From Wealth to Wellbeing and Finally *Nibbāna*: A Transcendence from Traditional to Buddhist Economics

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Abstract

This paper traces the origin of Western economics from the time of Greek civilization to the present. It discusses the ultimate goal of economic activities from Aritotle's "good life" or "moral life" to the search for wealth during the emergence of the Nation States in Europe, to capitalism and mercantilism in the 16^{th} century, to trade monopoly facilitated by colonialism, to national wealth and aggregate production, culminating in the systematic calculation of gross national product (GNP) or gross domestic product (GDP) in the present.

The rapid growth of GNP which has become the development objective of many nations resulted in a rapid deterioration of natural resources and environment – a condition not suitable for the flourishing of all living things, especially

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human beings. Alternative paradigms of sustainable development were proposed by various parties such as the United Nations in 1987 and the former King of Bhutan in the 1970s through the concept of gross national happiness (GNH) of which good governance is a key component. In the Kingdom of Thailand, the late King Bhumibol Adulyadej advanced his concept of "sufficiency economy" in 1974 as an alternative to the growth-led approach. Together with GNH, sufficiency economy brings the systems analysis for sustainable development into a complete form, consisting of inputs, process output, outcome and impact, taking into account the Buddhist notion of *sukha* or wellbeing. *Sukha* is the state of mind completely liberated from all defilements – the ultimate goal of Buddhist economics which is not widely known or clearly understood. Therefore, sustainable development, GNH and sufficiency economy may serve as the bridge between the two main modes of development, and may help us gain a deeper understanding of Buddhist economics.

Keywords: good life; wellbeing; sustainable development; GNH; Sufficiency Economy; *sukha;* Buddhist economics; *nibbāna*

Introduction

The birth of the economic subject can be traced back to Hesiod of Greek origin about 800 BC. He suggested that economic utopia for human beings would be akin to living in heaven where everything that one desires is available without limit. Unfortunately, the real world is not like heaven. Its main feature is scarcity. People work hard all day long and risk not waking up after a night of sleep. Such conditions of scarcity can be partially settled when labor and raw materials are used in the production process in the most efficient ways. Work is an important part of human life as it is necessary for satisfying one's basic needs. The attempt to follow the consumption pattern of others will stimulate competition which is a good conflict, as competition can help reduce the basic problem of scarcity (Rothbard, 1995).

Although the plentiful nature of heaven is much more desirable than the human world of scarcity, it does not exist in reality. The ancient economic thoughts during the time of Aristotle (384-322 BC) did not advocate for a life with plentiful materials to meet the unlimited desires of humans, but the flourishing life which involves little more material than what is necessary for survival. Having a "good life" was what counted. Aristotle explained further that the "good life" is the 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 needs as well as to attain "happiness" or a "good life." Wealth is good for people because of its use value. However, there is also another kind of value – exchange value. This value is determined in the market and originates from market demand driven by desirability. Aristotle did not advocate this kind of value because it is neither necessary nor good for human life. According to Aristotle, the highest good is *eudaimonia*, happiness, or having good spirit – in other words, "human flourishing" (Summer and Tribe, 2008).

Ever since the development of money in Europe three centuries before Aristotle, money was already widely used 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 of goods and services were traded through the markets. At the same time, the concept of happiness itself had gradually shifted from the Aristotelian *eudaimonic* tradition of living good and virtuous life based on self-actualization to the hedonic tradition of the good in life – enjoyment, excitement, pleasure and prosperity – not unlike the modern concept of "happiness." This tradition may be traced back to Thomas Hobbes (1588-1679) who explained good and bad in terms of pleasure and pain. A thing was good because it resulted in our own pleasure, and bad because it brought us 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 for 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 enjoyments 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 modern meaning of the word "happiness" (Puntasen, 2007).

Such 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 or inspiration but human rationality. Not only has a human being been created in the image of God but also as a rational being to understand the rules that govern the operation of the universe. Human attempts to reach the apex of the rational is to move closer to God. This teaching has turned sciences into theological tools that bring humans much closer to God than 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 stars in the universe, especially in the solar system. This idea further led to the beginning of Enlightenment in the 18th century (Berlin, 1968). Scientific progress was further achieved during the Age of Industrial Revolution in the 18th century in terms of more modern living. Scientific progress was equated to technological progress, and technological progress also implied more material wealth. Material wealth was further interpreted as one of the main sources of hedonic happiness. Towards the end of the 18th century, after the publication of *An Inquiry into the Nature and Causes of the Wealth of Nations* by Adam Smith in 1776, material wealth was considered to be the primary thing that human beings should seek. Since then, under the various forms of capitalism, wealth has become increasingly synonymous with happiness. This new understanding marks the end of the *eudaimonic* tradition of happiness put forward by Aristotle.

The Search for Wealth

The search for wealth actually began long before the publication of *The Wealth of Nations* in 1776. The hunt for colonies by Europeans (especially Spain and Portugal) that fully emerged between the 16th and 18th centuries 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 from and selling dear to the colonies. Colonies were 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 peoples.

Gold and silver would bring prosperity and progress to the colonizers.

Adam Smith (1723-1790) did not negate the effort in accumulating 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 competition where a large number of buyers and sellers were available in the markets such that none of them could dictate the market price. The price mechanism kept the economy moving, and more production implied a genuine progress for humankind. As production was only a means to the end of consumption, and the purpose of consumption was to generate utility, and as Jeremy Bentham advocated for greater social utility, Smith's idea of production as the source of national wealth 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 possible social utility.

There had been various attempts at using national wealth as indicator of national economic success. Simon Kuznets (1901-1985), a Russian American economist, was the first who succeeded. He won the 1971 Nobel Memorial Prize "for his empirically founded interpretation of economic growth which has led to new and deepened insight into the economic and social structure and the process of development" ("The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1971, Simon Kuznets," 2019). 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 since 1934 and calculated the GNP of the US 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 production could result in undesirable situations such as crime, air pollution and no health care ("Simon Kuznets," 2019).

