When Buddhists Meet Economists

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Abstract. Economics and Buddhism frame behavior differently. Economics views people as rational agents with stable preferences, while Buddhism emphasizes impermanence and the absence of a fixed self. Both address planning, choice, and well-being—but through distinct lenses: economics focuses on optimization and incentives, whereas Buddhism highlights shifting preferences and adaptation. The separability of agents in economic models contrasts with interdependence, from relationships and conditions. Craving in Buddhism explains dissatisfaction and distorted valuation, paralleling how biases divert decisions from rational standards. Impermanence reflects not only passing states but also shifting reference points. Compassion extends concern beyond personal gain, reframing welfare as collective well-being. Together, these views present people not as isolated optimizers but as interdependent beings with limited rationality. Linking structured models of choice with insights into perception and attachment deepens our understanding of behavior and broadens the concept of welfare.

Keywords: Buddhism, economics, comparative analysis

1. Introduction

Economics and Buddhism appear to be two unrelated paths. Economics is concerned with markets, prices, and choices. Its question is "How can we live more prosperously?" (Samuelson

and Nordhaus 2009, 1; Varian 2014, 1). Buddhism, however, turns inward. It asks "Why do we suffer?" and "How can we be liberated?"

At first glance, the two seem very different. Economics says we should seek utility. Buddhism says we should release desire. Economics seeks to model cravings in the human heart. Buddhism reminds us that craving itself is the root of suffering. But if we think carefully, both are actually about the same thing: human beings. Economics studies how people make choices under constraints. Buddhism examines why we cling to and suffer because of attachment. The former observes external actions and results, while the latter examines inner feelings and intentions. They are not opposites; they are complementary. Today, in light of the way markets influence our mindset and consumption affects our mental health, combining these two ideas is even more important. Behavioral economics has already started to question the idea that "people are rational" (Kahneman and Tversky 1979, 263; Thaler 1985, 199). Buddhism can provide the other half, reminding us that the real issue goes beyond calculations and concerns attachment in the heart.

This paper builds on a body of scholarship that has already brought Buddhism and economics into conversation. Buddhist economics, as it has developed since Schumacher's *Small Is Beautiful*, treats moderation and sufficiency as economic principles rather than private virtues and measures well-being by the consumption a full life requires rather than by the volume of output (Schumacher 1973; Payutto 1994; Zsolnai 2011; Brown 2017; Magnuson 2019). Empirical work on hedonic adaptation and the Easterlin paradox supports this view by showing that rising income buys only a temporary rise in reported happiness (Brickman and Campbell 1971; Easterlin 1974; Layard 2005). Most of this literature asks how Buddhist ethics might reshape economic institutions, development strategy, or environmental policy, whereas we ask a prior question: before Buddhist values can be built into institutions, one must know where Buddhist thought and economic reasoning agree, where they part ways, and why. Our contribution is therefore conceptual rather than institutional. We compare five foundations of economic reasoning with their Buddhist counterparts: rational agency with non-self, utility maximization with craving, equilibrium with liberation, the separation of investment from preference with dependent origination, and economic progress with renunciation. Each pairing exposes the assumptions that the other side takes for granted.

The comparison is worth making because the two traditions overlap more than their vocabularies suggest. Both acknowledge the importance of intention, and both closely observe causes and effects: economists study how incentives drive behavior, while Buddhists train the mind to uproot its defilements, and each discipline examines which effects follow from which causes. Buddhist insight can deepen economics in three ways. It questions the intuition that more is better, it redefines happiness beyond the satisfaction of preferences, and it can inspire institutional design that asks not only whether outcomes are good but also whether the means are pure. Economics can inform Buddhist thought in turn. It clarifies how systems shape choices, so that poverty and inequality appear as structural conditions rather than merely

moral ones, and it provides tools for assessing and implementing policies infused with Buddhist values. Although the two differ in ontology, goals, and methods, both strive to understand and improve the human condition, and that shared purpose is what makes a side-by-side reading possible.

In this paper, we place the two side by side. Each section selects a core economic concept and compares it with Buddhist ideas. The goal is not to forcibly merge them, but to first understand, then compare. This may allow us to find a new path forward. Finally, a note to clarify our intentions: we are not preaching, but are simply holding up two mirrors to the same person. The assumption of self allows us to calculate clearly; the perspective of dependent origination lets us see the interconnections. Placing the two together may bring us closer to reality. Section 2 sets out the methodological framework and defines the economic and Buddhist perspectives we compare. Section 3 reviews the literature on desire, welfare, interdependence, and growth. Section 4, the core of the paper, takes up eight pairings in turn, from karma versus randomness to economic progress versus Buddhist liberation, and closes with what each tradition can learn from the other. A reflection on method and a conclusion follow.

2. Methodological and Comparative Framework

Before comparing economics and Buddhism, it is necessary to clarify the scope of the analysis. The purpose of this paper is not to synthesize the two traditions into a unified theory. Rather, the comparison examines how each tradition interprets human behavior, welfare, and causality. Economics and Buddhism both address questions of choice and well-being, yet they begin from different assumptions about the nature of the individual and the sources of human dissatisfaction.

The economic framework considered here refers primarily to the analytical structure of neoclassical economic theory. In this tradition, individuals are modeled as agents who make choices under constraints in order to maximize utility. Preferences are typically assumed to be stable and internally consistent, allowing behavior to be represented through optimization and equilibrium analysis. Since Samuelson's formulation of revealed preference and the Arrow–Debreu model of general equilibrium, economic outcomes have commonly been explained as the aggregation of individual decisions within systems of exchange and scarcity (Samuelson 1947; Arrow and Debreu 1954). Within this framework, preferences are treated as given, and welfare is evaluated through the satisfaction of those preferences (Varian 2014).

Economics, however, contains ongoing debates about these assumptions. Institutional economics emphasizes the role of historically developed institutions in shaping behavior (North 1990). Ecological economics examines the environmental limits of continuous economic expansion (Daly 1996). The capability approach developed by Sen evaluates welfare through substantive freedoms rather than preference satisfaction alone (Sen 1999). These

perspectives illustrate that economics is not a single unified doctrine. Nevertheless, the neoclassical framework remains the most influential analytical model in economic theory and policy analysis, making it a useful point of comparison.

