CHAPTER I

INTRODUCTION

The title of the thesis is "The Concept of Economic Man and Advaita Vedānta". The thesis is an inter-disciplinary study involving economics and the Philosophy of Advaita Vedānta. This interesting effort is equally a challenging one because even those who are exposed to both economics and Advaita Vedānta entertain a genuine apprehension regarding the common ground of interaction between the two disciplines. This necessitates an imperative and foremost need to place this inter-disciplinary work in perspective. Towards this end, the introductory chapter is divided into main sections. In the first section, we explain the objective, need and method of the thesis. In the second section, we elucidate the source materials, limitations and contribution to research.

A. Objective, Need and Method of the Thesis

1. The Objective of the Thesis

This inter-disciplinary thesis involves a study of the concept of economic man and the perspectives of Advaita Vedānta. The concept of economic man, which describes the nature of human behaviour in economics, is a fundamental and significant concept of economics. Advaita Vedānta is one of the most important Vedāntic system in the Indian Philosophical tradition.

In this thesis, the concept of economic man is expounded and evaluated in the light of the philosophy of Advaita Vedānta. This evaluation is effected in such a manner that the
basic structure of economics is maintained throughout the study.

The chief objective of this inter-disciplinary study is to deduce and incorporate the perspectives of Advaita Vedānta into the concept of economic man and discern the implications of such a synthesis.

2. The Need for the Study

The need for the study brings into focus two important questions, namely, (i) Is there a need to embark on a study of the concept of economic man? and (ii) Even if a study is to be made, is there a need to resort to the perspectives of other disciplines, especially Advaita Vedānta?

Economics is a social science which plays a central role in shaping the activities of the modern world towards the objective of ensuring prosperity and betterment of individuals and society. Conventional economics hold the perception that these objectives are quantifiable. By "Conventional economics", we mean the perspectives of the Classical and the Neo-Classical tradition with reference to the concept of economic man, known as *homo economicus*. While Adam Smith regarded economics itself as a study of wealth¹, Alfred Marshall considered economics to be a study of material welfare².

At the macro-level, a nation is acclaimed as superior and developed if it exhibits a high level of material and monetary enrichments, as reflected by economic indicators like increased Gross national product³, per capita income⁴, and so on. At the micro level, the prosperity of an individual is considered to be comprehensively reflected in his financial and other material endowments. Observing human behaviour, J.S. Mill states, "Man is a being who is determined, by the necessity of his nature, to prefer a greater portion of wealth to a smaller in all cases"⁵.
The above perception of conventional economics have an important implication. It motivates and encourage individuals to involve themselves in cut-throat competitions and indiscriminate accumulation of resources, all in the name of betterment and progress. This leads to problems like poverty, inequalities of income and wealth, regional disparities, increasing crime rates and violence, corruption, decline in moral values, environmental disasters, and so on.

Conventional economics experience difficulty in addressing these problems. Commenting on the failure of conventional economic theories, Nobel Laureate Herbert Simon states that in economics "bad theory survives; it does not predict very much, and when it does, it predicts incorrectly". ⁶ According to Allan H. Meltzer, economists promised "more than economics can deliver" and many economists "may now be dispirited by the failures of the policies they advocated, initiated and administered, and by the cost of their failures." ⁷ Fritjof Capra explicitly states that, "Economics today is in a profound conceptual crisis. The social and economic anomalies it can no longer address-global inflation and unemployment, maldistribution of wealth, and energy shortages among others - are now painfully visible to everyone." ⁸

A Comprehensive long-term strategy seems to evade conventional economics because the issues that emerge and are subsequently addressed in the contemporary economy, are only the effects and symptoms of the core problem. The real problem lies within the basic structure of economics itself. Hence, a re-examination of the foundation of economics becomes imperative. As Daniel Bell rightly points out"... there is the question not only whether there is a crisis in economic theory but also a crisis of economic theory itself. For this reason, one has to go back to the history of that theory and retrace its steps." ⁹

A close examination on the foundation of economics reveals the fact that the basic economic structure is dependent on the assumed perception of the concept of economic man, *homo economicus*. An endeavour to understand and overcome the constraints involved in the concept of economic man would in turn benefit and enable conventional
economics to address its problems in a comprehensive manner. Avner Ben-Ner and Louis Putterman states that economists disregard issues which "do not arise logically from the fundamental premise that underlies most economic research, that of *homo economicus*."  

