

# The Buddhist Homo Oeconomicus

By Sylvia Krepska

The homo oeconomicus is a Western concept of a “perfect” economic human described as a being whose motives are based solely on self-interest to maximise profit<sup>1</sup>. It is not that Western economic theories believe that human nature is negative per se; it is just that Western economic theory has proven that individuals as well as societies are better off, acting upon their own self-interest.

To strive for enlightenment and freeing oneself from mental and physical suffering is the final goal of Buddhists<sup>2</sup>. The liberation process also entails freeing oneself from material attachment. According to Buddhism’s understanding of psychology, desire might become a never-ending source of consumption leading to the pitfall of attachment<sup>3</sup>. This vicious circle becomes confusing considering that we all need to make a living, we need to eat, we need shelter and in case we fall sick, we seek medicine. These are essentials to a secure life. Hence, it becomes clear that there must be a Buddhist economic way. However, what does this way look like?

There are Buddhist teachings and thoughts in place that help to comprehend this contradiction. This is made clear when looking into one of the key Buddhist teachings, the Middle Way. The Buddha himself stated that consumption and wealth acquisition are a means to the liberation from suffering. He stressed that poverty is the biggest ailment to beings;<sup>4</sup> only a nourished mind and body are able to seek the path to liberation.

Academically, the generally accepted theory for Economics is defined as : “the social science concerned with the efficient use of scarce resources to obtain the maximum satisfaction of society’s unlimited wants.” Buddhist approach to economy differs from those of Western

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<sup>1</sup> Mankiw, Gregory. *Principles of Microeconomics*. Stamford: Cengage Learning, 2004 p.11.

<sup>2</sup> Thera, Ven. Piyadassi. *The Buddha, His Life and Teaching*. Kandy, Sri Lanka: Buddhist Publication Society, 1982 p.38.

<sup>3</sup> Harvey, Peter “Buddhist Reflection on "Consumer" and "Consumerism".” *Journal of Buddhist Ethics* 2013. Journal p.336.

<sup>4</sup> Rao, Sudershan and Bhadru Naik. *Buddhism and Modern Society*. New Dehli: New Elegant Printers, 2008 pp.12-13.

scholars. From a Buddhist perspective, the starting point in evaluating the feasibility of an economic activity becomes a function of expediency, sustainability as well as proportionality. Expediency refers to the aspect whether economic activities foster the achievement of the overall aim of Buddhism - namely the ceasing of dissatisfaction. This aspect in particular aims at evaluating the psychological drives of consumption as well as investigating the extent of consumption needed in order to enable a just life: A life, which is in line with the theory of the Middle Way - a life without unreasonable economic hardship but with enough time to conduct spiritual development.<sup>5</sup>

Sustainability and proportionality relates to questions of the deployment of production factors and the question whether all means of production, consumed materials and resources are reasonable and justified to be employed. Buddhist economy states that the output's value should be measured as a function of marginal increase in value based on the input's value. In case the output value cannot be significantly enhanced, one should refrain from production in the first place. When assessing the value of production and profit Buddhist economy highlights that, the terminal destruction of resources without any prospect of sustainability should be avoided by all means and only conducted in special circumstances. The deployment of input and the potential final destruction of input become essential questions when assessing the aim of an economic activity.<sup>6</sup>

There are certainly several ways to combine Buddhism and economics. The current Dalai Lama himself claimed that business, conducted in a wholesome way, is a way of giving and hence is not a contradiction to the non-attachment teaching. As long as business and wealth acquisition is done in a moral way, produced products are used for karmically fruitfully actions and when one possess the right attitude towards the acquisition of wealth, Buddhism and Capitalism do not constitute conflicting goals<sup>7</sup>.

In his 1943 paper, "A Theory of Human Motivation" by Abraham Maslow, he described human developmental growth generally in stages from satisfying the basic physiological and

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<sup>5</sup> König, Sabine. *Zwischen Realität und Ideal*. Münster: LIT Verlag, 2004 p.10-15.

<sup>6</sup> König, Sabine. *Zwischen Realität und Ideal*. Münster: LIT Verlag, 2004, p.10-15.

<sup>7</sup> Jones, Ken: "*Buddhism and Social Action*". 1995. 5 October 2015.  
<<http://www.accesstoinsight.org/lib/authors/jones/wheel285.html>>

safety needs progressing towards self-esteem and finally towards the attainment of self-actualization or liberation as the pinnacle of the “hierarchy of needs.”

