line with the predominant Western models.²⁹

Even when development is explicitly respectful of local cultures, institutional efforts are often viewed as the harbingers of unmanageable changes that mark the advent of Western material culture. As will be seen, this fear is one of the galvanizing claims made by proponents of the concept of Gross National Happiness in Bhutan and Sufficiency Economy in Thailand. The cultural component of development is widely

²⁷ Quoted in Escobar (1995), 4.

²⁸ See, for example, Sachs (2005).

²⁹ Gardner (2006), 18-19.

discussed and has been framed as a prime example of “a Toynbee-like one of challenge and response.” In this sense, the challenge is understood to emanate from “an emerging global culture, most of it Western and indeed American provenance,” while the response in developing countries “is then seen as occurring on a scale between acceptance and rejection, with in-between positions of coexistence and synthesis.”³⁰ The devolution of the definition of value from custom to customer is played out in society at large and is generally understood to occur at the expense of traditional culture. Conventional wisdom holds that this is an inevitable outcome of the establishment of the free-markets for which development institutions call.

In part, the fear that traditional modes of being, especially insofar as they were seen to be rooted in religious practices, would be swept away by free-market forces was likely fueled by secularization theory. That is, the “era of development” ran concomitant with the rise of secularization theory which was, popularized in the 1950s and 1960s. In short, it holds that modernization—a concept that incorporates economic development—leads to a decline in religion, both in terms of its place in public life and on the level of individual belief. While it is true that the modernization has brought about significant degrees of secularization in many places in the world, the theory has essentially been proven false. Peter Berger, one of the theories original proponents, observed at the turn of the millennium, “(t)he world today...is as furiously religious as it ever was.”³¹

Still, there are undeniable changes that occur as a result of economic development and simply because religious impulses are not eliminated, it does not follow that

³⁰ Berger (2002), 2. This model is obviously not restricted to developing countries.

³¹ Berger (1999), 2.

traditional religions or even social norms remain intact. In fact, the influence of markets on individual and social behavior has long been recognized. The subjection of traditions and social norms to market values was highlighted in Polanyi's analysis of the emergence of free-market capitalism. He argues, "the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. *Instead of economy being embedded in social relations, social relations are embedded in the economic system...*a market economy can only function in a market society."³²

In this way, Polanyi alludes to one of the fundamental points of the culturalist critique of development: the establishment of free-market policies, grounded as they are in the value of material gain and self-interest, reifies these concepts and tends to subjugate the evaluation of social norms to their principles. Again, because they are associated with notions of progress and modernity, norms that exist in violation of their principles are deemed—whether explicitly or not—backward. This is not to say that all individuals in market societies suddenly morph into selfish, morally depraved creatures. On the contrary, as Polanyi explains, there is always a dialectical relationship between free-market values and notions of ethics and the greater good. This plays out on both the individual and social level.

Clearly, this poses problems to those seeking to maintain traditional cultures and values. Advocates of neo-liberal development and the establishment of free markets, though, point out that the loss of culture is not only the result of the collection of

³² Polanyi (2001), 60. Emphasis added.

individual choices, but that any drawbacks are compensated by the increased well-being brought about by development. In other words, resistance to the establishment of free-market policies on cultural grounds is not only paternalistic, but detrimental to the material well-being of individuals in that society. However, studies on *subjective* well-being reveal that development, beyond the provision of basic needs, may not deliver on its promises of increased well-being. In light of this, the defense of culture may have greater justification than commonly assumed.

Shifts away from classical approaches

As will be examined in the first chapter, the validity of many critiques of the strictly monetary approach to utility have been recognized and may provide some of the most effective means by which changes in neo-liberal policies can be leveraged. One question, then, is: what is the role of economic development in generating happiness or well-being across the social spectrum? In short, the findings of studies in the economics of happiness reveal that economic growth does not generate higher levels of well-being beyond relatively low levels. At the same time, evidence suggests that social status and the income levels of one's peers are more important than traditionally assumed. That is, it appears that relative levels of income may influence patterns of consumption more than absolute levels. Finally, extensive psychological and sociological research has led to the acceptance of the idea that subjective measures of well-being can not only be reliably secured, but can be used in conjunction with traditional economic models.³³

³³ Frey and Stutzer (2002), 20-21.

Although the recommendations based on the findings detailed in the first chapter do not necessarily require the abandonment of the entire economic tradition that emerged from the Enlightenment, many argue that an alternative ethical framework is better suited to address its fundamental problems. The second chapter will begin with one such alternative: Buddhist ethics and the concept of Buddhist economics. The central questions guiding this chapter are, simply, what does the concept of Buddhist economics entail; where did it come from; and what are its implications? It will begin with a general overview of Buddhist ethics, with an emphasis on the aspects that are distinct from Western ethical norms. After establishing the general normative claims of Buddhism, the chapter will turn to the broad concept of Buddhist economics and outline the basic prescriptions and issues its proponents seek to address.

With the basic problems of neo-liberal development and a general understanding of a proposed alternative in hand, the third chapter will outline the development philosophy of two countries, Bhutan and Thailand. In short, it will seek to answer a few questions: what are the development philosophies in these two countries? What gave rise to them? To what extent can they be considered to be in line with the concepts of Buddhist economics? The national development philosophies of both of these countries are expressly divergent from mainstream paths of development. In addition, the cultural heritages of both countries are deeply Buddhist and their respective philosophies are undoubtedly influenced by at least some of the concepts of Buddhist economics. While there is not enough data to analyze the effectiveness of either effort, some general observations based on the experience of both countries can be made.

Again, the purpose of this inquiry is neither to affirm the efficacy of development efforts in Bhutan and Thailand nor is it to suggest that other developing or developed countries adopt similar models. Both of these projects would be beyond the scope of this paper and require information that is not currently available. Instead, the purpose is to reinforce the reality that economic thought and institutions are neither natural nor inevitable and that viable alternatives may exist. Because it is essentially an outline of the criticisms of mainstream economic thought and, thereby, at least implicitly supports the implementation of alternatives, it may appear polemical and one-sided. It is, however, not meant to be. That said, it is best, at this point, to turn to an examination of one of the most salient criticisms of neo-liberal economics: the findings of the economics of happiness.

Chapter I: The Economics of Happiness

Following the assumption that the purpose of a capitalist economic system is generally in line with utilitarian objectives—that is, the realization of the greatest amount of pleasure and least amount of pain—capitalist economies are frequently criticized for the failure to generate such conditions. High crime and depression rates; an ever-widening income gap between classes; the breakdown in family structure; and a more widespread sense of insecurity and existential unease are a few of the most commonly cited failures within capitalist societies. The externalization of the harmful effects of the production of material goods, in the forms of pollution and environmental degradation, for example, is a primary focus of much of the critique of capitalism on a global scale. While there are legal and structural causes of these failures, they can ultimately be traced back to the primary assertions of mainstream economics, in which the hedonistic pursuit of individual pleasure is primary and actors are conceived of as rational, independent, informed, and self-realizing beings.

In the atmosphere of the Cold War, the fear of communism generated an environment in which alternatives to capitalism could, in the West, be easily discredited for their socialistic tendencies, but there have been nearly two decades since the collapse of the Soviet Union. In this time, alternative systems and frameworks have stood a greater chance of acceptance in capitalist societies, and there is evidence that the traditional capitalist ethos embodied by proponents of neo-liberal theory is actively undermined by them.¹ While there are a number of criticisms that can be highlighted,

¹ See, for example, Avery (2005).

one of the most salient is the argument that adherence to neo-liberal prescriptions appears to serve no purpose other than the meaningless generation of material wealth. Based on the findings of social scientists studying the relationship between economics and happiness, the "Easterlin paradox" has come to represent the core of this criticism.

The "paradox" is based on empirical evidence that illustrates that average levels of happiness have remained steady despite enormous increases in wealth. In other words, the pursuit of economic growth, often at the expense of social well-being and the natural environment, has become an end in itself. With the view that many of the explanations for this paradox can be connected to the neo-liberal worldview and the economic framework within which individuals are encouraged to operate, this chapter will provide an overview of the problem this poses for both the implementation of development policies based on such conceptions and the realization of the ultimate goals of the capitalist system. These observations are made in anticipation of alternatives, particularly the development policies implemented in Bhutan and Thailand.

The Economics of Happiness

The moral foundations of traditional capitalist thought can be traced to Enlightenment views in which individuals are rational, self-interested beings with naturally endowed rights; one of the most primary being the right to self-determination. This concept, combined with notions of private property, provided the moral support for the individual pursuit of happiness, bounded by the constraints of neither state nor religion. In turn, the individual pursuit of happiness became enshrined as one of the most basic principles of a liberal democracy. Still, the definition of happiness has long been a

point of contention in the Western tradition. It is ultimately understood to be located somewhere between the poles of hedonism and *eudaimonia*. Hedonism, understood as the valorization of the self-interested satisfaction of desires, often in terms bodily pleasures, is generally associated with Enlightenment concepts of well-being and Bentham's utilitarianism, in particular. In this sense, happiness is effectively a prolonged period of pleasure. *Eudaimonia*, on the other hand, was first posited by Aristotle as the actualization of human potential as experienced in the satisfaction derived from living virtuously.²

Western notions of economic development are grounded in classical economic theory, which incorporates a utilitarian conception of happiness that is accepted to be indicated by economic growth. In this way, the moral basis of classical economic theory draws upon the "Greatest Happiness Principle" which "holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain; by unhappiness, pain, and the privation of pleasure."³ Thus, classical economic theory assumes that, in a free market system, goods are produced to satisfy the wants and needs of consumers and that higher a level of consumption indicates that more desires are fulfilled; hence, greater happiness is attained. Due to the emphasis placed on the benefit of material (i.e., physical) gains, capitalism may be understood to favor a hedonistic conception of happiness.

² As will be discussed in chapter three, *eudaimonia* is closer to the Buddhist definition of happiness or, at least, the good life.

³ Mill (1991), 137.

Although the nature and form of capitalism have changed over the course of time, its fundamental assertions—that individuals are and ought to be maximally self-interested—have remained at the core of the capitalist worldview. While an ascetic self-discipline may have been one of the primary characteristics of the Protestant ethic that informed the early capitalist spirit, it has since been largely undermined by the logic of the system it helped to bring about.⁴ The last vestiges of asceticism can be observed in the accumulation of capital—as opposed to the immediate satisfaction of desires—and the discipline of the modern labor force, but even these aspects are justified by the gratification that is ultimately derived from them. In the sense that the self-interest promoted by the consumerism that is central to contemporary forms of capitalism is the satisfaction derived from the consumption of goods or services, there appears to be credence to the view that contemporary consumer capitalism encourages the hedonistic pursuit of happiness.

While economists have long recognized the distinction between economic welfare and general well-being, the presumption in circles influenced by classical and neo-liberal economic thought is that changes in economic welfare indicate changes in the same direction, perhaps even the same degree, in terms of general well-being.⁵ Thus, increases in the wealth of any given nation and its citizens, measured through GNP and per capita income, respectively, would necessarily lead to greater levels of happiness. In effect, the

⁴ See Weber (1958). This statement is made tenuous by the rise of Evangelical and Pentecostal Christianity in both the developed and the developing world. Martin (2006), for example, concludes that “(t)he key motivations are not utilitarian, but depend on providence displacing fate and fortune” (134).

⁵ Easterlin (1974), 90.

assumption is that greater levels of material well-being and access to the ability to satisfy wants form the cornerstone of happiness.⁶

Although opponents of neo-liberal policies may characterize this assumption as blind faith or an attempt to justify the promotion of greed, it is, in part, a logical conclusion based on the fact that the availability of and access to material goods is associated with higher standards of living, better health and longer life expectancy. Furthermore, the experience of individuals appears to confirm the presumption: financial concerns are consistently reported as one of the primary factors in what people consider necessary to secure happiness.⁷ Still, in light of the findings of other disciplines, especially psychology and sociology, skepticism regarding the veracity of this basic presumption has long been present in the field of economics. However, it was not until 1974, with the publication of a study conducted by the economist Richard Easterlin, that the presumption was empirically challenged using methods of mainstream economics. His conclusion, that economic growth does not necessarily generate higher levels of happiness, famously came to be known as the "Easterlin paradox," and undoubtedly calls into question many growth-oriented policies.

The "Easterlin paradox"

⁶ Bruni and Porta (2005) open the introduction to their volume with recognition of the fact that, "It is still generally acknowledged that the moral justification of the economist's job is to be found in the persuasion that increases in wealth, income, or goods generally create the preconditions for greater well-being and happiness" (1). Layard (2005a) characterizes the assumption in terms of choice: "In traditional economics, we simply assume that someone's current happiness depends on their current choice-set. The larger the choice-set, the happier the person. So if my choice-set increases and everyone else's remains the same, social welfare must increase" (147).

⁷ Easterlin (1974) points out, "Every survey that has looked into the meaning of happiness shows that economic considerations are very important to people, though by no means the only matters of concern" (118).

In his examination of the correlation between income and happiness, Easterlin relied on self-reported assessments of subjective well-being culled from thirty surveys conducted across wide demographic ranges in nineteen countries, eleven of which were in Asia, Africa, and Latin America.⁸ Based on his analysis of the data, he developed separate conclusions for within-country and international comparisons. First, evidence clearly suggests that *within* any given country, there is a positive correlation between income and happiness: "In every single survey, those in the highest status group were happier, on the average, than those in the lowest status group."⁹ The direction of causality, however, is ambiguous. That is, it could hold true that higher income generates greater happiness, but it could also be the case that happier people tend to be more successful and, thereby, generate higher levels of income. While Easterlin admits that "(i)t would be naïve to suppose that the issue is an either/or one," he explains that it is more likely that the causal direction is generally from income to happiness: higher income generates higher levels of happiness.¹⁰

On the other hand, when Easterlin analyzed the cross-sectional differences *among* countries he found that, contrary to previously held beliefs, "(t)he happiness differences between rich and poor countries that one might expect on the basis of the within-country

⁸ Happiness is, ultimately, a subjective phenomenon and is dependent on an individual's circumstances and perception. As a result, economists tend to use the term "subjective well-being" (SWB), rather than "happiness" itself, and emphasize the results of self-reported surveys in which individuals indicate personal levels of satisfaction. The debate between using an "objective" or "subjective" index is ongoing. Objective indexes indicate well-being in both material and behavioral terms. The former indicates patterns of consumption, nutrition, and life-expectancy while the latter indicates patterns of social order or disorder (ie., crime, suicide rates). They are used to *infer* well-being. Alternatively, subjective indexes rely on self-reports and individual experiences, regardless of other indicators. As a result, they are inextricably linked to studies of human psychology. Frey and Stutzer (2002), 12.

⁹ Easterlin (1974), 100.

¹⁰ *ibid.*, 103-104.

differences by economic status are not borne out by the international data...If there is a positive association between income and happiness, it is certainly not a strong one.”¹¹ More recent data suggests that there *is* a positive correlation between national prosperity and the level of happiness of a given population. This fact, however, is accompanied by an important caveat: it holds true only insofar as countries of *all* income levels are included in the data pool. If countries with per capita income *below* \$10,000 are excluded, then there is no indication that happiness increases with wealth. Presumably, this is attributed to the fact that countries with an annual per capita income less than \$10,000 are “closer to the breadline” and more likely to suffer from the ill-effects of extreme poverty.¹²

Finally, Easterlin condensed the available data on happiness and income in the United States into time-series tables in order to estimate the effect of economic growth over an extended period of time. While admitting that only tentative conclusions could be drawn with such limited data, he concluded that there is little indication of an upward trend in overall happiness despite economic growth.¹³ With the addition of more recent data allowing a longer time-series, Easterlin’s conclusions have been affirmed: “for most types of people in the West, happiness has not increased since 1950.”¹⁴

The case appears to be the same abroad. A commonly cited example is that of Japan: despite tremendous levels of economic growth since the end of World War II,

¹¹ *ibid.*, 106-108.

