Economic Management: An Interpretation from the Buddhist Perspective

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“Buddhist Economics” is a model that supports the conventional forces and a free market and competition without destroying either nature or a human society. The world today is in a state of turmoil; valuable ethics are being upturned. The forces of materialistic skepticism have turned their dissecting blades on the traditional concepts of what are considered humane qualities. According to Buddhism, wealth is not evil. The important thing is how it is made and used. Yet, even if wealth is made in a moral way, and used to benefit oneself and others, one should not have a greedy attitude towards it. For Buddhism, the true wealth is not necessarily money in the bank, real estate, dwellings, gold, or silver, all of which are prey to rulers, thieves, flood, fire, and wasteful children. True wealth is the dhamma, faith, compassion, satisfaction, joy, modesty, satisfactory personal relations, safety, health, wisdom, determination to strive for enlightenment, and the liberation of all sentient beings. From this point of view Economic Management is considered as an important strategy for ensuring a good standard of living for all beings in the present world scenario and the aim of Buddhism is to achieve emancipation from saṃsāric existence by realizing Nibbāna. In this proposed paper, I try to highlight the meaning of wealth, economics and management in the light of Buddha’s teachings in the present world situation through many of his sutta-[s] which can be called the Buddhist philosophy of economic management and material success.

Economic Management is considered as an important strategy for ensuring a good standard of living for all beings in the present world scenario. The aim of Buddhism is to achieve emancipation from saṃsāric existence by realizing Nibbāna. Therefore, Buddhism is mainly meant for those who have given up all worldly possessions and attachments and become recluses (śramaṇas). The Buddha was not interested very much in secular affairs like economics and polity. But the aspirations of the lay community were different from that of monks who did not want to realize Nibbāna in this life and who wanted to have material success, happy life, economic development, family management
and so forth in this life and in the life to come. When they visited the
Buddha they indicated their household problems and wanted to have
some advice conducive to material development rather than spiritual. In
this respect the Buddha preached many *sutta-[s]* to them in the form of
ethics. The contents of these *Sutta-[s]* can be called the Buddhist
philosophy of economic management and material success.

The Pāli term for management is *sanvidhāna*. In the *Vvāgghapajja-sutta*
of the *Aṅguttara-nikāya*, *sanvidhātum* is used in the sense of the
economic management whereas *sanvidhāhati* means systematic and
proper management of the economic system. It is preceded by
*ālamkātum* (capable of doing). Other words very closely related to
*sanvidhātum* are *dakkho* (clever and efficient) and *analaso* (diligent). All
these words are used in Pāli texts in the sense of management.¹ The Pāli
term for profession or livelihood is *kammaññhāna* or *kammantā*, which
literally means industry.²

The term *economy* connotes the management and administration of
the material resources of the individual, community and country.³
Economics is the science of household management.⁴ Buddhism being
primarily a religion that emphasizes emancipation from *samsāric*
existence as such, the Buddha did not deal very much with secular
affairs. Therefore, we do not find much emphasis laid on systematic
financial management. However, there are some discourses delivered
by the Buddha to lay people in the form of ethics which entails the
management of household, earnings, expenditure and other secular
affairs.⁵

The standard of living in modern economics is measured on the basis of
annual consumption. The disciplined or moderate consumption is
considered to be good in Buddhist economics which is known as
*appicchatā* (desiring little). But in the present world economic scenario,
if we go by the philosophy of moderate consumption then economic
growth will become slow and create economic recession. Probably the
Buddha did not think in term of economic growth and may have thought
in terms of management of income and expenditure as an art of happy
living. The Buddha advised people to balance income and expenditure.
In other words, one should not spend more than what one earns.⁶ In
addition, the Buddha recommended simple living and high thinking
(*sallahukavutti*)⁷ for both monks and lay people. The foundation of
Buddhist economics is the Middle Way (*Majjhima-paṭipadā*) which is the
document of maintaining a delicate balance between eschatology and
utopia. The term *Middle Path* has been used by the Buddha in a wider
connotation which covers the whole gamut of human life i.e. mundane,
supra-mundane and spiritual. The Buddha always advised his disciples to be contended with the minimum, it is an important principle of monastic as well as household economic management.

