
FROM WEALTH TO WELL-BEING AND FINALLY NIBBANA: A BRIDGE FROM TRADITIONAL TO BUDDHIST ECONOMICS

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ABSTRACT

The idea of economic growth measured by GDP has long been the development objective of almost all nations. This idea of growth has resulted in the rapid depletion of natural resources and the deterioration of the environment. An alternative paradigm of Sustainable Development was formally proposed by the United Nations in 1987. Unfortunately, sustainable development within the framework of systems analysis, serves only as the output without a clear process and the subsequent outcome. The concept of GNH proposed by former King of Bhutan in the 1970's and made known to the world also in 1987, could be used to serve as the outcome of sustainable development. Also, among the four pillars of GNH, "good governance" in the broadest sense served as the process leading to sustainable development and its outcome, GNH. This concept serves as the bridge linking the Western concept of sustainability to the Eastern concept of "happiness" which is similar to that of "good life" or "moral life" of Aristotle during the Greek time. This concept of GNH has become increasingly popular globally within a short period of time. King Bhumibol Adulyadej of

Thailand advanced his concept of “Sufficiency Economy” in 1974. This concept complements that of the GNH as it completes the systems analysis approach to sustainable development. The concept consists of inputs, process output, outcome and impact, also within a Buddhist tradition of *sukha* that does not imply the word “happiness” in English. However, according to the Buddhist tradition, the ultimate *sukha* is the state of mind when it is completely liberated or free from all defilements. This is actually the ultimate goal of Buddhist economics, which is not widely known or clearly understood in the West. Therefore, sustainable development, GNH and Sufficiency Economy serve as the bridge for Westerners and those who claim to be Buddhists but do not clearly understand the essence of the teaching of Buddha, to gain deeper understanding of Buddhist economics that will lead the world to eternal peace.

Introduction

The birth of economics can be traced back to the Greek writer Hesiod about 800 years B.C. He suggested that an economic utopia for a human being would be like living in heaven. Everything that one desires would be available without any limit. Unfortunately, the real world is not like this. Its main feature is scarcity. Scarcity can be managed when labor and raw materials are used in the production process in the most efficient way. Work is the most important thing for a human being. For human life, unlike an angel, work is necessary to satisfy needs. Competition can also help manage the problem of scarcity (Rothbard, 1995).

The ancient economic thought during the time of Aristotle (384-322 B.C.) did not advocate a life of unlimited desire, but the “flourishing” of life which has more than the necessities for survival. Yet, it is the idea of the “good life” that counts. Aristotle explained further that the “good life” is the moral life of virtue through which human beings attain “happiness”. Therefore, the relevant economic aim in this regard is to produce enough materials to meet the basic needs as well as to attain “happiness” or “good life”. Wealth is good for people because of its use-value for people.

However, there is other kind of value which is exchange-value. This value is determined in the market and originated from market demand driven by desirability. Aristotle did not advocate this value because it is neither necessary nor good for life. According to Aristotle the highest good was *eudemonia*, happiness, or “human flourishing” (Summer & Tribe, 2008).

Ever since the development of money in Europe three centuries before Aristotle, money was widely used already as a medium of exchange. The concept of exchange-value of goods and services gained much wider acceptance than their use-value, as increasingly more trading through markets. At the same time, the concept of happiness itself had shifted gradually from that of Aristotelian eudemonic tradition of living a good and virtuous life through self-actualization, to the hedonic tradition of the *good in life* in the form of enjoyment, excitement, pleasure and prosperity. This is similar to the modern concept of “happiness”. This tradition started with Thomas Hobbes (1588-1679). Hobbes explained good and bad in terms of pleasure and pain. A thing was good because it resulted in our own pleasure, and a bad thing was the one that brought pain. Therefore, to live a gainful life was to seek as much pleasure as possible (Burns 1958). It was no longer a “good life” that counted but rather what was good in life. Jeremy Bentham (1784-1832), a utilitarian philosopher, translated Hobbes’ pleasure into utility. From then on, the concept of “utility” has become the supreme goal in economic life. However, Bentham always advocated greater social utility, currently known as social welfare, rather than individual utility. His follower, John Stuart Mill (1806-1873) contended that the great social enjoyment could only be achieved when individuals were allowed to seek their enjoyment freely. Government intervention into individual rights would only result in pain, hence reducing social enjoyment (Randall, 1976). It should be observed that to Mill, the word utility also means enjoyment which is close to the new meaning of the word “happiness” (Puntasen, 2007).

Such a concept of “happiness” was developed in parallel to the concept of progress that implied “scientific progress” that eventually was used to represent and replace the concept of “God” itself. This idea can

be traced back to St. Thomas Aquinas (1225-1274) who emphasized not faith but rationality. Whitehead believed that this theology has led to the development of the sciences in ways never anticipated by St. Thomas Aquinas (Whitehead, 1967). The concept was demonstrated by Isaac Newton (1642-1727) in the form of the Law of Gravity that controls the movement of all stars in the universe, especially for the solar system. This idea further led to the beginning of Enlightenment in the 18th century (Berlin, 1968). As scientific progress continued during the Industrial Revolution in the 18th century, it led to changes in living. Scientific progress was equated to technological progress, and technological progress also implied more material wealth. Material wealth was further interpreted as the source of hedonic tradition of happiness. Towards, the end of the 18th century after the publication of “*An Inquiry into the Wealth of Nations*” by Adam Smith in 1776, material wealth was considered to be the only thing that a human being must seek. Since then, under the various forms of capitalism, wealth has become synonymous with happiness. This new understanding marks the end of eudemonic tradition of happiness put forward by Aristotle.

The Search for Wealth

The search for wealth actually began a long time before the “*Wealth of Nations*” of Adam Smith in 1776. The scramble for colonies by the Europeans (especially Spain and Portugal) that fully emerged between the 16th and 18th century under the guiding principle of mercantilism, brought with it the era of gun boat technology. The source of wealth was gold and silver. This could be accumulated through trade by buying cheap and selling dear. Colonies served as the sources for cheap raw materials as well as the markets for their finished products. If necessary, silver and gold could be obtained through direct plundering from the weaker nations and indigenous people. Gold and silver would bring about prosperity and progress to the colonizers.

Adam Smith (1723-1790) did not condemn the accumulation of wealth but pointed out that trade monopoly was not the source of wealth.

Wealth came from real production, and the only way to increase production in the most efficient way was through specialization and division of labor. Specialization and division of labor were made possible through perfect competition where many buyers and sellers were available in the markets such that none of them could dictate the market price. The price mechanism was the one that kept the economy moving, and more production implied a genuine progress for humankind. As production was only means to the end of consumption, and the purpose of consumption was to generate utility, and as Jeremy Bentham (1784-1832) advocated greater social utility, production as the source of national wealth of Adam Smith faced no challenge. From then on wealth and progress became synonymous. The goal of economic process was to produce as much wealth as possible in order to produce the highest social utility possible.

There had been various attempts at measuring the national wealth as the indicator for national economic success. The person who was finally successful in doing so was Simon Kuznets (1901-1985), a Russian American economist. He won the 1971 Nobel Memorial Prize “for his empirically founded interpretation of economic growth which has led to new and deepened insights into the economic and social structure and the process of development” Although Kuznets is not the first one who tried to measure gross national product to represent national wealth, he was the first one who did this systematically and calculated the U.S. GNP dated back to 1869. He broke the GNP down by industry, by final product, and checked it with the expenditure side. However, he warned that his measure of national income should not be used to imply the welfare of the nation as many kinds of production could result in undesirable situations such as crime, air pollution and poor health care. (http://wikipedia.org/wiki,Simon_Kuznets 8/1/2010).