¹² Frey and Stutzer (2002), 9; Bruni and Porta (2005), 5. The latter report that the income level is actually \$15,000. Gardner (2006) places the figure at \$13,000 (108).

¹³ Easterlin (1974), 110-111.

¹⁴ Layard (2005b), 29.

reported levels of happiness have remained essentially stagnant.¹⁵ In sum, in any given place and moment in time, individuals in higher income classes are more likely to be happier than individuals in lower income classes, but as time passes and all income levels rise, happiness levels do not change in each income class.

Explaining the paradox

As explanations of the paradox, Easterlin mentions the possibility that the wealthy are generally happier because they are able to avoid "ill-fare" (i.e., health problems, high-crime environments, etc.) or because they have more power and are capable of yielding greater influence. Alternatively, the absence of such abilities could be a source of unhappiness for lower income classes. Ultimately, though, he argues that the primary explanation is one based on the concept of relative income.¹⁶ In essence, levels of happiness do not rise on the whole because the standard by which well-being is measured rises in accordance with increases in wealth. What this suggests is that there is no absolute level of income at which happiness can be secured. In Easterlin's words, "(t)he increase in output itself makes for an escalation in human aspirations and thus negates the expected positive impact on welfare."¹⁷ These possibilities and other factors relating to happiness have been explored by later scholars in light of the findings of additional studies.

One of the most widely accepted explanations of the paradox is the suggestion that happiness is always relative and ever elusive. That is, individuals tend to compare

¹⁵ Frank (2005), 67. See also, Frey and Stutzer (2002), 8.

¹⁶ Easterlin (1974), 118. Easterlin concludes, "a Duesenberry-type model, involving relative status considerations as an important determinant of happiness, was suggested."

¹⁷ *ibid.*, 90.

their present level of happiness to a norm, which is generated internally or externally and is constantly shifting upward. Broadly, internal expectations are dependent on an individual's past experiences and current aspirations. External expectations are dependent on what one perceives as the experience and expectation of others. However, both internally and externally defined norms of happiness are understood to progressively rise in proportion to one's own experience of happiness. In other words, when one meets an internally generated expectation there is a period of satisfaction, but it is inevitably followed by the generation of a new expectation. Similarly, externally generated expectations shift ever upward as one either establishes a new frame of reference or as the external expectations themselves change. The former occurs when an individual shifts to a higher income class, the latter when an individual's peers do. The phenomenon of the ceaseless production of internal expectations is described as a "hedonic treadmill", external expectations as a "social treadmill".

The concept of a "hedonic treadmill" is also referred to as "habituation." It is derived from the psychological principle of adaptation in which it is recognized that, over time, increasingly higher levels of stimulation are necessary to generate the same feeling of satisfaction that is initially experienced at lower level. In the economic realm the hedonism that is referred to is the consumption of goods or services in order to satisfy a particular need or desire. According to the theory, once one satisfies a given desire through consumption, one becomes accustomed to the experience and no longer derives the same level of satisfaction. As a result, one inevitably generates a new desire for a better or different—and presumably more expensive—good or service, under which

circumstances increasingly higher levels of income are necessary to satisfy the generation of new desires.

An empirical indication of habituation is derived from results of surveys in the United States. One Gallup Poll question that has been asked for many years is: "What is the smallest amount of money a family of four needs to get along in this community?" The responses generally rise in conjunction with actual incomes.¹⁸ Other surveys seeking to identify what are perceived as required incomes ask questions such as, "What after-tax income for your family would you consider to be: very bad, bad, insufficient, sufficient, good, very good?" The results indicate that such perceptions vary according to actual incomes: a dollar rise in actual income generates at least a forty-cent rise in what is perceived as required income.¹⁹

Awareness of the phenomenon of habituation is capitalized upon by many of the marketing techniques utilized in the advertising industry. Indeed, one of the primary engines of growth in consumer-capitalist economies is dissatisfaction with current standards of living. However, evidence suggests that there are "gains that endure," or gains that generate satisfaction to which individuals do not adjust as rapidly as they do to the satisfaction derived from material gains. Such enduring gains include the time an individual is able to spend with family or friends; job satisfaction or security; and leisure time.²⁰ In contrast to the visible or conspicuous consumption of material goods, such

¹⁸ Layard (2005a), 152.

¹⁹ Layard (2005b), 49.

²⁰ Layard (2005a), 153.

gains are not readily identifiable to outsiders. Thus, "durable gains" are also referenced as "inconspicuous consumption."²¹

The problem, then, is cyclical. Individuals fail to account for the reality of adaptation and tend to seek short-term gratification without considering the upward effect on future conceptions of well-being. Producers capitalize on this failure and cultivate a sense of dissatisfaction that leads to a desire that can be satisfied in the short-term by the consumption of their goods or services. Because individuals have immediate access to short-term satisfaction, the tendency is to discount considerations of long-term gains with delayed gratification at disproportionate levels. The result is that happiness is not optimized in the long-term.²² While this is problematic for individuals engaged in the process, the implications are even more serious when considered in conjunction with the social implications of individual action.

The concept of a "social treadmill" is also referred to as "envy" or "rivalry" and is euphemistically captured in the phrase, "keeping up with the Joneses." In essence, the theory is derived from the understanding that expectations are intimately linked to processes of socialization and that individuals tend to compare their experience to that of others.²³ According to the theory, individuals constantly create perceptions of their own status relative to others and seek to meet or exceed the norms established by their peers and society in general. It is inferred that individuals are more satisfied and, thus, happier when they perceive themselves to be better off than others. Comparisons are made to a

²¹ Frank (2005), 81.

²² Layard (2005a), 152-156.

²³ Easterlin (1974) writes, "(i)t is a well-accepted dictum among social scientists other than economists that attitudes or 'tastes' are a product of the socialization experience of the individual" (115).

broad and vaguely understood "consumptive norm," explaining why the wealthy tend to report higher levels of happiness than the poor, but are also made in terms of "reference groups." An individual's reference group is loosely defined as those with comparable lifestyles or incomes; hence, it generally includes family, neighbors and co-workers. The tendency to evaluate status in terms of one's reference group explains why absolute increases in standards of living do not necessarily correlate with increases in levels of happiness.²⁴

Several studies have illustrated the manner in which envy manifests itself in the economic realm, especially in terms of income: a rise in the average income in the state in which an individual lives *reduces* an individual's happiness by one-third as much as a rise in an individual's income increases it; a rise in the wages of comparable workers reduces an individual's job satisfaction by as much as a rise in an individual's wage increases it; and job satisfaction is adversely affected by the income of one's spouse.²⁵ One study asked participants to choose between living in one of two hypothetical worlds: one in which they were paid \$50,000 while the average income was \$25,000, the other in which they were paid \$100,000 while the average income was \$250,000. Most participants reported that they would prefer to live in the first world, in effect, exchanging a higher standard of living for a higher status.²⁶

²⁴ Layard (2005b) cites the example of the reunification of Germany in 1990. Despite the fact that the standards of living rose for East Germans, levels of happiness fell. The presumption is that this was due to the fact that their reference-group shifted and the norms previously established in West Germany became theirs (45).

²⁵ Layard (2005a), 150.

²⁶ Layard (2005b), 41-42.

Of course, the concepts of hedonistic and social treadmills are intimately linked and constantly influence one another. Externally established social norms become internalized and, if unmet, converted into dissatisfaction and desire that is acted upon in the form of consumption, if consumption is possible. This consumption is recognized by other individuals and thereby becomes a signal of either the veracity of the external norm or—if it is exceeded—establishes a new one, depending on whether or not the first individual's consumption meets or exceeds the original norm. In this way, the satisfaction experienced by an individual consuming above the "consumptive norm" is short-lived because, over time, the norm rises and the individual can no longer be satisfied with his or her standard. The emphasis on consumption is made because knowledge of the actual income of one's peers is not always available, but consumption patterns are easily recognizable. When such knowledge is available, the same pattern occurs but tends to manifest itself in longer work hours in order to gain higher income. In essence, the Invisible Hand of the market is holding an Invisible Carrot and Stick.

In response to these findings, some economists call for policies and institutions that would curb the tendency to seek short-term gratification and promote the efforts to secure "endurable gains." For example, to counter the disproportional effects of rivalry, Layard suggests the imposition of taxes that would discourage working longer hours to generate higher income for the purpose of competing with the consumption levels of others. "We cannot stop people using utility because they enviously compare themselves with others," he argues, "But we can stop them losing further utility through self-

defeating efforts to out-do each other.”²⁷ However, despite his insistence that such taxes could be scientifically determined and effectively applied, he fails to explain how such a tax would do anything to address the fundamental problem: even with such a tax, the wealthy would continue to consume above the norm and everyone’s relative position would remain the same. Interestingly, two institutions that appear to affect happiness in a significant way are political decentralization (or higher levels of local autonomy) and the level of, or at least the possibility of, political participation by citizens.²⁸

While Layard’s proposed tax may not provide the solution to the problem, his fundamental point is that markets generate neither the most efficient nor rational forms of consumption. Again, rather than emphasizing the importance of “inconspicuous” consumption, markets encourage and “over-provide” conspicuous consumption, which is deemed self-defeating.²⁹ Moreover, the pursuit of conspicuous gains may even be contributing to *declines* in some forms of inconspicuous consumption. One indication of this is the fact that clinical depression has increased since the end of World War II. Likewise, traffic has increased along with average lengths of commute; savings rates have dropped; personal bankruptcy filings have reached all-time highs; and the perception that employment security has been drastically reduced is widespread.³⁰

However, it is important to emphasize the fact that, for wealthy nations, national levels of happiness have remained relatively stable since the end of World War II. Thus, the counter-claim to the utilitarian utopia promised by classical economists appears to be

²⁷ Layard (2005a), 155.

²⁸ Frey and Stutzer (2002), 15.

²⁹ Layard (2005a), 159.

³⁰ Frank (2005), 83.

equally false: economic growth generates neither higher levels of aggregate happiness nor does it result in higher levels of *unhappiness*; at least, not for wealthy countries. Still, these findings are important, especially in terms of crafting development policies, because it calls into question the efficacy of the assumption that some of the drawbacks of mainstream development techniques—cultural homogenization, environmental degradation, restructured social life, and increased inequity—are ultimately justified by higher levels of prosperity. In fact, there is evidence that this data has specific relevance to developing countries.

In a study of subjective well-being in both Peru and Russia, Carol Graham reveals that there are “consistent gaps between measures of welfare as gauged in standard terms such as earned income or consumption expenditures, and those reported in surveys of well being.”³¹ This is made clear by the prevalence of what she deems “frustrated achievers,” or individuals who have real increases in income and status, but report that their situation is worse. In Peru, “almost half of the respondents with the most upward mobility reported that their economic situation was negative or very negative compared to ten years prior.” In Russia, the percentage was even higher. In large part, Graham attributes this to *perceptions* of upward mobility and relative income, though anxiety due to the volatility of the economy (i.e., future unemployment) also contributed significantly.³² Ultimately, Graham concludes that there must be some point at which tradeoffs in terms of growth ought to be made to secure other objectives. In particular,

³¹ Graham (2004), 20.

³² *ibid.*, 13.

three factors that can be influenced by policy changes are identified: "income inequality, macroeconomic volatility, and large gaps in income inequality."³³

Ultimately, the point is *not* that increases in wealth are bad or that the pursuit of wealth should cease simply because it has failed to generate consistently higher levels of happiness up to the present. On the contrary, it may still be the case that wealth holds the *potential* to generate greater levels of happiness and there are calls to measure well-being as vigorously as economic indicators in order to determine the appropriate economic interventions for the maximization of well-being. Frank, for example, summarizes this argument:

And this suggests that the answer to the question posed in my title ("Does absolute income matter?") is that it depends. Considerable evidence suggests that if we all work longer hours to buy bigger houses and more expensive cars, we do not end up any happier than before. As for whether increases in absolute income *could* buy happiness, however, the evidence paints a very different picture. The less we spend on conspicuous consumption goods, the better we can afford to alleviate congestion; the more time we can devote to family and friends, to exercise, sleep, travel, and other restorative activities; and the better we can afford to maintain a clean and safe environment. On the best available evidence, reallocating our time and money in these ways would result in healthier, longer, and more satisfying lives.³⁴

Others, such as Oswald, insist that the economics of happiness "can actually put a dollar value on tangible and intangible forces as they act upon human beings."³⁵ In this way, the impact of a particular policy on well-being is likely to be increasingly utilized in cost-benefit analyses.

The possibility of a society in which the material benefits of the market are not undermined by many of the current causes of social disorder is not impossible to imagine. Insofar as these problems can be traced to the greed, envy and desire that emanate from

³³ *ibid.*, 19.

³⁴ Frank (2005), 82. See also Diener and Seligman (2004).

³⁵ The Brookings Institution (2004), 6.

self-interest, though, the case supporting the consideration of an alternate ethic is made stronger. Indeed, it is widely recognized that project of systemic economic reform requires a fundamental shift from the mainstream capitalist worldview and ethos that informs the dominant paradigm. One such alternative worldview and ethic is proposed in the form of Buddhism, in which the understanding of individuals and morality differs from those inherited by Enlightenment philosophers. The concept of Buddhist economics, through which it is argued that a "Middle Way" between the heedless materialism of neo-liberal capitalism and the stagnation of pre-capitalist society can be chartered, has been suggested as the model that a Buddhist ethical framework demands. The next chapter will examine this concept after the basic prescriptions of Buddhist ethics are outlined.

Chapter II: Buddhist Ethics and Economics

Buddhism is frequently referred to and often understood in the West as a philosophy of contentment. Images of mendicant monks and the loosely understood, but widely recognized principle of non-attachment reinforce the notion that Buddhism calls for austerity, if not asceticism. As a result, many consider the concept of "Buddhist economics" to be a contradiction in terms. This especially holds true in capitalist societies in which "economics" is popularly understood as the means by which wealth is generated, rather than as the science of the production, distribution, and consumption of goods and services. However, as interest in Buddhism and Buddhist philosophy has increased in the West, so, too, have efforts at understanding the ethical implications of Buddhist thought. Of particular importance is the understanding that wealth is *not* in and of itself problematic in Buddhist philosophy, provided that the means by which it is attained and the ends to which it is used are ethically sound.

With the growth of markets, the economic realm has expanded to subsume nearly every aspect of human life, including fields of ethical inquiry. Neo-liberal economics calls for an ethics of efficiency, with emphasis placed on utility and the maximization of profit. Still, there is resistance to this view of value and human action. Attempts to "rein in" the influence of the market have been guiding forces behind many of the efforts in economic ethics. Social and environmental issues that have been neglected by classical economics are rapidly gaining prominence in the debates surrounding the adoption of economic policies. While advocates of ecological economics and stakeholder approaches to investment and management rely on demonstrable, empirical evidence for their

positions, it is increasingly clear that an alternative—or, at least, a supplement—to the liberal ethical framework is necessary if the behavioral patterns encouraged by neo-liberal economics are to be supplanted.¹ With its emphasis on interdependence and the consideration of others, Buddhism is often cited as one source for an alternative framework.²

This chapter considers the concept of “Buddhist economics” from the view of the larger field of Buddhist ethics. After a general overview of the contemporary understanding of the field of Buddhist ethics and a brief look at historical evidence of Buddhist economic systems, it will focus primarily on contemporary understanding of Buddhist economic ethics and the way in which they can be applied. Such conceptions—or, at least, their inspiration—can be traced almost universally to an essay published by E.F. Schumacher in 1966 based on his observations and experiences as an economic consultant in Burma. Since the publication of his essay, there have been detailed studies of Buddhist economic ethics and several prominent Buddhists have promoted Buddhist economics as an alternative to modern forms of capitalism. The relationship between Buddhist economic ethics and ecological and shareholder approaches is widely noted, as both came about largely in response to problems generated by capitalist production and consumption.