The Buddhist perspective draws primarily on Mahāyāna traditions. Early Buddhist texts analyze suffering (*dukkha*) as arising from craving (*taṇhā*) and ignorance (*avijjā*), which lead individuals to cling to the idea of a permanent self and to pursue objects of desire as sources of lasting satisfaction (SN 22.59; MN 22). The doctrine of non-self (*anattā*) challenges this assumption by describing the individual not as a fixed agent but as a changing combination of physical and mental processes. Dependent origination (*paṭicca-samuppāda*) further explains that phenomena arise through networks of causal conditions rather than through independent essences (SN 12.15). Later Mahāyāna philosophy extends this analysis by interpreting conditional existence as emptiness (*śūnyatā*), the absence of inherent nature in all phenomena (Nāgārjuna 1995).

The comparison developed in this paper therefore proceeds through conceptual juxtaposition. Each section places a central concept of economic theory alongside a related idea in Buddhist thought. Rational agents are compared with the Buddhist doctrine of non-self. Utility maximization is examined in relation to the Buddhist analysis of craving. Economic equilibrium is contrasted with the Buddhist concept of liberation. Economic progress is evaluated alongside the Buddhist emphasis on renunciation and contentment. The goal is analytical clarification rather than theoretical integration.

These contrasts reflect deeper methodological differences. Economic models generally treat preferences as given and ask whether individuals achieve desired outcomes efficiently under constraints (Friedman 1953; Hausman 1992). Buddhist analysis instead questions the formation of desire itself. Preferences are understood as conditioned processes shaped by perception, habit, and social environment. Consequently, economics tends to analyze observable behavior within institutional systems, whereas Buddhism examines the mental and ethical processes that give rise to those behaviors.

Because these two traditions approach human action at different analytical levels, the comparison must also be situated within the broader scholarship exploring connections between Buddhism and economic thought. The next section reviews several strands of literature that have examined how Buddhist philosophical ideas relate to economic concepts such as desire, welfare, interdependence, and economic growth.

3. Literature

Scholars exploring the relationship between Buddhism and economics have often focused on how Buddhist philosophical ideas reinterpret fundamental assumptions about desire, welfare, and economic progress. Rather than proposing a separate economic system, much of this

literature examines how Buddhist concepts challenge or complement conventional economic interpretations of human behavior.

Desire and Consumption

Standard economic models begin with preferences as the foundation of choice. Individuals allocate resources in order to maximize the satisfaction of those preferences under conditions of scarcity (Samuelson 1947; Arrow and Debreu 1954; Varian 2014). Buddhist thought approaches desire from a different perspective. Craving (*taṇhā*) is identified as a principal source of dissatisfaction because attachment to desired outcomes generates continual cycles of expectation and frustration (SN 12.2; MN 38). From this standpoint, increases in consumption do not necessarily produce lasting well-being if the underlying structure of desire remains unchanged.

This idea has influenced discussions of Buddhist economics that emphasize moderation and sufficiency rather than unlimited accumulation (Schumacher 1973; Payutto 1994; Zsolnai 2011; Brown 2017). Empirical research in economics and psychology has also raised related questions. Studies of hedonic adaptation indicate that increases in income often generate only temporary improvements in reported happiness (Brickman and Campbell 1971). Cross-national evidence similarly suggests that long-term economic growth does not always translate into proportional increases in life satisfaction (Easterlin 1974; Layard 2005). These findings have strengthened the argument that preference satisfaction alone may provide an incomplete measure of human welfare.

Welfare and Well-Being

Traditional welfare economics evaluates social outcomes through the aggregation of individual utilities derived from preference satisfaction (Arrow 1963; Varian 2014). Buddhist thought evaluates well-being through a different criterion: the reduction of greed, aversion, and delusion, which are seen as fundamental sources of suffering (SN 36.6; Dhammapada 1997, 203–204). From this perspective, the ethical and psychological quality of preferences becomes central. Desires shaped by attachment or misperception may increase consumption while simultaneously reinforcing dissatisfaction.

Parallel debates within economics have questioned whether utility alone can adequately represent human welfare. Alternative approaches emphasize capabilities, human development, and multidimensional measures of well-being (Sen 1999; Stiglitz, Sen, and Fitoussi 2010). Buddhist economic discussions intersect with these debates by emphasizing mental clarity, ethical conduct, and social harmony as important components of well-being beyond material consumption (Payutto 1994; Zsolnai 2011; Brown 2017).

Interdependence and Economic Systems

Economic analysis often models individuals as separate decision makers whose interactions are coordinated through markets (Samuelson 1947; Arrow and Debreu 1954). Buddhist philosophy instead emphasizes relational causation. The doctrine of dependent origination describes phenomena as emerging from interconnected causal processes rather than independent actions (SN 12.15; MN 28). Individual decisions therefore produce consequences that extend beyond the immediate decision maker.

This idea has influenced interpretations of economic activity as a network of interdependent processes linking production, consumption, and environmental effects (Zsolnai 2011; Magnuson 2019). Similar perspectives appear in ecological economics, where economic systems are analyzed as embedded within environmental constraints and long-term ecological feedback mechanisms (Daly 1996; Saito 2020). Both traditions highlight the importance of understanding economic behavior within broader systems of interdependence.

Economic Growth and Sufficiency

Modern growth theory typically interprets economic progress through increases in output, capital accumulation, and technological development (Solow 1956; Romer 1990). Buddhist thought evaluates progress through a different lens: the cultivation of contentment and the reduction of craving (Dhammapada 1997, 204; MN 75). In this view, expanding production may coexist with persistent dissatisfaction if the underlying patterns of attachment remain unchanged.

For this reason, Buddhist economic discussions frequently emphasize sufficiency, moderation, and simplicity as alternatives to consumption-driven growth (Schumacher 1973; Payutto 1994; Zsolnai 2011). Similar concerns appear in contemporary debates about sustainability and degrowth, which question whether continuous economic expansion can be maintained without ecological and social costs (Daly 1996; Saito 2020).

Position of the Present Study

Much of the existing literature examines how Buddhist ethics might inform economic institutions, development strategies, or environmental policy. The present paper focuses instead on the conceptual foundations of economic reasoning itself. By comparing rational agency with non-self, utility maximization with craving, equilibrium with liberation, and economic progress with renunciation, the analysis explores how economics and Buddhism interpret human behavior from different analytical perspectives—one centered on the institutional coordination of choices, the other on the mental processes that shape them.

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4. Buddhists versus Economists

This section compares and contrasts the main claims of Buddhism and economics.