In spite of his warning, however, almost everyone took economic growth as a desirable thing and continue to use economic growth as a basis to measure welfare improvement. For most countries, economic development is considered to be good when it grows as fast as possible. In most cases, rapid growth means over-utilizing resources and promoting

unnecessary production. Apart from growth, this has been accompanied by rapid depletion of natural resources and deterioration of the environment that are not conducive for human lives. The first sound of warning came as early in 1962 in the book of Rachel Carson (1962), “*Silent Spring*”.

Before too long Robert Kennedy as a candidate for the post of President of the United States of America offered the following campaign speech at the University of Kansas on March 18, 1968 before his being assassinated in California in June 1968.

“Too much and for too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things. Our Gross National Product, now, is over \$800 billion dollars a year, but that Gross National Product – if we judge the United States of America by that – that Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. It counts Whitman’s rifle and Speck’s knife, and the television programs which glorify violence in order to sell toys to our children. Yet the Gross National Product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry, of the strength of our marriages, the intelligence of our public debate, of the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans ([http://en.wikipedia.org/wiki/Robert F. Kennedy](http://en.wikipedia.org/wiki/Robert_F._Kennedy) 8/1/2010.)

The warnings continued. In 1972, mainstream economics suffered another jolt from a new report, “*The Limit to Growth: A Report for the Club of Rome’s Project on the Predicament of Mankind*” by Meadows et al (1972). This time the shock was more real because it was followed by the first oil price spike in 1973/74 driven by the Organization of Petroleum Exporting Countries (OPEC). The result was known among all the so-called developed nations or Organization for Economic Cooperation and Development: OECD members as “stagflation”. It was stagnation with inflation, a condition that had never existed before and was not predictable from the known economic theories. At the same time, another little book that became famous, “*Small is Beautiful*” by Schumacher (1973). Although being a British Catholic, Buddhist economics was introduced in this book in Chapter IV. He reminded us that Buddhist economics could serve as example for those who regard human beings more highly than money. Buddhist economics must be based on sustainability not unlimited growth (Sulak Sivaraksa, 2009 pp.30-31).

In spite of the continuous warnings that GDP cannot reflect well-being and human dignity and the emergence of the new concept of sustainable development in 1987 by the United Nations in the form of Brundtland Report, the use of GDP as the indicator to measure national economic performance to represent the improvement of national welfare still continues. Many of those whose attempts to look for alternative indicators that can reflect national wellbeing will traditionally start from criticizing GDP. Ronald Coleman (2008) in his attempt to develop the new index called genuine progress index (GPI), began his work by saying that.

*“We are **not** seeking either to replace or modify GDP. Rather we seek to replace the widespread misuse of GDP as a measure of progress, wellbeing, and prosperity—a purpose for which it was not intended or designed. GDP will always be needed to assess the size of the market economy. But, confined to that role and put in its proper place, so to speak, it becomes far less important – and certainly not needed nearly as frequently as currently produced. Even logically,*

a quantitative measure of economic size cannot possibly assess quality of life. We know well what's wrong with GDP-based measures – no need to dwell further on that.”

According to Coleman, GDP is precise only for measuring the size of the market economy and should be left for that function only. The problem in calculating GDP is that it only calculates the value of product based on all the market costs of all factors of production involved. It does not take into consideration all the externalities that have actually become part of the cost of production. Neither does it consider any undesirable or harmful effect from consumption of such product. Such failure to include all other related costs in the production process and all “clean up” costs after the consumption process are the causes of the complaint of why GDP cannot be used to measure national welfare or wellbeing. These have become the reasons why the new index such as genuine progress index must be attempted.

After the so called, “hamburger crisis” caused by inflating the sub-prime assets also known as the sub-prime crisis that originated in the United States in 2008 and started to spread globally especially in Europe, the French President Nicolas Sarkozy who was not satisfied with GDP and its growth as indicators for economic success appointed two Nobel Laureates Prize winners, Joseph Stiglitz and Amartya Sen to be members of the Commission on the Measurement of Economic Performance and Social Progress in February 2009. The two produced the final report in early 2010. Like Coleman, Stiglitz began by explaining why GDP was not a good measurement of wellbeing.

“There’s no single number that can capture anything as complex as our society. So what we argue for is the need for an array of carefully-chosen numbers, with a better understanding of the role of each of those numbers”

“GDP could be misleading as a quality of life index. An increase in fuel consumption would boost growth figures

even if it only reflected more unproductive traffic jams and pollution”

“The run up to last year’s credit crunch (was due in part to), many world policy makers had sought to follow the American growth model because it had produced impressive GDP increases for the United States”

Stiglitz in his report suggested the alternative,

If countries had focused instead on plans to increase the median income of households, they might have protected themselves better from the crisis and improved the general well-being of their population, the new systems (should) take into account environmental health, safety and education -what Bhutan already calls it Gross National Happiness.

Countries should publish an annual report much like a corporation does, and the figure given should include measures of household buying power and of inequality between genders, age groups and social classes. The data should be recorded in such a way as to enable policy makers to evaluate the population’s level of “well-being and make plans to increase it.” (<http://www.france24.com/en/20090914-france-advocates-new-ways-measure-growth-ba-9/1/2553>).

In spite of this criticism, the use of GDP to measure welfare and wellbeing still continues. Its own attraction is that it is a single indicator that has been widely used for comparison within and among countries over a long period. Many are still hooked on it as long as they are not convinced by the equally handy alternative. Another possible reason is also that most people consider wealth as the means to achieve happiness.

Sustainability as a Middle Path Philosophy

Towards the end of 20th century, it became obvious that pursuing material wealth had its own physical limits. The most obvious limits are

environmental and ecological. Also the belief that economic growth can eradicate poverty had become increasingly questionable as the problem of modern poverty is not the absolute one, but more of a relative poverty caused by an increasing income gap. It becomes obvious that material growth alone cannot contribute to reducing, not to mention eradicating this income gap. Clearly material growth can never serve as a tool to reduce the problem of poverty. On the other hand, social problems seem to be on the increasing trend globally, in spite of continuing material growth. Both environmental and social problems have been increasing at such rapid rates to the point that they represent threats to the material growth itself. As such, the call for sustainable development has become much more urgent. However, those who advocate for sustainability must start from the point of human needs and not human greed, or as Gandhi once said “*the world has enough for everyone’s need but not everyone’s greed*” In this case, “human need” is the starting point in speaking about sustainability.

Those who advocate sustainability also follow this tradition. In 1987, the United Nations released the Brundtland Report, which defines sustainable development as “*development which meets the need of the present generation without compromising the ability of future generations to meet their own needs.*”

It has now been recognized that without environmental sustainability, and sociopolitical sustainability, the economy alone cannot be sustainable. The well accepted definition for sustainable development nowadays is the creation of environment, social and economic balance. However, among various international forums, a fourth pillar for sustainability, namely that of culture has been added. The Universal Declaration on Cultural Diversity (UNESCO, 2001) further elaborates the concept by stating that cultural diversity is necessary for human kind as biodiversity is for nature; it becomes one of the roots of development understood not simply in terms of economic growth, but also as a means to achieve a more satisfactory intellectual, emotional, moral and spiritual existence.

The key to the success of sustainable development is the balance among these four pillars, environment, society, economy and culture. As the word balance is used, it resonates with the word ‘moderate’ and ‘middle path’ of the *Buddha Dhamma*, otherwise known as the teaching of Buddha where the middle path or the middle way plays a core role in all aspects of a human life. The *middle way* or *majjhima patipada* in *Buddha Dhamma* is not the middle position between the two extremes as it is commonly understood. In his own words, the Buddha explained the following to his followers (Puntasen, 2008).