Buddhist Ethics

One of the foremost problems in describing Buddhist ethics is the fact that Buddhism takes such different forms. There are real, often dramatic, differences in the

¹ For more on stakeholder theories, see Freeman (2003) and Friedman and Miles (2002).

² There is a large body of literature devoted to the topic of Buddhism and ecology or “Green Buddhism.” See, for example Tucker and Williams (1997), Cooper and James (2005) and Kimball (2006).

doctrinal interpretations of various schools and "Buddhism" is quite visibly distinct in the various places it can be found. As one scholar explains, "after centuries of culture-specific elaboration, the original 'Buddhism' may be so totally transformed that Buddhism beings to resemble its own iconography—a bodhisattva with a multitude of faces, a thousand arms. In short, Buddhism is no monolith."³ In spite of these differences and divergences it is widely accepted that there is a "common moral core" that makes possible a discussion of Buddhist ethics.⁴

There are, of course, inherent methodological problems in defining Buddhist ethics. Harvey explains that "(t)he schools of Buddhism have rich traditions of thought on ethics," but indicates that it is difficult to extrapolate a system of ethics because ethical thought "is often scattered through a variety of works which also deal with other topics."⁵ Keown, on the other hand argues that the primary problem is "the apparent absence of a tradition of philosophical ethics in Buddhism,"⁶ which he suggests is due to the fact that Buddhism "grew up" in despotic systems in which context "the disciplines of politics and ethics are largely redundant."⁷ A further problem is that of classification, because the field of ethics is imbued with Western theories, terminology and categories, into which Buddhist ethics do not conveniently fit.

³ Whelan (2006), 235.

⁴ Keown (2005), 3.

⁵ Harvey (2000), 1.

⁶ Keown (2005), 21. Later, Keown explains "it is suggested that 'morality' is used to denote the standards or values of a society as they exist 'on the ground', so to speak, while 'ethics' refers to the critical analysis of those values by people such as philosophers. One could thus say that morality provides the raw data for the ethicist's deliberations. Whatever its merits, this distinction...is useful because it allows us to postulate that while Buddhism has a good deal to say about morality, it has little to say about ethics" (27).

⁷ *ibid.*, 29.

The most common theories considered compatible with Buddhist ethics are Utilitarianism, Kantian and Aristotelian. First, Utilitarianism, which considers an action “right” if it results in a greater amount of happiness (or a reduction of unhappiness) for everyone affected by it than any alternative action could generate, is frequently associated with the concept of karma and the notion that wholesome actions generate positive results. While this appears to be the case at first glance, a critical difference is the tendency to consider the means justified by the ends of an action in a Utilitarian system. This runs counter to the Buddhist view in which, ultimately, only wholesome means yield wholesome results. In other words, in the Buddhist sense an action is not good *because* it generates pleasant results; rather, it generates pleasant results because it is good.⁸

Likewise, there are consistencies between Kantian and Buddhist ethics. First, the concern with respect for others as ends in themselves that is the foundation of Kantian ethics runs parallel to the Buddhist emphasis on respect and concern for the welfare of others. Second, several Buddhist rules and precepts “approach the status of moral absolutes.” This is in line with the emphasis on immutable rules in the Kantian framework.⁹ However, Kantian ethics are deontological and, while duty is certainly a part of the Buddhist prescription, what one *should* do is always grounded in what is ultimately “enriching and rewarding.”¹⁰

⁸ Harvey (2000), 49; Keown (2005), 26. However, both Harvey and Keown point out that the Mahāyāna notion of “skillful means” is frequently applied in a utilitarian manner.

⁹ Keown (2005), 26.

¹⁰ Harvey (2000), 51.

Because of the importance of motivation and the primacy of the cultivation of virtue in Buddhism, the consensus appears to be that Buddhist ethics can be most closely associated with Aristotelian ethics. In this approach, emphasis is placed on the development of an individual's character with the end goal of *eudaimonia* or "true happiness and a human flourishing in which the psyche is marked by excellencies of both reason and character."¹¹ In the same way that Buddhist ethics evaluates actions, an Aristotelian action is right because it embodies a virtue conducive to the goal of human perfection. In this sense, it shares a teleological underpinning with Buddhist ethics. Ultimately, Buddhist ethics cannot be narrowed to fit within just one of these three models. However, Buddhist ethics agree with the basic premises of each of the three models: a concern for the welfare of others; proper motivation; and the cultivation of character.

Beyond terminology and classification, though, there are fundamental differences between Buddhist and Western (i.e., Judeo-Christian) worldviews. As a result, there are differences between many of the key values. Of particular import for understanding the Buddhist worldview as it relates to ethics are the notions of karma, rebirth, non-self and interdependence. There is no room or need here to go into detailed discussions of these concepts, but it is important to highlight a few points.

First, karma is frequently mistaken for a system of "rewards" and "punishments" wherein one follows ethical prescriptions in order to reap the benefits of a higher rebirth. Instead, it should be "seen as a natural law inherent in the nature of things, like a law of

¹¹ *ibid.*, 50; Keown (2005), 23; Cooper and James (2005).

physics.”¹² However, it does not follow from this that karma can be equated with fatalism: not all things that happen can be attributed solely to karma and one should resist the passive acceptance of any given state of affairs as predetermined by it. Instead, “(o)nly when things happen in spite of efforts to avert them may they be put down to past karma.”¹³ Characteristics and events that *are* determined by karma, though, include “one’s form of rebirth, social class at birth, general character, crucial good and bad things which happen to one, and even the way one experiences the world.” Likewise, an important point that is often overlooked in popular understandings of karma is the fact that the motivation or intention (*cetanā*) behind any given act is what determines the karmic “seed” that will bear fruit in the future. Thus, if one acts in what appears to be the “right” way but does so for the “wrong” reasons or without the right intention, one will not enjoy pleasant karmic benefits and may ultimately suffer from the fruition of negative karmic seeds.¹⁴

In this sense, Buddhist ethics are not merely normative descriptions of the way in which one ought to behave, but are an essential part of the path toward the ultimate goal. When karma is understood as the generation of “seeds” that ultimately bear fruit, each action, however insignificant it may initially appear, can be evaluated in terms of its soteriological end. That is, ethical actions lead toward enlightenment by generating good karmic seeds that bear fruit in the creation of circumstances that are conducive to the further generation of good karmic seeds and, ultimately, to enlightenment. Unethical

¹² Harvey (2000), 16. Keown (2005) describes karma as “a kind of natural law akin to the law of gravity” (5).

¹³ Harvey (2000), 23; Keown (2005), 6-7.

¹⁴ Harvey (2000), 52; Keown (2005), 5.

actions produce the opposite effect. In this sense, "purity of virtue" can be recognized as foundational. It leads first to "purity of mind" then to "purity of view" and onward to more advanced stages of understanding that ultimately culminate in nirvana.¹⁵ Of course, enlightenment is not quite this simple as karmic "seeds" can bear "fruit" at any time. Hence, there may not be continual linear progression. Ultimately, the point is that all actions have consequences for the actor. In other words, there are no "profane" acts. Because every action generates karma, every action either aids the individual on the path to enlightenment or hinders an individual's development.

A further distinction worth elaboration is the concept of non-self. Whereas individuals are fixed entities endowed with rights in the Judeo-Christian view, they are constantly changing and have no fixed self in the Buddhist. This has tremendous ethical significance because it "undermines the attachment to self—that '*I*' am a positive, self-identical entity that should be gratified, and should be able to brush aside others if they get in '*my*' way—which is the basis of lack of respect for others."¹⁶ Moreover, an understanding of non-self leads one to realize that one's own suffering is not inherently different from the suffering of any other. Despite this distinction, the Buddhist perspective on how one should treat others has analogues to Western rights-based ethics, particularly in terms of individuation, acceptance of the self-determination of individuals, non-coercion, and impartial treatment.¹⁷

The behavioral guidelines based on these understandings are complicated and can be understood on multiple levels. In short, "Buddhist morality as a whole may be likened

¹⁵ Harvey (2000), 40-41.

¹⁶ Harvey (2000), 36.

¹⁷ Inada (1998), 4-8; Harvey (2000), 36-37.

to a coin with two faces: on one side are the precepts and on the other the virtues.”¹⁸ *Sīla*, or “ethical virtue”, is generally derived from the basic ethical proscriptions that comprise the five lay precepts. They require practitioners to abstain from five areas of action: harming others; stealing or cheating; sexual misconduct; false-speech; and intoxication. While there is no room for a detailed explanation of each precept, a few important points are worth noting for the purposes of this chapter.

First, the principle of non-harm encompasses harm to all sentient beings, though it is worse to harm a human being or “a larger or more highly developed animal than a lesser one.”¹⁹ This forms the basis for the justification of associating Buddhist economic ethics with the environmentally charged ecological economics.²⁰ Second, prohibitions on cheating and stealing have been interpreted to include fraud and “greedily exploiting workers.”²¹ Finally, the prohibition on false-speech is taken to include “(a)ny form of lying, deception or exaggeration, either for one’s own benefit or that of another...even non-verbal deception by gesture or other indication...or misleading statements.”²² As will be seen, this precept is called to mind in criticisms of mainstream advertising techniques.

The most important virtues of Buddhist ethics have been distilled as generosity (*dāna*); non-harm (*ahimsā*); and compassion (*karunā*). As “the basis for further moral and spiritual development,” generosity is “(t)he primary ethical activity which a Buddhist

¹⁸ Keown (2005), 12.

¹⁹ Harvey (2000), 69.

²⁰ Cooper and James (2005) 127-136.

²¹ Harvey (2000), 71.

²² Harvey (2000), 75.

learns to develop.”²³ It is not only an active expression of compassion, but helps to overcome egocentric tendencies and cultivate a spirit of renunciation and non-attachment. The *virtue* of “non-harm” is distinguished from the precept in that the former implies a *positive* moral position rooted in a deep respect for life, whereas the latter suggests that the absence of harm might be sufficiently accepted as “good”. In other words, it calls for the protection of, and care for, others. Compassion requires that the virtuous individual cultivates an awareness of the suffering of others and, particularly in Mahāyāna interpretations, emphasizes service to others.²⁴

Ultimately, there are three kinds of criteria for evaluating “good” and “bad” (or “wholesome” and “unwholesome”) actions: 1) “the motivation of the action;” 2) “the direct effects of the action in terms of causing suffering or happiness;” and 3) “the action’s contribution to spiritual development, culminating in *Nirvāna*.”²⁵ Again, as motivation is one of the key principles of evaluation, the Buddhist worldview considers greed, hatred and delusion the motivating “roots” of bad or unwholesome action. Conversely, the motivating roots of good or wholesome actions are non-attachment, loving-kindness, and wisdom (or “non-delusion”).²⁶ Of course, these factors are never absolute. Greed can range from “mild longing up to full blown lust, avarice, fame-seeking and dogmatic clinging to ideas,” hatred “covers mild irritation through to burning resentment and wrath,” and delusion includes ignorance of the range of truths, from the

²³ *ibid.*, 61. He explains, “In Southern Buddhism, it is the first of the ten ‘bases for effecting karmically fruitful actions’(61)” and “(i)t is the first of the ten *Bodhisattva* ‘perfections’ in both the Mahāyāna and Theravāda traditions” (63).

²⁴ Chappell (2004), 101-109; Keown (2005), 12-20.

²⁵ Harvey (2000), 46.

²⁶ Keown (2005) refers to these as the “three ‘cardinal virtues’” (12).

empirical to the spiritual.²⁷ In this way, Buddhist ethics are both self- and other-regarding: “right” and “wrong” conduct is determined by the karmic implications for the actor (ie., the motivation behind an action) as well as the effects of an action on others (ie., the degree of suffering or happiness the action generates). Thus, while there is a clear emphasis on self-restraint and concern with one’s own thought and behavior, Buddhist ethics are fundamentally concerned with inter-personal relationships and social ethics as well.

Buddhist Economic Ethics

Two of the most important principles that distinguish Buddhist economic ethics are non-self and interdependence, both of which are elaborations on the central tenet of dependent origination.²⁸ According to this principle, “all beings and phenomena exist or occur only because of their relationship with other beings or phenomena. Therefore, nothing can exist in absolute independence of other things or arise of its own accord.”²⁹ Thus, belief in an independent, immutable “self” is a fundamental misconception that must be overcome in order to attain enlightenment. Likewise, to consider *any* phenomenon as separate or independent from other phenomena is mistaken. Hence, actions or beliefs that appear to affirm the ultimate existence of the self or the separateness of things are hindrances and should be avoided.

In terms of the implications for economic ethics, the emphasis on non-self serves as a counterpoint to natural tendencies toward selfishness and greed. From the Buddhist point of view, individuals *are* self-interested, but this is considered to be one of the

²⁷ Harvey (2000), 46-47.

²⁸ See, for example, Chang (2003).

²⁹ *Seeker's Glossary of Buddhism* (1998), 150.

primary *obstacles* as it functions as a central cause of ignorance and suffering. When the self is understood as the momentary coalescence of a variety of factors (hence, absent of any enduring nature), cognitive space is made available to empathize with the suffering of others. This generates the conditions that facilitate the understanding that “you” and “I” are unique entities, but are not inherently different. Therefore, neither is the suffering experienced by either of us.³⁰ One of the means by which individuals arrive at an understanding of the *true* nature of things—which includes an understanding that there is no self—is through restricted self-interest. Again, in order to actively promote this understanding, two of the most important virtues are compassion and generosity, both of which orient thought and actions toward others and counter self-interest.

Furthermore, the concept of interdependence is often cited as evidence that Buddhist economic ethics encompasses the treatment of non-human sentient beings as well as the natural environment. However, the principle of dependent origination is a statement of reality; a diagnostic tool that highlights the fundamental ignorance that is the basis of all suffering. As a result, some hesitate to affirm that this principle implies a moral argument.³¹ Still, it is widely accepted that an *understanding* of the principle is necessary for attainment of the ultimate goal of nirvana. Thus, there is a basis for the claim that there is a moral imperative to realize a state conducive to such an understanding. Because economic structures have become an all-important aspect of modern life, this imperative would require that they are constructed in a manner that will

³⁰ Harvey (2000), 36.