With regard to necessities like the four requisites, the Buddha recommended a very simple way of management for the Saṅgha. There was already an established way of living followed by other sramanās (recluses) in India during the sixth century BCE. The Buddha thought that the existing scheme was the best and the model for the Saṅgha. The philosophy behind this practice of management is that the Saṅgha should not become a burden to anybody in society. As homeless wanderers, they had no practice of collecting material things and had to subsist on food collected from house to house and to wear robes made of cloths picked up from charnel grounds and heaps of dust. Monks slept under trees, in caves forests and assembly halls and took medicine prepared with cow urine and herbs.

The economic philosophy behind this management is that Saṅgha should not depend too much on lay community for food, clothes and other necessities. In this respect, the Buddha took into consideration the bee theory. The Bee theory means that when a bee is sucking honey from a flower it does not hurt the flower. Likewise, the Saṅgha is expected to receive a little food from a house when they go for alms. This practice was not a burden to lay people. Regarding shelter, they did not like to depend on anybody, as there were plenty of trees. When the Saṅgha evolved from original asceticism into a monastic system, this practice was modified. They were allowed to accept food, clothing, shelter and medicine offered to them by lay people as additional gains. The Buddha advised Saṅgha to reflect and retrospect often that the life of monks (Bhikkhus) is dependent on others in society. The Buddha had to accept invitations for alms by lay community. Moreover, he had to accept robes prepared by lay people and monasteries and medicine offered by them. The Buddha said that these are additional gains. Regarding food the Saṅgha even today in countries like Sri Lanka, Thailand, Burma, Laos and Cambodia follows these practices. In later ascetic practices (Dhutanga) monks, who observed going for alms round for food for lifetime, did not accept invitation as they did not want to break their firm commitment to the special Dhutanga (ascetic) practice.

In the management of robes, the Buddha very clearly mentioned that Saṅgha should follow the practice of wearing robes made up of cast off soiled cloths. The management principle followed in this regard is that of moderate consumption. It is a very pragmatic principle with regard to the Buddhist Saṅgha community. If the robes are more than what is required,
the Saṅgha should return them to storage. When the problem of disposing of old robes came up, the Buddha had a naive idea of recycling old and unwearable robes (cīvara). The Buddha advised monks to make bed covers, pillowcases, foot towels, floor mops and finally it should be mixed with mud and use the mixture to plaster the walls of their cells (kūṭī). In this respect, the economic principle introduced by the Buddha is the maximum utility of consumer goods and recycling.\textsuperscript{13}

In the community of the Saṅgha there was no ownership. The Buddha very well understood that ownership creates many problems like hindrances to spiritual development, such as less time for meditation and other spiritual pursuits. This practice is very much closer to the socialist and communist system of common property and non-ownership. Monasteries and properties were dedicated to the whole body of the Saṅgha. This is an early ideal of common property system in the Saṅgha. The Saṅgha has no problem in this respect. The Buddha thought that Saṅgha should not fight over properties.\textsuperscript{14}

Right action is the fourth factor of the \textit{Noble Eightfold Path} (Āṭṭhaṅgikomaggo) where it is recommended for both the Buddhist order of monks as well as the lay community. Right action indicates that there is a kind of management of one’s physical actions. Right livelihood (Sammāājīva) is the fifth factor of the \textit{Noble Eightfold Path} which stands for the renunciants’ ideal of striving for the realization of Nibbāna. It is a basic requirement for both lay as well as monks to pursue an honest and harmless livelihood. Selling animals, humans, drugs, liquor, toxic substances etc., are considered unethical in Buddhism. Therefore, some Buddhist economic principles cannot be accommodated in modern economics as they clash with modern economic theories. This means that one has to give up wrong action and livelihood.\textsuperscript{15}

Labour (kammanta) is the key factor of economic development. In the case of the Buddhist Saṅgha refraining from what is not appropriate for renunciants is the management of their life style as required by the community of the Sangha called restraint (samyama). A lengthy exposition of management of one's life under sīla is found in the \textit{Silakkhandhavagga} of the \textit{Dīgha-nikāya}.\textsuperscript{16} The function of sīla is to manage one's behavior. Therefore, sīla can be considered as consisting of Buddhist management principles recommended for both monks and laity.