*Dear monks, these two extremes are the ones that those who seek purification must avoid. One is indulgence in **kamasukha** or **sukkha** from acquisition and sensual pleasure. This is the common and low level of **sukha**. It is for common people and not for **ariya** or a noble one. It does not result in any useful thing.”*

*The other is to live in hardship or live a very difficult life, or to live in **dukkha** (or pain). It is not the way for a noble one either. It does not result in any useful thing.*

***Tathagata** or the Accomplished One has already achieved enlightenment. It is the middle way that does not involve the two extremes. It is the way to create the “eye” to see, to create **pañña** to know. It is the way for peace, for ultimate knowledge, for enlightenment and for **nibbana**.*

*What is the middle way? It is the way for a noble one consisting of the whole eight parts. They are **sammaditthi** or right understanding, **sammasankappa** or right mental attitude, **samavaca** or right speech, **sammakammata** or right conduct, **sammaajiva** or right livelihood or right means of living, **samavayama** or right effort, **sammasati** or mindfulness, and **sammasamadhi** or right concentration.*

So this middle way is the way that does not involve the two extremes and is not the middle between the two extremes.

The two extremes are:

1. *Kamasukkhallikanuyoga*, the extreme of sensual indulgence or extreme hedonism.
2. *Attakilamathanuyoga*, the extreme of self-mortification or extreme asceticism.

Like sustainable development, the middle way or middle path serves only as a tool but it has a definite goal. That is the eradication of *dukkha* or pain which leads to the attainment of the conditions of emancipation or freedom from all defilements of the mind or being free from pain. Thus the conditions required for the mind to reach the stage of *nibbana* is the complete eradication of *dukkha*. Unfortunately, the concept of sustainable development as introduced in the West is restricted to the output of the development process, without any final goal or outcome. Most of the time sustainable development has been considered as a goal in itself, with the implicit goal for human race to survive “happily.” But as it is restricted merely to a goal in itself, it does not necessarily imply the relationship between sustainability and happiness.

Unlike sustainable development as conceptualized in the West, the middle path explains further that *dukkha* or pain is mainly caused by *avijja* or ignorance of things, or to be more specifically, ignorance about what is *dukkha* itself, ignorance about the causes of *dukkha*, ignorance about the cessation of *dukkha*, and ignorance about the *magga* or the way to end *dukkha*. The tool to combat *avijja* or ignorance is *vijja* or better known as *pañña*, the ability to understand everything in its own nature. *Pañña* can only be acquired through the continuous training of the mind known as *sikkattya* or the threefold training, *adhisilasikkha* (training in high morality), *adhicittasikkha* (training in higher mentality or mental discipline) and *adhipaññasikkha* (training higher level of *pañña*). This threefold training serves also as *magga* or the path to end *dukkha*. Thus, the middle path in Buddhist Economics contains also a relationship between the mind, happiness, and material production.

The middle path was taught by Buddha because without the middle path, *pañña* cannot be generated. Both extremes of sensual indulgence or extreme hedonism and extreme of self mortification or extreme asceticism only result in ignorance, especially with extreme hedonism, while extreme asceticism will result in perpetual pain which prevents *pañña*. This is why the middle path or moderation has become a necessary condition for the generation of *pañña* which is considered to be the most important tool to end *dukkha* caused by ignorance.

It can be clearly seen that sustainable development conceptualized as balanced development among the four pillars, namely, environment, society, economy and culture for sustainable living of a human being can be considered to be heading in the same general direction as the middle path philosophy. It can be concluded at this point that the concept of sustainable development that moves away from the extreme concept of material growth orientation is moving towards the middle path philosophy available in *Buddha Dhamma*, or the teaching of Buddha.

Unfortunately, in the world where most decision makers all over the world believe that scientists' measurement is the only way to evaluate the application of any policy, there are problems in finding such measurements for sustainable development. So far, there has been no widely accepted indicators to measure the level or even the direction of sustainable development. Various attempts have been made in this direction. Among the most recent one is by Jon Hall (2009) the Director of the Global Project on Measuring the Progress of Societies, supported by OECD who also planned the World Forum on "Charting Progress, Building Visions, Improving Life" in Busan, Korea during 27-30 October, 2009. What is explained below was his view given to the audience in Thailand in July 2009 at Sasin International Business College, Chulalongkorn University. Instead of defining progress, he questioned what should be defined as progress. One suggestion among many others was the balance development of the three components, namely, economy, environment and society which is the same as sustainable development. In the end he suggested that the measure should include the interdependence between the two systems,

namely, the human system and ecosystem or the condition of ecosystem. The set of measurements for ecosystem condition should include, health that includes the quality of air, land, fresh water, oceans, and biodiversity. For human system, it should include culture, economy and governance. The cultural aspect should comprise the creative, expressive, and symbolic aspects of way of life, including art, crafts, food, games, gardens, literatures, language, music and religions. The economy and government should include the stocks and flows of an economy (income and wealth), democratic participation, access to services, order and safety, political rights, responsiveness, and transparency. The human system must eventually lead to human wellbeing. Such measurements should include health, knowledge and understanding freedom and subjective well-being, individual and social / relational wellbeing, while the economy, governance and culture must support the said wellbeing.

It should be observed also that the category of *subjective wellbeing* has been used for such scientific measurements. However, Jon Hall also admitted that it is difficult to measure and also very difficult to find policy relevance for measures (at least for generalized measurement of life satisfaction). Nevertheless, he indicated the evidence of a strong relationship between subjective wellbeing (happiness) and good physical health. In the end he also admitted that progress or in this case, it may be termed as sustainability, was only useful as a process. In the end he also questioned one direction of such progress. The above discussion actually tries to demonstrate how difficult it could be in order to put the good idea of sustainable development into actual practice.

The Resurgence of the Eudemonic Tradition of Happiness

In the small and remote Himalayan Kingdom of Bhutan, however, things have been developing along different lines. It is very difficult to imagine that such a small Kingdom with the population of less than one million can ever successfully compete in producing material growth compared with most material growth oriented nations. Almost at the same time as the book of Meadows in 1972 on "*Limit to Growth*" was

published, in the Buddhist Kingdom of Bhutan, Jigme Singe Wangchuck ascended the throne at the age of 16 as the King of Bhutan. He cautiously led his country to development following a new concept currently known as “Gross National Happiness”. In response to the accusation in the 1987 by a journalist from UK’s *Financial Times* that the pace of (material) development in Bhutan was slow, the King said, “*Gross National Happiness is more important than Gross National Product*” (Greenwald, 2004). It should be noted here also that 1987 coincided with the year that the United Nations released the Brundtland Report on sustainable development. Such activity may have helped increase the confidence of the King in formulating his approach. It should be observed also that the King stood firmly on the issues that Jon Hall mentioned but did follow through because of the problems of measurement of subjective well-being or what Aristotle called “good life”. In this case, the King also went further in answering Jon Hall’s question of progress towards what. For him, it was progress towards happiness. Since then, the study of happiness has received much greater attention from economists. Even Nobel Laureate Daniel Kahneman questioned the link between the level of income and happiness (Kahneman, 2000). Richard Layard (2003) the well known British economist took this further in writing his book on “Economics of Happiness”. In his work, Layard concluded, “happiness depends on your inner life as much as on your outer circumstance”. Like Schumacher, Layard looked at Buddhism for an inspiration for an alternative path, and from this used the insights that people are adaptable; that they need to cultivate trust, compassion, and positive thinking to overcome envy; and the society needs to concentrate more on “education of the spirit” (UNDP 2007). No doubt that the work of both Stiglitz and Sen discussed earlier was also inspired by the GNH arguments as well. The most difficult part of this concept is still the question of how to measure it after the agreement on the term, since this is largely a subjective concept with highly complex characteristics.