³¹ For example, in an article discussing Buddhist perspectives on human rights, Keown (1998) argues, “the fact that human beings live in relationship with one another is not a moral argument about *how they ought to behave*. By itself it offers no reason why a person should not routinely abuse the rights of others” (28).

bring about such a state. Moreover, the metaphor of Indra's Net, a *positive* presentation of the principle of dependent origination and which the interrelationship of all things is envisioned, is frequently used to prove there is support in Buddhism for accounting measures that incorporate the broader impact of economic activity.³²

There are, of course, specific teachings recorded in various scriptures regarding economic matters. While some of the Buddha's disciples advised against wealth of any kind, the Buddha condemned neither wealth nor affluence, but counseled that "Contentment is the greatest wealth."³³ Further, there are teachings that cast wealth in a favorable light. He described the four advantages of wealth as the happiness of having, consuming, freedom from debt, and blameless conduct. On the other hand, the Buddha emphasized both the moral and material *disadvantages* brought about by poverty and indebtedness.³⁴ In fact, it is explained that poverty is a root cause of violence and crime. On these grounds, the Buddha recommended that the government actively avoid allowing poverty to develop by subsidizing agriculture and animal husbandry and paying wages to those in government service.³⁵

While wealth in and of itself is neither good nor bad, the way in which wealth is generated and used is of particular importance. According to scripture, "Right

³² The *Seeker's Glossary* explains the metaphor: "...there is a wonderful net which has been hung by some cunning artificer in such a manner that it stretches out infinitely in all directions...the artificer has hung a single glittering jewel in each 'eye' of the net...If we now arbitrarily select one of these jewels for inspection and look closely at it, we will discover that in its polished surface there are reflected all the other jewels in the net, infinite in number. Not only that, but each of the jewels reflected in this one jewel is also reflecting all the other jewels, so that there is an infinite reflecting process occurring...it symbolizes a cosmos in which there is an infinitely repeated interrelationship among all the members of the cosmos...of simultaneous mutuality and mutual intercausality" (300).

³³ Guruge (2006), 88.

³⁴ Guruge (2006), 89; Harvey (2000), 190.

³⁵ Guruge (2006), 92

Livelihood” requires that one’s means of income should be neither dishonest nor cause suffering to other sentient beings. “Wrong Livelihood” is defined as trade in a number of industries: weapons; living beings (including keeping animals for slaughter); meat (as a butcher, hunter or fisherman); and alcoholic drink or poison. Dishonesty, trickery and lending at usurious rates are also considered improper means by which one may secure one’s livelihood. In the modern context, experimenting on animals, developing pesticides and, for some, being complicit in deceitful advertising campaigns are also considered means of Wrong Livelihood.³⁶ Furthermore, work that is “free from upset” is considered a blessing. Because conflicts frequently arise as a result of interactions between employees and employers, the Buddha outlined some obligations and duties. He advised that the five obligations of an employer are: to assign work according to capability; pay due wages; provide health care; share occasional luxuries; provide leave and time off. In return, employees should be diligent, honest, and uphold the reputation of their employer.³⁷

The Buddha also gave various teachings on the use of wealth. He advised that it should be spent on: food, clothing and shelter; one’s dependents (including one’s parents); healthcare; charity; guests; alms; funerary expense; religious donations; and the payment of taxes.³⁸ Further, he suggested one should divide one’s income into four parts: one for consumption; two for investment; and one for saving. Elsewhere the list is divided into five uses: support for one’s own and one’s family’s needs; sharing with friends; investment; offerings (to guests, deceased, deities, and the state); and to support teachers

³⁶ Harvey (2000), 187-188; Guruge (2006), 91.

³⁷ Guruge, (2006), 91; Harvey (2000), 188.

³⁸ Guruge, (2006), 89; Harvey (2000), 191.

and monastics.³⁹ Ultimately, what is of utmost importance is one's attitude toward wealth.

In this brief overview, it can be seen that the Buddha advised against both poverty and luxury; miserliness and extravagance. As an alternative, he advocated a "Middle Path" between the extremes. Obviously, advice and admonitions of this nature are heeded to varying degrees, and the implementation of Buddhist ethics in the economic realm raises the question as to whether or not a distinctly "Buddhist" economics exists.

Buddhist Economics

Although the proposition that "Buddhist economics" may encompass a viable alternative to mainstream economic models is generally met with a scoff or a rolling-of-the-eyes, even a brief survey is intriguing to skeptics. To start, the cultural component of the East Asian Miracle has been widely discussed in terms of a Confucian ethic, but the relationship between economic activity and enlightenment in the Buddhist sense has been a part of Japanese Buddhism since at least the seventeenth-century. That there is Buddhist influence on even the most high-powered Japanese CEOs and corporations is widely noted.⁴⁰ The rapid growth of the Taiwanese economy in the second half of the twentieth-century was accompanied by an explosion of Buddhist activity reminiscent of the association between Evangelical Christianity and economic development elsewhere.⁴¹

A close association between economic development organizations and Buddhism can be found in Mongolia, Cambodia, and Laos. Sri Lanka is home to the famous

³⁹ Guruge (2006), 90; Harvey (2000), 190.

⁴⁰ Whelan (2006), 236. An oft-mentioned piece of evidence is the fact that the original name of the Canon corporation was Kwanon, the Japanese version of Guan Yin, otherwise known as Avalokitesvara.

⁴¹ Berger (2002), 10.

Sarvodaya Śramadāna movement. The organization, which translates as "Sharing of Energy for the Awakening of All," is a grassroots rural development organization that is widely noted as much for its emphasis on traditional spiritual and social values as its success. The Buddhist ideals of generosity and cooperation can be found at the core of its efforts.⁴² As will be examined in the next chapter, the national development policies in Bhutan and Thailand are thoroughly Buddhist. Though the renowned sociologist Max Weber argued that Buddhism was a hindrance to economic development in the cultures in which it was influential, this conclusion has since been dismissed.⁴³ The consensus now is that Buddhism contains elements that, under the right socio-political conditions, provide support for entrepreneurial activity.

While there is scholarly debate as to whether or not the above examples should be considered a part of the reinvention of Buddhism in its "engaged" form,⁴⁴ there is clear historical evidence that Buddhism has been actively involved in the economic sphere in the past. The most widely recognized historical figure is the Mauryan Emperor Asoka who, through various edicts declared that it was his duty as ruler to provide for the welfare and happiness of his subjects. Aside from his involvement in various welfare projects, he encouraged the minimal possession and consumption of goods for both his court and subjects.⁴⁵ Moreover, in both Sri Lanka and China, monasteries have actually been "key economic institutions" in the past. Monks and monasteries were large landholders as the result of both donations and, in the Chinese case, foreclosure and

⁴² Harvey (2000), 227. See also, Bond (1996).

⁴³ Weber (1968).

⁴⁴ For more on "engaged" Buddhism, see Queen (1996).

⁴⁵ Guruge (2006), 94.

outright purchase.⁴⁶ In these countries as well as in Japan and Tibet, they ran markets, leased land, lent seedlings, grain and money, and operated flour mills and oil presses.⁴⁷ Rather than representing a rejection of commercial enterprise, "Buddhism has been the religion of merchants from its earliest days, and the spread of Buddhism has been accomplished by the mercantile community."⁴⁸

Clearly, then, to dismiss Buddhism as irrelevant in discussions of economics is naïve, at best. Though it has gone largely unnoticed by many influential economic thinkers, there have been concerted efforts to articulate Buddhist economic alternatives since at least the 1960s when E.F. Schumacher first published an essay proposing the concept of Buddhist economics. Inspired by both his experiences as an economic advisor in Burma and Gandhian economic thought, Schumacher published his essay as part of his larger critique of mainstream development efforts at the time. In his essay, Schumacher begins from the position that because "Right Livelihood" is part of the Eightfold Path, it is reasonable to suppose the existence of a "Buddhist" economics. He then imagines a hypothetical "Buddhist economist" and compares how his view would stand in comparison to that of a "modern economist." The "modern economist" could be either a capitalist or a Marxist, but is first and foremost a materialist. Thus, from the beginning of its modern incarnation, Buddhist economics has represented a critique of mainstream economic thought.

As an example of a fundamental difference between modern and Buddhist economics, Schumacher considers their respective positions on labor. Whereas the

⁴⁶ Chen (1964), 130.

⁴⁷ Harvey (2000), 206.

⁴⁸ Lancaster (1997), 9.

modern economist considers labor a "necessary evil"—a cost that should be minimized or eliminated for employers and a disutility for workers because it requires a sacrifice of both time and leisure—Schumacher's Buddhist economist views labor in an alternative manner: as an opportunity to develop one's faculties; as an opportunity to overcome self-interest by engaging in a common effort; and as an opportunity to produce goods and provide services that contribute to a better existence.⁴⁹ Furthermore, the former is concerned with the maximization of efficiency, while, for the latter: "(t)o organize 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."⁵⁰ Thus, while some level of unemployment is optimal and built-into mainstream economic systems, this is a signal of failure for the Buddhist.⁵¹

Likewise, opposite notions of consumption emerge from the two views. Whereas the modern economist measures standard of living by annual consumption and assumes that higher consumption signals well-being, "(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."⁵² It is on the point of consumption, perhaps, that Schumacher sees the

⁴⁹ Schumacher (1975), 51.

⁵⁰ *ibid.*, 52.

⁵¹ *ibid.*, 53. He writes, "(i)f 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."

⁵² *ibid.*, 54.

clearest difference between the two approaches. He writes, "(i)t is very clear, therefore, that Buddhist economics must be very different from the economics of modern materialism, since the Buddhist sees the essence of civilization not in the multiplication of wants but in the purification of human character."⁵³ As will be discussed below, this is one of the primary points of made by modern Buddhist critics of consumer-capitalism.

Finally, Schumacher argues that two of the most important Buddhist principles are simplicity and non-violence and maintains that they are undoubtedly directly related. He interprets simplicity in economic terms as "production from local resources for local needs," which would prevent violence because, "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."⁵⁴ As a result, the Buddhist economist would consider the importation of goods and the production of goods for export "highly uneconomic and justifiable only in exceptional cases and on a small scale."⁵⁵ Furthermore, the modern economist reduces everything to monetary value and, therefore, makes no distinction between the consumption of renewable and non-renewable resources. Because the exhaustion of non-renewable resources would inevitably lead to conflict, the Buddhist economist would conclude, "(t)o 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."⁵⁶

⁵³ *ibid.*, 52.

⁵⁴ *ibid.*, 55.

⁵⁵ *ibid.*, 55-56.

⁵⁶ *ibid.*, 57.

Schumacher anticipates his critics, especially the citizens of 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.”⁵⁷ He expects they might dismiss his ideas “as nothing better than a nostalgic dream” and calls for serious inquiry into whether or not modern economics produces agreeable results in light of its effects on the rural economy, rising unemployment, “and the growth of a city proletariat without nourishment for either body or soul.” In the end, Schumacher insists modern economists stake their claim in a false dilemma: “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’.”⁵⁸

Despite its brevity, lack of doctrinal foundation, and polemic, Schumacher’s concept of Buddhist economics was widely influential and inspired further elaboration in both traditionally Buddhist countries and the West. In *Buddhist Economics: A Middle Way for the Marketplace*, what has been deemed “the most important contribution to [Buddhist economics’] analysis and elaboration,”⁵⁹ Venerable P.A. Payutto provides the perspective of a Thai Buddhist monk and scholar.⁶⁰ While recognizing that Schumacher’s essay was reactionary, he is generally in agreement with the fundamental points. Whereas Schumacher’s proposal is based on his experiences living in Buddhist communities, Ven. Payutto grounds his assessment of the concept of Buddhist economics

⁵⁷ *ibid.*, 56-57.

⁵⁸ *ibid.*, 58.

⁵⁹ Guruge (2006), 95.

⁶⁰ Payutto (1992). His work is available online at www.buddhistinformation.com/buddhist_economics.htm. There are no page numbers, and all quotations are taken from this translation.

in doctrine and scriptural sources. Like Schumacher, though, he takes issue with the field of mainstream economics.

First, he maintains that even though the field is presented as an objective science, it is inherently involved in the study of subjective phenomena because "emotional factors—fear and desire and the irrationality they generate—have a very powerful influence on the market place." Thus, the rationality that economics assumes in its models is an ideal that is rarely found. The field ignores this fact in an attempt to absolve itself of the responsibility for the institutions and consequent problems that emerge from its models. This failure is exacerbated by the fact that economics refuses to include subjective values such as ethics in order to affirm its status as an objective science. Ven. Payutto finds this inexcusable considering the influence of economics in modern life.

Moreover, it ignores the obvious fact that ethics positively contributes to the goals of economics. That is, a society in which citizens are law-abiding, well-disciplined and conscientious would not only be more conducive to business activity and attractive for investment, but fewer public funds would have to be spent on civic maintenance and security. Moreover, he addresses the consequences of unethical business practices: they are harmful for consumers and producers. For the former, they cause health and financial problems and are an inconvenience, for the latter they drive business away. He contrasts this with "an economics inspired by Dhamma," which "would be concerned with how economic activities influence the entire process of causes and conditions." Whereas mainstream economics ignores the connections between phenomena, "Buddhist economics would investigate how a given economic activity affects the three

interconnected spheres of human existence: the individual, society, and nature or the environment.”

Ven. Payutto goes on to explain the Buddhist perspective on various aspects pertaining to economics, including: human nature; value; production; consumption; labor; competition; and government. Of particular interest is his perspective on the way in which economic activity can be evaluated in terms of Buddhist ethics: “The ethical value of behavior is judged partly by the results it brings and partly by the qualities, which lead to it.” In other words, judgment is based on the effect of an economic activity on the individual consumer, society and the environment, *as well as* the motivation that spurs it.

In order to distinguish between wholesome and unwholesome motivation, Ven. Payutto explains the Buddhist understanding that there are two types of desire: *tanhā* and *chanda*. *Tanhā*, the desire for pleasure objects, is an insatiable and selfish desire. It is considered one of the roots of suffering. *Chanda*, the desire for well-being, on the other hand, leads to contentment and the relief of suffering. This distinction forms the crux of Ven. Payutto’s entire critique and proposal:

The tacit objective of economics is a dynamic economy where every demand and desire is supplied and constantly renewed in a never-ending and ever-growing cycle. The entire mechanism is fueled by *tanhā*. From the Buddhist perspective, this tireless search to satisfy desires is itself a kind of suffering. Buddhism proposes the cessation of this kind of desire, or contentment, as a more skillful objective...

From the Buddhist point of view, people often confuse *tanhā* -- their restless craving for satisfaction and pleasure -- with the pursuit of happiness. This is indeed an unskillful view, because the craving of *tanhā* can never be satisfied. If the pursuit of happiness equals the pursuit of the objects of *tanhā*, then life itself becomes a misery. To see the consequences of this unfortunate view, one need only witness the depression and angst of the citizens in so many modern cities filled with limitless distractions and pleasure centers. Rather than leading to contentment and well-being, the pursuit of happiness so often leads to restlessness and exhaustion in the individual, strife in society and unsustainable consumption of the environment.

In this way, it can be seen that by “modern economics” Ven. Payutto means consumer capitalism, particularly in its American form. Moreover, the overlap between the Buddhist critique and the literature on the economics of happiness is clear: the dominant system of production and consumption is highly effective in generating desire, but ineffective in yielding happiness.⁶¹

With the understanding that the ultimate goal of both modern and Buddhist economics is happiness, Ven. Payutto argues that it exists in three forms: dependent happiness, which requires material objects and is, as a result, “fickle and uncertain”; independent happiness, or “the happiness that arises from with a mind that has been trained and has attained some degree of inner peace”; and a happiness that is more altruistically based, directed toward well-being and motivated by goodwill and compassion.” Dependent happiness is generated with the tools of modern economics, while the lasting forms of happiness are attainable through Buddhist economics.

As the driving force of consumer capitalism, he is especially critical of the advertising industry for its role in promoting *tanhā*. Advertising, he argues,

stimulates economic activity, but often at an ethically unacceptable price... The vast majority of ads imbue the public with a predilection for selfish indulgence; they condition us into being perfect consumers who have no higher purpose in life than to consume the products of modern industry. In the process, we are transformed into 'hungry ghosts,' striving to feed an everlasting craving, and society becomes a seething mass of conflicting interests.

