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## **Buddhist Economics: Ethical Foundations, Human Flourishing, and the Middle Path of Development**

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### **Abstract**

*This article examines the economic perspective of Buddhism and its relevance to contemporary discussions on development, sustainability, and social justice. While mainstream economics often emphasizes growth, consumption, and profit maximization, Buddhist thought proposes an alternative paradigm grounded in ethical conduct, moderation, interdependence, and human flourishing. Drawing upon the Pāli Canon and modern interpretations of Buddhist economics, the study explores key principles such as Right Livelihood (*sammā-ājīva*), the Middle Way (*majjhimā paṭipadā*), non-attachment (*anupādāna*), generosity (*dāna*), and dependent origination (*paṭiccasamuppāda*). The article argues that Buddhist economics offers a holistic framework integrating material sufficiency with moral and psychological well-being. By addressing structural inequality, environmental sustainability, and ethical responsibility, Buddhist economics contributes to peacebuilding and the reduction of structural violence. The study concludes that Buddhist economic thought offers valuable conceptual resources for developing a compassionate and sustainable global economy.*

**Keywords:** *Buddhist economics, Right livelihood, sustainability, peacebuilding, ethics, development, Middle Way*

### **Introduction**

Economic thought has traditionally been dominated by assumptions about rational self-interest, market competition, and the pursuit of material prosperity. Classical and neoclassical economic theories generally conceptualize human beings as utility-maximizing individuals motivated by preferences that prioritize consumption and wealth accumulation. Within this paradigm, economic success is often measured through indicators such as gross domestic product (GDP), productivity, and market expansion. However, critics have argued that such approaches inadequately address ethical considerations, environmental sustainability, and psychological well-being (Sen 1999; Stiglitz, Sen, and Fitoussi 2010).

Buddhist economics offers an alternative perspective that integrates ethical values with economic activity. Rooted in the teachings of the Buddha, Buddhist economic thought emphasizes moderation, compassion, interdependence, and social responsibility. Rather than rejecting economic life, Buddhism seeks to transform the motivations underlying economic behavior. Economic actions are evaluated not only in terms of efficiency and profit but also in relation to their impact

on human well-being, social harmony, and ecological balance.

The Buddha's teachings on suffering (*dukkha*), craving (*taṇhā*), impermanence (*anicca*), and non-self (*anattā*) provide a philosophical framework for understanding the limitations of material accumulation as a source of lasting happiness (Gethin 1998). The concept of the Middle Way (*majjhimā paṭipadā*) suggests that well-being arises through balance rather than extremes of indulgence or deprivation (Rahula 1974).

From the perspective of peace and conflict studies, Buddhist economics is particularly significant because it addresses structural forms of violence such as poverty, inequality, and environmental degradation (Galtung 1969). Economic injustice often contributes to social unrest and conflict, while ethical economic systems can promote stability and cooperation. By integrating ethical and material dimensions of human life, Buddhist economics contributes to a broader vision of positive peace.

### **Philosophical Foundations of Buddhist Economics**

#### **The Middle Way (*Majjhimā Paṭipadā*) as Economic Principle**

The Buddha's first discourse, the *Dhammacakkappavattana Sutta* (SN 56.11), introduces the Middle Way as a path that avoids both extreme asceticism and sensual indulgence (Bodhi 2000). Applied to economic life, this principle suggests moderation in consumption and production. Excessive wealth accumulation driven by greed (*lobha*) can generate social inequality and environmental exploitation, while extreme poverty limits human flourishing and dignity.

The Middle Way promotes balanced engagement with material resources. Individuals are encouraged to meet their needs without becoming enslaved by desire. Contentment (*santuṭṭhi*) and simplicity (*appicchatā*) are considered virtues that support mental well-being and social harmony (Harvey 2013).

### **Dependent Origination (*Paṭiccasamuppāda*) and Economic Interdependence**

The doctrine of dependent origination emphasizes that phenomena arise in conditions of mutual dependence (Bodhi 2000). Economic systems are similarly interconnected, involving relationships between producers, consumers, communities, and ecosystems. Economic decisions therefore have ethical consequences that extend beyond individual gain.

Interdependence challenges the notion of isolated self-interest. Individual prosperity is linked to social stability and environmental sustainability. Economic policies that neglect interdependence may contribute to ecological crises and social inequality (Schumacher 1973).

Understanding economic life through the lens of interdependence encourages responsibility toward future generations and non-human life forms. Environmental degradation can be interpreted as a manifestation of collective ignorance (*avijjā*) regarding the interconnected nature of existence.

### **Non-Attachment (*Anupādāna*) and Consumption**

Attachment to material possessions is considered a source of suffering in Buddhist philosophy (Rahula 1974). Consumer culture often stimulates desires that cannot be permanently satisfied. The pursuit of ever-increasing consumption creates cycles of dissatisfaction, reinforcing craving (*taṇhā*).

Non-attachment does not imply rejection of material goods but encourages freedom from compulsive desire. Economic well-being is achieved through mindful consumption that distinguishes genuine needs from artificial wants (Ricard 2015).

Mindfulness (*sati*) enables individuals to develop awareness of their motivations and choices. Ethical consumption reflects compassion for workers, animals, and ecosystems affected by production processes.