However, after he introduced the concept, the now former King of Bhutan also provided the guidelines to achieve that in the name of the

four pillars. Being a dominant Buddhist country, it follows the conviction that it is bound by nature to search for happiness, and that is the single most desire for every citizen (Thinley, 2007). The four pillars are, sustainable and equitable socio-economic development, conservation of the environment, prevention and promotion of culture, and good governance. Furthermore, GNH is also a balanced approach to development. From the carefully identified four key pillars, the insensible pursuit of economic growth can be balanced out with the goal of preserving environment and culture (Thinley, 2004). So he attempted to come up with a set of indicators that could measure progress on all the four pillars that Jon Hall tried to develop, and in addition he also tried the addition of measuring subjective well-being which he already acknowledged that it would be difficult to do so.

Finally, the GNH Index has actually been developed. While the four pillars serve more as the process, the goal of GNH is gross happiness at the national level. The engineer of this index is Karma Ura (2008) of the Centre for Bhutan Studies. The index was released on the coronation date of November 7, 2008 of the 5th King of Bhutan, His Majesty Jigme Khesar Namgyel Wangchuck, the son of the previous King, popularly known as King Khesar. It is the measure for collective happiness of the people of Bhutan. It goes beyond individual self-interest which is considered egocentric and unethical. It is a perception of happiness that blossoms through enhanced relationship, arising unbidden when the relationships improve. So the whole development is about progress in relationship, not of individuals.

GNH is a single number index and its component indicators provide Bhutan with three different levels and types of indicators:

- GNH status indicators. Hundreds of such indicators are calculated from the primary data
- GNH demographic indicators. They show distribution of GNH dimensions across different social, economic and demographic groups.

- GNH causal and correlation indicators.

The GNH indicators have been designed to include nine core dimensions that are regarded as components of happiness and well-being in Bhutan. They are selected on normative grounds and equally weighted as equal intrinsic important as a component of gross national happiness. Within each dimension several indicators that seem to remain informative across time, with high response rates and relatively uncorrelated are selected. The nine dimensions of GNH and their related set of indicators are shown below:

1. Psychological well-being

- General psychological distress indicators,
- Emotional balance indicators, and
- Spiritual indicators

2. Time use

An important function of trading time use is to acknowledge the value of non-work time for happiness. The time available for non-work activities such as sleeping, personal care, community participation, education and learning, religious activities, social and cultural activities, sports and leisure and travel. These diverse activities can add in rich life and contribute to levels of happiness.

3. Community vitality

- Family vitality indicator
- Safety indicator
- Reciprocity indicator
- Trust indicator
- Social support indicator
- Socialization indicator and
- Kinship density indicator

4. Cultural diversity and resilience

- Dialect use indicator
- Traditional sport indicator
- Community festival indicator
- Artisan skill indicator
- Value transmission indicator, and
- Basic precept indicator.

5. Health

- Health status indicator
- Health knowledge indicator, and
- Barriers to health indicator.

6. Education

- Education attainment indicator
- Dzongkha language indicator, and
- Folk and historical literacy indicator

7. Ecological diversity and resilience

- Ecological degradation indicator,
- Ecological knowledge indicator, and
- Afforestation indicator

8. Living Standard

- Income indicator
- Housing indicator
- Food security indicator and
- Hardship indicator

9. Good governance

- Government performance indicator
- Freedom indicator, and
- Institutional trust indicator.

In calculating GNH, a “sufficiency” cutoff point is applied to all indicators. The one that is at the sufficiency cutoff point and above is considered to be well-being. The further away from the sufficiency point indicates the increasing degree of unhappiness. The distance from the sufficiency point is what is used for measurement. Finally, GNH can be calculated from the following relationship

$$\text{GNH} = 1 - \text{Average square distance from the sufficiency cutoff point}$$

It currently appears that GNH is not merely a policy framework of the Bhutanese government but it also has explicit indicators to measure it that will result in the government policy to improve it from the existing situation. It is premature to argue against the validity of all these indicators, as they are still in the process of development, and can be improved more in the future.

However, the Bhutan government is not content just with such an incremental approach. It continues to look for the way to instill the values of GNH in the long term in the people of Bhutan themselves. Changing the mindset of the people of Bhutan in the direction of GNH is deemed to be essential. After all, happiness is a subjective value that people can gradually orient towards. In 2009, the Centre for Bhutan Studies was asked by the government to find the way to develop GNH value education in schools (Karma Ura, 2009). The work in this direction has been continuing.

From what we have discussed in this section, it is without any doubt that, like sustainable development, GNH has been developed along the same middle path philosophy in *Buddha Dhamma*. It already moves one step beyond sustainable development in that it has a much clearer

vision of the goal that it wants to achieve. Namely, GNH is not meant for individuals alone, but for the collective members within the society. It is also ready to face the challenge in trying to measure the subjective happiness which is considered to be the most difficult one raised by Jon Hall. Moreover, the country also looks for a transformation into GNH value in the longer run through proper forms of education. All these activities indicate a clear commitment to the eudemonic tradition of happiness of what Aristotle simply called “good life”.

Sufficiency is Both Necessary and Sufficient Conditions for Happiness

Unlike Bhutan where the main emphasis is on GNH, in the Kingdom of Thailand placed emphasis on identifying the process for sustainable development and eventually happiness from the idea of *usefulness for all* (similar to that of GNH). In trying to measure GNH, the Centre for Bhutan Studies tried to locate the area of unhappiness and using the concept of sufficiency as a cutoff point, given the implication that any point higher than the cutoff point is already in the realm of happiness. The point or a band of sufficiency is the one that separates the region of unhappiness from the happy one. Therefore, the concept of “sufficiency” is used as a demarcation between happiness and unhappiness in Bhutan and is used as a process to achieve happiness in Thailand. The commonality of this concept reflects the fact that both GNH of Bhutan and Sufficiency Economy of Thailand are drawn from the middle path philosophy from *Buddha Dhamma*, and the concept of sufficiency is common for both countries.

King Bhumibol Adulyadej, was born as a prince in the United States in 1927 and received the most part of his formal education from Switzerland. He ascended the throne in 1947 at the age of 19. After his marriage, the young royal couple traveled extensively overseas mostly among developed countries to learn about the development and the state of technological progress in those countries. After that, they both toured all undeveloped regions in Thailand and saw the suffering of most rural Thai people with their own eyes. In 1961 when the Thai government adopted the first economic development plan suggested by experts from

the United States together with those from the World Bank, the King offered no comment but probably had his own reservations, as the focus of the plan was to stimulate material growth. After gaining additional confidence based on his own empirical evidence, in 1974, one year after the launching of Schumacher's "*Small is Beautiful*", the King already had the following to say:

*National development must be carried out step by step, starting with laying the foundation to ensure that the majority of the people have **enough** to live on and to live for as a basic step using economical yet theoretically sound methods and equipments. When the basics are securely established, higher levels of economic growth and development should be promoted.* (The National Research Council Committee on Economic Branch, Office of the National Research Council of Thailand, 2004)

This comment shows that, the King personally advocates the development approach based on an initial stable economic base, rather than emphasizing growth itself. The word "enough" in bold letters above is the key word to understand the use of the term "sufficiency". Unfortunately, the King's comment in 1974 did not reach the ears of most policy makers in Thailand. They all continued with the business as usual scenario in pursuing growth only, as they have been coached by foreign experts and most Thai economists trained abroad. As the course of development did not change in the way that His Majesty wished to see it happened, he continued to work in his royal-initiated projects with the goal of promoting sufficiency for all Thais.