Furthermore, consumers pay higher prices for unnecessary goods not only because the cost of advertising is so high, but because *tanhā* creates an artificial value. “Craving and conceit, and the desire for the fashionable and sensually appealing, cloud any reckoning of the true value of things...[advertising] caters to peoples’ tendency to flaunt their

⁶¹ See also Ash (2006), 301-304.

possessions as a way of gaining social status." It is widely argued that the media has effectively reified novelty as an independent value that can be ascribed to goods and services. In other words, "new" has come to be synonymous with "good" and "old" with "bad."⁶²

However, Ven. Payutto insists that one should not conclude from this that Buddhism is opposed to the generation of wealth and is simply a doctrine of renunciation. On the contrary, "Buddhists recognize that acquiring wealth is one of life's fundamental activities, and the Buddha gave many teachings on the proper way to acquire wealth." Still, the *means* by which wealth is attained and the *ends* to which it is used that are critical in Buddhism. In these two points, Ven. Payutto sees the "two major characteristics of 'Middle Way' economics": 1) harming neither oneself nor others and 2) the "realization of true well-being." Thus, "(t)he essence of Buddhist economics lies...in ensuring that economic activity enhances the quality of our lives." Follow-up efforts to articulate Buddhist Economics have been largely in line with Schumacher and Ven. Payutto. That is, they are grounded in a critique of consumerism, highlight the irrationality of traditional economic measures of well-being, support the concept of interdependence and the virtue of compassion, and call for simplicity and localization.

Helena Norberg-Hodge, for example, insists that the current state of the global economy is antithetical to Buddhist principles. Rather than having established an environment conducive to the awareness of interdependence, the modern world is characterized by faith in the "technosphere." This creates an *illusion* of independence and separation, both of individuals from one another as well between humanity and the

⁶² See, for example, Herschok (2006), 88.

"biosphere:" "thus the structures and institutions on which we depend are reifications of ignorance and greed—a denial of interdependence and impermanence."⁶³ Moreover, she argues that the current economic paradigm promotes the *worst* aspects of humanity: "(t)he three poisons of greed, hatred, and delusion are to some extent present in every human being, but cultural systems either encourage or discourage these traits. Today's global consumer culture nurtures the three poisons on both an individual and societal level."⁶⁴

One point she makes that is overlooked or assumed elsewhere is that globalization makes it more difficult to live virtuously, even if one does not fall prey to the pernicious effects of advertising. The distancing of producer and consumer and the fragmentation of production itself creates a system in which the ramifications of one's market-based actions are extraordinarily difficult to trace. Due to the complexity of the global supply chain Norberg-Hodge maintains, "in effect, our arms have been so lengthened that we no longer see what our hands are doing. Our situation thus exacerbates and furthers our ignorance, preventing us from acting out of compassion and wisdom."⁶⁵ As a response to the current trend toward atomization and disempowerment, she agrees with calls for decentralization and "human scale" institutions like Local Exchange and Trading Systems and Community Supported Agriculture movements. In this way, Norberg-Hodge alludes to the fact that there are corollaries in the West to many of the criticisms and suggestions made by proponents of Buddhist economics.

⁶³ Norberg-Hodge (2002), 16.

⁶⁴ *ibid.*, 21.

⁶⁵ *ibid.*, 22.

Still, critics of the concept of Buddhist economics are, as Schumacher predicted, likely to dismiss the notion on the grounds that it could never be implemented in reality. However, many argue that the point is not whether or not Buddhist economics can *supplant* Western economics, but the extent to which it can succeed in reintroducing ethical elements into Western economics.⁶⁶ In this sense, many writers see the value of Buddhist economic ethics in the strength it lends to broader efforts aimed at reorienting the global economy. While structural changes may be out of reach, individuals—as consumers and, therefore, creators of the economic conditions in a consumer society—are called upon to exercise their agency in response to the critiques and demands highlighted above.

For example, Duane Elgin calls for a movement toward a “simple life” or “ecological living.” He insists that the term is misunderstood because it is equated “with a life characterized by poverty, antagonism to progress, rural living, and the denial of beauty.” In a tone reminiscent of Schumacher’s early essay, Elgin argues instead, “(p)overty is involuntary and debilitating while simplicity is voluntary and enabling.”⁶⁷ Without spelling out a strict definition of a “simple life”, he highlights some of the tendencies in such a lifestyle. For example, there is the tendency “to alter their patterns of consumption in favor of products that are durable, easy to repair, non-polluting in their manufacture and use, energy efficient, functional, and aesthetic.” A further tendency is for individuals “to use their consumption politically by boycotting goods and services of

⁶⁶ Guruge (2006), 82.

⁶⁷ Elgin (2002), 247.

companies whose actions or policies they consider unethical.”⁶⁸ Though Elgin and others do not claim that Buddhism *mandates* such lifestyles, they imply that such forms represent an ideal.

Indeed, it is implied in many works that a Buddhist engaging in “Right Livelihood” consumes as ethically as possible considering the consumer’s “complicity” in the life cycle of any given product. Thus, there are calls for consumers to be more conscious in their consumption. Some even go so far as to equate Buddhist economics with the actions of a “bodhisattva-consumer,” an individual whose consumptive choices are limited to goods and services that minimize harm and maximize benefits to beings affected by the goods and services and who abstains from seeking satisfaction through consumption.⁶⁹ However, it is widely acknowledged that such consciousness is increasingly difficult considering there is a “clear trend in advertising is to provide less information about a product, but more and more seductions to build consumer loyalty through lifestyle, atmosphere, or identification with a certain culture which is supposedly represented by the product in question.”⁷⁰ Still, one of the most significant benefits of “ethical consumption” is that consumers can influence the economic system directly, without relying on the mediation of governments and institutions. David Korten echoes this position and insists that “we must face up to the need to create a new core culture, a new political center, and a new economic mainstream” and goes through a series of steps individuals can take to bring such a situation about. Included in the list are: patronize

⁶⁸ *ibid.*, 251; Sivaraksa (2002).

⁶⁹ Alexandrin and Zech (1999), 1352.

⁷⁰ Jucker (2002), 263.

local farmers and businesses; invest in socially responsible businesses; actively engage in the political process; and engage in self-reflection.⁷¹

More broadly, proponents of such progressive concepts as Corporate Social Responsibility (CSR), Socially Responsible Investing (SRI) and ecological economics find resonance in the ideas of Buddhist economics and frequently point out connections between the efforts.⁷² An oft-cited point is that mainstream accounting standards are grounded in the notion that businesses are independent entities and interdependence is considered only insofar as it relates to the transfer of goods and services. This is a fundamental misconception in both Buddhism and ecology, and both seek to elevate the consciousness of individuals in order to bring about an awareness of true interdependence.⁷³ Moreover, Just as Buddhist ethics are both self- and other-regarding, business is viewed as "a vehicle for the deliverance of self and other sentient beings. As such, it should emulate a bodhisattva practice to serve and benefit all sentient beings, including all its stakeholders and the environment." Just as profit is one component of the "triple bottom-line" of CSR and SRI, profit can still be considered an important part of Buddhist economics, provided that it is a "fair" profit.⁷⁴

On the other hand, the interdependence brought about by the spread of markets and supply chains is frequently referred to as one of the greatest benefits of neo-liberal economics. After all, it is commonly understood that interdependence is the *sine qua non* of globalization. However, critics of globalization argue that it does not truly generate

⁷¹ Korten (2002), 271.

⁷² Daniels (1998) and (2003).

⁷³ Bubna-Litic (1998), 208.

⁷⁴ Chang, (2003), 185.

interdependence. On the contrary, the argument is that globalization pushes poorer countries and communities into dependency on the jobs and aid provided by the wealthy, whose *independence* is reinforced by the ability to redirect capital flows at essentially any moment. Even if one accepts the former view, the recognition of interdependence is insufficient criteria for deeming a system or act "Buddhist" or for claiming that it is in line with Buddhist ethical prescriptions. As previously mentioned, the concept of interdependence or dependent origination is a statement of reality, not necessarily a moral argument. What is required is that an understanding of interdependence leads to thoughts and actions that are in line with Buddhist ethics, a goal that, again, is at odds with the maximization of self-interest promoted by neo-liberal ethics.⁷⁵

Of course, such efforts are predominately aimed at established corporations in wealthy countries. Just as the initial impetus for Schumacher's essay was his experience as an economic advisor in a developing country, a large component of Buddhist economics remains its implications for development. Extending the timeline of Schumacher's critique, the conclusion for some remains the same: "From a Buddhist perspective, it is not surprising that the institutional efforts of the last fifty years have actually aggravated the social problems they were supposed to solve. The development approach, still taken for granted, is better understood to be the problem itself."⁷⁶ That is, the development approach, despite re-orientations toward "human development," continues to assume that the establishment of a consumption-based economy will solve the problem of poverty.

⁷⁵ Hershock (2004a), 58.

⁷⁶ Loy (2002), 143.

Again, from the Buddhist perspective, poverty (in the sense of lacking the fulfillment of a desire) is precisely what drives consumerism.⁷⁷ In light of this, some argue for a disengagement from development institutions. For example, David Loy unabashedly argues that "one of the best things [the wealthy] can do for many 'undeveloped' peoples is to leave them alone."⁷⁸ While one could be justifiably suspicious of such a call for disengagement, he quickly points out that "(i)nstead of simply 'doing nothing,' however, this can require intervention to restore local self-determination."⁷⁹ Moreover, he maintains that "letting-alone" does not and should not apply to the problem of "genuine destitution" as it is assumed that we are morally obligated to at least provide for the basic needs of all the worlds people.

While "letting-alone" may be possible for people living outside of the developing world, this is obviously not an option for people in developing communities. Considering that several countries with Buddhist heritages are involved in the process of development, the notion of Buddhist economics continues to raise questions and proponents of such an approach continue to advocate it. In fact, it is argued that the application of Buddhist principles is essential to the kind of economic development that generates the highest levels of happiness.⁸⁰

The extent to which such principles can be adapted to the economic sphere remains debatable. However, the leadership in both Bhutan and Thailand have expressly committed to the promotion of development philosophies and policies that are more in

⁷⁷ For further reading on this, see Hershock (2004b).

⁷⁸ Loy (2002), 152.

⁷⁹ *ibid.*, 153.

⁸⁰ Chang (2004) and (2006).

line with Buddhist principles than mainstream development practices allow. The following chapter outlines the development philosophies of Gross National Happiness in Bhutan and Sufficiency Economy in Thailand and illustrates the way in which the criticisms and recommendations heretofore discussed have influenced the discourse of development in these two countries.

Chapter III: Gross National Happiness and Sufficiency Economy

The concept of Buddhist economics can be discussed on multiple levels: in the abstract, focusing primarily on ethics and soteriology; in individual cases, focusing on personal habits; and in larger, systematic terms, focusing on general trends and public policy. This chapter will look at two cases in which Buddhist thought is, at least inspirationally, applied at the national level through the economic development policies of Bhutan and Thailand. The cultural heritage of both countries is deeply Buddhist, and both governments actively promote alternative conceptions to mainstream economic development goals and projects that are rooted in concepts that are more in line with Buddhist, as opposed to Western, principles. Bhutanese development is guided by the concept of "Gross National Happiness" (GNH) and Thailand promotes a "Sufficiency Economy" (SE) as the goal of economic development.

There are, of course, obvious similarities between the two cases: both countries are Asian and thoroughly Buddhist with rich cultural heritages; both have officially adopted economic development plans that appear to be in line with Buddhist values; both promote small-scale, sustainable development initiatives. Beyond that, however, the two are quite different. Bhutan is among the poorest, least-developed countries in the world. In comparison, Thailand is relatively wealthy and highly industrialized. Bhutan is landlocked and faces geographical constraints as a result of its terrain. Thailand, on the other hand, does not. Whereas GNH has always been a "top-down" strategy, SE can be seen as a state response to widespread discontent with its policies and, in part, as an appropriation of popular practices. That is, GNH was first coined by the King of Bhutan and promoted by the Royal government whereas many of the underlying concepts of SE

were promoted and incubated by critics of the government and officially adopted only in the wake of the financial collapse of 1997. Moreover, the policies in Bhutan can be understood as *proactive* measures against the trends of industrialization witnessed in other developing countries.¹ On the other hand, the policies in Thailand can be understood as *reactive*; implemented not simply to assuage critics, but to counterbalance economic trends and protect against the problems generated by previous plans. In this sense, Bhutan can be seen as attempting to avert cultural colonization while Thailand can be seen as trying to undo it.

Both GNH and SE ultimately function more as guidelines than prescriptions, and it is difficult to gauge the effectiveness of either effort at this point in time. Regardless, what is significant is the fact that both countries promote a “Middle Way” of thinking that attempts to incorporate the benefits of capitalism with more socially and spiritually oriented goals. Ultimately, the greatest impact of the two notions may be on the economic ethos in the two countries.

Development in Bhutan

Isolated geographically, culturally, politically, and economically, Bhutan stood as one of the few places in the world that had been neither colonized nor opened to global markets in the middle of the twentieth century. It had neither roads suitable for motor transport nor hospitals, nor anything resembling a modern education system. Bhutan had remained, in many ways, a feudal kingdom. During the reign of Jigme Dorji Wangchuk (r. 1952-1972), the third King of Bhutan, however, “Bhutan opened up to the world.”²

¹ Rowbotham (2003).

² Dorji (2005), 3.

Briefly, Bhutan's economic development can be understood in terms of four distinct phases of change. First, the period from 1961 to 1973 saw the establishment of basic infrastructure primarily evidenced by the construction of the first roads in Bhutan, which helped to foster a sense of national integration and began the process of socio-economic development. While focusing on domestic integration, Bhutan also established itself internationally and it became an official member of the United Nations in 1971. The second period, from 1973 to 1983 was essentially a period of expansion in social infrastructure. That is, emphasis was placed on the construction of hospitals and health units as well as schools and government offices. The third period, from 1983 to 1987 was one of revenue-generating investment, typified by the exploitation of Bhutan's hydroelectric potential through the construction of the Chukha hydropower station and its mineral resources through the production of cement. The fourth period, from 1988 to 1998 was characterized by the expansion of air-links—with flights to and from Bangkok, Delhi, Calcutta, Dhaka, and Katmandu—and telecommunications networks, including the introduction of cable television and the internet in 1999. Since the turn of the century, Bhutan's economic development has been focused more on the expansion of the tourist industry and on the promotion of private entrepreneurial ventures.³

When it first opened to the world in 1961, the government recognized economic development as both a source of security and as a possible threat to its survival as a nation-state. Insofar as development brought about greater prosperity and improvements in the quality of life for Bhutanese citizens, it served to reinforce confidence in the government and prevented domestic unrest, which held foreign intrusion in political and

³ Ura, 243-244.

economic matters at bay. However, the Bhutanese government was acutely aware of the post-war experience of other nation-states and the potentially destabilizing effect of development. The negative socio-cultural effects of industrialization were obviously sources of apprehension, and the threat to the traditional Bhutanese cultural identity presented by the adoption of foreign modes of production, consumption and organization was, and remains, one of the most pressing concerns.

Even today, the fact that Bhutan lies between the two largest countries in the world—India and China—is frequently cited as one of the primary reasons that its cultural identity is such a critical component of its national security.⁴ Lacking the military means to defend itself for a prolonged period as well as the political or economic clout to leverage sufficient assistance from other countries, its unique history and identity serves as Bhutan's most reliable claim to independence. Kinley Dorji explains why the government was so cautious at the time Bhutan "opened up" to the outside world:

There were examples, everywhere in the world, of population groups once of distinct identities quickly losing them, many of them reduced to subjects of academic studies. So *Bhutan's immediate reaction and concern was its survival as a nation-state and this, on pure instinct, has become the underlying tone of Bhutan's relationship with the world, and of the manner it grapples with the inevitable process of change.*⁵

In this way, the way in which GNH can be understood as a "top-down" strategy is made evident: the state clearly controlled the manner in which development took place. It would be a gross misrepresentation, however, to suggest that development policies in Bhutan have been drafted and implemented exclusively with the security of the nation-state in mind. On the contrary, there is a genuine concern with the improvement of the standard of living of the average Bhutanese citizen in terms of both material and spiritual

⁴ See, for example, Penjore (2004) and Larmer (2008).