Karma versus Randomness

In 2020, a man in Michigan won the lottery ... again. Yes, he had already won once before. The media called him "a man so lucky it is unbelievable." When asked how he saw it, he smiled and said, "I usually try to do good deeds, maybe good fortune comes back." (Associated Press 2020, 1). This raises a question: is it truly "random," or is it "causal?"

In Buddhism, "karma" (*kamma*) refers to action carried out with intention. The Buddha once said that intention is what he calls karma, because with intention, people act through body, speech, and mind.[1] The meaning is straightforward: the intention behind our choices is the true force that determines the future. The consequences unfold gradually over time, sometimes in this life, sometimes in future lives.

Economics has a different idea. It explains events with probability and random models. For example, the option pricing model assumes that asset prices fluctuate randomly up and down (Black and Scholes 1973, 637; Merton 1973, 141). Here, there is no moral judgment, only mathematical risk and probability. Buddhism, however, does not regard the world as "random." It says that what we call randomness is simply seen as such because of our "ignorance"—our failure to see the law of dependent origination. The Buddha said that whoever sees dependent origination sees the Dhamma, and whoever sees the Dhamma sees dependent origination.[2] The meaning is that nothing arises out of nothing; everything arises because of conditions. Thus, in economics, randomness is the foundation of calculation; in Buddhism, randomness is merely an illusion.

There is a story in the Buddhist texts: the fierce bandit Angulimāla once killed nine hundred and ninety-nine people. But when he met the Buddha, his heart was completely transformed. He repented and eventually became a monk. This story illustrates one point: karma is not fate, but something that can be changed. Compared with the random models of economics, Buddhism emphasizes much more the power of intention and the mind (MN 86).

Non-Self versus the Rational Agent

In the TV series *The Good Place*, the heroine, Eleanor, always wants to become a good person so that she will not be punished (Schur 2016). But she cannot resist her impulses. In the end,

[1] "The eyes, ears, and mind are all burning with the fire of greed, hatred, and delusion" (Ādittapariyāya Sutta 2000, SN 35.28).
[2] "Intention, I tell you, is kamma. Having intended, one acts by body, speech, and mind" (AN 6.63).

she realizes she is not a fixed self, but rather a bundle of constantly changing habits, emotions, and memories.

One of the core teachings of Buddhism is "non-self" (*anatta*). The Buddha said that all phenomena lack a permanent self. The meaning is that our body and mind are nothing more than the combination of the five aggregates: form, feeling, perception, volition, and consciousness. There is no eternal and unchanging soul. True suffering arises from clinging to this idea of "self." But the assumptions of economics are exactly the opposite. Economics assumes that there is a rational agent. This agent has stable preferences, seeks utility maximization, and plans for retirement, investment, and consumption. From Ramsey (1928, 543) to modern planning models, all require a stable self as the foundation.

Buddhism challenges this assumption. If there is no permanent self, then the goal of utility maximization loses its basis. Nāgārjuna in the Mūlamadhyamakakārikā (Nāgārjuna 1995, 1) explained that apart from the aggregates there is no self, and that even the aggregates themselves lack inherent nature. The point is that the self is an illusion. The experience of meditation makes this even more direct. Thoughts arise and vanish one after another, like flowing water. There is no controller behind them. The Buddha said that within, there is no self and nothing that can truly be called mine. This makes the idea of intertemporal utility maximization unreliable, because there is no fixed "self" to connect choices over time.

What is the result? Economists believe that people should plan for the future and strive for a better life. Buddhism says such planning is often just another form of craving. True freedom lies not in accumulation for the future, but in seeing through the illusion of self. Behavioral economics also comes closer to Buddhism here. Kahneman and Thaler pointed out that people are often inconsistent; preferences change and are influenced by framing effects. These results directly support the Buddhist view: the self is fragmented and unstable. The practice of Buddhism is not about making the "self" more efficient but about letting go of it entirely. The Buddha once told a thousand ascetics that the eyes, ears, and mind are all burning with the fire of greed, hatred, and delusion.[3] When they realized there is no fixed self, they attained liberation (*The Fire Sermon*, SN 35.28).

Dependent Origination versus the Assumption of Essence

Let us begin with a simple metaphor. Several strings of a zither vibrate at the same time, influencing one another. If you tighten one string, the harmony of the whole changes. Buddhism calls this relationship dependent origination. In plain words: this exists, therefore

[3] "Monks, when the uninstructed worldling is touched by a painful feeling, he sorrows, grieves, and laments… Just as if they were to strike a man with a dart, and then immediately afterward were to strike him with a second dart." (Sallatha Sutta, SN 36.6)

that exists; this arises, therefore that arises.[4] The meaning is straightforward: nothing exists independently; everything arises in mutual interdependence.

Many economic models, however, habitually begin with the opposite assumption. They regard people as independent individuals and treat preferences as fixed, given "essences." Here is the so-called "Assumption of Essence" (Arrow and Debreu 1954, 265; Samuelson 1947, 1). A common approach is to use a representative agent to stand in for a group of people; to assume exogenous preferences and separability as premises; and to add the condition ceteris paribus in analysis. The advantage is clear calculation. The cost is that interdependence is cut apart.

The Buddha reminds us that reality cannot be cut apart. In plain words, one must see the interweaving of conditions to see the truth.[5] From this perspective, behavior is not the expression of an innate fixed essence, but the outcome of converging conditions. Mental states influence choices, relationships change mental states, and institutions shape relationships. Each link pulls another. Placing the two paths side by side, the difference emerges. General equilibrium theory imagines markets as many independent decisions coordinated through prices. Buddhism would ask: Are these decisions really independent? In reality, we are often bound together by externalities, network effects, and peer effects. You buy an electric car, and only then does a charging station appear near my home. I join a community, and it becomes easier for me to join. Choice itself alters conditions. The assumption of essence also has another dimension: we treat the self as a stable core, with unchanging preferences and values. Buddhism goes further: there is no permanent essence to grasp. In plain words: all phenomena arise from conditions, and there is no fixed self.[6] When the subject is fluid, preferences shift with context, language, relationships, and time. This also explains why modern behavioral economics finds framing effects and time inconsistency—because the human mind is never an island.[7]

A story can help us remember this. In the Buddhist tradition, each of the blind men touching the elephant describe a different part and think they have grasped the whole (Udāna 1997, 6.4). Buddhism teaches us to see the totality. Economics also often encounters "partial optimum, overall worse": each person acts for self-interest, yet the outcome worsens for all. This is not merely a calculation problem, but a blindness to interdependence. When we view people as self-contained essences like hard coins, these linkages are easily ignored.