In spite of his warning, however, economic growth has become increasingly desirable and has been continuously used as a basis to imply welfare improvement. For most countries, economic development is considered successful when the economy grows as fast as it possibly can. In most cases, rapid growth means overutilization of resources, not always for necessary productions. This has been accompanied by a rapid deterioration of natural resources and environment, that are not conducive for human lives. The first sound of warning came as early in 1962 in Rachel Carson's book, *Silent Spring* (1962).

Not too long after, Robert F. Kennedy, then a US Presidential candidate, offered the following campaign speech at the University of Kansas on March 18, 1968, just months before his assassination:

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. ("Robert F. Kennedy's remarks at the University of Kansas," 2018)

After that, the warnings only became louder. In 1972, mainstream economics suffered another jolt from the publication of *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 1973-4, driven by the Organization of Petroleum Exporting Countries (OPEC). The result was known to the so-called developed nations or members of the Organization for Economic Cooperation and Development (OECD) as "stagflation." It was stagnation with inflation, a condition that had never existed before and was not predictable from the known economic theories before that. At the same time, another little book that quickly became famous was Ernst Schumacher's *Small is Beautiful* (1973). Although a British Catholic, he introduced Buddhist economics in Chapter IV of this book, and reminded us that Buddhist economics could serve as an example for those who regard human beings more highly than money. Buddhist economics is based on sustainability instead of unlimited growth (Sulak Sivaraksa, 2009).

Despite the warnings of Robert F. Kennedy that GDP cannot reflect wellbeing or human dignity, and despite the introduction of the new concept of "sustainable development" in 1987 by the United Nations in the Brundtland Report, GDP continued to be used as the indicator of national economic performance that represents the improvement of national welfare. Many of those whose attempt to look for alternative indicators of national wellbeing will traditionally start with a criticism of the GDP. Ronald Coleman (2008), for example, in his attempt to develop the new index called genuine progress index (GPI), began his work as follows:

> 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 live. We know well what's wrong with GDP-based measures – no need to dwell further on that. (Ronald Coleman, 2008, 23-4)

According to Coleman, GDP is precise only for measuring the size of the market economy and should be used 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 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. The failure to include other related costs in the production process and "clean up" costs after the consumption process is the source of criticism against the feasibility of using GDP to measure national welfare or wellbeing. This is one of the reasons why the new index such as genuine progress index must be attempted.

After the so-called "sub-prime crisis" caused by inflating the sub-prime assets took place in the US in 2008 and spread globally, especially in Europe, then French President Nicolas Sarkozy who was not satisfied with GDP and its growth as indicators for economic success appointed two Nobel laureates, 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 their final report in early 2010. Like Coleman, Stiglitz began by explaining why the GDP was not a good measurement of wellbeing. In an interview to launch the report, he says: "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." The report argues that GDP could be misleading as a quality of life index; for example, an increase in fuel consumption would boost growth figures even if it only reflected more unproductive traffic jams and pollution.

Stiglitz added that in the runup to the credit crunch of 2008, many world policy makers had sought to follow the American growth model because it had produced impressive GDP increases for the United States. He suggested that had countries focused instead on plans to increase the median income of households, they might have protected themselves better from the crisis and improved the general wellbeing of their population. New alternative systems should take into account environmental health, safety and education – what Bhutan already calls its Gross National Happiness ("Stiglitz report calls for measure of 'well-being' alongside growth," 2009).

In spite of this evidence, the use of GDP to measure welfare and wellbeing continues as casualties increase. Its attractiveness lies in the fact that it is a single indicator that has been widely used for comparison within and among countries for quite some time, and therefore it is not easy to convince users to shift to alternatives that may be slightly different yet equally beneficial. Another possible reason for the popularity of GDP may be the identification of wellbeing and welfare with wealth which is often taken to be the means to achieve happiness through the accumulation of comfort materials. However, once happiness is defined not as material comfort but as a state of wellbeing resulting from training and developing the mind, like in Buddhist teachings, and once material comfort is regarded as a distraction from attempts to develop one's mind, one sees a glimpse of the possibility of a viable alternative for measuring wellbeing and welfare in a different sense.

Sustainability as a Middle Path Philosophy

Towards the end of the 20th century, it became clear that pursuing material wealth had its own physical limits, the most obvious of which are environmental and ecological. Also, the belief that economic growth can definitely eradicate poverty has become increasingly questionable as the problem surrounding modern poverty is that it is no longer an absolute but rather a relative one caused by increasing income gap. It became apparent that material growth alone cannot contribute to reducing, not to mention eradicating the income gap. On the other hand, social problems seem to be rising globally in spite of continued material growth, which further calls into question the viability of its strong emphasis. Both environmental and social problems have been increasing at such rapid rates that they represent threats to the material growth itself. As such, the call for a different kind of development – a sustainable development – has become much more urgent. However, those who advocate for sustainability must start from the point of human need instead of human greed, following what Gandhi once said: "the world has enough for everyone's need but not everyone's greed." "Human need," therefore, becomes the prerequisite for any talk about sustainability.

Those who advocate for sustainability actually do 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" (ES Global Consulting, n.d.).

It has now been recognized that without environmental and sociopolitical sustainability, the economy is most likely not going to be sustainable on its own. 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 has been added, namely that of culture. The Universal Declaration on Cultural Diversity further elaborates the concept by stating that cultural diversity is as necessary for humankind 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 (UNESCO, 2001).

A key word of the current concept of sustainable development is the "balance" among these four pillars: environment, society, economy and culture. The word "balance" resonates with the words "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 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 monks that followed him:

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 *nibbāna*.

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. (Puntasen, 2008)

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 path serves only as a tool to reach a definite goal. This goal 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 – the state of being free from pain eventually. Thus, the conditions required for the mind to reach the stage of *nibbāna* is the complete eradication of *dukkha*. However, the concept of sustainable development as has been introduced in the Western world is restricted to the consideration of 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 humans to survive "happily." As it is restricted merely to a goal in itself, it does not necessarily imply the relationship between sustainability and happiness or wellbeing.

