

A RATIONAL HOUSEHOLDER AND ENTREPRENEUR FROM THE PERSPECTIVE OF BUDDHIST ECONOMICS

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Abstract

Among the lesser-known attempts at an alternative to the Western economic model of man are the utopian visions of a socially and ecologically engaged Buddhism. Instead of the concept of rationality homo oeconomicus, Buddhist approaches operate with the rational Buddhist householder and the principle of interdependence. This paper critically introduces selected Buddhist concepts, including the principles of Buddhist economics and its recommendations. These may be inspiring (similar to, for example, some aspects of Islamic economics or banking) in thinking about the economy and economics for the 21st century in light of post-global challenges and the synergy of today's crises. The article is an original scholarly essay. The authors used secondary data from the literature and available research results. They used a literature search and methods of description, comparison, qualitative analysis, induction, and deduction to achieve the objective.

Key words: Buddhist economics, neoliberal economics, homo oeconomicus

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Introduction

Socially and ecologically engaged Buddhist economics is presented by its adherents as a middle way between Western neoliberal and communist economic "theology." E. F. Schumacher's bestseller *Small is Kind* is frequently called the "manifesto" of Buddhist economics. Schumacher shows how economic laws and principles would be transformed if we were to replace Western materialism with Buddhist teaching along the lines of the idea of metaphysics or meta-economics in the belief that economics does not stand alone. Moreover, it is always derived from our values and what is important to us.

Buddhism promotes the householder working hard, being mindful of possessions and balancing finances, cultivating virtuous friendships, and leading a balanced life. At the same time, the text considers the comparison of the Western model of homo oeconomicus with the idea of the rational Buddhist householder. It sees this prosperity not as an aim but as a necessary condition

for achieving the ultimate goal, which for Buddhism is nirvana. The rational Buddhist householder includes in his choices the eventual consequences of these choices in all spheres of human existence: individual, social, and natural. This is consistent with the Buddhist principle of interdependence. With the view of humans as interdependent beings, simultaneously dependent on nature. Therefore, Buddhist economics recommendations are close to the approaches of green, non-growth, or "doughnut" economics (K. Raworth).

1 The economic model of a man and his critics

Various forms of neoclassical economics represent the dominant part of standard economic theory; Keynesianism is often seen as a particular case. In the neoclassical system, economic categories and principles - in the spirit of methodological individualism, more precisely, the original micro-approach - are derived from the rational behavior of the individual. The latter is often identified with the so-called economic man. Homo oeconomicus represents a model of human behavior prevalent in economic and social sciences - an individualistic concept based on the principles of rationality and maximization (or optimization). It is a virtual subject of decision-making about fictional acts in rational interpretive schemes. It is often criticized for its considerable "*subordination to the theory*", ideological dimensions, or the absence of ethics, etc. (Džbánková & Sirůček, 2015).

An economic man is meant to be an abstract being behaving as if he maximizes individual utility. If he pursues this goal, he acts rationally. While there may be constraints (financial, etc.), and obstacles (e.g., imperfect information), the rational person may have other goals but behaves consistently in pursuing them. Sometimes the model is seen as a portrait of economic agents based on rationality in an instrumental sense. It is not uncommon to find a definition in terms of an abstract model derived from the notion of self-interest (or maximization of self-interest) as a primary factor of economic behavior, conceptualized mainly by neoclassical, including axiomatization (Hlaváček et al., 1999).

In (Sirůček, Džbánková, 2008), the concepts of rationality, roots, characteristics, and extensions of the economic model of man are discussed. As well as other approaches to rationality (bounded rationality, quasi-rationality, etc.), the main directions of criticism of the economic model of man, and the pitfalls of the search for a new paradigm. Behavioral economics systematically deals with the problems of neoclassical full rationality, sometimes fashionably interpreted as a revolution in microeconomics.

An alternative view is also attempted by socially and ecologically engaged Buddhism, or concepts and visions of Buddhist economics. They are presented by their adherents, and in a highly exaggerated way, as a middle way between Western economic "theologies" - neoliberal and communist (Payutto, 1994; Ščur, 2022).