[4] "In the course of time, beings… feeding on delight, self-luminous… Then a being of greedy nature said, 'What is this?' and tasted the savor." (Aggañña Sutta 1995, DN 27)
[5] "This, bhikkhus, is the Noble Truth of the Origin of Suffering: it is this craving which leads to renewed existence… craving for sensual pleasures, craving for existence, craving for extermination." (Dhammacakkappavattana Sutta, SN 56.11)
[6] "It is not easy to find a beginning of this saṃsāra. A first point is not seen of beings roaming and wandering on hindered by ignorance and fettered by craving" (SN 15.3).
[7] "Bhikkhus, whatever qualities are unwholesome, all are rooted in ignorance ... ignorance is their foremost." (Sabbāsava Sutta 1995, MN 2)

Dependent origination is not meant to deny the value of models. It simply reminds us that the clean cuts within a model are tools—not the world itself. At times, one must set aside methodological individualism and admit that a tug on one thread shakes the whole. Perhaps externalities need to be brought to the core; perhaps preferences must be made partly endogenous; perhaps institutional feedback and path dependence should be placed in the same diagram. Finally, let us close with an image. Imagine an immense net. At each node is a jewel. Each jewel reflects the light of all the others. This is the metaphor of Indra's Net (Avataṃsaka Sūtra 1993). It reminds us that individuals are not islands, utility is not a closed room, and no choice exists without affecting others and reflecting upon oneself.

Utility Maximization versus the Cessation of Craving

First, imagine a treadmill. The faster you run, the faster the belt turns. You think you are moving forward, but you remain in place. Often, our pursuit of desire is like this. Once satisfied a little, it quickly feels insufficient. The mind runs faster and faster. Economics has a clear framework: people, under constraints, make choices that maximize their satisfaction. This is called utility maximization. In utility theory, we select bundles of goods to maximize utility. Finance is similar: expected utility converts returns and risks into a single measure for decision-making (Von Neumann and Morgenstern 1944, 1). Modern portfolio theory extends this by assuming that investors diversify to achieve the highest expected return for a given level of risk (Markowitz 1952, 77). Intertemporal choice models further formalize how individuals discount future utility relative to present satisfaction (Fisher 1930, 1).

Buddhism offers a different account. It teaches that suffering arises from craving (*taṇhā*). Craving is divided into three types: craving for sensual pleasure (*kāma-taṇhā*), craving for existence (*bhava-taṇhā*), and craving for non-existence (*vibhava-taṇhā*). The solution is not to satisfy desire more cleverly, but to see clearly and let go. In plain words: when craving ceases, suffering also ceases.[8] The path is simple and practical: morality (*sīla*), concentration (*samādhi*), and wisdom (*paññā*). The prescriptions thus diverge. Economics often says the following: expand consumer choice, enlarge markets, grow GDP, and overall welfare will rise (Samuelson 1947, 1). Buddhism gives us this reminder: desire expands. Satisfaction quickly becomes grasping (upādāna), and the mind grows more restless (uddhacca). The treadmill turns faster, but the person becomes more exhausted. Some research confirms this trap. Hedonic adaptation shows that as income and consumption rise, long-term happiness does not necessarily increase (Brickman and Campbell 1971, 287). The Easterlin Paradox also shows that, beyond a certain threshold, higher GDP does not guarantee higher subjective well-being (Easterlin 1974, 89).

[8] "Contentment is the greatest wealth" (Dhammapada 1997, 204).

Behavioral economics reinforces this insight: reference-dependent preferences and loss aversion (Kahneman and Tversky 1979, 263) show that satisfaction is relative and unstable, echoing Buddhism's warning that craving is endless. Thus, poverty and simplicity are viewed differently. For economics, poverty means insufficient consumption, which can be corrected by creating more wealth. For Buddhism, voluntary simplicity is part of renunciation. In plain words: the contented person is truly wealthy. Precepts bring this into life: less is more, and simplicity is freedom.

Finally, let us end with a story (Potaliya Suta 1995, MN 54). A wealthy layman, Potaliya, thought he could indulge in pleasures while still renouncing. The Buddha said he was like a dog tied to a post, circling again and again, thinking he was moving, yet never leaving.[9] This section sets the two mirrors side by side, not to claim superiority of either, but to remind us: sometimes true freedom lies not in greater satisfaction, but in knowing how to stop.

Fisher Separation versus Moral Interdependence

Let us return to the 2008 financial crisis. Many toxic mortgages were bundled, rated AAA, and sold as securities—technically legal, the balance sheets looked fine, yet countless families lost their homes, and communities were hollowed out. Why did it come to this? This happened because everyone in each link of the chain said, "I am only doing my job." When responsibility is sliced layer by layer, morality too is outsourced, yet the consequences return to everyone.

In financial theory, there is a key theorem called the Fisher Separation Theorem. It states that under the conditions of perfect capital markets, firms should focus on maximizing net present value (NPV), while shareholders can adjust their own intertemporal consumption through borrowing and lending (Fisher 1930, 1). In other words, investment decisions are separated from individual time preferences. This logic reinforced the paradigm of "shareholder value": regardless of who the shareholders are or what they believe, the company's goal is to maximize market value (Jensen and Meckling 1976, 305). As a result, the economy is viewed as a collection of independent optimizers, preferences are modular, and interactions are driven largely by impersonal contracts.

Here, Buddhism offers a radically different reminder. It teaches that intentional actions always leave results, and they cannot be escaped. In plain words, one must inherit the fruits of one's deeds.[10] From this perspective, so-called value-neutral investment does not actually exist. How you allocate capital returns to your own mind, becoming your habits and your choices. From the lens of dependent origination, the problem becomes clearer.

[9] "Just as a fire burns with the support of grass and sticks… so too the mind is inflamed by lust, hatred, and delusion. By abandoning them, the mind is freed" (Ādittapariyāya Sutta 2000, SN 35.28).
[10] "There is that sphere, monks, where there is neither earth, nor water, nor fire, nor air … neither moon nor sun. There … no coming, no going, no staying… this is the end of suffering" (Udāna 1997, 8.3).