⁵ Dorji (2005), 4. Emphasis added.

well-being. Likewise, environmental conservation and ecological sensibilities are incorporated into development plans, despite the fact that revenues could be increased if they were set aside.

Gross National Happiness

Although economic development began under the guidance of the third king in Bhutan in the 1960s, the guiding philosophy of GNH is attributed to the fourth King, Jigme Singye Wangchuk (r. 1972-2006). In his 1972 inaugural address, Wangchuk declared that Bhutan's path of economic development would be driven by the pursuit of self-reliance, security and peace. The term GNH itself is reported to have been coined in 1979 when, in response to a journalist's inquiry about Bhutan's Gross National Product, the King replied, "We are not concerned about Gross National Product, we care about Gross National Happiness."⁶ Although the term has garnered significant attention as an innovative philosophy of development, the Bhutanese insist that it emanates from deeply rooted beliefs. Kinley Dorji typifies this argument: "As a concept, GNH is not new. It is the expression of a system of values describing a strong and viable existence that has evolved over the centuries."⁷ While the path of development outlined above appears to follow the general template encouraged by mainstream development theories, the Bhutanese government insists that it is guided by the principles of GNH. Again, Dorji clarifies the point: "GNH does not discard economic development—in fact, economic vision is critical—but happiness takes precedence over economic prosperity as a national

⁶ Quoted in Dorji (2005), 5.

⁷ *ibid.*, 5.

aspiration...[GNH] insists on a judicious balance of tradition and modernity, materialism and spiritualism, all within a pristine environment.”⁸

As an ideal, happiness is hardly contested, but the translation of GNH into practical policies and indicators by which to measure their success are widely debated topics. The Royal Government of Bhutan has declared that GNH is guided by four “pillars”: 1) Economic development; 2) Good governance; 3) Environmental preservation; and 4) Cultural preservation and promotion. The first “pillar,” economic development, is interpreted through the framework of GNH as sustainable and equitable socioeconomic development. It refers to the improvement of social and economic services such as health care, education, commerce, and infrastructure. The second, good governance, encourages not only decentralization and democratization, but also calls for proactive efforts to combat and prevent political corruption and exploitation of state resources in the name of development. As Bhutan is in the midst of a transition to a democratic form of government, this aspect is widely considered one of the most critical in maintaining support for state-sponsored development initiatives.⁹ The third pillar, environmental preservation is intimately linked to the first two. While sustainable development is a goal, it is often difficult to implement with scarce resources. The commercial activities that pose the greatest threat to the natural environment are tourism, energy production and wood-based industries. In terms of policy, the government has regulations covering all industries, from restrictions on the number of foreign tourists permitted to the mandate that at least sixty percent of Bhutan be maintained as forest cover. Finally, the fourth

⁸ *ibid.*, 5.

⁹ For more on the implications of democracy and “happiness-based policy” see Hirata (2005).

pillar, preservation and promotion of culture, is perhaps the most critical component of the Bhutanese development model, but it is also the mostly highly contentious and heavily criticized.¹⁰

As previously mentioned, one of the factors driving the government's policy-making decisions is a fear of the erosion of Bhutanese culture and the disappearance of a unique Bhutanese identity. In order to combat this, the government devotes significant resources to the preservation and promotion of Bhutanese culture. In fact, the Prime Minister, *Lyonpo* Jigme Thinley, has described Bhutan's efforts as "the culturalist model of development."¹¹ In terms of its decision-making guidelines, the government has defined "culture" as consisting of several components: religion; language and literature; art and architecture; the performing arts; national dress; etiquette (*driglam namzha*); and recreation.¹² Because Bhutanese identity is so firmly rooted in Buddhism, the maintenance of religious infrastructure is considered a critical aspect of this effort. Indeed, the Vajrayana form of Buddhism is recognized as not only the historical religion of Bhutan, but also the foundation of the modern state of Bhutan.¹³ In particular, the government supports the Drukpa Kagyu lineage, although many claim that adherents to the Nyingma tradition comprise the majority of Bhutanese citizens.

¹⁰ *Bhutan National Human Development Report*, 20.

¹¹ Dorji (2005), 11. As an aside, Jigme Thinley twice held the post of Prime Minister under the monarchy and was recently elected to the same position.

¹² Prime Minister's report to the National Assembly, 2004. Cited in Dorji (2005), 11.

¹³ The state of Bhutan effectively came into being with the establishment of the monarchy at the beginning of the Wangchuk dynasty in 1907. The foundational figures of the nation, however, are all accomplished and highly revered Buddhist masters. They include Padmasambhava (Guru Rinpoche), who is credited with bringing Buddhism to Bhutan in the 8th century; Drukpa Kunley, a 15th century Tibetan saint; Pema Lingpa, a Bhutanese lama and contemporary of Drukpa Kunley; and the Zhabdrung, Ngawang Namgyel, who unified the different regions of Bhutan in the 17th century and established the a theocratic state in that followed the Drukpa Kagyu tradition. For more on the relationship between Buddhism, the state, development, and GNH, see Mancall (2004).

While the emphasis on cultural preservation is, at first glance, widely perceived as a good policy, one of Bhutan's most enduring problems was generated as a result of policies stemming from the third pillar. Following the implementation of policies mandating the cultural norms of the politically dominant *Ngalop* ethnic group—including requirements that men wear the Bhutanese *gho* in public, *Dzongkha* be taught in public schools, and traditional rules of etiquette be followed—there was significant opposition, especially from southern Bhutanese of Nepali descent. While there is no room to go into a detailed discussion, it led to a problem of immense proportions for such a small country. The backlash led to the exile of tens of thousands of southern Bhutanese, and the refugee camps established in Nepal to accommodate them have swollen to such numbers that the Bhutanese government refuses to permit re-entry at this time. Though many of the policies have since been relaxed, the Bhutanese government continues to consider the issue “as one of illegal immigration rather than of ethnicity” and insists that “*GNH has no direct bearing on the problem but can only help by providing clarity in terms of future policies.*”¹⁴

While the four pillars provide a framework within which development is guided, the measurement of GNH became roughly equated with the Human Development Indicators (HDI) that had long since gained wide international acceptance by the turn of the century. In fact, the first international conference on GNH was held in 1999 and was expressly devoted to the issue of whether or not the concept of GNH could be related to the HDI. While no definitive conclusion was reached, it was generally agreed that the HDI, with the addition of an indicator to assess the promotion of culture, could at least be

¹⁴ Dorji (2005), 11.

useful in gauging the extent to which development policies generated the *conditions* to experience happiness.¹⁵ Currently, efforts are being made in conjunction with the United Nations Development Program to developing GNH indicators which will quantify and measure nine key domains of GNH: health, education, emotional wellbeing, time use and balance, community vitality, cultural diversity and resilience, good governance, living standards and ecosystems.¹⁶

Yet many argue that an emphasis on identifying “pillars” or quantifiable domains of GNH serves as a distraction from what could be the main aspect of GNH that distinguishes it from other approaches to development: Buddhist morality.¹⁷ From this perspective, “the achievement of widespread happiness is only possible via the prior cultivation of moral maturity” and such cultivation should be actively promoted by the Bhutanese government.¹⁸ While it is acknowledged that the four pillars and nine domains of GNH “are critical to enhancing national happiness,” particularly because they contain an implied morality, the argument is that the essential component “is the degree of actualized morality.”¹⁹

This view is grounded in the conviction that, regardless of public policy, happiness is ultimately grounded in the thoughts and actions of individuals. Moreover, in calling for the active promotion of Buddhist morality, it is argued that the conditions conducive to the greatest happiness will flow more or less spontaneously because people will naturally choose what is in both their individual and other’s best interests. Of course,

¹⁵ Centre for Bhutan Studies (1999), 1-4.

¹⁶ UNDP (2005), “Fast Facts”

¹⁷ Tashi (2005).

¹⁸ McDonald (2005), 24.

¹⁹ *ibid.*, 33.

such proposals are generally tempered by the insistence that "moral maturity" be promoted in a manner through which individual freedoms are promoted. After all, the argument follows, "Buddhism is explicit in its recommendation that personal development can only truly occur when practice is chosen freely."²⁰

That personal development is understood to be a critical component of the implementation of GNH is made clear by extensive discussions of Bhutanese education as well as the role of the media in Bhutan.²¹ Here, the congruence with some of the main points of proponents of Buddhist economics can also be seen. Informed by critiques of the influence of modern media elsewhere, recommendations to the government of Bhutan regarding the implementation of GNH have gone so far as to suggest that advertising on television should be banned altogether.²² Despite the fact that cable television was legalized less than ten years ago, the Bhutanese government has not levied such a ban, though legislation does prohibit the public display of billboard advertisement. However, encouragements that the Bhutanese government levy Buddhist resources in education as a countervailing force against the effects of media have been, at least ostensibly, accepted.²³

In the end, GNH continues to remain more of a guideline or philosophy than a prescription. While efforts are underway to establish a more definitive framework for what actually entails happiness in Bhutan, the government will continue to enact

²⁰ *ibid.*, 39.

²¹ See, Dorji (2006).

²² McDonald (2006).

²³ For an example of this kind of "encouragement," see Hershock (2004)

development policies.²⁴ Aside from the troubles generated the policies that led to the current refugee crisis, Bhutan appears to be doing quite well. With GDP growth rates averaging seven percent, the philosophy of GNH even meets the expectations of mainstream development models.²⁵ Indeed, the concept of GNH may prove to have significant influence on mainstream economic paradigms.²⁶

Development in Thailand

In the forty years from 1957 to the economic crisis in 1997, the growth-oriented economic development efforts in Thailand were tremendously successful in when gauged by mainstream economic standards. Thailand's real GDP growth averaged 7.6 percent a year without once falling below 4 percent. In the same period, per capita income saw over a sevenfold increase. In terms of poverty reduction, the proportion of the population in poverty fell from 57 percent in 1962 to 11 percent in 2004. Likewise, Thailand's score on the HDI continually improved. Despite this, the 2007 Human Development Report (HDR) on Thailand maintains that there were at least four "qualifications": 1) growing inequality; 2) negative impacts on the environment; 3) familial and community breakdowns; and 4) "a growing malaise over loss of control of life and future."²⁷

Certainly, these four aspects are intimately linked and can be traced to the type of development pursued in Thailand, especially its export-oriented focus on industrialization. While an unequal distribution of wealth is a common element in market-based economies, the inequality in Thailand is significantly greater than its neighbors Malaysia, the

²⁴ The most current efforts have been touched upon in popular media. See, for example, Wonacott (2008).

²⁵ For a list of the development statistics through 1999, see Planning Commission (1999), 14 and/or UNDP (2000).

²⁶ Tideman (2004).

²⁷ UNDP (2007), 23.

Philippines and Indonesia, all of which have similar economies. The HDR attributes the causes of such marked inequality to several sources including the prioritization of funding for tertiary education over primary and secondary. However, the report insists that the primary cause was the government's focus on the development of industry and the urban economy at the expense of agriculture and the rural economy. In particular, farmers reliant on export-oriented cash crops struggled in the face of falling agricultural prices.

The impact on the rural economy was exacerbated by the fact that such rapid industrial economic growth, over which controls were limited, came at heavy ecological costs. The clearest indication of this is the fact that, in the last half-century, two thirds of Thailand's forests have disappeared. Moreover, the fall in rural income and a rise in rural debt accompanied by an increased demand for urban labor brought about a situation in which migration led to the breakdown of rural families and communities. Yet even when urban employment was secured it was highly volatile and dependent on foreign technologies and techniques. When combined with insecure investments, the risks and fluctuations in urban employment led to a material vulnerability for which traditional systems of insurance were of little benefit. The traditional threats to economic security were lack of rainfall and wild animals whereas the modern threats are abstract market forces. Regardless of whether or not a collapse in market prices would leave a modern working class community better or worse off than a traditional farming community faced with extreme drought, the HDR insists that one consequence of economic development

was "a growing mental anxiety of becoming victim of economic and social forces beyond local control."²⁸

However clichéd, economic development in Thailand has clearly been a double-edged sword. The destruction and disempowerment of such rapid economic growth was highly contentious, despite the material gains it brought about. While reactions ranged from a violent communist insurgency lasting nearly twenty years, to more peaceful protests and intellectual challenges, there have been several overlapping themes that comprised what has been deemed the "discourse of discontent."²⁹ For the most part, the discontent converged on many of the previously mentioned negative effects of development: the breakdown of Thai social structure; an increased vulnerability to global economic forces; the erosion of cultural heritage and values (and a concomitant rise in individualism and consumerism); and an increasingly polarized socio-economic structure. Stated positively, calls were made to counter each of these trends by: rebuilding a sense of community; encouraging greater self-reliance; promoting Thai culture and values through Buddhism; and building horizontal networks in order to facilitate the sharing of knowledge. As will be seen, these proposals were integrated to create the framework for SE.

Buddhist Critiques of Thai Development

The relationship between Buddhism and development in Thailand is, to say the least, complex. On the one hand, support for state efforts in modernization have been at least tacitly provided by the Sangha, though such support came in the wake of state-

²⁸ *ibid.*, 25.

²⁹ *ibid.*, 25.

supported restructuring of the Thai Sangha.³⁰ On the other, some of the most poignant critiques of, and opposition to, development policies have emerged from monastic orders.³¹ Swearer has elucidated the trend toward the “continuing displacement of Buddhism as the core of Thai identity” in the second half of the twentieth century as well as the relationship between this phenomenon and the expansion of the influence of the state.³² Still, he makes clear that Buddhism remains intimately linked to Thai national identity and, therefore, to any effort to distill a “national purpose,” both of which are key aspects of any efforts in economic development.³³ Indeed, it is argued that Buddhism, and the Thai monastic community in particular, is uniquely poised to help ameliorate the negative aspects of current trends development “because Buddhism has the potential to penetrate deeply to the very roots of the problems and to find lasting solutions rather than merely treat superficial symptoms and single issues.”³⁴

Certainly, there are a number of prominent Buddhist critics of development in Thailand. Among them is Ven. Payutto, whose work on Buddhist economics was discussed in the previous chapter. In reference to the specific environmental problems generated by Thai development policies, Ven. Payutto “attributes environmental destruction to a Western worldview flawed by three erroneous beliefs: that humankind is separated from nature, that human beings are masters of nature, and that happiness results from the acquisition of material goods.”³⁵ Another well-known and widely influential

³⁰ Suksamran (1977).

³¹ Satha-Anand (1990) and Swearer (1999), 203-209.

³² Swearer (1999), 208.

³³ Matthews (1986).

³⁴ Sponsel and Natadecha-Sponsel (1997), 59.

³⁵ Swearer (1997), 31.