Another important factor of management is \textit{sallahukavutti}\textsuperscript{17} means to live a life of simplicity, which is recommended for both monks as well as lay community. For monks as well as lay people, being subhara (easily manageable) and santussaka\textsuperscript{18} (satisfied with the minimum) is an
important factor of management of their lives. Buddhist economic philosophy advises people not to go for too much material gains as it generates many problems like suffering and unsatisfactoriness (Dukkha). Suffering (Dukkha) is the First Noble Truth expounded by the Buddha in his first sermon (Turning of the wheel or Dhammacakkapavattana-sutta) delivered to the group of five ascetics (Pancavaggiyabhipkhusa). It is very important to be simple and satisfied with the minimum and try to manage life with minimum necessities (Santussako).

In Buddhist economics, the Buddha has not mentioned the two basic economic factors of supply and demand. Both supply and demand are key factors of modern economics that control the economy of any country. If the production and supply are low and the demand is high, this will create economic chaos. It will lead to an economic recession, inflation, rationing, price control, black market, etc. It is to be noted here that during the time of the Buddha probably there was no short supply of goods unless of course the country was affected by a famine.

In the Jātaka stories we read of a well-organized practice of trade by caravans. Merchants used to go to remote cities to sell their merchandises in groups of caravans. According to the Jātakas, some of these caravans included five hundred carts full of merchandise, food, water and other necessary requisites for the group of merchants travelling along desert routes for several weeks. Even though these stories do not record systematic economic theories, we can derive from them some elements pertaining to economic principles. For example, the Apannaka-Jātaka, which explains primarily of price determination of merchandise. In this respect modern economic theories of pricing like cost of production, cost of marketing and so forth are not taken into consideration. The strategy of pricing in this episode depends upon the merchant's free choice and business ethics. The Bodhisattva who was a merchant in one of his previous lives let his friend go first to sell his merchandise after seeing many advantages of going later. The one who goes first has to determine the price of his merchandise. So the person goes later has no problem of pricing them as the first person had already priced them. Depending on those guidelines of pricing the person who goes later can sell his items.

According to Buddhist economic ethics, it is not right to bargain over merchandise when buying. The Buddha considered it as a kind of exploitation that is unethical. If the buyer is offering a very low price for an item, which is costly, he is deviating from economic ethics. The Serivānija-Jātaka records such an incident where a merchant went to a house of an old woman and her granddaughter to trade bangles in exchange for a gold vessel. The merchant offered the lowest possible
price to the old woman who refused the offer and went away. The second merchant came and gave a handsome price for the gold vessel. From this transaction, what we learn is that people should not exploit customers ruthlessly. The Buddha always talked about fair deals.

According to Buddhism, there are no hereditary classes or castes and the economic factor of it is the division of labour. The Aggañña-sutta of the Dīgha-nikāya says that at an early stage how human beings divided labour into four categories based on specialization. In production, it is very important to make use of one's specialization. In this respect, many factors like efficiency, quality control and so forth are taken into consideration. The basic theory of the division of labour is to utilize one's skill properly and meaningfully to produce and market a quality product. Very early in the history of humankind, people were accustomed to the usefulness of this practice of specialization. In the Vāsettha-sutta of the Sutta-nipāta, kamma means profession or livelihood and in this context, there is no ethical or metaphysical implication. The Buddha said that due to kamma one becomes a farmer (kassakohotikammanā). In addition, one becomes a soldier due to his kamma or profession (yodhajivopikammanā). This indicates a kind of specialization. The person who is a farmer by profession is a specialist in agriculture. He knows very well the rainy season, the science of seeds, how to plough and to get the maximum possible harvest. This Sutta mentions a long list of professions pursued by people during the time of the Buddha. It is an old practice to give a second identity to a person depending on the vocation followed by him. We can see this practice still existing in some societies in the world even today. In the Majjhima-nikāya, a person called Ganakamoggallāna was very popular as an accountant. The name is the second identity given to him by society due to his specialization. Likewise, there were many specializations mentioned by the Buddha in the Vāsetṭha-sutta of the Sutta-nipāta.