At this stage, it would be interesting to conclude how the Buddha would describe the perfect homo oeconomicus considering the above-mentioned teachings. One aspect is a person’s understanding of the overall economy target. Seeing economy as an integral part of the path to liberation is the key. Economy is not an isolated aspect of everyday life, but needs to meet criteria that also fit the view of a Buddhist. A Buddhist economic framework cannot be based on a consensus, which is not in line with Buddhist ethics. Further to that, the targets of Buddhist homo oeconomicus should not only suit the individual but must not harm others or the environment. Hence, the Buddhist homo oeconomicus has a well-developed sense for the community and collective responsibility. This thought is based on the teachings of dependent arising: all mental and physical phenomena are intertwined<sup>8</sup>. Changes for the better are only possible on a collective basis. The Buddhist homo oeconomicus understands the validity of this approach, as she appreciates that there is no distinction between the “other” and “herself”. Seeking individual benefit is elusive as it is non-existent.

Western neoclassical economists claim that due to an informational asymmetry, it is impossible to know what other human beings desire. Hence, all are better off to maximise their own targets<sup>9</sup>. This however is not the view of a Buddhist homo oeconomicus. She would argue that right view and right concentration lead all human beings to do the right deed and enables everyone to know what the desired moral way is. In the end, she understands that her personal well-being is also dependent on her environment. Hence creating a balance between her community’s and her personal targets will deliver the social justice that brings her one-step closer to personal happiness.

The Buddhist homo oeconomicus knows her responsibilities towards the achievement of her goal of liberation. Buddhism offers enough flexibility for interpretation. There is no room for hiding behind teachings that justify wrong doing. She knows that only she can find her own path

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<sup>8</sup> Harvey, Peter. *An Introduction to Buddhism- Teachings, History and Practices*. Cambridge: Cambridge University Press, 1998.

<sup>9</sup> Mankiw, Gregory. *Principles of Microeconomics*. Stamford: Cengage Learning, 2004 p.11.

to liberation. This makes the Buddhist homo oeconomicus also committed to independent thinking and hence not prone to dogmas. She understands situations are not set in stone but are rather an influx of phenomena, which can be shaped to a certain extent<sup>10</sup>. As all areas of life are interconnected - such as claimed by the Buddhist teachings, economic activities and their impact need to be studied and evaluated on a constant basis. Independent thinking results in her attitude that her consumption pattern will also affect others, in the most narrowed way those who produce the products. This insight makes her a supporter of the concept of sustainable consumption. As pointed out by Brodbeck, sustainable consumption starts with the consumer's knowledge about what the real source of happiness is. Once the duality of objects is understood, a profound change in consumption attitude can be achieved.<sup>11</sup> Buddhist's understanding of consumption is straightforward: the aim is to maximise one's well-being with the minimum amount of consumption. A second aspect of sustainable consumption is the question, how to deal with products that are either not ethical or not produced in an ethical way<sup>12</sup>. Hence, following a sustainable consumption attitude she prefers to obtain products and services that are produced in line with Buddhist ethics. There is no distinction between the values she believes in and the ones she uses when evaluating her consumer choices. König elaborates further that from a Buddhist perspective, sustainable consumption might also be understood as to how consumption contributes to freeing up time to follow meditation or other activities that help a Buddhist to find the path to liberation.<sup>13</sup> König's logic is quite sharp: The lower the need for consumption, the less working hours a particular person needs to invest for earning a living to sustain one's consumption level. The less working hours one needs to earn a living, the more time one has to follow meditation and hence the path to enlightenment. She concludes similar to Brodbeck that once the Buddhist values are internalised, a real change in consumption patterns occurs that will reduce consumption and therefore leave time and space to enrich the idealistic aspects of her life.

Localised processes can be better monitored than globalised ones. The homo oeconomicus therefore supports local businesses, which follow a responsibility and relationship strategies over cost-cutting ones. Another advantage to restrain from globalisation is a more

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<sup>10</sup> Gowans, Christopher. *Philosophy of the Buddha*. London: Routledge, 2003, pp. 45-47.

<sup>11</sup> Brodbeck, Karl-Heinz. *Buddhistische Wirtschaftsethik*. Aachen: Shaker Verlag, 2002. p.140.

