
ECONOMIC PROSPERITY: A NEW DIMENSION (RECONCILING ECONOMICS & SPIRITUALITY)

Neeta Raghuvanshi

Research Scholar, Department of Economics, Sarojini Naidu Govt Girls PG College, Bhopal M.P.

ABSTRACT

Since time immemorial at the heart of all human endeavours has been the constant strive to improve the lot of mankind. This constant urge to improve one's lot has been the base of most of the human endeavours be it in any field- material or non material, economic, social or psychological. Not very long time back when our forefathers lived, man was not as well endowed in material terms as he is in today's world yet he lived long, he lived healthy, he lived carefree, in short, lived happily. Today he has the best of technology and luxuries yet he is not half as happy or healthy as he was back then.

If we look back closely, it is not very difficult to find out that we as a race have lost the art of contentment. This is mainly because our wants have become the centre of our existence. In an effort to improve our lot, the focus has shifted entirely to improving only the standards of living by improving our material condition. It is completely lost to our understanding that material well being is a part of human well being. Human well being encompasses many non material dimensions of existence like love, empathy, understanding, acceptance to name a few. These non material aspects of human well being are crucial for his psychological makeup. They boost a person's self-esteem and such persons prove to be good human resource, most important of all resources.

It is in the backdrop of such times that brainstorming on the very fundamentals of the subject becomes even more relevant. More and more, it is being understood and accepted even by the top most echelons of our society (academia, government) that only GDP, GNP, FDI are not complete in their assessment of the situation. We need a holistic viewpoint encompassing finer details which have been missed hitherto. We need indicators which are not merely statistical numbers but tools which are able to depict a real picture.

Thus this change and attempt to delve deeper in the subject can help us evolve better understanding of the situation and the subject, help us move in the direction of not only economic prosperity as is understood today but true prosperity which encompasses the economic well being of humankind in itself.

Keywords - Spiritual Economics, Consciousness, Human Welfare, Economic Scarcity, Economic Abundance, Economic Prosperity, Self Realization, Gross National Happiness (GNH Index).

INTRODUCTION

In every era of human history a unique challenge has been faced by humanity. Not long ago, the challenge was to reconcile science and religion. And, as we all know, that reconciliation process was not problem free; e.g., in fact, many people died because they argued that the Earth was round!

Today, the major challenge in front of us is the reconciliation between the material and non-material dimensions of our human existence. It can also be called as "the reconciliation between economics and spirituality". For many people this may sound a serious contradiction in terms, when economics is seen as the best representative of any material-based-science.

It is a cross-disciplinary study combining psychology, economics and the spiritual science of the Vedas to explain why there is culture capitalism, cut-throat competition,

unending economic hardship, exploitation, inequity, and struggle in this world. Spiritual Economics explains why present economic methods can do nothing to solve these problems.

It is obvious that people see economics as money and as the science of material scarcity; i.e., how to allocate existing and finite material goods and services among our infinitely large human needs.

At the centre stage of the debate of what economics should be all about there is a fundamental fact we must not forget; i.e., that we, human beings, are living on this Planet not just in the pursuit of material welfare. And, therefore, 'material welfare' is only one aspect of 'human welfare'.

So, in this rapid transformation process, one of the questions we must address today is whether the economics we practice today will be the economics we will be practicing in the future.

OBJECTIVES

1) There is a link between economic activity and human consciousness. Economics is a set of ideas entirely created by human beings. The most important side of the economic equation therefore, is the human side, but this side is totally neglected in all discussions of economics.

2) Since economics is a man-made creation, if we want to understand the economic problem and its solution we must understand how and why human beings act in this world. That will give us the insight needed to properly adjust all of the parameters of the economic calculus to get the desired result.

It is required to explain the behaviour of spiritual beings living in a material world. This has everything to do with economic activity.

3) To analyse economic behaviour as a function of human consciousness, and explains the development of consciousness using concepts from the Vedic worldview. As such it offers a perspective that is entirely absent from all other economic analyses.

4) There is a holistic and sustainable approach to development, which balances material and non-material values with the conviction that humans want to search for happiness. The objective is to achieve a balanced development in all the facets of life that are essential; for our happiness.