### **Right Livelihood (*Sammā-ājīva*)**

#### **Ethical Dimensions of Work**

Right Livelihood constitutes one of the eight components of the Noble Eightfold Path (*ariya aṭṭhaṅgika magga*). The Buddha discouraged occupations that cause harm to living beings or society. The *Aṅguttara Nikāya* identifies five forms of trade that should be avoided:

- trade in weapons

- trade in living beings
- trade in meat production involving killing
- trade in intoxicants
- trade in poisons

These guidelines highlight the moral dimension of economic activity (Bodhi 2012). Work is not merely a means of income but a domain of ethical practice. Livelihood should contribute to social welfare rather than harm individuals or communities.

### **Meaningful Work and Human Development**

Buddhist economics emphasizes the importance of meaningful work that supports human dignity. Work provides opportunities for developing skills, cooperation, and responsibility. Employment conditions that exploit workers undermine psychological well-being and social stability (Schumacher 1973).

Meaningful work contributes to both material sustenance and personal development. From a Buddhist perspective, economic systems should create conditions in which individuals can cultivate ethical virtues such as generosity, patience, and compassion.

### **Wealth and Happiness in Buddhist Thought**

#### **Ethical Acquisition of Wealth**

The Buddha did not advocate universal renunciation of wealth. Instead, he encouraged ethical acquisition and responsible use of resources. The *Sigālovāda Sutta* (DN 31) outlines principles for managing wealth responsibly, including diligence, prudence, good friendship, and balanced expenditure (Walshe 1995).

Wealth acquired through honest means can contribute to family welfare, social responsibility, and charitable giving. Economic activity is therefore compatible with spiritual development when guided by ethical values.

#### **Four Types of Happiness (*Sukha*)**

The *Aṅguttara Nikāya* describes four forms of happiness associated with wealth:

1. *Atthi-sukha* – happiness of possession
2. *Bhoga-sukha* – happiness of enjoyment
3. *Anaṇa-sukha* – happiness of freedom from debt
4. *Anavajja-sukha* – happiness of blameless conduct

The highest form of happiness is ethical integrity. This hierarchy suggests that moral well-being provides more stable satisfaction than material accumulation alone (Bodhi 2012).

#### **Generosity (*Dāna*) and Social Redistribution**

Generosity is a foundational ethical principle in Buddhism. The practice of *dāna* reduces attachment and promotes social harmony. Acts of giving create bonds of mutual support between individuals and communities (Harvey 2013).

Traditional Buddhist societies developed economic relationships based on reciprocity between monastic and lay communities. Lay followers supported monastic institutions materially, while monastics contributed spiritual guidance.

Generosity functions as a voluntary mechanism of redistribution that reduces inequality and strengthens social cohesion.

### **Buddhist Economics and Sustainable Development**

#### **Critique of Consumerism**

Modern economic systems often equate well-being with increasing consumption. Buddhist thought challenges this assumption by emphasizing the impermanent nature of material satisfaction. Desire generates further desire, producing cycles of dissatisfaction (Rahula 1974).

Sustainable well-being arises through moderation rather than unlimited consumption. Mindfulness enables individuals to recognize the difference between needs and wants.

#### **Environmental Responsibility**

Buddhist ethics emphasizes compassion (*karuṇā*) toward all living beings. Environmental degradation may be interpreted as a consequence of greed (*lobha*) and ignorance (*avijjā*). Sustainable development requires recognition of interdependence between human societies and ecosystems (Kaza 2000).

Buddhist environmental ethics supports responsible resource use, ecological balance, and respect for biodiversity.

#### **E. F. Schumacher and Modern Buddhist Economics**

The concept of Buddhist economics gained prominence through the work of E. F. Schumacher. In *Small Is Beautiful*, Schumacher proposed an economic system focused on human well-being rather than unlimited growth (Schumacher 1973).

Schumacher argued that production should serve human needs rather than treating human beings as instruments of production. He emphasized local self-reliance, meaningful employment, and environmental sustainability.

Buddhist economics prioritizes:

- reduction of unnecessary consumption
- meaningful employment
- ecological sustainability
- ethical decision-making
- community well-being

This approach contrasts with industrial models that prioritize efficiency over human dignity.

#### **Structural Violence and Peacebuilding**

Economic inequality contributes to structural violence, a concept introduced by Johan Galtung (1969). Structural violence refers to social arrangements that limit individuals' potential and create conditions of injustice.

Buddhist economics addresses structural violence by promoting fairness, compassion, and moderation. Economic systems grounded in ethical values support social trust and cooperation.

Peacebuilding requires addressing economic causes of conflict such as poverty, inequality, and exploitation. Buddhist economic thought contributes to positive peace by promoting social justice and well-being.

#### **Relevance for Contemporary Economic Thought**

Buddhist economics aligns with contemporary movements such as ecological economics, degrowth theory, and capability approaches (Sen 1999). These perspectives emphasize well-being rather than material accumulation.

Buddhist thought contributes insights regarding psychological dimensions of consumption, ethical responsibility, and sustainability. Economic policies informed by Buddhist principles may support inclusive development and social stability.

#### **Conclusion**

Buddhist economics offers a comprehensive framework integrating ethical values with economic life. By emphasizing moderation, compassion, and interdependence, Buddhist thought challenges dominant paradigms that prioritize unlimited growth.

The Buddhist approach does not reject economic activity but seeks to transform its underlying motivations. Economic life becomes a domain of ethical practice contributing to individual well-being, social harmony, and ecological sustainability.

In an era characterized by environmental crisis, inequality, and social fragmentation, Buddhist economics provides valuable insights for developing alternative models of development. Its integration of ethical and material dimensions offers a pathway toward a more compassionate and sustainable global economy.

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