<sup>12</sup> König, Sabine. *Zwischen Realität und Ideal*. Münster: LIT Verlag, 2004 p.77.

<sup>13</sup> König, Sabine. *Zwischen Realität und Ideal*. Münster: LIT Verlag, 2004 p.77.

sustainable growth as described by the Royal Thai Sufficiency Economy Model. Sustainable growth, which at times might also mean no growth or marginal growth rates, preventing expansion based on debt-financing. Lower growth rates offer a possibility to establish a stable local structure, which are less prone to negative economic or financial shocks.<sup>14</sup>

As the homo oeconomicus is confident as well as determined to follow Buddhist ideals, she keeps meditating on a regular basis. This activity not only helps her to keep desire in check but also makes her calmer and more compassionate towards her community. Sharing and donations are a natural aspect of the Buddhist homo oeconomicus' life - as shown above and all she is interested in is a positive community development. The act of sharing also prevents her from the accumulation of an excess of material wealth, which can only lead to attachment in the long run<sup>15</sup>.

According to Buddhist teachings a real change can only be obtained by a changing mind-set. As stated in the First Noble Truth, life is suffering<sup>16</sup>. There is no escape from suffering other than understanding its roots and mechanisms. Once one understands that blind consumerism does not prevent one from suffering, a real change in the mind-set can be achieved. The change in mind-set will also prevent one from the view that personal consumption has no impact on the external world and regrettably might contribute to violence, be it active physical violence or passive structural type. The government of the day can facilitate in implementing policies that impacts on the private individuals and business sectors in the Buddhist macro-economic sense as we are mindful of the interdependent conditional living.

Despite the idea of a perfect economic person, it is irrevocable that in the end we are all beings on this planet, with the need for freedom and survival. Turning a blind eye on this given fact will cause negative impact eventually. Consequently, caring for the others' well-being might not only prove useful in economics but will impact positively additional aspects of one's life.

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<sup>14</sup> Essen, Juliana. "Economic Sufficiency and Santi Asoke." Zsolai, Laszlo. *Ethical Principles and Economic Transformation- A Buddhist Approach*. Budapest: Springer, 2011. pp.61-77.

<sup>15</sup> Bodhi, Bhikku. *Dana The Practice of Giving*. 1990. 5 October 2015.  
<<http://www.accesstoinsight.org/lib/authors/various/wheel367.html>>.

<sup>16</sup> Thera, Ven. Piyadassi. *The Buddha, His Life and Teaching*. Kandy, Sri Lanka: Buddhist Publication Society, 1982 p.38.

Based on that, the insight may arise that cooperation and collaboration is a Middle Way to obtain achievements and guarantee a harmonious coexistence.

Major Western economic theories have failed to understand that there is a limit to the correlation between economic and human well-being. This is well pointed out by the Buddha who states on various occasions that happiness is not a monetary value but a state of mind<sup>17</sup>. As opposed to that view, Adam Smith - the father of economic analysis stated that humans are driven by self-centred interest. However, even the biggest egocentric person would agree that self-interest does also include happiness, peace of mind, a clean environment and security for the loved-ones. Hence, both representatives of their views - Buddha and Smith, confirm that happiness needs to be included into any given economic model. If not so, these models are obsolete as they do not reflect reality and hence fail their main *raison d'être*. Just to put things into perspective: Adam Smith's theory was published during a period of time, in which slavery was still a common and a legal means of production. Society's self-conception has changed at its very core since then. Therefore, it is rather alien that our economic fundamentals have not adjusted but are still based on the same principles.

Hence, when the question arises whether there is any possible connection between Buddhism and Economics, the only possible answer can be "yes". Buddha himself understood best, that there is no forthcoming in breaking the circle of rebirth, when there is hunger. The precondition to enlightenment, is the relief from hunger. Buddhism must be the biggest supporter of a functional and successful economic system, not due to a profit-maximisation illusion, but because a successful economy is the precondition to enlightenment. This is true as an efficient economy might help to free up time and resources in the supply of basic goods and services to support life. This time can then in return be utilised for meditation or meritorious deeds.

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<sup>17</sup> Bhikkhu, Thanissaro. "*Selves & Not-self*". 2011. 5 October 2015.  
<<http://www.accesstoinsight.org/lib/authors/thanissaro/selvesnotself.html>>.