PRESENT CHALLENGES

We are in the age of the Anthropocene, which means the period during which human activity has been the dominant influence on climate and the environment. When the fate of the planet and all life is within the power of mankind. Boundless consumerism amidst widening socio-economic inequality and instability is causing rapid resource depletion and degradation. Climate change, species extinction, multiple crises, growing insecurity, instability and conflicts are not only diminishing our well-being but are also threatening our very survival.

There is need to directly address such global, national and individual challenges by pointing to the non-material roots of well-being and offering ways to balance and satisfy the dual needs of the human being within the limits of what nature can provide on a sustainable basis.

The material well being as become the end to be achieved by all means, on the other hand it is the human being or rather human welfare which is the end in itself.

Scarcity has become the driving force and economic prosperity is only measured in terms of material wealth, material possession etc.

RELEVANCE AND IMPORTANCE

There is a need to identify the critical strategic dimensions of the process towards spiritual economics and of the conditions we will all need in order to reconcile spirituality with economics.

The first is to realize that many of the states of human welfare we are all seeking belong to our non-material existence. And, that attaining our own goals in life – material and non-material, individual or collective – depend mainly on our process of ‘self realization’. This is to say, nothing will change if we do not change from within. Inner change is at the roots of all change. It goes without saying that we will not be able to buy world peace in the supermarkets. We will not be able to eliminate economic discrimination just by pouring more money into the economy.

A world at peace and free of discrimination begins in our inner soul. The economics must be at the service of our societal vision (also a global vision), at the service of what we want our society to be(come), and not vice-versa. As we are not ‘material beings’ having a spiritual experience but ‘spiritual beings’ having a material experience.

Madhya Pradesh will be the first state in the country to create Department of Happiness

On lines of Bhutan which measures prosperity by gauging citizens' happiness quotient and not GDP, Madhya Pradesh Chief Minister announced a 'Happiness Ministry' to measure the state's progress and to infuse positivity in the lives of people.

"We will make a 'Happiness Ministry' to track our growth," said Chief Minister, while addressing a state Executive Meeting.

Relating happiness to developments in the country,"Happiness will not come into the lives of people merely with materialistic possessions or development but by infusing positivity in their lives. The purpose behind setting up this Ministry is to ensure happiness in the lives of people and stop people from taking extreme steps like suicide when they are in distress, and inculcate happier lifestyle for our citizens".

It will organise yoga, meditation and cultural preservation to keep people happy.

The Department will take all possible measures to ensure that people remain happy in their lives as worldly possessions and development based on "statistical figures is not the only measure of happiness".

Working to make India strong and prosperous, hence happiness index plays an important role.

INTERNATIONAL YOGA DAY

Recently with the efforts of the Government of India, 21st of June has been declared as the international Yoga day by the United Nations. It was for the first time that around 175 Nations gave acceptance to the proposal of having International Yoga Day which is floated by the Government of India. The draft resolution establishing the International Day of Yoga was proposed by India and endorsed by a record 175 member states.

Yoga is an invaluable gift from our ancient tradition. Yoga embodies unity of mind and body, thought and action ... a holistic approach [that] is valuable to our health and our well-being. Yoga is not just about exercise; it is a way to discover the sense of oneness with yourself, the world and the nature."

The resolution notes "the importance of individuals and populations making healthier choices and following lifestyle patterns that foster well being."

ECONOMIC ABUNDANCE AND ECONOMIC SCARCITY

Economics is the study of how resources are distributed, and to that basic foundation most economists add two assumptions. Firstly, the resources are scarce. That's why there is competition for them. Secondly, that wants are unlimited, which is why we never reach a point of 'enough'. As one economics textbook puts it right in the opening

definition, economics is “the study of how people allocate their limited resources in an attempt to satisfy their unlimited wants.”

In fact wants are not unlimited, and resources are not necessarily scarce. We know wants aren't unlimited because many people seem happy to stop consuming at a given point.

What is actually happening is that our economic system generates an endless stream of new wants. As these wants become needs, scarcity is created.

Economics is supposed to be about managing resources so that people's needs are met. Instead it has become about creating scarcity so that consumption will continue. This is fundamentally at odds with human satisfaction, happiness, and freedom. If lacking the resources to live well is the fundamental problem that economics is supposed to solve, then surely the economics of consumerism has become part of the problem. As one want is satisfied, another one is created. The result is poverty rather than wealth – an economics of scarcity rather than abundance.

There are several ways that scarcity is generated: 1) creating new wants, 2) limiting access to a resource, or 3) reducing the amount of the resource available.