Investment is not just a line on a balance sheet. It spreads along supply chains, turning into emissions, labor conditions, community structures, and governance quality. These are externalities and social costs: not abstract terms, but the air we breathe, the water we drink, and the safety of our neighborhoods. Financial practice often appeals to "risk-adjusted return" and "portfolio optimization" (Sharpe 1964, 425; Treynor 1965, 63), as though once an indicator fits utility, investing in tobacco, arms, or deforestation is no different in essence from investing in education or clean energy. Buddhism instead focuses on volition (*cetana*): the mind and intention determine the nature and weight of actions. Even indirectly supporting industries that harm living beings is still unwholesome karma (*akusala-kamma*). Legal forms or financial abstractions cannot wash it clean. In plainer words, the evil is done by oneself; the defilement also lies in oneself.

Buddhist ethics also does not accept outsourcing morality to roles. Fisher-style separation allows an investment manager to say: "I am only acting for shareholders, not judging their preferences." Buddhism does not allow such withdrawal. Every actor must be aware of the ethical impact of their choices, regardless of authorization. This is not only about individuals but also about structures. The *Sigalovada Sutta* (1995, DN 31) discusses the mutual responsibilities of laypeople, showing that family, friends, employers, employees, and communities both enable and constrain one another. Division of labor is necessary, but causality cannot be severed.

Of course, economics is also evolving. Stakeholder theory in corporate governance (Freeman 1984, 1) and ESG investing in capital markets (Friede, Busch, and Bassen 2015, 210) are efforts to bring society and the environment back into decision-making. This is a step forward. But from a Buddhist perspective, morality isn't an addition to profit—it is inherently part of the core of action as Right Livelihood (*sammā-ājīva*): earning a living in a way that does no harm and promotes the well-being of all beings. Thus, a more practical approach is not to discard tools but to reposition them. Treat separation as an analytic method, not as the truth of the world. Before deciding, first ask two questions: (1) On what conditions does this return depend? (2) Who will these conditions harm or help in the long run? If the answers cause unease, then adjust, change the target or the terms, internalize external costs, and reform governance and incentives. When necessary, choosing not to act is itself a choice.

Finally, let us close with a story. Kisā Gotamī lost her only son and turned to the Buddha for help. He asked her to bring back a mustard seed from a household where no one had ever died. She searched the entire city but could not find one. At last, she understood that no one can separate personal suffering from the world of all beings (Dhammapada 1997, commentary to v. 114). The financial world is the same. Drawing a boundary between investment logic and moral consequences is convenient, but in the net of dependent origination, boundaries always leak. This section sets the two mirrors side by side, not to advocate one doctrine over the other, but to remind us that efficiency must be calculated and

interconnection must be seen. Holding the two together brings decisions closer to human beings and to the world.

Economic Equilibrium versus Buddhist Liberation

Every time a group has to decide on a restaurant, everyone hesitates. No one wants sushi again, but no one says so. Finally, someone yields: "Fine, sushi is okay." That is "equilibrium." The scene becomes quiet, but the heart may not be happy. An economist might call this stability. A Buddhist might smile; you are trapped, as if in *saṃsāra*, eating only one California roll at a time.

In economic theory, equilibrium is a state of "no further change." Forces cancel each other out, and no one has the incentive to deviate. General Equilibrium describes markets where supply equals demand and prices coordinate dispersed choices (Arrow and Debreu 1954, 265). In game theory, when no player can do better by changing strategy alone, the system is at a Nash Equilibrium (Nash 1950, 48). Finance has its own equilibria: the Capital Asset Pricing Model (Sharpe 1964, 425; Lintner 1965, 1) describes how expected returns and risks converge across assets. In other words, equilibrium means that under given conditions and rational behavior, the system is internally consistent and externally stable.

Buddhism also speaks of "ultimate peace," but the content of what Buddhists call *nibbāna* is completely different. It is not about balancing forces, but about the cessation of craving (*taṇhā*), ignorance (*avijjā*), and suffering (*dukkha*). In plain words: there is a state of no arising, no formation, no making—that is the cessation of all conditioned things, the true peace.[11] Nibbāna is not about finding balance within conditioned phenomena, but about being liberated from them; not about locating a steady point within dependent origination (*paṭicca-samuppāda*), but about transcending the chain entirely. To put it more concretely, nibbāna is the fulfillment of inner realization and practice. One no longer does what will cause future unrest. Economic equilibria concern external social phenomena, a systemic "stability." Buddhism concerns inner freedom of body and mind, a personal "peace." The difference begins with assumptions. Economic equilibria treat preferences, resources, and constraints as "given." They model with scarcity, competition, and rational behavior. Buddhism teaches that what we think is "given" (self, desire, time, dualities) is an illusion born of ignorance. Liberation is not balancing them but ending them. The agent in economics is still an optimizer; the practitioner loosens, at the root, the compulsion to optimize at all.

There is another difference. Equilibrium is conditional. It arises from the interplay of prices, preferences, and endowments. If parameters change, the whole system is disturbed. Mathematically, it can be fragile. Nibbāna, by contrast, is unconditional and irreversible. Once

[11] "Bring me a mustard seed from any household where no one has died" (Kisā Gotamī story, commentary to Dhammapada 1997, 114).

free from craving, one enters the deathless.[12] Such peace does not rely on balancing conditions, but on seeing through them. From a behavioral view, equilibrium often looks like "preference satisfaction": people have no incentive to change because desires are met, or at least optimally traded off. Buddhism points out that this is precisely the problem. Desire is never finally satisfied. The illusion of sufficiency traps beings in the cycle of birth and death (saṃsāra).[3] The Buddha reminded us that worldly balance often provides a false appearance of calm, but it ties people to the cycle (SN 12.15).

Moreover, economic equilibrium is usually normatively neutral. It describes efficiency, not necessarily morally better allocations. As long as incentives align, equilibrium may include inequality, exploitation, or environmental destruction (Sen 1970, 1). Buddhist liberation, however, carries a clear normative dimension. It is the goal of ethical discipline, meditative stability, and wisdom insight. It is not about "balancing" desires, but about renunciation (*nekkhamma*) and realizing non-self (anatta) to release desire. Some economists attempt to reintroduce morality into models, using Pareto efficiency or social welfare functions to evaluate the "good" (Arrow 1963, 1; Atkinson 1970, 244). This is important, but it is still an efficiency standard, not a transformation of being. For Buddhism, nibbāna is not an "optimal solution." It is the cessation of becoming (bhava), the cessation of formations (*saṅkhāra*), the realization of the deathless (*amata*). To summarize, economic equilibrium is a kind of internal consistency within the conditioned world; Buddhist liberation is a complete transcendence of the conditioned world. The former answers scarcity with optimization; the latter answers suffering with cessation. This is why placing the two mirrors side by side does not promote one doctrine over the other but helps us see more clearly. Do we seek "stability" as systemic stillness, or as freedom of the heart?