Even when the Thai economy began to grow in 1987, the King was not much impressed. Even at peak of the long period of growth in 1994, the King surprised many by announcing a scheme that seemed to contradict Thailand's formula for miraculous growth. He unveiled a model of the self-reliant family farm on which he had begun his experiments a few years earlier (UNDP, 2007). After 1994, in spite of the well performing

economy judged by the measurement of GDP, the King already saw the economic danger. During the eve of his birthday, he warned the Thai people to live their lives according to the principle of sufficiency and not to be greedy. But it was only in the economic collapse of 1997 that his advice on Sufficiency Economy was heard loud and clear. Yet again, this scenario repeated itself in 2008 when the “hamburger crisis” started in the United States, spread rapidly all over Europe and eventually hit Thailand. This fact indicates that, unlike Bhutan, the Thai government policy had greatly deviated from the advice of the King. The difference was that although, the King has been highly respected by most Thai people, he has to operate under the constitution from the outset, and that the Thai government followed a policy of economic growth rather than the King’s advice. This fact explains why Sufficiency Economy did not make a rapid progress in the Thai soil as much as GNH for Bhutan.

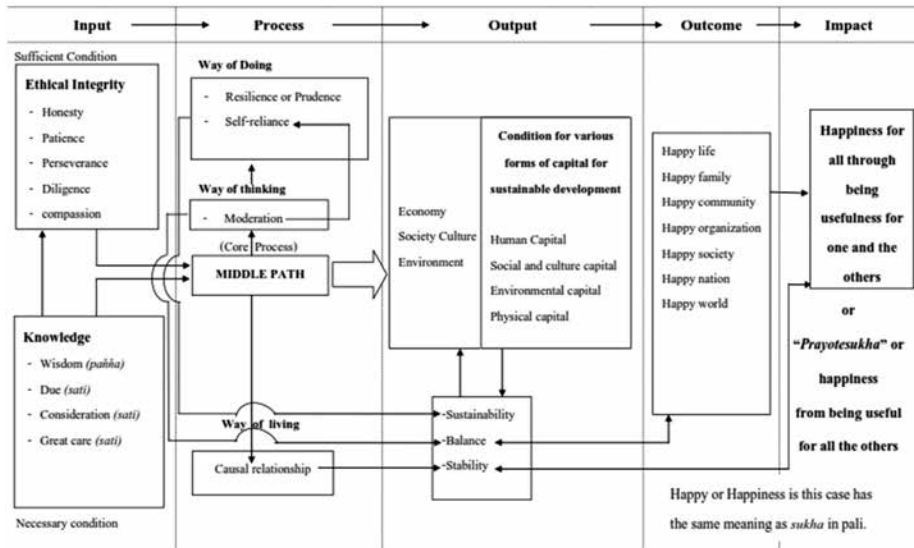
Having mentioned the key factors explaining the slow progress of Sufficiency Economy in Thailand, it is still very much worth while to discuss Sufficiency Economy as the alternative development paradigm in Thailand and the rest of the world. Sufficiency Economy is officially defined as follows:

*“**Sufficiency Economy**” is a philosophy that stresses the **middle path** as an overriding principle for appropriate conduct by the populace at all levels. This applies to conduct starting from the level of the families, communities, as well as the level of national development and administration so as to accommodate change in line with globalization. “**Sufficiency**” means **moderation, reasonableness**, and the need of **self-immunity** for sufficient protection from impact arising from internal and external shocks. To achieve this, an application of **knowledge** with **due consideration** and **prudence** is essential. In particular, **great care** is needed in the utilization of theories and methodologies for planning and implementation in every step. At the same time, it is essential to strengthen the **ethical integrity** of the nation, so everyone, particularly public officials, academics,*

businessmen at all levels, adheres first and foremost to the principles of **honesty** and **integrity**. In addition, a way of life based on **patience**, **perseverance**, **diligence**, **wisdom** and **prudence** is indispensable to create **balance** and be able to cope appropriately with critical challenges arising from extensive and rapid **socioeconomic**, **environmental** and **cultural** changes in the world.

The keywords in bold characters are explained in term of systems analysis in the diagram below.

Diagram 1: Systems Analysis of Sufficiency Economy



From the above diagram, inputs of this Sufficiency Economy process can be divided into two conditions, namely knowledge and ethical integrity. Knowledge serves as the necessary condition and consists of wisdom or *pañña* and due consideration that can be interpreted as *sati* or mindfulness and great care that also implies *sati*. This necessary condition of knowledge can be interpreted as the situation where *pañña* must work under the control of mindfulness or *sati* all the time. This condition will ensure that any knowledge or a clear understanding of anything must

work under the control of mindfulness all the time in order to achieve the best possible result. Under such condition, all knowledge or clear understanding must work for positive results. This is a necessary condition for having ethical integrity which will become a sufficient condition for the process of Sufficiency Economy. It is necessary because without *pañña* being controlled by *sati*, ethical integrity will make no sense for people who are greedy and want to accumulate wealth by all means. Having *pañña* controlled by *sati*, such immoral or unethical behavior can never be justified. On the other hand, ethical integrity can be classified further into honesty and integrity, patience, perseverance, diligence and compassion. These are the five qualities for a person who tries very hard to do good things not only for the benefit of that person but also for the others with compassion in an ethical and honest way.

This condition of ethical integrity is sufficient for continuing the process that can be called the middle path; the path that does not involve the two extremes that work against the development of *pañña*. It can be clearly seen at this point that Sufficiency Economy does belong to the middle path philosophy explained in *Buddha Dhamma*. Within this middle path, it can be further classified into three related sub-processes starting from the most practical and easy one, the “way of doing” or being resilient or prudent. The “way of thinking” or the understanding of the concept of sufficiency or moderation and the regular practicing of the concept until it will become “the way of living”, which is the component known as the causal relationship. In other words, these three components are formed into one process known as the middle path.

Resilience, prudence or “way of doing” is the first step in the direction of Sufficiency Economy. This is so because there can be various motivations for being resilient. The main purpose for that is to be able to endure any unforeseeable event happening without any warning and to be flourish in the long run. The result from such endurance is a long-term benefit through avoiding short term risk by not considering any short term gain. It may be called a risk aversion attitude or behavior. It is purely for self protection not for any other reasons. There are also various

methods for doing so. However, once one begins with the sub-process of resilience or prudence, it can be rightly considered that such person has already moved in the direction of Sufficiency Economy. Hence, the practice of resilience or prudence alone for whatever motivation, should be considered as “partial practice” of Sufficiency Economy.

The real understanding of Sufficiency Economy comes from the clear knowledge that actually sufficiency means moderation, a natural law for optimal living with regard to life itself, for all living things. Anything that is either too little or too much is not good for the life, the point of optimality must be the one that lies between the two points. For example, having too little food is not good and too much food is not good either. The moderate amount of food is good for the body and the life involved. We can extend this to other examples: too little rest and too much rest, too little exercise and too much exercise, too little clothing and too much clothing. This extends to too little wealth and too much wealth. The most difficult part of this concept is that most of the time people do not know that their minds have been controlled by greed and/or ignorance. They try to accumulate more than what is optimal for their lives due to greed or insecurity. This way, they tend to accumulate more than what is optimal for their own lives. This unnecessary accumulation has become part of the global crises nowadays. It needs *pañña* being controlled by *sati* to know at what point or what level of having the thing in question is optimal for one’s life. If sufficiency or moderation is understood this way, it can be considered as a “way of thinking”. It can be also considered that such practice of Sufficiency Economy is at the level of “comprehension”. With this understanding, the practice of resilience or prudence will be done through a clear understanding the concept of Sufficiency Economy. A person should be able to understand in addition that the practice of self-reliance is the best way to achieve resilience or prudence.