Society is full of scarcity-generating institutions using one of these three methods. Fashion creates new wants all the time. Patent systems put fences around innovation and knowledge, granting monopolies. Interest makes money scarce than it should be. Industry pollutes the air, making fresh air too scarce. These scarcities are what drive the economy. “Our social and physical environment is constantly restructured so as to make increased consumption necessary”

“Innumerable needs have been produced by creating desires in people's minds, or by altering their environment in such a way that commodities that were once luxuries are now necessities and that amenities that were once freely available cost money.” In this kind of economy, the affluent need to be 'liberated' just as much as the poor do – reducing their needs and setting them free from the never-ending treadmill of unsatisfied wants.

Put simply the institution is a huge propaganda mechanism that is remarkably successful in persuading affluent people give priority to spending. The institution is most effective in the realm of consumption when people:

- are persuaded to spend more of their time on and direct more of their attention to consumption;
- who are already existing consumers are persuaded to increase their spending levels;
- in increasing numbers are persuaded to act as consumer- citizens, thereby increasing the pool of consumers who want to spend;
- of all ages are persuaded to see themselves as active consumer citizens, again increasing the pool of wanting consumers;
- are persuaded to share the dominant morality of indulgence.

ECONOMIC PROSPERITY: A NEW APPROACH

In economics prosperity is described as the material wealth of the human being. The economy with higher GDP is considered as economically prosperous. On the other hand Prosperity is derived from the latin word meaning “*to go forward with hope*”. It is a '*state of mind*' rather than a condition of life. It is the attitude or the approach towards life which is reflected in ones state of mind and not in our balance sheet.

As economics is the study of “human behaviour” concerning with the allocation of scarce resources to get maximum satisfaction. It is the human behaviour which governs the economic activity, and human being as one of the important resource which combine all material resources to achieve human welfare, therefore human welfare should be considered as an end in itself and not the material welfare.

BACKWARD BENDING INDIVIDUAL LABOUR SUPPLY CURVE

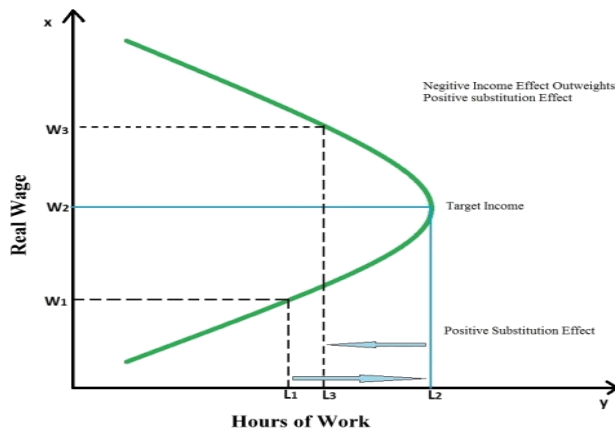
In economics, a backward-bending supply curve of labour, or backward-bending labour supply curve, is a graphical device showing a situation in which as real, or inflation-corrected, wages increase beyond a certain level, people will substitute leisure (non-paid time) for paid work time and so higher wages lead to an increase in the labour supply and so less labour-time being offered for sale.

The "labour-leisure" tradeoff is the tradeoff faced by wage-earning human beings between the amounts of time spent engaged in wage-paying work (assumed to be unpleasant) and satisfaction-generating unpaid time, which allows participation in "leisure" activities and the use of time to do necessary self-maintenance, such as sleep.

The key to the tradeoff is a comparison between the wage received from each hour of working and the amount of satisfaction generated by the use of unpaid time.

Such a comparison generally means that a higher wage entices people to spend more time working for pay; the substitution effect implies a positively sloped labour supply curve. However, the backward-bending labour supply curve occurs when an even higher wage actually entices people to work less and consume more leisure or unpaid time.