Unlike sustainable development as conceptualized in the Western world, teachings of the middle path explain further that *dukkha* or pain is mainly caused by *avijja* or ignorance of things: to be more specific, 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*, 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 know as *sikkattya* or the threefold training, *adhisilasikkha* (training in high morality), *adhicittasikkha* (training in higher mentality or mental discipline) and *adhipaññasikkha* (training in 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 strongly recommended by the Buddha because without it, *pañña* cannot be generated. Both extremes of sensual indulgence or extreme hedonism and of self mortification or extreme asceticism only result in ignorance. Extreme hedonism tends to lead to excess, while extreme asceticism tends to result in perpetual pain where *pañña* cannot be stimulated. 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.

One may safely say that sustainable development conceptualized as a balanced development among the four pillars, namely, environment, society, economy and culture for sustainable living of human beings can be considered as heading in the same general direction as the middle path philosophy. It can be preliminarily 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 believe that "scientific" 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 organized the World Forum on "Charting Progress, Building Visions, Improving Life" in Busan, Korea during October 27-30, 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 the ecosystem condition should include its "health" such as the quality of air, atmosphere, land, fresh water, oceans and seas, and biodiversity. For the human system, it should include culture, economy and governance. The cultural aspect should comprise the creative, expressive, and symbolic aspects of ways 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 wellbeing, individual and social/relational wellbeing, while the economy, governance and culture must support the said wellbeing.

It should be observed that subjective wellbeing has been mentioned for such scientific measurements. However, Jon Hall also admitted that wellbeing is difficult to measure and that it is 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, sustainability – is only useful as a process, and also questioned the one-directional aspect of such progress. At this point, it should be apparent how difficult it may be to put the promising idea of sustainable development into actual practice.

The Resurgence of the *Eudaimonic* 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. In 1972, the same year that Meadows book *The Limits to Growth* was published, in the Buddhist Kingdom of Bhutan, Jigme Singe Wangchuck ascended to the throne at the age of 16 as its King. He cautiously led his country in its development following a new concept currently known as "Gross National Happiness." In response to a journalist from the UK's *Financial Times* in 1987 who remarked 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). Also to be noted is the fact that 1987 was the year that the United Nations released the Brundtland Report on sustainable development – an act that may have helped strengthen the former King's position. It should be observed also that although the King stood firmly on the issues that Jon Hall mentioned, he was cognizant of the problem surrounding the measurement of subjective wellbeing in the *eudaimonic* tradition of Aristotle that he himself called "good life."

The King went further in answering Jon Hall's question of the goal of progress: 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 (2005) the well-known British economist took it further in writing his book on the 'economics of happiness' in which he concluded, "happiness depends on your inner life as much as on your outer circumstance." Like Schumacher, Layard looked to Buddhism for inspiration for an alternative path, and found useful insights that people are adaptable; that they need to cultivate trust, compassion, and positive thinking to overcome envy; and that societies need to concentrate more on "education of the spirit" (UNDP 2007). It is also rather clear that the work of Stiglitz and Sen discussed earlier was also inspired by the GNH arguments. The most difficult part of this concept, however, is still the question of how to measure it, since it is largely a subjective concept with highly complex characteristics.

After introducing the concept of GNH, the former King of Bhutan also provided the guidelines to achieve it based on the four pillars. The fact that Bhutan is a predominantly Buddhist country, his focus was on the conviction that humans are bound by nature to search for happiness, and that this is the single strong desire for every citizen (Thinley, 2007). The four pillars include 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 pursuit of economic growth can be balanced out with the goal of preserving the environment and culture (Thinley, 2004). This would possibly be the way to measure progress on all four pillars that Jon Hall tried to develop.

Finally, the GNH Index was successfully 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 November 7, 2008, the coronation day of the fifth 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 therefore unethical. It is a perception of happiness that blossoms through enhanced relationships, arising unbidden when the relationships improve. So, development is about progress in relationships, 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 in Bhutan. They are selected on normative grounds and equally weighted as intrinsic components 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 as follows:

1. Psychological wellbeing
   - General psychological distress indicators
   - Emotional balance indicators
   - Spiritual indicators

2. Time use

   An important function of measuring 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 enrich life and contribute to levels of happiness.

3. Community vitality
    - Family vitality indicator
    - Safety indicator
    - Reciprocity indicator
    - Trust indicator
    - Social support indicator
    - Socialization indicator
    - Kinship density indicator

4. Cultural diversity and resilience
    - Dialect use indicator
    - Traditional sport indicator
    - Community festival indicator
    - Artisan skill indicator
    - Value transmission indicator
    - Basic precept indicator

5. Health
    - Health status indicator
    - Health knowledge indicator
    - Barriers to health indicator

6. Education
    - Education attainment indicator
    - Dzongkha language indicator
    - Folk and historical literacy indicator

7. Ecological diversity and resilience
    - Ecological degradation indicator
    - Ecological knowledge indicator
    - Afforestation indicator

8. Living Standard
    - Income indicator
    - Housing indicator
    - Food security indicator
    - Hardship indicator

9. Good governance
    - Government performance indicator
    - Freedom indicator
    - Institutional trust indicator

In calculating GNH, a "sufficiency" cutoff point is applied to all indicators. The ones that are at the sufficiency cutoff point and above are considered to indicate wellbeing. The ones below the cutoff point are considered to indicate unhappy situations. The greater distance below the sufficiency point indicates the increasing degree of unhappiness. The proportion of the distance from the sufficiency point will be recorded. Finally, GNH can be calculated from the following relationship:

GNH = 1-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 the country's performance that may affect government policy to try to improve the calculated GNH. It is premature to argue against the validity of all these indicators, as they are still in the process of being developed.