2 Manifesto of Buddhist Economics

The bestseller *Little is Beautiful* (Schumacher, 2021) is often referred to as a manifesto of Buddhist economics, even though its author was not a Buddhist himself. E.F. Schumacher shows how economic laws and principles would change if we replace Western materialism with Buddhist teachings in the spirit of the idea of metaphysics or metaeconomics. In the spirit of the conviction that the economy does not stand on its own two feet but is always derived from our values and what is important to us. In (Schumacher, 2021), he develops the idea that economics is a science *"derived from and dependent on instructions from a field I call metaeconomics. As these guidelines change, so does the content of economics..."* (ibid., p. 49). Schumacher indicates how economic laws and definitions of the terms *"economic"* and *"non-economic"* would change if we replaced *"in the meta-economic basis Western materialism with Buddhist teachings"* (ditto). Schumacher's key message, namely that the basic approaches, goals, conclusions, and the very questions that contemporary economics asks itself, are fundamentally influenced by its worldview, i.e., the hidden assumptions from which it is based, still does not resonate in mainstream economics. Most economics textbooks still cloak themselves in the guise of unproblematic realism. We read in them that economics is a positive, objective science that looks at reality impartially and describes it scientifically" (ibid., pp. 8-9).¹

3 Ideas of the interdependence of people and nature

One of the most fundamental elements of Buddhist economics is the view of humans as interdependent beings who are also dependent on nature. It critiques the isolation of standard economic theory from other sciences, other areas of knowledge and experience, and forms of

¹ Buddhists associate the essence of civilization not with the multiplication of needs and the increase of consumerism but with the purification of human nature. The materialist is to be concerned with goods, the Buddhist with liberation. Buddhism is a very tolerant worldview and does not oppose physical well-being a priori. It is not wealth that is supposed to stand in the way of liberation but attachment to that wealth; it is not the enjoyment of pleasurable things but the desire for them that prevents one from being happy and free. That is why simplicity and non-violence are the basis of the Buddhist economy. Or, wondrously small means are to lead to exceedingly satisfactory results.

human activity (e.g., P. Payutt). In doing so, it should also consider how ethics, directly and indirectly, influences economics. According to its proponents, it aims to clarify what is harmful and what is beneficial in a range of human activities involving the consumption of goods and services, and finally, to make people ethically mature individuals.

Poverty is a frequent theme (e.g., P. D. Hershock), along with criticism of the effects of world trade or existing development policies. According to Buddhist economists, poverty is not caused by capitalism (and liberalism) but by growth. The natural limits that are soon to force an end to economic growth are emphasized (e.g., J. Stanley, D. Loy). The mythical "*invisible hand of the market*", the neoliberal model of globalization, and the stagnation of growth are all critically viewed. With appeals that Buddhists should add their voices to overcome the one-sided GDP indicator and take inspiration from, for example, the alternative Bhutanese way of 'calculating' social development - the Gross National Happiness (GNH) index.

Buddhist economics (e.g., S. Sing) evaluates globalization in social, economic, and political terms. A key question discussed is whether contemporary globalization is "*the wrong concept, or are we just treating the concept wrongly?*" (Ščur, 2022, p. 80)..

In the context of the political view of globalization perspective, the ten duties related to the Buddha's expectation from the ruling power are often recalled. 1. Dāna (generosity, benevolence, charity). 2. Sila (highly moral character). 3. Pariccāga (dedication to the people). 4. Ājjave (conscientiousness, integrity). 5. Maddava (benevolence, nobility). 6. Tapa (austerity of customs). 7. Akkodha (freedom from envy, resentment, hostility, anger). 8. Ahimsa (non-violence). 9. Khanti (patience, self-control, tolerance, understanding). 10. Avirodha (non-resistance). The overall conclusion regarding the ambivalent phenomenon of globalization is: "*The Buddhist position can again be defined as a middle way between two extremes: 1) globalization should be completely rejected; 2) everything that happens within the framework of globalization should be welcomed*" (Ščur, 2022, p. 87).

There are also attempts to formulate alternatives to the neo-colonial policies of global capital. Clark promotes a community-based participatory movement advocating ecologically conscious development in the form of the Sarvodaya Shrama-Dana development movement, with Sri Lanka as its home country. The grassroots movement was founded in 1958.²

² A five-stage development process was created based on participative decentralized ideas and years of experience. In Stage 1, members of village communities notice the problem and ask for help. Level 2 involves forming local groups and training programs to support future work. In Level 3, participants work on planning and designing the grassroots activities that underpin all the work. At Level 4, projects are supported by training programs and appropriate technologies. The aim is to create a thriving and self-sustaining local economy. At level 5, the community starts to contact other communities and offers them its experience and assistance. Last

4 The qualities of a Buddhist householder

Buddhism promotes the householder working hard, being mindful of possessions and balancing finances, cultivating virtuous friendships, and leading a balanced life. The Buddha instructs the householder on the conditions conducive to happiness and well-being in this life and the next. The qualities of a faithful householder can be formulated, for example, as follows: diligent in work, conscientious in managing things (taking care of the balance of finances, preserving his wealth), faithful (perfect in ethics, worthy, free from avarice), and constantly purifying himself on the way to prosperity in the lives to come. *"There are four ways in which wealth declines, and these may be summarized as follows: womanizing, drunkenness, gambling, and association with bad friends and associates ..."*(Šćur, 2022, p. 12).