BACKWARD BENDING LABOUR SUPPLE CURVE

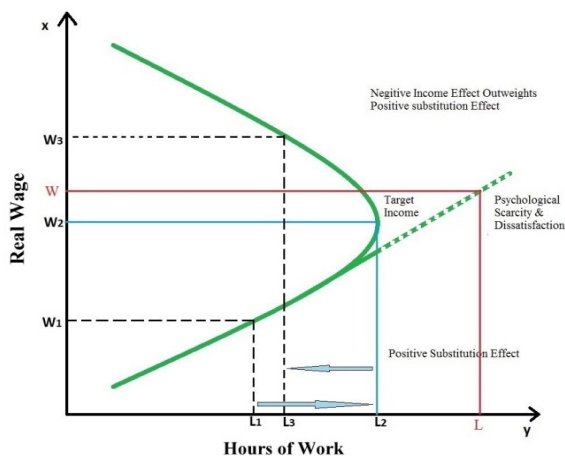


The graph shows that if real wages were to increase from W_1 to W_2 , the substitution effect for an individual worker outweighs the income effect; therefore, the worker would be willing to increase hours worked for pay from L_1 to L_2 . However, if the real wage increased from W_2 to W_3 , the number of hours offered to work for pay would fall from L_2 to L_3 since the strength of the income effect now exceeds that of the substitution effect; the utility to be gained from an extra hour of unpaid time is now greater than the utility to be gained from extra income that could be earned by working the extra hour.

In the face of cut throat competition, consumerism there is no reaching to the point of enough. What is actually happening is that our economic system generates an endless stream of new wants. As these wants become needs, scarcity is created.

As one want is satisfied, another one is created.

BACKWARD BENDING LABOUR SUPPLY CURVE IN THE PRESENT SCENARIO



In the above Graph, because of psychological scarcity and dissatisfaction, caused due to increasing substitution of work for leisure in the view to increase more and more materially. The substitution effect outweighs the income effect and the overall wage effect is positive, shown by increase in real wage from W_2 to W which leads to increase in the hours of work from L_2 to L .

In the process the consumer never reach the point of 'target income' or point of 'enough', working for greater number of hours which in turn leads to dissatisfaction on part of psychological well being, time with family, self satisfaction, higher stress level etc.

MARGINAL GAIN IN HAPPINESS

In economics, utility is the subjective benefit or utility provided to the consumer by goods or services. Total utility represents the total satisfaction realised by the consumer from the consumption of goods or services. Marginal utility represents the change in total utility occurring due to consumption of an additional item of goods or services if other products are consumed as before. When it was perceived that the additional satisfaction in consumption of goods is diminished by the extent to which it is increasingly consumed, the law of diminishing marginal utility was defined: the marginal utility of goods diminishes if the consumed quantity increases.

Easterlin paradox argued that life satisfaction does rise with average incomes but only up to a point. Beyond that the marginal gain in happiness declines. Therefore happiness is not the direct function of the increases in per-capita income.

In 1974, Richard Easterlin, a Professor of Economics at the University of Southern California, published a revolutionary paper entitled "Does Economic Growth Improve the Human Lot? Some Empirical Evidence" which established an essential paradox in economics. Easterlin discovered, through quantitative analysis of economic and social trends of developed and developing nations, that past a certain amount of income for an individual and past a certain GDP for a nation, subjective levels of happiness and social wellbeing do not increase and indeed sometimes decrease.

In 2010, Easterlin returned to the paradox and published his findings in the Proceedings of the National Academy of Science. In it Easterlin utilised long term surveys from 17 developed countries, 11 countries transitioning from socialism to capitalism, and 9 developing countries to firmly re-establish the happiness-income relationship, come to be known as the Easterlin paradox, that over time a higher rate of economic growth does not result in a greater increase of happiness.

It may be wrong to deduce that people who prefer higher paying jobs obtain an increase in utility once they get one, even though higher incomes do increase consumption opportunities. People may simply underestimate the fact that extra income, while producing fleeting satisfaction, is often correlated with less leisure, higher stress levels, and a poor quality of social relationships, all of which produce lasting dissatisfaction.

WORLD HAPPINESS REPORT 2016: BHUTAN- GROSS NATIONAL HAPPINESS (GNH INDEX)

Bhutan's GNH Index is a multidimensional measure, and is linked with a set of policy and program screening tools so that it has practical applications. The GNH Index is built from data drawn from periodic surveys that are representative by district, gender, age, rural-urban residence, income, etc.

Representative sampling allows its results to be decomposed at various sub-national levels, and such disaggregated information can be examined and understood more by organizations and citizens for their uses.

In the GNH Index, unlike certain concepts of happiness in current western literature, happiness is itself multidimensional – not measured only by subjective well-being, and not focused narrowly on happiness that begins and ends with oneself and is concerned for and with one-self.

The pursuit of happiness is collective, though it can be experienced deeply personally. Different people can be happy in spite of their disparate circumstances but the options for trade off must be wide.