The Buddha did not talk about economic prosperity in relation to large scale production and distribution. Moreover, he did not have a pessimistic attitude to one’s material prosperity acquired through righteous means (dhammena). The Buddha had two different schemes for laity and monks. Monks who gave up everything in order to become recluses did not derive happiness from material gains. Their happiness was derived from mental development. On the other hand, the lay community derived happiness from material prosperity. The Buddha was not against material success of lay people even though he emphatically said that life is suffering and unsatisfactory. The Buddha was of the view that happiness is one of the byproducts of material success which is different from spiritual happiness. But the Buddha also emphasized that
both material as well as spiritual development are necessary factors of human life.

The Buddha talks about four kinds of happiness derived from material endeavors: *Atthi-sukha* (happiness of ownership), *Bhoga-sukha* (happiness of being prosperous), *Anāna-sukha* (happiness of being debtless) and *Anavajja-sukha* (happiness of being blameless). According to Buddhist management principles, one should not overspend what he has earned and be able to balance the income and expenditure. The householder does not enjoy his wealth by himself. He spends money on charity and does meritorious deeds, charitable works, etc. One enjoys and receives happiness and satisfaction out of philanthropic work. One also derives happiness and satisfaction being debtless and blameless and he does not follow blameworthy means of earning money.

The *Sigalovāda-sutta* of the *Dīgha-nikāya* presents extremely valuable principles of economic management which explains many ways of dissipation of wealth due to overindulgence in drinking, gambling, frequenting streets at night, music, singing and idleness. In order to safeguard the wealth one has to get rid of these vices. In the context of management of economy, the Buddha has pointed out four important management principles: diligence (*uttānasampadā*), safeguarding what has been earned (*ârakkhasampadā*), association with good companions and friends (*kalyānamittatā*) and balancing of income and expenditure (*samajīvikatā*). In addition to these principles, the economic management has been expounded by the Buddha in relation to the individual and family in the form of ethics through the *Sigālovada-sutta*. In this *sutta*, family includes parents, householder, his wife, children, servants and work people. This is a kind of joint family, in which at least three generations used to live in harmony and happiness. Management of this household has been explained in the form of reciprocal ethics. It has been clearly pointed out by the Buddha that for a smooth running of society these duties and obligations have to be observed properly. If the social system collapses completely, then there will be chaos and anarchy. This has been clarified in the simile of the pins of a cart. As long as wheels of a cart are secured by pins, the cart can run. If the pins are not placed properly, the cart cannot run and will collapse.

The management ethics in the *Sigālovada-sutta* has been presented in the form of duty and obligation. Each member of a family has a definite role to play which has been defined in relation to other members of the family. Taking the householder as the key figure of the family the Buddha clarified the relationship between members of the family and the householder. The householder is the son in relation to his parents,
husband in relation to wife, father in relation to his children and master in relation to his work people. In relation to teachers, the householder is a student (antevāsika). In relation to neighbors, he is a neighbor and friend (Mittā-maccā). In relation to religious teachers (Samana and Brāhmaṇa) he is a devotee. For better management of life, one should perform his/her duties and obligations to parents, teachers, and children, wife, friends, neighbors, servants and religious teachers. Sigālovada-sutta presents some management principles with regard to family in the form of ethics. Taken the householder as the central figure of the family these ethical principles have been expounded by the Buddha. The relationship between husband and wife should be amiable and courteous. The wife should be treated by husband with respect and honor and should be faithful to her. This is the key element in family management according to Buddhism. She should be well looked after by providing necessary requisites such as clothes, jewelry and so forth. She should be granted the authority to manage household affairs. Husband is the bread earner of the family and wife is the one who manages the house. He should not despise her. The Buddha mentioned that wife is the closest friend of the husband, advisor and helper in household management. Manu mentions that ‘mutual fidelity till death is the essence of the highest dharma for the husband and wife’. Manu further says that a man's half is the wife; wife is husband's best friend; she is source of dharma, artha, kāma and also mokṣa. In Buddhist texts, also we find similar ideas regarding the relationship of wife and husband. According to the sutta there are five principles of family management pertaining to the duties of a wife: Systematic management of household (Susanviṭṭakammatu), caring treatment of house hold work people and servants (Saṅgahītaparijanā), faithfulness to husband (Anaticārinī), taking care of what is brought by husband (Saūbhataucānurakkhati) and cleverness and diligence in household affairs (Dakkhā ca hoti analasā sabbakīcesu). Both husband and wife do manage family members, servants and work people.