J. denies that the term Buddhist economics is a contradiction in terms. *"Buddhist economics and Western mainstream economics are not as starkly opposed as the stereotypes of the monk and the stockbroker suggest"* (Šćur, 2022, p. 61). Like its Western sibling, the Buddhist economic model is supposed to be based on individual rational choices regarding material well-being (Essen, 2005). Wealth accumulation is allowed and, in many cases, even encouraged. However, differences arise over economic objectives. The Enlightenment model of homo oeconomicus, based on the neoclassical theory of methodological individualism, presents an atomistic individual using instrumental rationality in which means are subordinated to ends. This individual uses calculation to compare his options to arrive at the optimal outcome: the maximum fulfillment of his interests, whether for profit or some other form of self-satisfaction.

The Buddhist version of the Western model of homo oeconomicus - the rational Buddhist householder - is based *"on the theory of interdependence ... and the law of causality ..."* (Šćur, 2022, s. 61-62). *"In the Buddhist understanding, the self is connected to other beings and is not isolated, whereas the consequences of individual action occur non-linearly and can manifest as a 'karmic boomerang' "* (ibid., p. 62). Which is supposed to expand the individualistic notion of self-interest. The rational Buddhist economist includes in the possibilities of choice the eventual consequences of that choice in all spheres of human existence: individual, social, and natural.

but not least, communities indulge in meditations for peace. Peace work also includes establishing organizational structures to improve understanding and communication between villages (Šćur, (ed.) 2020).

The Western and Buddhist models are also distinguished by different perceptions of the meaning of achieving well-being and the desire that drives individuals to make efforts to achieve this goal. While the former promotes material well-being as an end in itself, in the latter, well-being is seen as a necessary condition for achieving the ultimate goal of nirvana. Buddhism distinguishes two kinds of desire - "*taṇhā*" and "*chanda*". "*Chanda governs right livelihood and allows the individual householder to observe five basic precepts: not to kill or harm what is alive, not to lie, not to steal, not to commit sexual offenses, and not to consume intoxicants*" (Ščur, 2022, p. 63). *Chanda* is the positive wish for wealth and prosperity, while negative *taṇhā* is "*the unconscious craving for pleasurable sensations, both material and immaterial, such as status or fame*" (ditto)

Buddhists see wealth as desirable for two reasons. It is a sign of virtue, for it is supposed to be partly the result of good *Karma*. "*That is, wealth acquired by way of right livelihood is good, and hence an appropriate reward for meritorious actions*" (Ščur, 2022, p. 64). Second, excess wealth is supposed to be needed to gain even more merit and even better karma. For Buddhists, what happens after the acquisition of wealth is more important. The danger of potential of clinging to money, material goods, and social status is addressed by the Buddha by setting out five ways of using wealth: "*providing for oneself and one's family, sharing with friends, saving for emergencies, making five-part offerings (to relatives, guests, the deceased, the government, and the deity), and supporting spiritual teachers and monks*" (Ščur, 2022, p. 65 annot. publ.).

The rational Buddhist householder who wants to maximize his spiritual wealth has to choose among the "*spheres of merit*" for the return on his investment. According to the hierarchical concept of *dāna*, the more respectable the recipient of the gift, the higher his sphere of merit. It is also the case that the respective merit increases with the size of the gift. The concept of *dāna* as a spiritual gift is refined (Ščur, 2022, p. 66).³

5 Buddhist Economics for Entrepreneurs

Buddhist economics is supposed to be focused on combating want and refining human nature. It is to challenge the basic principles of Western economics, formulated, for example, in terms of profit maximization, the cultivation of desires, the blanket implementation of markets, the view of the world as a tool of use, and an ethic based on self-interest. At the same time, Buddhist economics is supposed to follow different principles: minimization of suffering, simplification

³ See also e.g. (Pryor, 1990, 1991)

of desires, non-violence, genuine care, and generosity. Zsolnai argues that this is not meant to be a system but a strategy *"that can be used in any economic setting. It provides a rational, ethical and ecological value framework aimed at achieving happiness, peace and stability"* (Ščur, 2022, p. 89).