After thorough understanding of Sufficiency Economy this way, a person may always cultivate good causes and all other good supporting factors in order to achieve good results in return. Practicing this way, a person will understand the “causal relationships” from his good deed, the

last process in the Middle Path of Sufficiency Economy. Having always experienced the good consequences is logical for a person to practice this all the time as his “way of living”. At this level of practice of Sufficiency Economy, can be called “inspiration”. The understanding and practicing of ethical integrity as a way of living with the aim to avoid any undesirable results will definitely yield only right livelihood. It can be considered as the ideal way to live one’s life.

All the said three components are part of the process of the Middle Path, that will lead to the output from this Sufficiency Economy process. The output is basically sustainability of the four components, namely, economy, society, culture and environment. Output of this nature is the same as sustainable development that consists of the balanced development of the four pillars, namely, economy, society, culture and environment. It is also similar to the three out of the four pillar of GNH, namely, economy and society, culture, and environment. However, the GNH considers good governance as the fourth pillar. In fact good governance can also serve as one component of the process for sustainable development that eventually lead to gross national happiness (GNH). As for Sufficiency Economy, it is the process leading to the output of sustainable development in such a way that the economy, society, culture, and environment are sustainable, balanced and stable.

This output of sustainable development can be interpreted as the process that results in at least the maintenance of all forms of capital or to result in some increase or the increase of all the following capital, namely, human capital, social capital, environmental capital and physical capital. Human capital implies increase in human knowledge, skill as well as work satisfaction that would lead to increase in productivity. Sufficiency Economy considers human capital to be the most important one among the four. After all, the happiness of a human being is the only thing that matters. Social capital is the capital resulting from human interaction in the way that capital can be generated. In this respect, culture is also considered as part of a social capital. In the West, trust is considered as the most important social capital because it will result in significant

reduction of transaction costs in the market. In Thailand, apart from trust, the more important aspects of social capital are compassion, mutual help or assistance and unity or social cohesion. These various aspects of social capital will contribute to the increase in productivity of any social organization. Unlike capitalism where physical capital is regarded as the only relevant form of capital, Sufficiency Economy ranks physical capital as the least important one. The priorities are given more to human capital and social capital. Environmental capital and physical capital that also include financial capital can always be regenerated, if human capital and social capital are most efficient in the production process. Therefore, according to Sufficiency Economy, the priority list begins from human capital, social capital, environment capital and physical capital, respectively. The increase in at least one form of capital while the rest are not decreasing implies sustainable output of this system. Although, only resilience or prudence can easily lead to sustainability. However, sustainability is not the final goal or objective of any human being. All living things especially human beings are anticipating happy lives. Such happy lives can be gained especially, from a balance living. Anything that is out of balance will lead to some kind of problems which will never result in happiness. On the other hand, moderation that implies not too much and not too little actually implies the concept of balance as well as optimal for life which also means a happy life. Therefore, one can conclude that moderation also implies a balance as well as a happy life.

Sufficiency Economy Philosophy is applicable to the individual, the family, the community, the organization, the society, the nation or to the world. In the case of the individual, the outcome will be a happy life or “good life”. If the unit is a family, the outcome will be a happy family. If a community, the outcome will be a happy community and so on and so forth, up to national and global levels. At the national level, the outcome will be similar to GNH. However, Sufficiency Economy stresses more on the part of inputs and process to be assured that sustainable development will be the output, and the outcome from moderation will lead to balance and finally happy life, eventually. Sufficiency Economy does not

stop at happiness of the unit who practice it, there is also a question of those who cannot practice prudence and moderation. But the practice of Sufficiency Economy ensures that those who practice it will offset those who do not and so provide stability. An additional relevant concept is “*prayote sukha*” or happiness from being useful for others. Following the concept of causal relationship by practicing it as the way of life, will result in not only happiness for the one who practices this concept but also for the others who do not for various reasons. If more people do good things not only for themselves but for others, the community and the society will achieve stability from “*proyote sukha*” or happiness from being useful for all others. In this way, sustainability, balance, and stability will be all attained goals. This last part can be considered as the impact of Sufficiency Economy.

It can be seen clearly that not like sustainable development where only the output is emphasized without much elaboration of the process and the outcome of happiness. Sufficiency Economy starts from inputs, process, output and also the outcome that is happiness as well as its impact of achieving happiness through being useful for oneself and others. While GNH discusses output and outcome more clearly than sustainable development, it only considers good governance in the broadest sense as the process with no clear inputs. Therefore, Sufficiency Economy can be considered as complementing GNH by providing a more complete picture of its systems analysis component.

Unfortunately, in terms of its actual application, GNH has been more advanced than Sufficiency Economy. Apart from being the idea initiated by the revered former King of Bhutan at the time of absolute monarchy, the concept of GNH is rather simple and more straightforward than most people, even Western economists, can also understand. The Philosophy of Sufficiency Economy is much more complex especially as the concept gives more emphasis on the inputs and the process than the output, outcome and its consequential impact. It is difficult even for the Thai people who claim to be Buddhist but do not understand the essence of *Buddha Dhamma* to clearly understand this Sufficiency

Economy concept. This fact has become the most important reason why the concept has been advanced by the revered King of Thailand himself but also why it has been so slow in its actual application in comparison with that of GNH of Bhutan.

In fact, King Bhumibol of Thailand proposes this philosophy for all the Thais and not only for Buddhists, even though the concept has been drawn directly from Buddhism. The common ethical ground of Sufficiency Economy available in all religions are honesty and integrity, patience, perseverance, diligence and compassion with strong emphasis on sufficiency which also implies not to be too greedy. Most Muslims and Christians and those who believe in other major religions, all admit that they have no difficulty in following Sufficiency Economy Philosophy. In fact, most devout Muslims will claim that according to Islam, they already practice Sufficiency Economy in their daily lives.

Unfortunately, the most difficult part of Sufficiency Economy for most people to embrace is rejection of greed. Being against the raw nature of the human being that has been conditioned by capitalism for more than five centuries makes it very difficult for most people to change their mindset within a short period of time. This condition also explains a very slow progress of Sufficiency Economy in Thailand and not to mention elsewhere, in spite of many favorable factors available within the country. The study of Boonyarattanasoontorn and Komoltha (2009) revealed that factors causing the slow progress in adopting Sufficiency Economy for practical purpose have been national and local governments in Thailand. This is because most political parties that compete in political arena to form government in the past (before 2015), subscribe to business politics dominated by the ideology of capitalism. As Sufficiency Economy tends to work in the opposite direction to business interest in politics, politicians are only good at giving lip service but act in opposite direction.

Among these setbacks, there is still a little light at the end of the tunnel. The private business sector and civil society are the ones who have been more active in adopting the Sufficiency Economy Philosophy. They have been doing this out of their own necessities and found the

concept to be quite useful for them to solve their own problems. The main problem was caused by the 1997 economic crisis in Thailand as most businesses suffered from severe losses, to the point of bankruptcy. Adopting Sufficiency Economy to their businesses helped them improve their businesses significantly. Many have followed the most successful cases. At the same time most farmers with small land-holdings in Thailand also suffer from losses resulting from the practice of monoculture. Adopting new approaches to agriculture, promoted by King Bhumibol since 1984, helped them regain and improve their livelihood significantly. The good examples have been replicated and in many cases they have formed into a Sufficiency Economy communities. These are the two sectors that have made some advancement in the direction of Sufficiency Economy Philosophy.

