Buddhist Economics
E.F. Schumacher's classic 1968 essay shifted focus from capitalism to individual well-being, prioritizing holistic welfare over financial exchange systems.

Ernst Fritz Schumacher (1911–1977) published the following version of his essay “Buddhist Economics” in the British magazine Resurgence in 1968. The magazine specialized in decentralization, deurbanization, libertarian technology, and alternative lifestyles. Schumacher discussed the issue of labor, which was fundamental to the psychic equilibrium of the individual and essential to a sense of satisfaction and social integration. In short, Schumacher deconstructed the whole capitalist economy so as to focus on individual well-being rather than on a system of financial exchange.

This article is excerpted from “Whole Earth Field Guide,” edited by Caroline Maniaque-Benton.
Born in Germany, Schumacher came to England in 1930 as a Rhodes Scholar to read economics at New College, Oxford. Schumacher was also an expert on farming, active in the Soil Association, which promoted organic farming and challenged the orthodoxy of chemical-based agriculture. He became an economic adviser to the British Control Commission in Germany (1946–1950), and then had a long career in the National Coal Board in Britain. The turning point came in 1955, when he was sent as economic development adviser to the government of Burma. He was supposed to introduce there the Western model of economic growth, but he discovered that the Burmese did not need economic development along Western lines, as they themselves had an indigenous economic system well suited to their conditions, culture, and climate.

Schumacher’s collection of essays, written in the 1950s and 1960s and published in 1973 under the title “Small Is Beautiful: Economics as If People Mattered,” became part of the shared consciousness of the 1970s. The “Buddhist Economics” essay was rewritten for this publication. Opposing small to big was a recurrent theme of the catalog. In simple terms, Schumacher provided convincing arguments for replacing industrial production with hand labor. In fact, Schumacher’s argument was extremely radical, substituting the emphasis on consumption with a value-based ideology, founded on satisfaction in production.
—Caroline Maniaque-Benton

The Buddhist point of view takes the function of work to be at least threefold: to give a man a chance to utilize and develop his faculties; to enable him to overcome his ego-centeredness by joining with other people in a common task; and to bring forth the goods and services needed for a becoming existence. Again, the consequences that flow from this view are endless. To organize work in such a manner that it becomes meaningless, boring, stultifying, or nerve-racking for the worker would be little short of criminal; it would indicate a greater concern with goods than with people, an evil lack of compassion and a soul-destroying degree of attachment to the most primitive side of this worldly existence. Equally, to strive for leisure as an alternative to work would be considered a complete misunderstanding of one of the basic truths of human existence, namely that work and leisure are complementary parts of the same living process and cannot be separated without destroying the joy of work and the bliss of leisure.

From the Buddhist point of view, there are therefore two types of mechanization which must be clearly distinguished: one that enhances a man’s skill and power and one that turns work over to a mechanical slave, leaving man in a position of having to serve the slave. How to tell the one from the other? The craftsman himself, says Ananda [a historian and philosopher of Indian art], a man equally competent to talk about the Modern West as the Ancient East, “the craftsman himself can always, if allowed to, draw the delicate distinction between the machine and the tool. The carpet loom is a tool, a contrivance for holding warp threads at a stretch for the pile to be woven round them by the craftsmen’s fingers; but the power loom is a machine, and its significance as a destroyer of culture lies in the fact that it does the essentially human part of the work.”

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It is clear, therefore, that Buddhist economics must be very different from the economics of modern materialism, since the Buddhist sees the essence of civilization not in a multiplication of wants but in

the purification of human character. Character, at the same time, is formed primarily by a man's work. And work properly conducted in conditions of human dignity and freedom, blesses those who do it and equally their products. The Indian philosopher and economist J. C. Kumarappa sums the matter up as follows: "If the nature of the work is properly appreciated and applied, it will stand in the same relation to the higher faculties as food is to the physical body. It nourishes and enlivens the higher man and urges him to produce the best course and disciplines the animal in him into progressive channels. It furnishes an excellent background for man to display his scale of values and develop his personality."

If a man has no chance of obtaining work he is in a desperate position, not simply because he lacks an income but because he lacks this nourishing and enlivening factor of disciplined work which nothing can replace. A modern economist may engage in highly sophisticated calculations on whether full employment "pays" or whether it might be more "economic" to run an economy at less than full employment so as to ensure a greater mobility of labor, a better stability of wages, and so forth. His fundamental criterion of success is simply the total quantity of goods produced during a given period of time. "If the marginal urgency of goods is low," says Professor Galbraith in "The Affluent Society," "then so is the urgency of employing the last man or the last million men in the labor force." And again: "If … we can afford some unemployment in the interest of stability — a proposition, incidentally, of impeccably conservative antecedents — then we can afford to give those who are unemployed the goods that enable them to sustain their accustomed standard of living."

From a Buddhist point of view, this is standing the truth on its head by considering goods as more important than people and consumption as more important than creative activity. It means shifting the emphasis from the worker to the product of work, that is, from the human to the subhuman, a surrender to the forces of evil. While the materialist is mainly interested in goods, the Buddhist is "The Middle Way" and therefore in no way antagonist to physical well-being. It is not wealth that stands in the way of liberation but the attachment to wealth; not the enjoyment of pleasurable things but the craving for them. The keynote of Buddhist economics, therefore, is simplicity and non-violence. From an economist's point of view, the marvel of the Buddhist way of life is the utter rationality of its pattern — amazingly small means leading to extraordinarily satisfactory results.