Buddhists can promote and embody a particular set of values and take concrete steps toward a new economic system. For example, V. Linn articulates *"five steps for individual Buddhists and five for the Buddhist community"* (Ščur, 2022, p. 139). Buddhists can advocate and encourage individuals to *"be radical"* by 1) working to transform themselves, 2) educating themselves in economics, 3) getting involved, 4) leading by example, and 5) becoming vegetarian or vegan. As a spiritual community (sangha), Buddhists as a *"radical alternative"* are to 1) embody *dāna* or generosity, 2) cultivate friendship and togetherness, 3) explore alternative approaches to work and business, 4) preserve and develop opportunities for participation in meaningful ritual practices, 5) provide space for peaceful contemplation (Ščur, 2022).

Among the economic-political recommendations of Western followers of Buddhist economics are: 1) new strategies for structuring markets and providing social services (progressive taxation, *"nudging"* towards ecological friendliness, unconditional basic income, *"minimum inheritance"*, *"global wealth tax,"* etc.), 2) changing the way economic performance is measured and evaluated to focus on the quality of life (e.g., GNH instead of GDP), 3) moving from industrial agriculture to regenerative or sustainable agriculture, 4) reducing spending on wars and armaments, and instead investing in peace and prosperity.

(Brown, 2017) calls for the unification of economic, environmental, and social objectives. He sees the Buddhist economy as a form of capitalism that is understood broadly (including, for example, Scandinavian countries), not just as a free market. He suggests using market mechanisms to create a sustainable economy that benefits all. Recommends strategies for structuring markets and providing social services. First, practical steps for governments include reviewing how markets are structured, which is done mainly through *"taxing and redirecting"* and regulating industry.

The second task of government, according to Buddhist economics, is to *"change the way economic performance is measured and evaluated to focus on quality of life; the third step that government should take is to move "from industrial agriculture to regenerative or sustainable agriculture"* (Ščur, 2022, p. 152 annot. publ.). *"... the fourth important task that Buddhist economics sets for national governments is to reduce their spending on war and armaments, and instead invest in peace and prosperity"* (ibid.).

Conclusion

In conclusion, the authors of the contribution allow themselves to express considerable doubts regarding the alleged establishment of Buddhist economics in the stream of economic thought, including its highly debatable definition. What is often called Buddhist economics is more of a spiritual and philosophical approach than an economic one. Furthermore, how we understand and define the economy itself is critically important. With the statement that a certain theology is supposed to be hidden even within the Western economy, with a reminder, for example, of the importance of the Protestant ethic for the development of capitalism. (Wintrobe, 2019) formulates lessons from the positions of Zen Buddhism for the ideas of A. Smith and his modern and postmodern successors.

The principles of Buddhist economics are to be reflected in Buddhist economics, with problems even more complicated. Doubts also concern the view that Buddhist economics is supposed to be a strategy applicable in any economic framework. Outside Buddhist countries, Buddhist economics in the West is more of a fashionable utopian fad with an air of mystical mystery - much more robust in criticism - than a natural economic or economic-political alternative. Similar to, for example, the *"doughnut economy"* (Raworth, 2020), *"non-growth economy," "green economy,"* or *"Earth democracy"* (Shiva, 2016). After all, M. Ščur admits that *"from a practical point of view, Buddhist economics does not propose anything else..."* (ditto) than what the approaches above and other alternative models propose, which should gain importance, especially in developed countries.

Not only in our reality (including materialistic anchoring as well as cultural, religious, geographical, economic, etc.) traditions, the vast majority of Buddhist recipes remain difficult to imagine and implement. Buddhist economics flows into appeals to the need for a fundamental shift in thinking, which is said to require the rigorous and radical spiritual discipline necessary for people to act in the name of saving the planet. However, Buddhist economics cannot work without Buddhism, and it does not work much, even in the countries pledged to it. Nevertheless, at least an essential awareness of Buddhist economics, belonging to the "dissident" socio-economic approaches, can help better to orient the search for perspectives for the 21st century.

Awareness of Buddhist ideas can also contribute to a soberer view of "awoke" attempts to save people and the planet Earth, which needs to be protected from its saviors today. Buddhist economics is often associated with the spiritual dimension of contemporary green dystopias.

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