Incidentally, the military coup in Thailand in September 2006 justified their overthrow of the elected government of Thaksin Shinawatra based upon its business policies. The action of the coup also implied that the old Constitution of 1997 must also be abolished. Consequently, a new Constitution was drawn up and approved. The new Constitution of 2007, proclaimed Sufficiency Economy as a national development direction. An autonomous organization by the name of National Economic and Social Advisory Council (NESAC) had the responsibility to evaluate the incumbent government to make sure that the government acts within the objectives of the Constitution of 2007. On that basis, indicators used to evaluate the performance of the incumbent government on whether it followed the development of the country in the direction of Sufficiency Economy have already been developed in Thailand. Such set of indicators was completed in 2007 (Working Group on Academic Affairs, NESAC, 2007). Unfortunately, such indicators have not been used for the intended evaluation, as the return of the elected regime made the amendment in the Law of the NESAC to limit its responsibility to provide advisory service to the government only.

In the area of education, Priyanut Dhammapiya, Director of Sufficiency Economy Unit, Bureau of the Crown Property under the

guidance and support of H. E. Chirayu Israngura Na Ayuthaya, Director General of the Bureau of the Crown Property and the cooperation from Ministry of Education, curricula of basic education for schools in Thailand to operate under the direction of Sufficiency Economy have been formally designed for all levels (12 years) since 2007. Presently (2016), there are altogether around 20,000 schools all over Thailand that have successfully adopted Sufficiency Economy curricula for their schools. ([http://www.sufficiencyeconomy.org/info.School Search.php](http://www.sufficiencyeconomy.org/info.School_Search.php) 25/1/2010). Not much progress can be said in others direction of Sufficiency Economy in Thailand than what has been indicated above.

Unlike the GNH movement in Bhutan, that already has GNH index and all related indicators as well as a long term plan to instill GNH value into education there, the Sufficiency Economy in Thailand has made less progress. Nevertheless, both GNH of Bhutan and Sufficiency Economy of Thailand have already laid some firm foundation for further development in the direction of Buddhist economics,.

Buddhist Economics can save this Catastrophic World Plagued by Consumerism.¹

Buddhist Economics is the fusion of two words, “Buddhist” and “Economics”. It is generally defined as *“the subject that is derived from the lessons of the Buddha’s discoveries on his path to enlightenment to explain economic activities with the aim for both individuals and society to achieve peace and tranquility under resource constraints”*. (Puntasen, 2005)

The difference between Buddhist Economics and mainstream economics reflects different paradigms of human nature. Under scientific materialist paradigm, mainstream economics observes that each human being normally follows his/her self-interest. Therefore, following self-interest of any individual is a “rational” behavior. Economics also adopts the Darwinian Theory of “the survival of the fittest” to imply that competition

leads to progress. Hence, the core values of mainstream economics (more popularly known as “capitalism”) are “self-interest” and “competition”. Because of such development of thought, mainstream economics defines pursuing of self-interest as a rational behavior as well as competition as factors contributes to more generation of utility. The thought behind Buddhist economics is Buddhism, with the clear understanding that for all living things, once their lives exist they can never be without *dukkha* or suffering or pain. Such suffering or pain is basically caused by change into older age, illness and eventually death. For animals with the highest level of development like human beings additional *dukkha* or suffering can also result from their minds being controlled by all defilements such as *kilesa* or stimulation caused by greed and *avijja* or ignorance. Those who have *vijja* or *pañña* will understand that, it does not make any sense to inflict more pain to the others, since inflicting more pain to the others does not guarantee that the one who caused the pain will be happy. On the other hand, helping the others to reduce their pain can result in better feelings or happiness. Buddhist economics advocates **non-self** (since everything is changing all the time including the concept of “self” itself) **compassion** and **cooperation** while, the emphasis of mainstream economics is on self-interest as a rational behavior and competition.

In a system of capitalism together with industrialism and consumerism, one often visualizes growth without end. Nevertheless, the increase of economic growth is limited by the amount of non-renewable resources available and the carrying capacity of the globe for waste from production and consumption. In reality pushing for more production all the time will turn to be an unsustainable downward-spiral resulting in more waste generation and resource depletion causing environmental degradation and eventually: human self-destruction.

Because of the nature of capitalism influenced by industrialism and consumerism, consumption-efficiency becomes the key for the survival of humanity in a foreseeable future – yet, this cannot be discussed in a meaningful way in the mainstream economics. Only Buddhist Economics can deal with this key concept in a meaningful way; it can actually save

this world from the end of humanity in much more meaningful ways.

Efficiency of Consumption

When consumption is no longer being promoted for its own sake, it can be understood in terms of efficiency, as the consumption process can be analyzed in the same way as the production process. The fact that mainstream economics cannot explain efficiency of consumption as clearly as that of production is because the goal of consumption has already been set to maximize pleasure or utility rather than optimize consumption efficiency.

But can we understand consumption without reference to pleasure? At this point Buddhist Economics can provide the answer by looking at the meanings of the two words, “needs” and “wants”. It can be traced back to the explanation of Abraham Maslow where needs are classified into three levels, physiological needs, social needs and moral needs. In *Buddha Dhamma*, there is only one form or one level of needs; that is physiological needs. The other levels in Maslow’s hierarchy are not needed. They all can be accounted for through understanding the concept of *pañña*.

To summarize, according to *Buddha Dhamma*, consumption is needed to relieve the pain from physiological needs and sufficient resources needed for the development of mind and is to be distinguished from the consumption to satisfy desires and wants (*kamasukha*). If a person has sufficient *pañña* to understand that *kamasukha* is in fact *dukkha*, that person will understand that consumption for *kamasukha* is not really needed. Consumption, informed by needs, can be considered the most efficient as it is the only consumption **needed** and it can also minimize resource used for consumption.

The ultimate goal of most human beings is to be completely free from *dukkha* or to reach the stage of *nibbana*. The most direct way to *nibbana* is through the middle path or middle way. Consumption to satisfy desire or craving is not conducive to the development of mind. It only relieves craving temporarily, but stimulates craving to a higher

level in the next round. It also promotes excessive utilization of limited natural resources. Thus, it is not a way to bring about true *sukha*. Such consumption is clearly inefficient. At the same time consumption that is inadequate to maintain a healthy body and a healthy mind cannot be considered as efficient consumption² either, since it does not optimize the output of *sukha*.

Therefore, efficient consumption is consumption according to the principle of the middle path or *majhima patipada*. This consumption cannot be analyzed by mainstream economics for lack of a proper concept. Buddhist Economics recognizes that a certain level of *pañña* is a necessary condition to being able to consume by the principle of the middle path. As a result, *pañña* is a crucial factor for the most efficient consumption: that is, the least utilization of resources given the goal of being free from *dukkha*. The mainstream economic term that is closest to the concept of efficient consumption is cost effectiveness. It shares a meaning similar to efficiency of production but looks from a different angle.

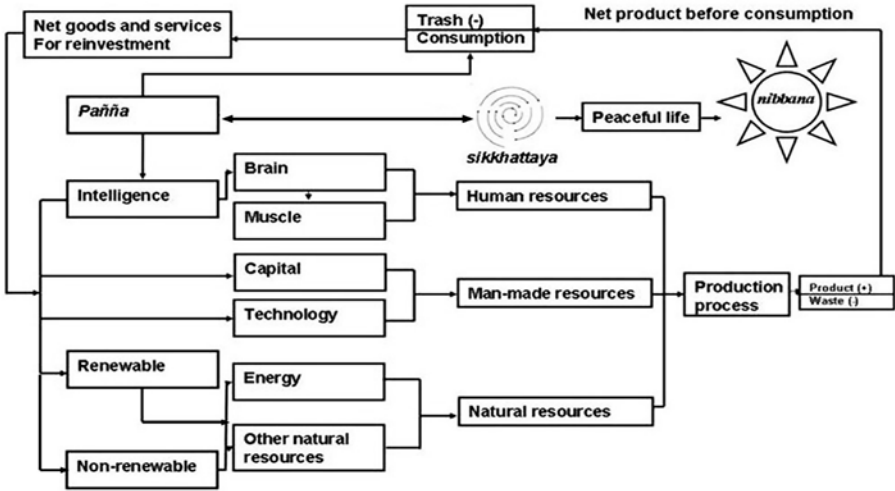
Combined Production and Consumption for Sustainable Development and Increased Well-being

After looking at efficiency consumption that is similar to production efficiency from the point of view of Buddhist Economics, one can link efficient production and consumption together. This linkage will demonstrate the conditions for sustainable development as well as improvement of well-being in a society. It should now be evident that well-being or *sukha* does not come from consumption. Consumption only serves as a process to provide for the basic necessities and the elimination of the pain due to their absence. Without this level of consumption (sufficiency), there would be a negative impact on the further development of *samādhi* and *pañña*. Consumption beyond sufficiency will stimulate *tanhā* (craving or more desire). Apart from being the cause for *dukkha* or suffering or pain, excessive consumption will also lead to the wasteful use of resources, or inefficient consumption. Consumption only serves as a necessary condition that enables us to live in the way of *majhima patipada* or the middle path.