The Centre for Bhutan Studies, along with various academics from around the world, then began to develop both objective quantitative and subjective qualitative indicators for GNH culminating on a measurement based upon a robust multidimensional methodology known as the Alkire-Foster method.

Table 1: Overview of GNH domains and breakdown of indicators

DOMAIN	INDICATORS	WEIGHTS
Psychological Well-Being	Life Satisfaction Positive Emotion Negative Emotion Siptuality	33% 17% 17% 33%
Health	Self Reported Health Healthy Days Disability Mental Health	10% 30% 30% 30%
Time Use	Work Sleep & Leisure	50% 50%
Education	Literacy Schooling Knowledge value	30% 30% 20% 20%
Cultural Diversity & Resilience	Native Language Cultural Participation Artisan Skills Conduct	30% 30% 20% 20%
Good Governance	Political Participation Services Governance Performance Fundamental Rights	40% 40% 10% 10%

DOMAIN	INDICATORS	WEIGHTS
Community Vitality	Donation (time & money)	30%
	Safety	30%
	Community Relation	20%
	Family	20%
Ecological Diversity & resilience	Wild Life Damage	40%
	Urban Issues	40%
	Responsibility Towards Environment	10%
	Ecological Issues	10%
Living Standard	Per capita Income	33%
	Assets	33%
	Housing	33%

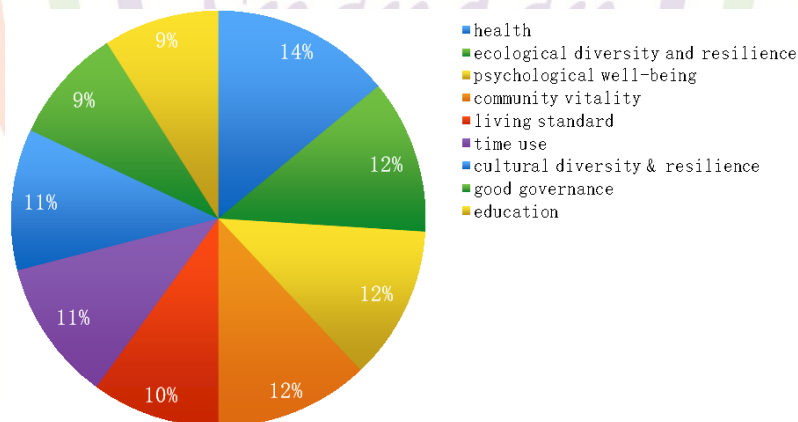
According to the concept of GNH, there are four pillars that will lead to a healthy index – good governance, sustainable socio-economic development, cultural preservation, and environmental conservation.

It is calculated based on nine parameters which include psychological wellbeing, health, education, living standards and cultural diversity among others.

DOMAINS IN WHICH HAPPY PEOPLE ENJOY SUFFICIENCY IN BHUTAN:

Good health (14%), community (12%), ecology (12%), and psychological well-being (12%) contributed most to GNH of happy people in 2010. Happy Bhutanese did not necessarily have high education (9%). Nor did they score equally high in good governance (9%) or standard of living (10%).

GNH ranks districts differently than does per capita income. Thimphu (the capital) is not ranked highest in GNH terms yet it has the highest per capita income of any district of Bhutan. Dagana and Zhemgang do much better in GNH than on income criteria.



CONCLUSION AND DISCUSSION

Though it is a challenge to understand the linkages between “spirituality” that is embedded in the individual person, and how it might impact decision-making at the individual level as a person, and the same individual acting at the institutional level. To finish, let us identify the critical strategic dimensions of the process towards spiritual economics and of the conditions we will all need in order to reconcile spirituality with economics.

The first is to realize that many of the states of human welfare we are all seeking belong to our non-material existence. And, that attaining our own goals in life – material and non-material, individual or collective – depend mainly on our process of ‘self

realization'. This is to say, nothing will change if we do not change from within. Inner change is at the roots of all change. It goes without saying that we will not be able to buy world peace in the supermarkets. We will not be able to eliminate economic discrimination just by pouring more money into the economy. A world at peace and free of discrimination begins in our inner soul.

Gross National Happiness measures the quality of a country in a more holistic way than GNP, and believes that the beneficial development of human society takes place when material and spiritual development occurs side by side to complement and reinforce each other.

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