Thai monk is Buddhādāsa Bhikku, who proposed a "Dhammic Socialism" in order to counter the materialistic tendencies of development policies advocated by the state.³⁶ Of course, there are many other, more peripheral, Thai Buddhist dissidents. Included among them is Phra Prajak Kuttajitto, an activist monk from northeast Thailand who was twice arrested for protesting state-sanctioned deforestation.³⁷

A student of Bhuddadhāsa's, Sulak Sivaraksa, became one of the most recognizable critics of Thai development, both in Thailand and abroad. Educated in Britain, Sivaraksa returned to Thailand in the early 1960s to found *Sangkhomsaat Paritat* (*Social Sciences Review*), an intellectual magazine that developed into "a critical but nonpartisan voice at a time when Thai politics were becoming increasingly polarized."³⁸ He became actively engaged in rural development projects by the late 60s through which "indigenous, sustainable, and moral models for modernization" were implemented. As a result of his criticisms, he was exiled in 1976 for two years. He continued to oppose state-sponsored development initiatives and policies and was arrested in Bangkok in 1984 on charges of *lèse-majesté*.³⁹ However, he was released following international outcry. Sivaraksa left Thailand in exile again in 1991 after an arrest warrant was issued on charges of *lèse-majesté* and defamation of the Army Commander-in-Chief.

Sivaraksa sees the degenerative process of modernization writ large in the country's official name, Thailand, because it had been known as Siam until 1939 when the name was officially changed "by a corrupt dictator." For Sivaraksa, "the name

³⁶ Santikaro (1996); Swearer (1997) and (1999)

³⁷ Swearer (1997).

³⁸ Ginsburg in Sivaraksa (1992), xii.

³⁹ *lèse-majesté*, which can be translated as "injury to the Majesty," is the crime of committing an offense against the dignity of a reigning sovereign or a state.

signifies a crisis of traditional values" and, "especially when the original name was replaced by a hybrid, Anglicized word," represents "the first step in the dehumanization of its citizens."⁴⁰ As such, he refuses to use the term "Thailand" in his writings. In this, it can be seen that Sivaraksa considers traditional Thai values, with which he associates Buddhism, as both the greatest loss and hope for the future in Thailand's economic development.

Sivaraksa's most poignant critiques came at the height of Thailand's economic success. Though clearly reactionary and often highly polemical, many of his criticisms and proposals anticipate the forces that would ultimately turn opinion in favor of SE. In line with other proponents of Buddhist economics, Sivaraksa takes issue primarily with consumerism, which he views as "the dominant ethic in the world" and a religion in and of itself. He affirms the critiques described in the previous chapter, but emphasizes the pernicious effects on traditional Thai values, of which he argues there had been almost a "complete reversal" in a single generation: "Western material values have not merged with Asian culture, they have overwhelmed and diluted it."⁴¹ Sivaraksa's explanation as to why consumerism has the power to bring about such rapid change is twofold: first, it supports and is supported by the economic and political elite; second it is fueled by the greed it inspires, which is a powerful force, however destructive it may be. He does not deny that greed is an inherent component of human nature. On the contrary, he maintains:

⁴⁰ Sivaraksa (1992), xvi.

⁴¹ *ibid.*, 9.

"We all have these seeds of greed within ourselves, and consumerism encourages them to sprout and grow."⁴²

Particularly troubling for Sivaraksa are the psychological effects of modern advertisement, especially in poor, rural areas: "There is nothing intrinsically wrong in having expectations rise, but it is harmful when people who were formerly happy are given to believe that they cannot do without a particular good. To extol the comforts of living with kitchen appliances and electric shavers in a country that still experiences hunger and malnutrition is immoral."⁴³ He also takes issue with rural development strategies in which the promotion of export-oriented agriculture has not only left farmers dependent on global market forces for their livelihoods but has come at the expense of Thailand's natural resources and environment. Worse, he considers the strategies as conducive to the expansion of large-scale agribusiness, forcing many farmers into a life of urban squalor, low-wage labor and prostitution. Even if one overlooks the moral component, this strategy generates very real problems. Throughout Southeast Asia, he argues, rural exploitation and poverty contributes to the growth of violent revolutionary movements, to which states react with repressive measures.⁴⁴

As counterweight, Sivaraksa insists that Thais must reclaim their culture through a development model infused with traditional values: "Instead of just absorbing Western values, derived from the Greco-Roman and Judeo-Christian traditions at the expense of our own indigenous models, we must find a 'middle path,' applying the best of both in an

⁴² *ibid.*, 8.

⁴³ *ibid.*, 30; Sivaraksa (1980), 60-61.

⁴⁴ *ibid.*, 33.

intelligent way.”⁴⁵ Indeed, Sivaraksa proposes a thoroughly Buddhist approach to development and expresses general agreement with Schumacher’s assessment. However, he invokes an individualistic tone and insists that the crux of the Buddhist development model is the perspective adopted by each individual. While social influences are important, “cultivation must also come from within. What is most basic is to work on ourselves.”⁴⁶

As Sivaraksa’s criticism was grounded in the view that the Thai strategy of development was the single-minded pursuit of economic growth, he suggests alternatives that place people at the forefront of goals of development. In advocating for an approach that aims toward increased self-sufficiency, Sivaraksa calls to mind a Siamese saying: “There is rice in the fields; there are fish in the water.” He goes on to explain that this, “describes the simple life of self-sufficiency and abundances that existed among the villages of Southeast Asia before colonialism.”⁴⁷ Furthermore, he insists that a Thai strategy of development ought to be grounded in and fueled by Buddhism. In anticipation of critics who label Buddhism—especially in its Thai form—as the individualistic pursuit of Enlightenment, Sivaraksa maintains: “Any attempt to understand Buddhism apart from its social dimension is fundamentally a mistake...Buddhism can be regarded as a prescription for both restructuring human consciousness and restructuring society.”⁴⁸ As evidence of the way in which Buddhism can support development, he highlights development efforts led by Buddhist monks. His examples include communal farming; a

⁴⁵ *ibid.*, 9.

⁴⁶ *ibid.*, 46.

⁴⁷ *ibid.* 29.

⁴⁸ *ibid.*, 66.

“rice bank” and a “buffalo bank” run by a monastery; and the organization of construction projects and tree-planting efforts. In this way, Sivaraksa argues that these represent the ideal of communal development, which is a cornerstone of SE. Moreover, he emphasizes the importance of sharing information and resources between villages: “If we want social justice, one village has to be linked with other villages.”⁴⁹

In July 1997 the backlash of the market forces that Sivaraksa and others anticipated occurred. Alongside other countries in East Asia, Thailand suffered tremendously from the rapid economic downturn that followed. A dramatic devaluation of the Thai currency led to the flight of foreign capital, widespread bankruptcy, a drop in consumer spending, increased unemployment and a general contraction of the economy. Several months later, King Bhumibol Adulyadej delivered a speech calling for a new economic paradigm that promoted sufficiency rather than growth. Though he and others had been making the same appeal for years, it was not until the aftermath of the 1997 collapse that it found broad resonance. Interestingly, however, the economic crisis cannot in and of itself explain the adoption of SE. By 2000, the Thai economy had almost fully recovered and was growing at rates envied in the rest of the world. Still, interest in the notion of SE continued to spread.⁵⁰

Sufficiency Economy

In addition to criticism from intellectuals and activists in Thailand, King Bhumibol Adulyadej warned as early as 1974 of a “failure or crisis as found in other countries” that could occur as the result of the pursuit of rapid, unbalanced economic

⁴⁹ *ibid.*, 50. For more on Sivaraksa, see Swearer (1996).

⁵⁰ UNDP (2007), 21.

expansion. Instead, he encouraged “the strengthening of our economic foundation” through small-scale rural development efforts.⁵¹ Indeed, he is widely cited as the progenitor of the notion of SE and many of the case-studies used to develop its framework draw on development projects he oversaw.⁵² Just as attempts are underway to elaborate the concept of GNH into a framework for implementing a Buddhist strategy of development, similar efforts are underway with SE.⁵³

After it was officially adopted as a guiding principle, the National Economic and Social Development Board (NESDB) organized a group of experts under the banner of the Sufficiency Economy Working Group (SEWG) to establish a working definition and provide a framework for implementation. The group concluded that “sufficiency” entails moderation and reasonableness in economic activity and emphasizes the importance of a self-immunity mechanism that would provide protection from any future impacts of internal or external economic changes. In this way, SE is, at its core, a “*philosophy* serving as a *guide*” for the way of living in a globalized world. In this sense, it is viewed as “scalable” in that it applies to individuals, households, businesses, and government officials.

Officially, “sufficiency” entails the three components of moderation, reasonableness and self-immunity and is dependent on two “underlying conditions”: knowledge and morality. By knowledge, it is implied that all economic activity should be considered in terms of the breadth of its impact and only implemented after a thorough analysis; by morality it is understood that actors and institutions must possess honesty

⁵¹ Piboolsravut (2004), 127.

⁵² Björkman (2006).

⁵³ Ash and Nimsai (2006).

and integrity and that people ought to conduct their lives with “perseverance, harmlessness and generosity.” In this way, it is conceived of as “a holistic concept of moderation and contentment.”⁵⁴

The primary framework on which SE is based is the “New Theory Agriculture”. Based on experiments conducted by the Crown Property Bureau—the development organization funded by the King—the theory is aimed at rural households and regarded as a “sustainable” agricultural approach. In short, it is comprised of three stages. The first stage aims at sufficiency at the household level. Under the assumption that the average household consists of four to five persons, the theory calls for the provision of nearly two and a half hectares of land that would be divided into four parts: thirty percent would be used for the cultivation of rice; thirty percent for “field and garden crops”; thirty percent would be maintained as a pond to raise fish; while the remaining ten percent would be used for housing and “other activities”. Once household sufficiency is attained, the second stage is sufficiency at the community level. Whereas the first stage is clearly defined—in the breakdown described, there is no “blueprint of activities” on which the second stage is expected to operate. Instead, communities of households are expected to determine the types of cooperative projects that they want to implement themselves. However, community enterprises, savings groups and health care centers are recommended for at this stage. Only after the community has achieved “economies of scale as well as economies of scope” is the third stage, sufficiency at the national level, approached. The third stage is broadly conceived as the construction of inter-community networks to share resources and information and engage in economic expansion. The

⁵⁴ Piboolsravut (2004), 128-129. See also Royal Thai Embassy (2007).

important point is that communities are expected to develop their own plans and the government's role is to act as a facilitator.⁵⁵ It is the emphasis on rural community development that is highlighted as the greatest potential benefit of SE.⁵⁶

In its urban and industrial implications, the primary focus is on the promotion of long-term perspectives that incorporate the concerns of all stakeholders, manage risk, and a focus on the *people* involved. While it is recognized that small and medium-sized enterprises have different circumstances than larger corporations because there is intense competition and a high failure rate for smaller firms, there are common elements of the application of SE in the business world. Of particular interest is that SE challenges the business paradigm of focusing on quarterly earnings and instead promotes an approach that emphasizes long-term perspectives. Rather than seeking to maximize short-term gains, businesses are encouraged to grow in stages and extract "a normal or appropriate level of profit."⁵⁷

In short, SE essentially promotes a model that is consistent with stakeholder models of business strategy. Although it is conceded that SE "may not add much in terms of the goals of business strategy,"⁵⁸ it is promoted as a philosophy that will help business leaders think through decisions and consider the broader impact.⁵⁹ In this sense, SE does not represent the wholesale abandonment of mainstream economic thought or practices. In fact, it is explicitly argued that "there is no contradiction" between the

⁵⁵ *ibid.*, 129-130. For more on the community-based approach, see Prayukvong (2005).

⁵⁶ Sathirathai and Piboolsravut (2004).

⁵⁷ UNDP (2007), 55.

⁵⁸ *ibid.*, 55.

⁵⁹ Kantabutra (2006).

two.⁶⁰ Instead, proponents of the philosophy of SE insist that it is complementary to mainstream economics and addresses the core failures of current understandings of economics. In this vein, it is promoted as a philosophy and framework for sustainable development.⁶¹

Outside of official government sanction and the a few development efforts, there may not be much evidence to support the efficacy of the SE approach. In fact, the same Human Development Report that presents SE in a favorable light reports that—even after SE was officially adopted—the average household spends nearly ninety-percent of its income on consumption. As a result, personal savings dropped from over thirteen percent of annual income in 1999 to almost six percent in 2003. Furthermore, the proportion of indebted households increased from roughly half to two-thirds between 1996 and 2000, with the average level of debt nearly doubling in the same period.⁶² Of course, one explanation for this is that there is inevitably a lag between the official adoption of an approach and any visible signs of change. Especially considering the influence of advertising and the inertia of mainstream economic thought, SE could hardly be deemed a failure because it did not generate an influence on public consciousness and actions in such a short period.

Gross National Happiness, Sufficiency Economy and the Viability of Buddhist Economics

With these general outlines, it can be seen how the philosophy of development in both Bhutan and Thailand are significantly different from the type of economic

⁶⁰ Calkins (2006), 1.

⁶¹ Isarangkun and Pootrakool (2006).

⁶² *ibid.*, 9.

development that fits into a neo-liberal economic model. Rather than isolate the growth of GDP or GNP as the predominant measure of successful development, both GNH and SE incorporate a wider range of goals. By promoting a broader understanding of human well-being that is more consistent with Buddhist prescriptions, the respective approaches can, in this regard, be considered Buddhist economic models. Still, questions remain regarding the extent to which they ought to be deemed "Buddhist."

Clearly, though, the discourse of development in Bhutan and Thailand is in line with many of the prescriptions of Buddhist economics. The emphasis on environmental preservation, sustainability and community-led development efforts is supported by the concept of interdependence and both countries encourage an approach that limits the appeal to self-interested behavior. Both GNH and SE seek to establish economic structures that are not dependent on the generation of dissatisfaction, which was highlighted as one of the major points against which theories of Buddhist economics stand. By promoting happiness instead of productivity, the Bhutanese government effectively encourages its citizens to evaluate their livelihood in a more holistic manner. Likewise, the promotion of "sufficiency" as a goal discourages the pursuit of satisfaction in the consumption of goods or services beyond what one truly needs and encourages moderation and contentment. Finally, the elevation of wisdom and morality as human ideals, which is implicit in understandings of GNH, is explicitly contained in SE.

Still, the criticisms of the approaches cannot be dismissed as unenlightened cynicism. After all, the "visible progress" in Bhutan—construction of schools and health centers, generation of income, and improvements in standards of living—are based on

models implemented in other developing countries. Likewise, the small-scale “development in stages” approach embodied in SE can be considered a rational response to past failures. In addition, a critical consideration of the two approaches cannot ignore the *realpolitik* that influenced their adoption. Clearly, the conservation of its cultural identity has always been a priority in Bhutan, and the concept of GNH provides a compelling shield. At the same time, the leadership in Thailand needed to address its critics, who claimed the state had turned its back on its cultural heritage in favor of the materialistic trappings of the West. Beyond these debates, however, lies the criticism that, even if the approaches *are* distinctly Buddhist, the appeal to Buddhist sensibilities and social norms appears ill-equipped to curtail the advance of modernity as it is understood by the material, consumerist culture encouraged by the neo-liberal model.

On the last point, however, it must be noted that the possibility of the ultimate success or failure of either policy, or even the futility of promoting them, should have little bearing on considerations of their efficacy. Whether or not either approach is successful in achieving their purported goals may simply be a matter of perspective. As Polanyi argues, “success” may not necessarily be straightforward:

Why should the ultimate victory of a trend be taken as a proof of the ineffectiveness of the efforts to slow down its progress? And why should the purpose of these measures not be seen precisely in that which they achieved, i.e., in the slowing down of the rate of change? That which is ineffectual in stopping a line of development altogether is not, on that account, altogether ineffectual. *The rate of change is often of no less importance than the direction of the change itself; but while the latter frequently does not depend upon our volition, it is the rate at which we allow change to take place which we may depend on us.*⁶³

In the end, the concepts of GNH and SE may achieve some of their objectives simply by changing the way in which individuals conceive of themselves as economic actors. In

⁶³ Polanyi (2001), 39. Emphasis added.

other words, even if the economic structures that are ultimately constructed take on the appearance of structures elsewhere, it does not necessarily follow that the underlying ethic is the same. Without undoing the fetters of reality, one can imagine a thriving (though, perhaps not *booming*) economy in which the actors do not constantly seek to *maximize* their own short-term self-interest, but, instead, are aware of the impact of their actions on both their own and other's well-being.