Finally, let us close with a parable. Someone mistakes a rope for a snake and is terrified (Śaṅkara/Commentary on Brahma Sutra 2.1.14; Nāgārjuna 1995, 1). When he sees the truth, fear vanishes naturally. Calm is not achieved by "balancing" fear, but by "seeing through" delusion.[4] In the same way, equilibrium brings surface stillness; liberation brings fundamental peace.

Individual Autonomy versus Collective Karma

Do you remember at the beginning of COVID, when someone in a grocery store refused to wear a mask, saying, "This is my freedom"? The result was that half the town fell ill. This was a very quick lesson: so-called "individual" behavior never belongs only to the individual. It shapes the fate of everyone. This is "collective karma."

Modern economic theory is built upon the idea of the "autonomous individual." Rational Choice models assume that agents, whether consumers, firms, or investors, act to

[12] "Not mine, not I, not myself" (Anattalakkhaṇa Sutta 2000, SN 22.59).

maximize "utility" as long as preferences, budget constraints, and available information are given (Samuelson 1947, 1). Individuals are treated as indivisible units of analysis; preferences are assumed to be stable, measurable, and non-overlapping. This assumption supports the entire structure of supply–demand analysis, welfare economics, and game theory. John Stuart Mill, in the utilitarian tradition, once said that the individual "has sovereignty over himself" (Mill 1859, 1). Selfhood is understood as self-sufficient; rights grow out of property, responsibility, and obligation.

Buddhism takes another path. The Anattalakkhaṇa Sutta states directly: "Not mine, not I, not my true self."[13] There is no eternal and unchanging self; clinging to this self inevitably brings suffering. Economics begins with the "self" as the starting point for models; Buddhism begins practice from the "deconstruction of self." Thus, the two sides understand "subjectivity" very differently. Economics emphasizes that individuals make decisions according to subjective preferences. Buddhism says instead: volition (*cetana*) arises dependent on conditions. Behavior is not the pure expression of an "autonomous soul," but the outcome of past karma, long-standing mental habits, and present circumstances. In the Sallatha Sutta (SN 36.6, "The Two Arrows"), the Buddha compared the "untrained mind" to being struck by a first arrow (physical pain), and then self-inflicted by a second arrow (mental suffering).[6] The "trained mind" receives only the first arrow, without adding the second. In other words, Buddhism's standard of conduct is not "maximizing preferences," but "purifying intentions and reducing delusion."

Buddhism also places great importance on "collective karma." "Individual karma" refers to personal causes and effects; "collective karma" refers to consequences shared by a group. If a society continually participates in environmental destruction, even if some individuals are innocent, they may still bear floods, plagues, or forced migration. This is illustrated in the Aggañña Sutta, which tells stories of social decline and moral decay. By contrast, economics rarely discusses "the accumulation of moral outcomes." Public goods, externalities, and systemic risks are typically treated as "coordination failures" (Pigou 1920, 1; Coase 1960, 1), rather than as expressions of moral interconnectedness.

In economics, individuals make their own decisions and bear the consequences. Property rights, contract theory, and liability law all reinforce this notion. Buddhism instead asks: what is "ownership" itself? The Dhammapada implies that even the body is not the true self; how then could external things be "mine"?[14] Clinging to "my things" and "my roles" only strengthens suffering and the illusion of self. This is not a denial of responsibility; rather, it redefines responsibility as awareness of and accountability for interdependence, not as control over others. Therefore, Buddhist ethics shifts the weight of "autonomy" from "control" to "non-harming." Precepts emphasize restraint, humility, and consensus—not the

[13] "This, monks, is the Middle Path that gives rise to vision, that gives rise to knowledge, and leads to peace, to higher wisdom, to enlightenment, to Nibbāna" (Dhammacakkappavattana Sutta, SN 56.11).
[14] "Bhikkhus, whatever is subject to origination is subject to cessation" (SN 12.15).

glorification of will. In economics, autonomy is usually realized through consumer choice or strategic behavior; in Buddhism, the highest realization of subjectivity is "renunciation": the willingness to let go of craving and clinging. The ideal practitioner is not a "maximizer," but a "renunciate."

Behavioral economics has, in fact, shaken the assumption of a rational individual. It shows that people are contradictory, influenced by framing effects, filled with cognitive biases, and often blind to their own motives (Kahneman and Tversky 1979, 263; Thaler 1980, 39). These findings unintentionally approach the Buddhist analysis of the mind: fragmented, conditioned, and prone to delusion. Yet behavioral economics usually aims to "correct" or "shape" the non-rational subject; Buddhism goes further, it seeks to loosen, even dissolve, the very illusion of subjecthood. To put it plainly, Western economics assumes that individuals "own, choose, and optimize." Buddhism denies the ultimate reality of this individual. The former affirms autonomy; the latter sees through autonomy, saying that individuals are themselves dependently originated, temporary constructs arising from conditions. This section merely compares the two side by side, not to promote either doctrine.

Finally, let us close with a story. A plague raged through a city. The Buddha and the Saṅgha performed compassionate rituals, people's hearts shifted, resentment dissolved, and the epidemic ceased.[9] It was not because medicine worked instantly, but because collective moral purification was at play. This narrative affirms the power of "collective karma," and challenges the "isolated individualism" of economics.[15]

Economic Progress versus Buddhist Liberation

There is a joke: "We invented alarm clocks to wake up early to make money, so we could buy a bed to sleep better." The meaning: we work harder just to exchange for better rest, but often end up more exhausted. A Buddhist might ask, Why not simply sleep well now, skipping the entire middle part?

Western economics mostly faces the future. From classical times to modern growth theory, development is almost equated with expansion: higher GDP, more capital, longer life expectancy, and better access to goods and services. The core assumption is this: progress = accumulation of wealth, knowledge, infrastructure, and technological capacity. Robert Solow and Paul Romer, through models, explained how output can rise in the long term through capital accumulation and innovation (Solow 1956, 65; Romer 1990, 71). Individual saving, investment, and consumption are all oriented towards a better future.