However, the Bhutanese government is not content with such an incremental approach. It continues to find ways to instill the values of GNH in the long term in the people of Bhutan. 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 ways to develop GNH value education in schools (Karma Ura, 2009). Attempts in this direction have continued.

From what we have discussed in this section, it may be seen that, like sustainable development, GNH has been significantly influenced by the middle path philosophy in *Buddha Dhamma*. It has already moved beyond sustainable development in that it has a much clearer vision of the goal that it wants to achieve: 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 subjective happiness which is considered to be the most difficult task. Moreover, the country also looks for a transformation into GNH value in the long term through proper forms of education. All these activities indicate a clear commitment to the *eudaimonic* tradition of happiness, or what Aristotle simply called the "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 the emphasis in on identifying the process for sustainable development that will eventually lead to happiness from being useful, also known as "*Prayote Sukha*" (similar to that of GNH). In trying to measure GNH, the Centre for Bhutan Studies tried to locate the area of unhappiness by using the concept of sufficiency as a cutoff point, with 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 realm of unhappiness from the happy one. Therefore, the concept of "sufficiency" is used as a demarcation between happiness and unhappiness in Bhutan but 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 in this middle path philosophy.

In the Kingdom of Thailand, the late King Bhumibol Adulyadej (1927-2016) who ascended to the throne in 1947, traveled extensively overseas with the Queen as a young married couple.

Many of their destinations gave them the opportunity to learn about the country's development and the state of technological progress at that time. After that, they both visited almost all difficult regions in Thailand and witnessed the suffering of most rural Thai people with their own eyes. In 1961 when the Thai government adopted the first economic development plan as suggested by experts from the US and the World Bank, it was clear that the focus of the plan was to stimulate material growth. The late King conducted his own research and acquired his own empirical evidence, and in 1974, one year after the launching of Schumacher's *Small is Beautiful*, he 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, emphasis added)

His comment seems to suggest that he personally advocates for the development approach that is based first on a stable economic foundation rather than emphasizing growth itself. The word "enough" in above is the key word to understanding the idea of "sufficiency." Unfortunately, this comment did not seem to have the desired impact on most policy makers in Thailand, as they continued to pursue almost exclusively economic growth, following the advice of foreign experts and Thai economists trained abroad. As the course of development proceeded in this way, the late King Bhumibol Adulyadej continued to work on his royal-initiated projects with the goal of promoting sufficiency for all Thais.

This seems to have continued throughout the time of economic growth in Thailand from 1987 onward. At the peak of this 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 seemed to have foreseen the economic catastrophe that would follow. He cautioned the Thai people every year in his annual public speech on the event of his birthday eve, December 4, to be mindful and to heed the principle of sufficiency. It was unfortunately only during the economic collapse of 1997 that his advice on Sufficiency Economy was heard loud and clear. Yet again, this scenario seemed to have repeated itself in 2008 when the "sub-prime crisis" that began in the US spread rapidly all over Europe and eventually hit Thailand again. This fact indicates that, unlike Bhutan, the Thai government policy had greatly deviated from the principle of sufficiency advocated by the late King. A possible explanation of why Sufficiency Economy has not made significant progress in Thailand as GNH did in Bhutan might be due to the fact that Thailand operates under a constitutional monarchy, and although they King's advice is highly valued, the development policy depends ultimately on the government. Despite its slow progress, it is timely to consider and discuss the philosophical aspects of Sufficiency Economy as the alternative development paradigm for Thailand as well as the rest of the world.

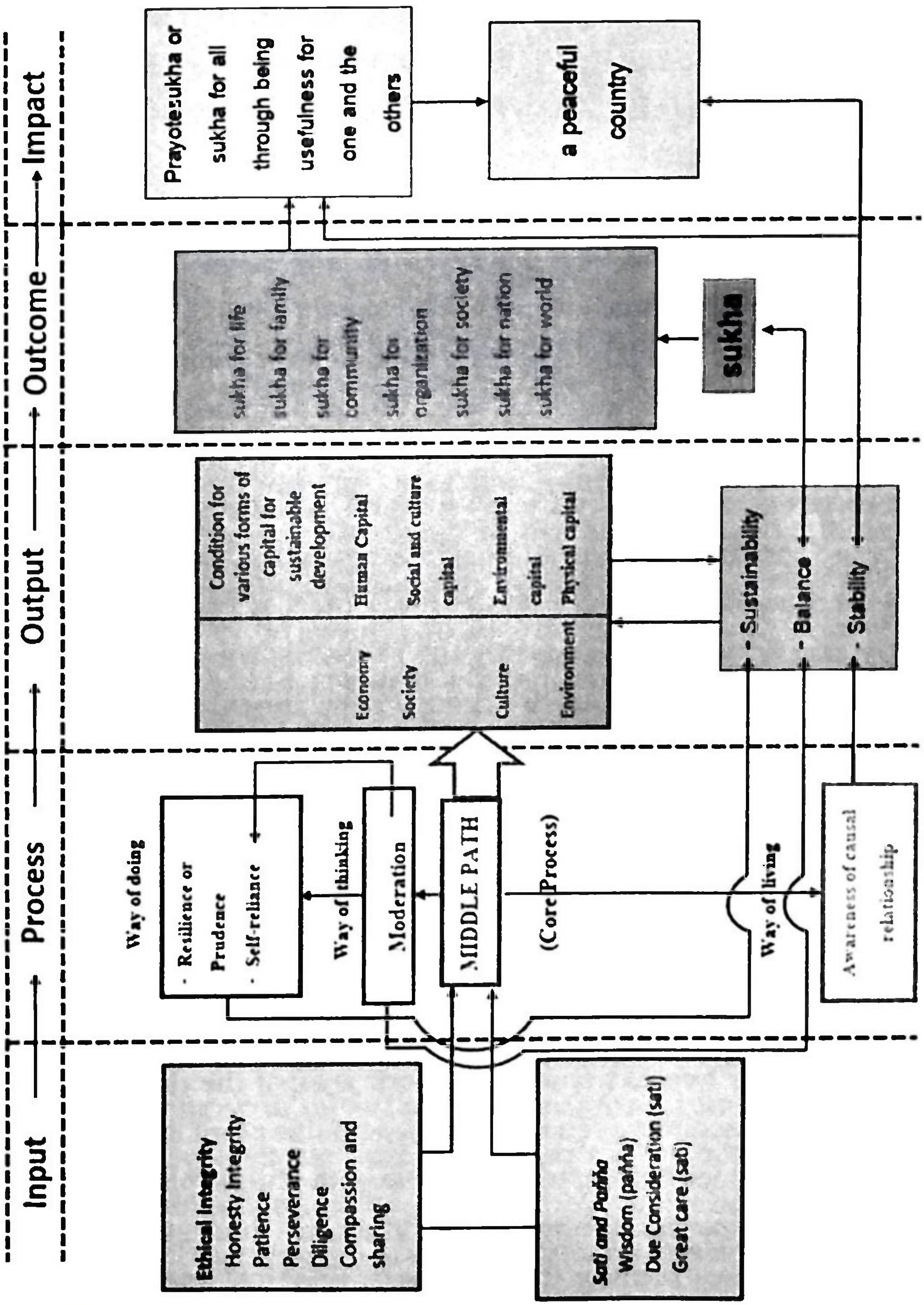
Sufficiency Economy is officially defined as follows:

> "**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. (Sufficiency Economy Movement Sub-committee, 2007, 7-8, emphasis added)

The emphases above serve to highlight keywords of the systems analysis in the diagram below:

Diagram 1: Systems Analysis of Sufficiency Economy correct "Impact" column



From the above diagram, inputs of this Sufficiency Economy process can be divided into two conditions, namely knowledge and ethical integrity. Knowledge 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 *pañña* working under the control of mindfulness or *sati*. This condition will ensure that any best possible result of knowledge or understanding is one that is generated through mindfulness. This, in turn, becomes necessary for the cultivation of ethical integrity – the other condition for the process of Sufficiency Economy. This is because without *pañña* being controlled by *sati*, ethical integrity will not make much sense to those who are strongly wealth-oriented. If *pañña* is controlled by *sati*, it will be very difficult to justify the accumulation of wealth at all cost. On the other hand, ethical integrity can be classified further into honesty and integrity, patience, perseverance, diligence and compassion. These are the five qualities of a person who acts with compassion in an ethical and honest way not only for his own good but also for the good of others.

The 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 becomes even more evident at this point that Sufficiency Economy does belong to the middle path philosophy explained in *Buddha Dhamma*. Within this middle path, there are 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" is the understanding of the concept of sufficiency or moderation and the regular practicing of the concept until it becomes "the way of living" – the component known as awareness of causal relationships. These three components are formed into one process known as the middle path.

Resilience or prudence in one's "way of doing" is the first step in the direction of Sufficiency Economy. This is because there can be various motivations for being resilient. The main purpose for that is the ability to face unforeseeable events and still be able to flourish in the long run. The result of this ability is a long-term benefit through avoiding short term risks. It may be called a risk aversion attitude or behavior, and serves purely for the sake of self-protection. There are also other 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 fact 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 beneficial for any life, the point of optimality must be the one that lies between the two points. For example, having too little food is not good for life and neither is having too much. The moderate amount of food is good for the body and the life involved. We can think of almost anything relating to life in these terms: too little or too much rest, too little or too much exercise, too little clothing or too much clothing. This, of course, applies also to too little wealth and too much wealth. If a person's mind is controlled by ignorance and/or greed, he would try to accumulate more than what is optimal for his life out of insecurity. This unnecessary accumulation has become part of the global crises nowadays. It requires *pañña* controlled by *sati* to be able to determine the point at which having something is optimal for one's life. If sufficiency or moderation is understood this way, it can be considered a "way of thinking," and such practice an act of "comprehension." With this understanding, the practice of resilience or prudence will be undertaken with a clear sense of 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.

With such a thorough understanding of Sufficiency Economy, a person may cultivate good causes and good supporting factors in order to achieve good results in return. Through such practice, he will come to understand the "awareness of causal relationships" from his good deed, which is the last process in the Middle Path of Sufficiency Economy. Having experienced prior good consequences, a person logically is inclined to continue this practice as his "way of living." This level of practice of the Sufficiency Economy may also be called an "inspiration." The understanding and practicing of ethical integrity as a way of living with the aim to avoid any undesirable results will most likely yield only right livelihood. It can be seen as an ideal way to live one's life.

All the three components discussed are part of the process of the Middle Path, that will lead to the output from the 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 pillars of GNH, namely, economy and society, culture and environment. However, GNH considers good governance as the fourth pillar. Good governance can also serve as one component of the process for sustainable development that eventually leads to gross national happiness. 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 the increase of some or all forms of the following: 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, as it places greatest emphasis on human happiness. Social capital is the capital that results from human interaction in ways that capitals can be generated. In this respect, culture is also considered as part of a social capital. In the West, for instance, trust is considered as one of the most important social capital because it results 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 social organizations. Unlike capitalism that regards physical capital as the only relevant form, Sufficiency Economy ranks physical capital as the least important one as it prioritizes human and social capitals. Environmental and physical capitals which include financial capital can always be regenerated if human and social capitals are most efficient in the production process. Therefore, Sufficiency Economy ranks human capital, social capital, environment capital and physical capital respectively. The increase in at least one form of capital while the rest remain the same implies sustainable output of this system. However, sustainability is often not the final goal as living things, especially humans, want happy lives. Such happy lives can be gained from a balanced living. Things that are out of balance tend to lead to problems and will most likely not result in happiness. On the other hand, moderation actually implies balance as well as an optimal or a happy life.