In the management of household work people as well as employees, the master should be astute and efficient. Buddhism advises masters to be sympathetic and compassionate towards employees and servants. When assigning duties, master should know the strength and expertise of his employees. The Buddha advised that duties should be assigned depending on the individual’s strength and expertise. The commentary to Dīgha-nikāya elucidates this strategy in the following words. Master should not ask old people to do hard work that should be done by younger men. Moreover, women should not be given hard work. In order to maintain a good and amiable relationship master should treat them well. He should provide wages and meals (Bhattavetana). He should treat them kindly, not employ them if sick and provide medical
facilities, etc. There is no doubt that the Buddha was the first person to propose employee medical care system.\textsuperscript{34} Regarding economic management, the Buddha has devised a scheme for the householder or lay community, whose earnings have to be divided into four parts and out of that one fourth should be utilized for food. Half of the income should be invested in business (kammanta) and the rest should be saved to be used in case of distress.\textsuperscript{35} Probably this scheme of management of earnings may not be suitable for some individuals like those who do not run business. The Buddha did not like people to exhaust all what they earned. The Buddha encouraged people to set aside a portion of their earnings as savings.

The Buddha has expounded golden rules for management which are relevant even today such as: Be humorous and keep a smile on your face; avoid hasty and harsh reactions; treat others leniently and give them respect and credit; take responsibility when something goes wrong; put aside any personal gain or loss and go forward; let communication flow freely and strive for agreement; serve others, keep your own word; adjust and adapt and be considerate of others; pay respect to others’ opinions and coordination. Strong group dynamics synchronize the steps of upper management and operational employees, ensuring the formation of consensus and shared values necessary to achieve the organizational mission and goals.\textsuperscript{36}

Cultivation of restraint (Sam\textsuperscript{ñ}yama) and self-control are key factors of the Buddhist philosophy of management. One should be wise and strategic in managing household, income and expenditure. At least the householder should have the common sense to know the perils of economic deterioration. Over-infatuation and addiction to bad habits are hindrances to economic development and management. In the management of monitory and family matters, one should be aware of certain bad habits that may create chaos and disorder regarding the management of economy. The Sig\textsuperscript{ā}lov\textsuperscript{ā}da-sutta mentions six ways of dissipating income and wealth if the householder is addicted to any of the following vices: Addiction to intoxicating drinks, frequenting the streets at untimely hours, haunting fairs, being infatuated by gambling, association with evil companions and the habit of idleness.\textsuperscript{37} Addiction to gambling (J\textsuperscript{ū}tapam\textsuperscript{ā}datth\textsuperscript{ā}n\textsuperscript{ā}muyoga) is considered as a serious social and economic evil. The Buddha pointed out that gambling destroys one’s wealth and property very fast,\textsuperscript{38} he is not trusted, friends and relatives despise him and no one would like to give a girl in marriage to him, etc. Bad companions are another channel of dissipating wealth and can destroy not only his hard earned wealth but also his whole career.\textsuperscript{39}
In the *Vyāgghapajja-sutta* of the *Aṅguttara-nikāya*, the Buddha praised the usefulness of balancing one's income and expenditure where it is clearly mentioned that expenditure should not exceed one's income. If somebody's expenditure is more than his income, he cannot balance his budget. Whatever he earns is exhausted and is unable to manage his household. Such a person is always having a deficit and running into debts. This situation was well exemplified by the Buddha in a simile. This is very similar to a pond that has four openings, which are kept open; the pond cannot hold its water any more. The person who spends all what he earns is not wise and he is ignorant of the management of his income. According to the Buddha, such persons are like fig-tree gluttons. One of the principles of economic management in Buddhism is *Samajīvikatā* (evenness of income and expenditure).

