



Buddhist Teachings and Modern Consumption Theories in Economics

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Abstract

Buddhist economics is a spiritual approach to economics. It examines the psychology of the human mind to clear the confusion about what is harmful and beneficial in the range of human activities involving production and consumption, and ultimately tries to make human beings ethically mature. On contrast, modern Economics tries to improve material wellbeing of the people. Modern economic theories attempt to maximize even mental satisfaction of the people known as utility subject to availability of tangible physical resources. Thus Buddhist economics and modern economics are different both in ultimate goal and the strategies used to achieve the targets. Despite such differences, a careful study will reveal that a considerable portion of modern economics theories have been borrowed from Buddhist philosophy. This study argues that the well-established consumption theories of modern economics have been conceptually originated in the essence of Buddhist philosophy 2600 years ago and are not novel as interoperated by western economists. In economics doctrine, it is accepted that the first ever consumption theory has been developed in 1930s by John Maynard Keynes, a British economist. In the early 1950s, Franco Modigliani and his student Richard Brumberg developed Life Cycle Theory of Consumption. Modigliani's life-cycle theory is a fine piece of theory, supported by many years of empirical work. Nevertheless, this paper logically argues that the origin of those consumption theories dates back to 2600 years where the Buddha preached "*Singalowada Suthra*", in which he stated "*ekena bhoge Bhunjeyya, Dvihi kamman payojaye, thathuchchancha nidapeyya, apadasu bhavissathi*". By analyzing phrases from the *Singalowada Suthra* the researcher shows that how the concepts of consumption, savings and dissaving in modern consumption theories comply with Buddhist teachings.

Key words: *Consumption, Savings, Life Cycle Theory, Buddhist Philosophy, "Singalowada Suthra"*

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