As the philosophy of Sufficiency Economy can be adopted for practical purposes at all levels of every unit, starting from an individual, a family, a community, an organization, a society, a nation and the world, in the end, the outcome will be the achievement of happiness of all of these related units. At the individual level, the outcome will be a happy life or a "good life." At the family level, the outcome will be a happy family. At the community level, the outcome will be a happy community, and so on to national and global levels. At the national level, the outcome will be similar to GNH. However, Sufficiency Economy's emphasis is rather on inputs and process in order to ensure that sustainable development will be the output, and that the outcome of moderation will lead to a balanced and happy life. Additionally, Sufficiency Economy does not stop at happiness of the unit who practices the concept as there also exist unhappy persons who for some reason do not or cannot practice Sufficiency Economy at the levels of resilience or prudence and moderation. The question of stability arises as vulnerable ones remain in the community or society, ones who would need external support to reduce their own suffering or unhappiness. The additional concept for this situation is "*prayote sukha*" or happiness from being useful to others. If the concept of awareness of causal relationships is practiced as a way of living, it will bring about happiness not only for the one who practices it but also for others who are still suffering or unhappy for various reasons. If an increasing number of persons constantly do good things not only for themselves but also for all the others, the community and the society will achieve stability from "*prayote sukha*" or happiness from being useful to others. In this way, sustainability, balance, and stability will all be attained goals. This last part would be the impact of Sufficiency Economy.

It can be seen that unlike 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 outcome that is happiness, as well as its impact of achieving happiness through being useful to oneself and to 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 the systems analysis.

In terms of 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, and therefore can be understood more easily. The philosophy of Sufficiency Economy is much more complex especially as it places stronger emphasis on the inputs and the process than the output, outcome and its consequential impact. It is difficult to comprehend even for Thai Buddhist who do not have thorough knowledge of the *Buddha Dhamma*, and may be the most important reason for the delay of its actual application in comparison with that of GNH of Bhutan.

The late King Bhumibol of Thailand proposed the philosophy of Sufficiency Economy for all Thais and not only for Buddhist Thais, even though it is 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 – ethical values that are mostly already practiced in the daily lives of people of all faiths.

The part of Sufficiency Economy that is most difficult to embrace seems to be its renunciation of human acquisitiveness or greed. The fact that acquisitiveness has been propagated by capitalism for more than five centuries makes it difficult to change people's mindset within a short period of time. This would also explain the slow progress of Sufficiency Economy in Thailand, in spite of many favorable factors available within the country itself. The study of Boonyarattanasoontorn and Komoltha (2009) revealed that in the case of Thailand, the national and local governments are the main obstacles in adopting Sufficiency Economy for practical purposes. This is because most political parties subscribe to business politics dominated by the ideology of capitalism. As Sufficiency Economy tends to work against business interest in politics, politicians tend to only give lip service to its implementation. At the same time, local politics tend to operate in the image of national politics, and national politicians tend to use local politicians to help them win the national election.

Despite the dim prospect, there seems to be hope, as the private business sector and civil society are more active in adopting the Sufficiency Economy philosophy. They have done this out of their own necessities and have found it to be useful for solving their own problems. The main problem was due to the 1997 economic crisis in Thailand as most businesses suffered from severe loss close to the point of bankruptcy. Adopting the philosophy of Sufficiency Economy helped improve their businesses significantly, and many have been extraordinarily successful. At the same time, most farmers with small land holdings in Thailand also suffered loss from the practice of monoculture. Adopting a new theory of agriculture – a practical part of Sufficiency Economy in farming activities suggested by the late King Bhumibol since 1984 – helped the farmers to regain and improve their livelihood significantly. Successful cases have been replicated, and many of them have grouped into Sufficiency Economy communities. These are the two sectors that have made some advancement in the direction of Sufficiency Economy philosophy.

The military coup in Thailand in September 2006 justified itself partly through the criticism of business politics which was given as a reason to overthrow the elected government of Thaksin

Shinawatra. The action of the coup also meant that the 1997 Constitution had to be abolished. The new Constitution of 2007 proclaimed Sufficiency Economy as the model for national development. An autonomous organization under the name of the National Economic and Social Advisory Council (NESAC) was established to evaluate the incumbent government and to make sure that the it acts within the objectives of the Constitution of 2007. On that basis, indicators used to evaluate the performance of the incumbent government on the issue of Sufficiency Economy development 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 elected regime returned and amended the law to limit NESAC's responsibility to only providing advisory service to the government.

In the area of education, Dr. Priyanut Dhammapiya, former Director of the Sufficiency Economy Unit, Bureau of the Crown Property under the guidance and support of H.E. Dr. Chirayu Israngura Na Ayuthaya, former Director General of the Bureau of the Crown Property, and with the cooperation from the Ministry of Education, has led the formal curricula design of basic education for schools in Thailand to operate under the direction of Sufficiency Economy for all levels (12 years) since 2007. Presently (2016), around 20,000 schools all over Thailand have successfully adopted Sufficiency Economy curricula. Not much more progress regarding the application of Sufficiency

Economy can be claimed in Thailand other than what has been indicated above.

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

Buddhist Economics May Save this World from Consumerism[2]

Buddhist Economics 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 the scientific materialist paradigm, mainstream economics observes that each human being normally follows his self-interest. Economics also adopts the Darwinian Theory of "the survival of

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[2] 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 1 (2008) : 2-104.

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 the pursuit of self-interest as a "rational behavior" and competition as factors that contribute to an increased generation of utility. The thought behind Buddhist economics is Buddhism, with the clear understanding that for all living things, their existence is never without *dukkha* or suffering. Such suffering or pain is basically caused by changes involving aging, illness and eventual death. For animals with the highest level of mental development like human beings, additional *dukkha* or suffering can also arise if their minds are controlled by defilements such as *kilesa* or stimulation caused by greed and *avijja* or ignorance. Those who have *vijja* or *pañña* will understand that there is no sense in inflicting more pain to others, since doing so does not bring about one's happiness. Most of the time such actions will end up causing them unhappiness as well. On the contrary, helping others to reduce their pain will more likely result in happiness for those who can do so. On the said basis, Buddhist economics advocates for non-self (since all things are changing at all times, including the "self" itself) compassion and cooperation.