Management and eradication of poverty can be considered as an important aspect of Buddhist economics. This has to be done by the government or such organizations in a systematic manner. The *Cakkavattisīhanāda-sutta* records an incident of theft for which the king punished severely the culprit by imprisonment. In this respect, the Buddha said that before imposing a punishment, the king should investigate into the cause of theft. If someone has no means of income, he cannot support his family. Such people are called *adhana* (people without an income) or *dalidda* (poor) in Pāli texts. The Pāli term for poverty is *daliddatā*. According to *Cakkavattisīhanāda-sutta*, this is a kind of desperate situation, which leads people to steal. Due to the increase of stealing, handling of weapons increases. Due to the handling of weapons, killing increases. The principle of management of poverty emphasized by the Buddha in this sutta is to look into the cause of theft and to take appropriate remedial measures to eradicate poverty.

According to Buddhist management ethics, one should be righteous (*dhammiko*) in his dealings and earning money. It is often mentioned in Buddhist sutta[s] that fair earning is what is acquired by shedding sweat (*sedavakkhittā*), by the strength of arms (*bāhābala-paricitā*), by righteous means (*dhammikādhammaladdhā*). The Buddha knew about borrowing and investing money in industries and self-employment projects. Many sutta[s] of the *Sutta Piṭaka* mention this economic practice followed by people in ancient India. When there is no capital to invest in business or a self-employment project, people used to borrow money from wealthy people called *seṭhis*. Lending money was a big business during the time of the Buddha. In Pāli, the word ‘*iṇa*’ (Skt: *ṛṇa*) means ‘loan’ or ‘debt’. In this respect modern day people borrow money from banks and invest in their business. A man having borrowed money
and invested in industry, got success and settled all his debts from the earned profit (Avasitthaü) and managed to live a comfortable family life and was very happy about his success.\textsuperscript{45} We saw the same practice recommended by the Buddha to eradicate poverty in the Cakkavattisihanāda Sutta. The Buddha said that it is very unethical if somebody does not settle loans borrowed from lenders and calls him a Vasala (bad).\textsuperscript{46}

To sum up, one can say that the present world economies can no longer be sustained even though most people continue to subscribe to a theory of happiness based upon material accumulation and control whereas credibility and viability of this have never seemed so tenuous. There is growing evidence that this path leads to neither healthy, sustainable world economies nor growth in individual and community well-being. In this paper, I have tried my best to explain how the Buddha and his teachings have contributed to the envisioning and implementation of more sustainable economies that truly enhance well-being in present world scenario. It is clear that Buddhist way of economic management is very different from the economic management of modern economies based on materialism. The materialist world economy is mainly interested in goods while the Buddhist economic management is mainly interested in liberation.

**ABBREVIATIONS**

D Dīghanikāya (Pāli Text Society, London)

A Āṅguttaranikāya (Pāli Text Society, London)

Sn. Suttanipāta (Pāli Text Society, London)

Vin. Vinaya Piṭaka (Pāli Text Society, London)

J Jātaka (Pāli Text Society, London)

SBB Sacred Books of The Buddhists

S Saṃyuttanikāya (Pāli Text Society, London)

**REFERENCES**


NOTES

1. D. III. 190.
2. A. IV. 281.
4. Ibid., p. 396.
7. Sn. 144.
16. D.I. (*Siṅkhandhavagga*).
17. Sn. 144.
18. Ibid.
19. J. I. 98. (*Apannaka, Vannupatha* and *SerivanijaJātaka*[s])
20. J. I. 98. (*Apannaka-jātaka*).
21. J. I. 110-114. (*Serivānija-jātaka*).
27. A. II. 68.
31. S. I. 37.
32. D. III. 190.
33. DA.964.
34. D. III. 191.
37. D. III. 182.
38. D. III. 184.
40. A. IV. 284.
41 A. IV. 281.
42 D. III. 65.
43 A. III. 68.
44 A. IV. 282.
45 D.I. 71.
46 Sn. 180.