Conclusion

Though scores of issues constantly compete for the attention of society, economic concerns are, perhaps, the most widespread and are constantly expanding. In the age of globalization and privatization, in which "the commodification of everything" is considered with an air of inevitability and consumption is characterized as a religion, one cannot escape the implications of the predominant economic structures. With the collapse of the Cold War and the ascent of neo-liberalism, the Market has become almost deified and appeals continue to be made to turn to it for the solution to virtually any social problem: from the alleviation of poverty to the implementation of effective healthcare. Indeed, it is highly ironic that classical economics, widely understood as the golden child of the Enlightenment, demands the surrender of rationality to such abstract and ill-understood forces that they almost appear as caricatures of the superstitions supplanted by the advance of human knowledge.

That is, appeals are consistently made to allow "the Market" to function uninhibited; to have faith in the notion that, in the long-run, market forces will secure the greater good, despite what appear to be negative outcomes in the short-term. Although many of the excesses of the "heyday" of neo-liberalism have been tempered in the last two decades, its fundamental assumptions continue to influence the way in which economic actions are conceived of and implemented. Moreover, heightened awareness of issues surrounding global poverty will likely redouble efforts to eliminate such circumstances, thereby further elevating the importance of various models of economic development.

For all of these reasons, the debates surrounding the fundamental components of economic thought—from the basic assumptions to the “practical actions” to the ultimate aspirations—are increasingly important. Likewise, the ethical underpinnings of any proposals for economic development must be examined before blindly accepting what appear to be empirically verified models. After all, the “why” has undeniable bearing on the “how” and, in turn, shapes the outcome.

Critique of Neo-liberalism and the Suggestion of Buddhist Alternatives

As stated at the outset, one of the most basic claims of neo-liberalism is that individuals are self-interested. This is true. However, neo-liberalism further claims that individuals tend to be *maximally* self-interested. This is tenuous, at best. In reality, self-interest can either be expanded or restricted, depending on a wide range of influences. When, however, greed and selfishness become valorized and mechanisms are established to encourage such traits, it becomes easy to provide empirical evidence to prove the validity of their existence. The fundamental problem with neo-liberalism lies in the normative extension of its fundamental claims. That is, the encouragement of the maximization of self-interest ultimately generates the conditions that prevent the realization of the purported utilitarian goals of liberal ethics.

Because neo-liberal models rely so heavily on the consumption of goods, the satisfaction of short-term self-interests is an integral component of the system. However, when the myopic pursuit of self-interest is systematically cultivated, the long-term results are self-defeating. As the findings of studies in the economics of happiness indicate, the returns to well-being on increases in wealth diminish beyond relatively low levels.

Whatever material gains are generated by mainstream economic models in terms of higher productivity, increased efficiency or innovation, they are often offset by increased isolation, stress and the generation of new desires. As touched upon multiple times, the "success" of neo-liberal capitalism is, in fact, dependent on the constant creation of *dissatisfaction*. Despite this, mainstream economic models claim to provide the proof of their own success, though the measures by which "success" is determined are inherently flawed.

From a broader view, the drawbacks are magnified, especially when accompanied by the combined results of the exploitation of natural resources, the breakdown of social norms and bonds, and the elevation of anxiety. The combined critiques beg the question: what is the point of adhering to a model that not only fails to meet its objectives, but has such detrimental side-effects as well? Why, for example, adhere to a model that generates an ever-increasing income gap, when relative income and perceptions of mobility appear to have such significant influence on individual well-being? Why continue to encourage the exploitation of natural resources and the pollution of the environment at such dangerous and irresponsible rates if such acts do not bring about further improvements in social welfare?

Although these questions are raised by critics from a variety of perspectives, they touch on some of the major points proponents of the concept of Buddhist economics use to leverage their position. For example, whereas mainstream economic models are dependent upon the continuous creation of desire, a Buddhist model would seek to minimize desires and shape economic policy accordingly. Moreover, the "hedonic" and

“social” treadmills that social scientists in the field of the economics of happiness have identified and elucidated are, as Ven. Payutto explains, encapsulated in the Buddhist concept of *tanhā*, the insatiable and selfish form of desire. Again, as Ven. Payutto observes, “(r)ather than leading to contentment and well-being, the pursuit of happiness so often leads to restlessness and exhaustion in the individual, strife in society and unsustainable consumption of the environment.” Moreover, the false consumptive norms promoted in Western media and the use of deceitful ad campaigns simply to sell products and generate revenue are considered to run counter to Buddhist ethical prescriptions.

Attention to the criticisms raised by such sources raises awareness to the fact that there are alternative frameworks, both through which existence and the world can be understood and within which distinctive models can be produced. Whether this leads to the creation of alternate models for “others,” as in the case of GNH in Bhutan and SE in Thailand, or to the alteration of “our” models, what is important is the point that the “real world” is, in fact, a human creation. It can, therefore, be altered by human intentions. Current trends in economic inequality, resource use, and social dissonance underscore the imperative to engage in the realization of such alternatives.

However, it must be emphasized that alternatives do not necessarily have to be at odds with one another. They can, instead, be complementary. For example, if the two alternatives of neo-liberalism and Buddhist economics—however vaguely the concept is defined—are taken, it can be seen that there can be congruence despite divergences.

The Possibility of Complementary Models

Some of the fundamental assertions and normative claims of neo-liberalism and Buddhism are clearly divergent. Whereas neo-liberalism venerates the individual and the maximization of self-interest, Buddhism considers selfish acts as primary obstacles to the eradication of ignorance and suffering. Alternately, generosity and compassion are two of the highest Buddhist virtues and are often at odds with the neo-liberal virtues of efficiency and rationality. Furthermore, neo-liberalism isolates its considerations to human actors while Buddhism incorporates the effects of actions on non-human life forms. Further still, one of the principal aims of Buddhism is to instill an understanding of the fundamental interdependence of all things in order to cultivate a sense of empathy that is conducive to higher levels of compassion. While interdependence is certainly recognized in neo-liberal models—after all, it is well known that the supply chain of any given product brings together often vastly different actors—it is promoted and recognized in order to extend the influence of the holders of capital for the purposes of exploitation and the maximization of profit.

For all of these reasons, neo-liberal theory and Buddhist soteriology are often depicted as being fundamentally at odds with one another. Of course, it is true that the former considers individuals as self-realizing and valorizes self-interested behavior whereas the latter considers individuals as co-determined and negatively values self-interest. However, there is congruence in that both consider self-determination as one of the most important aspects of human existence.

Still, there is a difference in the perspective taken. For the neo-liberal, it is the *right* to self-determination that is among its foremost concerns. Indeed, the

institutionalization of the rights of individuals is, perhaps, one of the greatest achievements of the liberal project and the protection of individual liberties should not be readily sacrificed for the sake of the promise of economic utopias. At the same time, it ought to be recognized that, for the Buddhist, it is not only the *right* to self-determination, but also the *responsibility* to utilize self-determination in a positive manner that are primary.

The inconsistency of neo-liberalism is made clear in its insistence in the "value-free" analysis of classical economics. The science of economics claims to provide an objective assessment of economic "laws" and calls for the establishment of policies that allow individuals to ascribe values, through free-markets, to goods and services. However, efficiency and the maximization of profit are established in advance as the goals of neo-liberalism. Hence, they are valorized. By extension, so, too, are the processes by which they are achieved. Yet proponents of neo-liberal models insist that to incorporate *other* values—for example, the moral considerations of traditional religions—would effectively sabotage the operation of the system.

Even assuming this is true, and the abandonment of moral considerations is necessary on the macro level (by, for example, the state), what is especially disturbing about neo-liberal norms is that individuals are tacitly encouraged to incorporate the models into their own lives. That is, individuals are encouraged to improve efficiencies—by, for example, ignoring the supply chain of a particular product they consume and focusing solely on performance and price—and to maximize their own self-interest by, of course, maximizing their own profit and consumption. There is a fear that

if the maximization of self-interest is not promoted then the institutions protecting the ability to do so will be undermined and, ultimately, overthrown.¹ Truly, the vilification of efforts to infuse ethical norms in market processes, through, for example, the promotion of “free trade” goods, would be astounding had they not been anticipated. For example, the economist William Galbraith, in a criticism that, over fifty years ago, predicted many of the points found in this paper, wrote:

The shortcomings of economics are not original error but uncorrected obsolescence. The obsolescence has occurred because what is convenient has become sacrosanct. Anyone who attacks such ideas must seem to be a trifle self-confident and even aggressive...The man who makes his entry by leaning against an infirm door gets an unjustified reputation for violence. Something is to be attributed to the poor state of the door.²

If the “shortcomings” are understood to be in line with the criticisms contained herein, the responses of proponents of neo-liberalism are more easily understandable.

Still, such fear and backlash is not only groundless but profoundly misguided. On the contrary, there could be no greater justification for the institutionalization of the *freedom* to maximize self-interest than proof that individuals are capable of acting in accordance with the greater good *despite* the absence of institutional restraints or coercion. In other words, an ideal that could be approximated with the Buddhist framework is one in which individuals are *free* to act as they see fit, yet *choose* to act in a manner that generates the greatest social good. After all, as intention (*cetanā*) is the critical component in the karmic implications of an act, one must be able to freely choose one's actions. This does not necessarily mean that individuals have to sacrifice their own interests. On the contrary, there would still be room for the satisfaction of self-interest—provided it is not at odds with or, at least, minimizes the harm to, the interests of others.

¹ Again, see Henderson (2001).

² Galbraith (1958), 4.

It does, however, mean that it would be unlikely that self-interest could always be *maximized*. While such circumstances seem far-removed from reality to some, there is widespread support for the notion through, for example, the movements toward “conscious consumption.” Likewise, the establishment of socially responsible techniques of management and investment along with the concept of “social entrepreneurship” are rising tides.³

In this vein, one can approach an understanding of the way in which the concepts that underlie Buddhist economic models are made generalizable. Clearly, there is congruence between Buddhist models—when understood in the broadest sense—and calls for more ecologically sound and socially just economic practices. Indeed, Buddhist economics in the modern sense, insofar as its inspiration can be traced to Schumacher’s essay, emerged out of a fundamental critique of Western capitalism. In fact, many prominent proponents of the concept of Buddhist economics, including many of the scholars cited throughout this paper, are often criticized for drawing on selected observations and readings of Buddhism and employing them to establish a conception of the religion that is suited to the alternative they seek.⁴ Such critiques raise questions regarding the validity of some of the characteristics attributed to Buddhist economic models.

For example, although few dispute the notion that a Buddhist economic model would be one in which selfishness is minimized or that awareness of the full extent of economic actions is critical, there is less certainty surrounding the claim that a Buddhist

³ See, for example, Social Investment Forum (2006).

⁴ For a broader view of this argument, see Yarnall (2003).

economic model would be one in which "smallness" or "simplicity" is encouraged. Again, the influence of Schumacher's claim that "small is beautiful" is reflected in a number of ways: from calls for "voluntary simplicity" to the basic tenets of the Sufficiency Economy. Ultimately, while "small" may be beautiful, it is not necessarily Buddhist. After all, Buddhism is and has long been a globalizing force. Moreover, the mandala, a fundamental symbol in much of the Buddhist world, is understood as essentially a hierarchical cosmological model that includes, and was perhaps even primarily associated with, social and political models.⁵ With this in mind, Buddhism may, in fact be more structurally congruent with mainstream corporate models than an adherence to "smallness" would allow. That said, though the structures may appear similar, the ethic and ends of the Buddhist model must certainly diverge.

Yet, despite the congruence between the Buddhist ethic and efforts in the non-Buddhist world, the objection is raised that a Buddhist ethic is not generalizable and could be applied only in Buddhist societies. Whereas Buddhism applies only to those who ascribe to its central tenets, neo-liberalism, it is argued, is universal. There is a fundamental misunderstanding in this prescription, though: while it is true that neo-liberalism is universal in its *claims*, it remains open to speculation whether or not it is, in fact, universal. After all, neo-liberal norms clearly have better traction in some social arenas than others and it is widely noted that there are "multiple modernities" necessitating different models in different social settings.⁶

⁵ Davidson (2002).

⁶ Again, as mentioned at the outset, the argument that the "East Asian miracle" was due, in large part, to a *Confucian* ethic is a prime example.

Further, Buddhism is no more or less universal in its claims that neo-liberalism; one is subject to the realities of dependent origination and karma whether one consciously ascribes to them or not. Whether or not it is effective in initiating changes in behavior is a different question. Ultimately, it may only be answerable on an individual level or, if one were to look at society at large, in hindsight. Just as Weber described a Protestant ethic that anonymously underscored the rise of Western capitalism, it can be imagined that the pillars of self-restraint and self-improvement in Buddhism could lead to an economic ethos that serves as a counterpoint, even if it is not directly associated with Buddhism.

In the end, the whole question of the possibility of Buddhist economics touches on critical issues in current studies of the intersection between religion and culture. As scholars examine the effects of modernity on religion and faith, the questions seem to focus on the manner in which people worship (or claim to) and on the ways in which religious institutions and prominent figures respond. Yet if we are to understand the extent to which religion has "real" effects in the world, attention must be drawn to the ways in which individuals incorporate religious values in everyday life—if at all. Because the economic sphere has come to dominate so many aspects of the world in which we live, the relationship between religion, culture, and economics has important implications far beyond the realm of academic inquiries in religious studies.

Looking ahead

There are, of course, many areas in which this paper falls short. Among the most glaring is the fact that little is said about the "agents" of religion—religious institutions

and religious elites—in the two countries taken as case studies. In part, this is due to the fact that both GNH and SE are officially sanctioned and virtually all of the available sources on the topic highlight efforts made by the respective governments. In order to understand the role of the “agents” in these cases, primary research focusing specifically on this aspect is required.

Furthermore, as stated at the outset, this paper provides an analysis of the effectiveness of neither GNH in Bhutan nor SE in Thailand. Both approaches should be carefully examined on the terms that they establish for themselves, but also through the lenses of competing frameworks. It will be especially interesting to follow happiness indices in the two countries and compare them to experiences elsewhere. In continuation of the idea of complementary approaches, it would be useful to develop an analytical tool, similar, perhaps to the Gini coefficient,⁷ that could somehow indicate a sustainable balance between happiness and productivity. This, however, would require a more definitive conception of “happiness,” a term used throughout the literature, this paper included, interchangeably with notions of “contentment” and “well-being.” While there are obvious overlaps, they are certainly distinct.

Finally, careful attention must be paid to the effects of the institutional promotion of the concepts of GNH and SE. This paper optimistically suggests that one outcome of the state support they enjoy may be an adjustment of the economic ethos in their respective countries toward a more harmonious and compassionate end. However, the possibility that they could generate unforeseen hostilities is very real. After all, there is a virtually intractable conflict between the Bhutanese government and the ethnic-Nepali

⁷ The Gini coefficient is a statistical measure of the inequality of the distribution of income.

refugees seeking the right of return that originated, at least in part, as a result of policies that fell under the banner of GNH. That similar problems could occur in the future is not out of the question. For the time being, however, it can only be hoped that the intentions of the leadership in both countries is *truly* benevolent and will, in line with Buddhist understandings of karma, bear the fruit of well-being.

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