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

As such, because of the nature of capitalism coupled with industrialism and consumerism, consumption-efficiency becomes key for the survival of humanity in a foreseeable future. Yet, this issue cannot be discussed in a meaningful way in the framework of mainstream economics. I believe that only Buddhist Economics can deal with this key concept in a meaningful way, thereby possibly saving humanity from self-destruction.

Efficiency of Consumption

Efficiency of consumption is similar to that of production, as a consumption process can be analyzed in the same way as the production process. Consumption and production can be viewed from the same vantage point as they are both economic processes, and the understanding of the efficiency of production will inform the understanding of the efficiency of consumption as well. 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 to optimize consumption efficiency.

A further question to be raised is how one may consume without involving pleasure. Buddhist Economics can provide the answer to this by considering the meanings of the words "needs" and "wants." It can be traced back to the explanation of Abraham Maslow where needs are classified into three levels: physiological, social, and moral needs. In *Buddha Dhamma*, there is only one form of needs – physiological ones. The other levels in Maslow's hierarchy are not needed. They all can be accounted for through the understanding of *pañña*.

To summarize, according to *Buddha Dhamma*, consumption is needed to relieve the pain of physiological needs, and resources needed for the development of the mind is to be distinguished from the consumption for desires and wants (*kammasukha*). 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 and it can minimize resources used for consumption.

The ultimate goal of most human beings is to be completely free from *dukkha* or to reach the stage of *nibbāna*. The most direct way to *nibbāna* is through the middle path. Consumption to satisfy desire or craving is not conducive to the development of the mind. It only relieves craving temporarily, but stimulates a greater craving in the future. It also promotes excessive use of limited natural resources. Thus, it does not 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 consumption either since it does not optimize the output of *sukha*.

Therefore, efficient consumption[3] is consumption according to the principle of the middle path or *majhima patipada*. This type of consumption cannot be meaningfully analyzed by mainstream economics as there is no analytical tool available for doing so. Without such a tool, one easily misunderstands and is easily misled. It should be observed that a certain level of *pañña* is necessary for consuming according to the principle of the middle path. As a result, *pañña* is a crucial factor for the most efficient consumption: that is, the least use 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 is similar to the meaning of efficiency of production but seen from a different vantage point.

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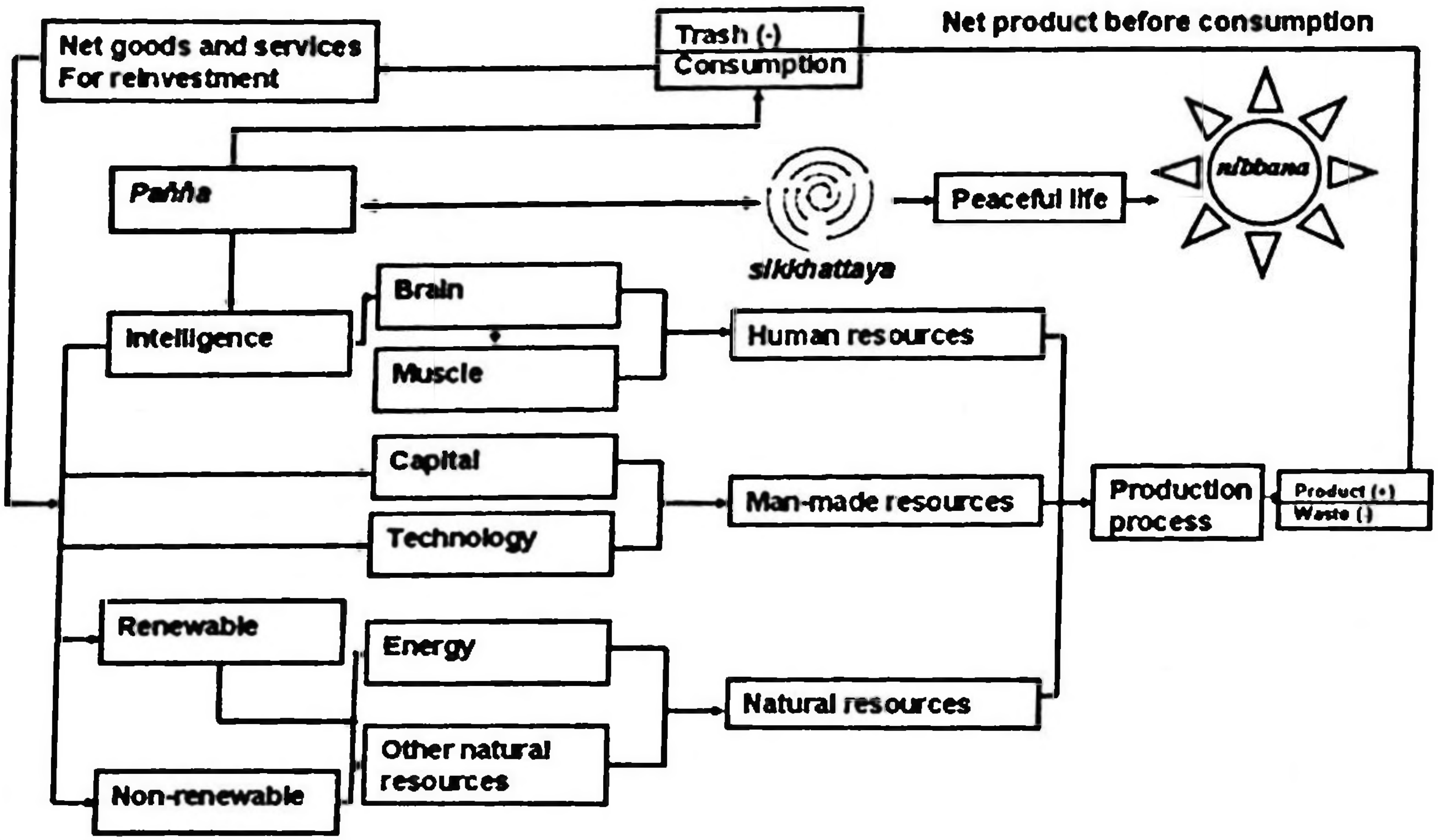
[3] It may also be called "sufficient consumption" as sufficiency also means moderation. Moderation is a natural law that governs all forms of life. Anything that is too little or too much is not optimal for life; the point of moderation is the optimal point for life in that specified time and circumstance. Hence consumption efficiency is the same as sufficient consumption.