The true well-being or *sukha* can only result from the development of *pañña* through the rigorous training of *sikkhattaya*.

Having gained a clear understanding of these related components in Buddhist Economics (production, consumption and well-being or *sukha*), Diagram 2 can be used to show the way that one can achieve the conditions for sustainable development and the improvement of well-being through the development of mind to the point of *nibbana*.

Diagram 2: Consumption and Production Theories of Buddhist Economics.



The above diagram demonstrates the interaction of production and consumption in Buddhist Economics that can eventually lead to a peaceful life and eventually *nibbana*, the state of mind that is free from all defilements and sustainable development on the production side. *Pañña* is the mode of production in the sense that it controls all input factors ranging from human resources to man-made resources and natural resources. All these resources can be further divided into brain and muscle power for human resources, and energy and other natural resources for natural resources. Man-made resources are the product of human intelligence and energy and other resources that can be either renewable or non-renewable. *Pañña* will

in turn control human intelligence in a way that man-made resources are produced only in a creative and positive way and natural resources should be used in such a way that non-renewable resources are used minimally. All these are aimed at producing products most needed for production for sustaining lives with minimum amount of harmful waste. Production in this way is considered to be the most efficient or sufficiency production in Buddhist Economics.

It can be seen from this diagram that the consumption process, the first part yields net products to be used in consumption through the assumption that part of the products can be used to clean up waste from the production process. The second part is waste resulting from the consumption process itself. Consumption in Buddhist Economics is not to gain “satisfaction” as explained by mainstream economics but rather for the maintenance of the physical needs of human beings as well as the physical production process to continue on its own course. The goal of the whole production process is actually to produce well-being that eventually leads to the state of *nibbana*. The main emphasis in this diagram is a circular flow of goods and services for the maintenance of the whole production process. The nature of this flow will indicate whether the system is sustainable or not.

The real wellness of human beings only depends on *sikkhattaya*, which is a separate process but directly related to *pañña*. *Pañña* also controls production and consumption processes in this diagram as already discussed. Please observe the two-way arrow-head between *sikkhattaya* and *pañña*. It demonstrates the dynamism between the two concepts. The two represent the possibility to solve the current crises that is causing great damage of resources and the environment on earth by both the production and consumption processes.

Unlike GNH and Sufficiency Economy, the ultimate goal of Buddhist Economics does not stop at happiness or well-being that has already been advanced into a spiritual realm beyond the worldly pleasure. It is aiming at the state of *nibbana* whereby the mind will be completely liberated and being free from all defilements. It is not an easy process

that every human being can achieve in his/her existing life without many supportive pre-conditions. Yet, each one can make an attempt at approaching it. It is the stage for the ultimate stage of spiritual well-being. Like Sufficiency Economy, Buddhist Economics puts more emphasis on the process that will lead finally to spiritual well-being. The process can be classified into three sub-processes already discussed above.

The first sub-process, production efficiency has been designed to lay a firm foundation for other sub-processes to build upon. Having *pañña* as the mode of production not capital in the mainstream economics, efficiency in this case goes much beyond the concept of minimizing inputs for maximum output. It must be global efficiency in the sense that external *diseconomy* cannot be allowed. If external *diseconomy* cannot be avoided, it must be kept at minimum, or alternatively such process should be terminated before starting it. What is meant by global efficiency is that the process must generate all four forms of capital, human, social, environment and physical capital at the same time especially human and/or social capital while at least being able to preserve environment and/or physical capital. The next and the crucial sub-process which is the key to, and rather unique for Buddhist Economics only, is consumption efficiency or sufficiency consumption. The consumption of output at this level must be a little more than the level of survival for life that actually meet the four basic needs, namely, food, clothing, housing and medication. It must cover the cost of the process to facilitate the training of human mind for further development (Phra Brahma-Gunabhorn-P.A. Payutto, 2008). This level of sufficiency consumption is similar to that of “good life” of Aristotle. The next and the most important sub-process is the process of the training of the mind itself, Through *sikkhattaya*, the threefold training of *pañña*, *sila* and *smadhi*. This nature of training is only available in Buddhism. It helps purify the mind to lead to a calm mind, a concentrated mind, and finally a clear mind. When these three qualities of the mind exist at the same time, this is the mind in the state of *nibbana*. At this stage the mind will be free from all defilements, the ultimate goal of Buddhist Economics. Without any attempt at improving

the existing situation dominated by consumerism under the ideology of capitalism the whole system can easily be degenerated in the direction of self-destruction. The only way out of this undesirable situation is to develop “global *pañña*” existed in Buddhist Economics as rapidly as possible, through sustainable development, GNH and Sufficiency Economy serving as the bridge leading to this new development direction.

Conclusion

This paper began by pointing out that spiritual well-being or “good life” as the goal of the economic activities at the dawn of the economic subject during the Greek civilization led by Hesiod (800 B.C.). The concept was advanced further by Aristotle (384-322 B.C.). He elaborated this concept of “good life” to be a flourishing life with a little more material than the -necessities for survival. “Good life” for Aristotle is a moral life of virtue through which human beings attain happiness. Therefore, the relevant economic dimension in this regard is to produce enough materials to meet the basic human needs as well as to attain happiness or “good life”. It can be clearly seen that Aristotle understood fully well that happiness was a stage of mind rather than pleasure or comfortable from having more materials.

The world has only acknowledged the alternative paradigm of sustainable development since 1987, followed by the announcement of GNH of Bhutan to the world co-incidentally on the same year of 1987. Sufficiency Economy in Thailand contributes more in this direction by incorporating necessary and sufficient conditions of inputs and more elaborate process. The two will eventually serve as a solid foundation for the West to understand Buddhist Economics for the eventual concrete path to *nibbana*,. Under the present deteriorating resources and environment of the existing globalized world, such understanding of human life is quite crucial to the survival of humanity itself. The race in the direction to destruction and to revival from the existing situation is still going on. It is the same race for more advanced *pañña* or *vijja* against increasing *avijja* or ignorance caused by increasing materialism partially supported

by increasingly rapid rate of technological progress. The survival of humanity in the long run is still at risk.

ENDNOTES

¹ This section is drawn mostly from Puntasen, Apichai, “*Buddhist Economics : Evolution, Theories and Its Application to Various Economic Subjects*” **The Chulalongkorn Journal of Buddhist Studies** : Special Issue one, Center for Buddhist Studies, Chulalongkorn University, 2008.

² It may also be called “sufficient consumption” as sufficiency also means moderation. Moderation is a natural law that governs all forms of life. Where anything that is too little or too much is not optimal for life, the point of moderation is the optimal point for life in that specified time and circumstance. Hence consumption efficiency is the same as sufficient consumption.

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