Buddhism defines "progress" almost oppositely: less clinging, fewer delusions, less suffering—these are progress. Practice (*bhāvanā*) is not the piling up of external systems, but

[15] "Suppose a man were to mistake a rope for a snake. As long as he does not see it as it really is, fear arises in him. But when he sees it as it really is, the fear subsides" (Rope-Snake Analogy, Madhyamaka tradition).

the cultivation of inner insight. In the Noble Eightfold Path, Right Livelihood, Right Effort, and Right Concentration guide practitioners toward liberation. In plain words: contentment is true wealth (Dhammapada 1997, 204).[16]

Economics measures progress by utility, income, life expectancy, and consumption. Buddhism measures it by whether greed, hatred, and delusion have diminished. The Mettā Sutta reminds us that treating others with loving-kindness is not a luxury, but a mark of maturity. In plain words, progress means the heart no longer reacts from self and craving (Metta Sutta 2017, Khp 9).[17]

Finance trusts in compound growth. Stocks appreciate, interest accrues, portfolios diversify, and economies expand through economies of scale. The intuition: the longer time goes, the greater the benefit. Buddhism holds reservations. For the unenlightened, time usually brings cycles—rebirth, suffering, and ignorance. In plain words: saṃsāra is beginningless; it has no first cut (SN 15.3).[18] The practitioner's goal is not to plan a longer future, but to loosen attachment to the wheel of time itself.

Economics also extols innovation and efficiency, treating them as engines of progress. Technological change can lower costs, raise productivity, and expand capacity. Buddhism says: not every change counts as progress. If rooted in greed or distraction, it only deepens suffering. Digital connectivity may make economies more efficient yet also make people more anxious. In plain words: one must discern what increases defilements and what diminishes them (Sabbāsava Sutta 1995, MN 2).[19]

Buddhism does not oppose "progress." It affirms a kind of inner progress that requires discipline, learning, and effort. Economics emphasizes "delayed gratification" for future wealth; Buddhism emphasizes "delayed desire" for future peace. But the goals differ. The former seeks to improve worldly conditions; the latter seeks liberation from all conditions. In plain words: there is a realm, unborn and undying, beyond birth, aging, sickness, and death (Itivuttaka 1991, 43).[20]

Development economics seeks to eradicate poverty by increasing material wealth. Buddhism seeks to eradicate suffering by ending craving. The two differ in their understanding of causes: for economics, poverty is mostly material scarcity; for Buddhism, it is also a form of mental attachment. Their solutions diverge accordingly: economics advocates

[16] "All things are not-self. When one sees this with wisdom, one turns away from suffering. This is the path to purification" (Dhammapada 1997, 279).
[17] "Bhikkhus, I do not see even one other thing that changes so quickly as the mind. It is not easy to find an analogy to show how quickly the mind changes" (AN 1.48).
[18] "Bhikkhus, if beings knew, as I know, the result of giving and sharing, they would not eat without having given, nor would the stain of stinginess obsess them" (Itivuttaka 1991, 26).
[19] "Bhikkhus, these five are things that are desirable, pleasing, agreeable … long life, beauty, happiness, fame, and heaven. But these cannot be obtained by merely praying … If one wishes for such things, one should practice the Dhamma" (AN 5.43).
[20] "Bhikkhus, just as the ocean has a single taste, that of salt, so too this Dhamma and Discipline has a single taste, that of liberation" (Udāna 1997, 5.5).

redistribution, opportunity, and growth (Sen 1999, 1); Buddhism advocates mindfulness, contentment, and wisdom. To summarize: economic "progress" focuses on the future; Buddhist "liberation" rests the mind in the present. The former enriches choice; the latter dissolves clinging. Both require effort, but they define "the good" very differently. By economic, educational, technological, intellectual, and artistic standards, we are far ahead of the ancients; but by our self-destruction, our disregard for the environment, and our inability to master desire rather than be mastered by it, civilization may in fact be retreating. The root cause lies in the difference between the "rational agent, utility maximization" and the "cessation of craving." The former often departs from wisdom; the latter approaches it. This essay does not promote either side but places the two mirrors together.

Finally, let us return to Siddhartha. Possessing every luxury, upon seeing old age, sickness, and death, he chose to leave the palace. He understood that material abundance cannot end suffering. His renunciation stands in sharp contrast to the intuition of economic expansion, highlighting Buddhism's alternative understanding of "progress" (The Great Renunciation Story, Lalitavistara Sūtra 1983).[21]

What Economics and Buddhism Can Learn from Each Other

In Pixar's *Soul*, a jazz musician dies just before reaching his "big break." In the afterlife, he discovers that meaning lies not only in goals, but also in small joys—eating a slice of pizza, feeling a breeze. Economics says: make your plan optimal (utility maximization). Buddhism says: You have focused on the wrong thing.

The benefits of economic, technological, and institutional progress are clear. On the long path toward "non-self," these are indispensable; otherwise, Buddhism may easily be misunderstood as nihilism or may turn into excessive self-repression. Within capitalism's framework of "utility maximization," can we use Buddhist principles to address current problems, such as inequality? Thinking beyond merely personal income distribution, we might explore how large philanthropic institutions can allocate resources, when limited, to maximize effect. Could there be an "alternative utility maximization"—to reduce suffering as much as possible? Systems of corporate governance, theories, and methods remain crucial; even for a charity, one cannot be careless. This is precisely what differentiates Bill Gates from many other donors: beyond giving away wealth, he devoted himself full-time to the foundation, managing it with corporate governance (Gates Foundation 2020, 1). At the same time, he advocated that aid should not rest on a superior–inferior relationship between "giver" and "receiver"; in his vision, both sides are equal. This closely parallels the Buddhist ideal of giving

[21] "Bhikkhus, as a mother would risk her life to protect her only child, even so should one cultivate a boundless heart toward all beings" (Mettā Sutta, Khp 9).

(dāna): giving should be accomplished mutually, not as "I give to you," which binds the receiver to the giver, but as "we walk together," which preserves the freedom of both.