Combined Production and Consumption for Sustainable Development and Increased Wellbeing

Having discussed efficient consumption from the point of view of Buddhist Economics, one can link it with efficient production. This linkage will demonstrate the conditions for sustainable development as well as the improvement of wellbeing in a society. It should now be evident that wellbeing or *sukha* does not result from consumption. Consumption only serves as a process to provide the basic necessities and to eliminate 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 a wasteful use of resources. Consumption only serves as a necessary condition that enables us to live according to *majhima patipada* or the middle path. The true wellbeing or *sukha* can only result from the development of *pañña* through the rigorous training of *sikkhattaya*.

Having gained a clearer understanding of these related components in Buddhist Economics (production, consumption and wellbeing or *sukha*), Diagram 2 is used to illustrate how one can achieve the conditions for sustainable development and the improvement of wellbeing through the development of the mind toward *nibbāna*.

Diagram 2: Consumption and Production Theories of Buddhist Economics: The system of production and consumption providing the conditions for sustainable development and promotion of a peaceful life.



When net goods and services produced are more than enough to maintain the existing system of production, sustainable development and the reduction of conflict result in a more peaceful body and mind. Excess production can be used to reduce the pain and suffering of those who need it. With the help of technology, production efficiency can be improved.

The above diagram demonstrates the interaction of production and consumption in Buddhist Economics that can eventually lead to a peaceful life and eventually *nibbāna* – 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 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 creative and positive ways, and natural resources should be used in such a way that non-renewable resources are consumed minimally. All these are aimed at producing products most needed for sustaining lives with minimum amount of harmful waste. Production in this way is considered to be the most efficient; it is known as sufficiency production in Buddhist Economics.

It can be seen from this diagram that the first part of the consumption process yields net products to be used in consumption, with 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 for the sake of "satisfaction" as explained by mainstream economics but rather for the maintenance of the physical needs of human beings as well as for the physical production process to continue on its course. The goal of the whole production process is to produce wellbeing that eventually leads to the state of *nibbāna*. 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 is directly related to *pañña*. *Pañña* also controls production and consumption processes in this diagram as already discussed. Also to be observed is the two-way arrowhead between *sikkhattaya* and *pañña*. It demonstrates the dynamism between the two concepts. They represent the possibility of solving the current crisis that is causing great damage to resources and the environment on earth in both the production and consumption processes.

Unlike GNH and Sufficiency Economy, the ultimate goal of Buddhist Economics does not stop at happiness or wellbeing that has already advanced into a spiritual realm beyond the worldly pleasure. It aims at the state of *nibbāna* in which the mind will be completely liberated and free from defilements. It is not an easy process that every human being can achieve without many supporting preconditions. Yet each of us can attempt to approach this ultimate stage of spiritual wellbeing. Like Sufficiency Economy, Buddhist Economics puts more emphasis on the process that leads to spiritual wellbeing. The process can be classified into three sub-processes already discussed above.

The first sub-process, production efficiency has been designed to be a firm foundation for other sub-processes. Having *pañña* instead of capital as the mode of production, efficiency in this case goes much beyond the concept of minimizing inputs for maximum output. It must be a global one in the sense that external diseconomy cannot be allowed. If external diseconomy cannot be avoided, it must be kept at a minimum, or alternatively such process should be terminated before it is started. What is meant by global efficiency is that the process must generate all four capitals – human, social, environment and physical – at the same time, especially human and/or social capital, while at least preserving the environment and/or physical capital. The next and the crucial sub-process, which is both the key and rather unique to Buddhist Economics, is consumption efficiency or sufficiency consumption. The consumption of output at this level must be slightly more than what is required for survival and meets the four basic needs – food, clothing, housing and medication. It must cover the cost of the process to facilitate the training of the human mind for further development (Phra Brahma-Gunabhorn-P.A. Payutto, 2008). This level of sufficiency consumption is similar to what Aristotle takes to be a component of the "good life." 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.* Training of this nature is only to be found in

Buddhism. It is the last sub-process that will help to purify and calm the mind so that it may concentrate to a state of clarity. This is the state of *nibbāna*. At this stage, the mind is 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, degeneration and self-destruction almost seem to be inevitable. Following what has been discussed, a viable alternative is to develop a "global *paññā*" according to Buddhist Economics as rapidly as possible through sustainable development, using GNH and Sufficiency Economy as the bridge leading to this new development.

Conclusion

This paper began by pointing out that spiritual wellbeing or the "good life" was considered the goal of economic activities since the time of ancient Greek civilization. Aristotle further elaborated the "good life" as a flourishing life with little more material than what is necessary for survival. The "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 for attaining happiness or the "good life". Aristotle seems to have well understood that happiness is a state of mind rather than physical pleasure or material comfort.

The world has only acknowledged the alternative paradigm of sustainable development since 1987. Coincidentally, this was followed by the announcement of GNH of Bhutan to the world in the same year. Sufficiency Economy in Thailand contributes more in this direction by incorporating necessary and sufficient conditions of inputs and a more elaborate process. The two will eventually serve as a solid foundation for understanding Buddhist Economics and its clear path to *nibbāna*. Under the present circumstances of 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 toward destruction and the attempts to revive the existing situation is still ongoing. It is the same race for more advanced *pañña* or *vijja* against increasing *avijja* or ignorance caused by rising materialism partially supported by rapid technological progress. The survival of humanity in the long run is still at risk.

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