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## Economic systems and the Buddhist world view: the 21st century nexus

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### Abstract

The possibility of a fruitful dialogue between Buddhism and economics has generally been repudiated in Western social science discourse. This situation is now changing in recognition of the key role of both social norms and beliefs, and economic matters, in current global political and military tensions, environmental problems, and efforts to change institutions and economies to bring higher levels of welfare. Even within mainstream economics, there are increasing efforts to incorporate socio-cultural influences into the assumptions and analysis of economic behaviour and activities. These developments provide a new basis for mutually beneficial exchange between studies of the economic dimensions of society, and the offerings of the Buddhist world view, logic and potential problem-solving approach. This paper describes some key features of “Buddhist economics” and builds upon Schumacher’s original ideas and other more recent work concerned with the close correspondence between economic (or “livelihood”) aspects of human life and the philosophy, world view, and practice of Buddhism. A systematic comparison of the relevant dimensions of Buddhism and neoclassical economics demonstrates that Buddhist philosophy has intrinsic economic implications and highlights the potential relevance and value of integrated socio-economic analyses for application in the contemporary global context.

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## 1. Introduction and background

At first, the notion of a “Buddhist” economics appears as a profound oxymoron. The selfish want-fulfilment and quest for personal material gain associated with economics seems to directly contradict the essence of the Buddhist world view. On greater reflection, this inconsistency is misleading as it is based on a misunderstanding of the nature of economics and the true subject matter and boundaries of this important social science. The central defining feature of economics is, in fact, the identification and understanding of the inevitable patterns of behavior in society that are related to “livelihood”, or the provision for physical and social needs and wants in the face of scarcity of appropriate resources. Daily livelihood activity in the “developed” world does appear to be preoccupied with the maximization of individual, or small family group, materialistic consumption. However, while this specific cultural instance may have broadened its global influence, it does not define the study of economics. Economics involves the analysis of *any* form and goal of livelihood behavior and is not represented by a particular set of social aspirations and relations characterizing an economic system in a given historical and geographical context.<sup>1</sup>

The nexus between economics and religion has been discussed since the genesis of modern economics as a separate discipline in the late 18th Century. In his seminal text, the *Wealth of Nations*, the “father” of economics, Adam Smith set the scene for much contemporary work on the economics of religion by seeking to explain religious behavior and institutions in terms of the same motives of rational self-interested individuals that are applied to any other form of private exchange (see Andersen, 1988). Although alternative emphases in religion-economic studies have developed following Max Weber’s work in the early 20th Century, microeconomic analyses explaining religious social phenomena in terms of standard economic motives dominate amongst the spate of studies that have emerged since the 1970s, and especially since the mid-1980s, to form the active shell of the new sub-field commonly labelled as the “economics of religion”. Inspired by the seminal article of Azzi and Ehrenberg (1975), explanations within this sub-field have been largely based upon rational self-interested individuals applying monetary cost-benefit logic to their choices in spiritual “production” and “consumption”. Traditional analyses of consumers, firms and institutions are applied to religious organizations and behavior so that religious phenomena are seen as products of *Homo economicus*.<sup>2</sup>

The microeconomics of religion approach can be considered part of a more general economic “imperialism” (or more critically, as economism, or economic determinism or reductionism) seeking to explain a wider range of aspects of socio-economic reality that are not traditionally considered as economic — including key relations associated with family, love, caring and seemingly altruistic motives (for example, see Becker, 1980).

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<sup>1</sup> Under the traditional neo-classical or mainstream economic approach, the sole behavioral directive of livelihood is assumed to be the maximization of individual utility via gratification from personal consumption (measured as monetary exchange value).

<sup>2</sup> See Cameron (2002) and Iannaccone (1998) for reviews of the numerous studies that extend the conventional microeconomic analytic approach to religious life.

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