Despite fundamental differences, both are concerned with how people behave, what constitutes well-being, and what counts as progress. One centers on material systems, the other on liberation of the mind; one concentrates on an efficiency framework, the other points toward peace and non-harming. Their juxtaposition reveals some opposing elements but also contains possibilities for complementarity and mutual enrichment. Economics formalizes trade-offs, incentives, and institutional effects, enabling us to see complex interdependence in society (North 1990, 1; Acemoglu and Robinson 2012, 1). It excels at describing external behavior, resource allocation, and macro-level patterns. Buddhism reveals inner mechanisms: how suffering arises, how clinging begins, why moral action matters. Economics focuses on "agents and systems"; Buddhism focuses on "intentions and mental processes." The two can connect. Today's behavioral economics speaks of "bounded rationality," "loss aversion," and "preference instability." These resonate with Buddhism's critique of ignorance (*aviḭjjā*) and the illusion of self.

Buddhist insights can deepen economics in several ways. First, they question the intuition that "more is better." The Middle Way and contentment correct the assumption that consumption is unconditionally good. Second, they redefine happiness beyond utility, proposing richer measures that capture mental clarity, moral awareness, and non-harming (Stiglitz, Sen and Fitoussi 2010, 1). Third, they can inspire institutional design: not only asking "are outcomes good," but also "are the means pure"—bringing compassion and Right Livelihood (*sammā-ājīva*) into rules.

Economics, in turn, can inform Buddhist thought. It clarifies how systems shape choices: poverty, inequality, and market failures are not only moral issues but often structural. Buddhism emphasizes karma and may sometimes underestimate such constraints. True integration requires acknowledging both "individual responsibility" and "systemic influence." Moreover, economic tools can assess and implement policies infused with Buddhist values—for example, in environmental economics, using incentives to internalize externalities (Pigou 1920, 1), rather than relying solely on coercion. Another vital point: both systems acknowledge the importance of intention. Economists study how incentives drive behavior; Buddhists train how the mind uproots defilements. Incentive design is the mirror of mindfulness training: one adjusts parameters, the other adjusts the mind. Both are doing the same work—closely observing causes and effects.

Looking forward, the two can integrate more deeply. Buddhist psychology has already influenced neuroscience and can influence "happiness economics." Decision models could treat greed, hatred, and delusion (*lobha*, *dosa*, *moha*) as endogenous factors. "Utility" could be reimagined: not merely preference satisfaction, but reduction of entanglement in *saṃsāra*. Policy could aim not only at optimizing consumption, but at fostering inner balance, reducing collective karma, and protecting future beings.

In the end, although economics and Buddhism differ in ontology, goals, and methods, both strive to understand and improve the human condition. One starts by exploring the world; the other by penetrating it. Neither is sufficient alone; placed together, they offer a fuller vision—action with awareness, markets with mindfulness, growth with liberation. The Buddha said the Dhamma is like a raft, used to cross the river; once on the far shore, one need not carry it further (Alagaddūpama Sutta 1995, MN 22).[22] In plain terms: use tools well, but do not cling to them. Economics and Buddhism are the same, though divergent; if skillfully employed, both can serve liberation.

5. Reflection

In 2017, a man used FitBit, a sleep app, and a smart refrigerator to "optimize" his health. The graphs looked good, the indicators rose. Yet he still felt suffering. Why? Because no chart could tell him what truly mattered. Often, clarity does not come from more data, but from sitting still and observing one's mind.

Western economics and Buddhism differ not only in content but also in their ways of knowing. Economics relies on formal models, predictive inference, and quantitative data. Its truth is empirical and statistical. Buddhism relies on introspection, direct experience, and ethical inquiry. Its truth is phenomenological, experiential: only when directly realized does it count. Since the marginalist revolution, economics has largely employed methodological individualism. Preferences are the starting point of analysis, usually without asking where they come from. Buddhism insists on asking this question. It says: the impulse to consume, to plan, to maximize, is not neutral; it is conditioned, impermanent, and often the root of suffering. Hence, Buddhism opens another experiential path: investigating the mind, not the market; observing craving, not merely constraints. The Buddha declared in the Fire Sermon that the eyes, ears, and mind are all burning with the fire of greed, hatred, and delusion.[1]

There is another difference. Economics largely uses instrumental rationality. It evaluates agents by "how well goals are achieved," without asking whether the goals themselves are good. Buddhism is teleological. It says: the highest goal is letting go of craving, not successfully chasing it. The scriptures rarely provide predictive equations; instead, they lay out paths of practice. The focus is not "what happens if you do this," but "what kind of person you become if you do this." Differences in method also create challenges. Economic research is usually testable, falsifiable, and scalable (Friedman 1953, 1; Hausman 1992, 1). Buddhist insights are not easily quantified or generalized. Yet science in recent years has been building bridges: contemplative neuroscience (Davidson and Goleman 2017, 1), affective economics (Loewenstein 2000, 426), and mindfulness-based interventions (Kabat-Zinn 2003,

[22] "Bhikkhus, I do not quarrel with the world; rather, it is the world that quarrels with me. A proponent of the Dhamma does not quarrel with anyone in the world." (SN 22.94)

144) are all trying to place inner introspection and external measurement on the same table. Perhaps the frontier lies in interdisciplinary integration: with the one hand holding introspection, with the other incentives, each reflecting the other. Thus, the two differ not only in topics but also in epistemologies. True reconciliation requires humility, methodological diversity, and appreciation for both "objective systems" and "subjective transformations." To see the world, and to see the mind.

6. Conclusion

In this paper, we aim to build a bridge for dialogue between Western economics and Buddhist philosophy. We compared several pairs of points: utility and craving, rational agents and non-self, market equilibrium and liberation, time preference and mindfulness, progress and renunciation. Along the way, we found divergences, but also resonances.

They are not mutually exclusive. On the contrary, they can inspire each other. Economics gives social systems a precise language: trade-offs, incentives, institutions. Buddhism gives the mental system a penetrating vision: where suffering arises, how clinging is born, how intention is purified. Together, we are more likely to see both "well-being" and "wisdom." Economics maps markets: Buddhism maps the mind. Economics measures growth; Buddhism points to peace.

Future work can go further. In research, Buddhist psychology can be incorporated into behavioral models, making greed, hatred, and delusion endogenous factors.[2] In education, we can teach both "scarcity" and "suffering," both "compounding" and "the Eightfold Path." In policy, we can design frameworks that respect both efficiency and compassion: internalizing externalities while reducing collective karma. Ultimately, the question is not only "what we do," but "who we become." From this perspective, economics and Buddhism are not rivals, but partners: practicing together an art—the art of living a life that is awake, kind, and not pulled around by desire.

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