Hence, there arises a vital need for a study on the concept of economic man.

Moreover, modern economists have questioned the efficacy of upholding the conventional assumption regarding the concept of economic man. By "modern economists", we mean those who criticise the perspectives of the Classical and the Neo-Classical tradition with reference to the concept of economic man. The conventional assumption regarding the concept of economic man is that economic man, *homo economicus*, is perceived as rational and rationality is identified with the maximization principle.

Criticising the conventional perception, Ernst Fehr and Simon Gachter states, "On the basis of assumptions of rationality and selfishness economists have constructed a remarkable body of theoretical knowledge. However, there remains the question whether the exclusive reliance on rationality and selfishness is capable of explaining people's actual behavior."  

Modern economists present both theoretical arguments as well as empirically validated evidences (based on observed human behaviour in various economic activities) to substantiate their position.  

The conflicting claims of conventional and modern economists necessitates a detailed study and evaluation of the concept of economic man.

Since the economic structure is itself dependent on the cardinal assumption regarding the concept of economic man, the former is not in a position to adequately address the limitations faced by the latter. For example, if a high-growth industrial economy is needed to fight against pollution, which itself appears to be the result of high-growth industrialization, then what is the way out of this extraordinary circle?

"The present crisis in economics" says Peter F. Drucker "is a failure of the basic assumption, of the paradigm, of the 'System', rather than of this or that theory. "  

In this
scenario, it would be prudent for conventional economics to resort to the perspectives of other disciplines in its effort to assess and overcome the constraints involved in its concept of economic man.

Moreover, a review of the concept of economic man in the light of a different discipline would provide an opportunity to facilitate a reconciliation of the different perceptions of economists. In the process, this endeavour would also enable conventional economics to understand the dynamics involved in the nature and implications of the concept of economic man. Taking cognizant of the present position of conventional economics, E.F. Schumacher states, "Economics is being taught without any awareness of the view of human nature that underlies present-day economic theory. In fact, many economists are themselves unaware of the fact that such a view is implicit in their teaching and that nearly all their theories would have to change of that view changed." 14

Advaita Vedānta, a 'Vision' or 'Darśana', is one of the most important system of Indian Philosophy. Advaita Vedānta is a Philosophy which is primarily concerned with the nature of man (Jīva). Infact, Śaṅkara begins his commentary on the Brahma-sūtra with a profound discussion on the real nature of man. 15 Every other important tenent of Advatia Vedānta may be logically elucidated through a discussion on the nature of man. Advaita Vedānta, placing man at the centre of its philosophy, gives supreme importance to the understanding of the true nature of man. The vital need to understand man and his real nature is inherent in the system.

According to Advaita Vedānta, man (jīva) is essentially pure consciousness (Brahman-ātman). But, due to the ignorance (Māyā-avidyā) of his true nature, man is associated with the limiting adjuncts (Upādhis). 16 The limiting adjuncts refers to the psycho-physical complexes. In his commentary on the Brhadāranyaka Upaniṣad, Śaṅkara points out that the psycho-physical complexes consists of the gross physical body (Stūla Śarīra) and the subtle body (Sūksma sarīra), which includes the mind. 17 The apparent intimate association with the psycho-physical complexes evolves the notion of 'I' and 'Mine'
in man. Moreover, they urge man to become an agent (Kartā) and experiencer (boktā) of the world. Śaṅkara, in his Brahma-sūtra-bhāṣya, states that as an agent and experiencer, man is given to undergo the experiences of the three states of existence, namely, waking (jāgrat), dream (svapna) and deep sleep (susupti). Thus, we are able to observe that man, who is essentially Brahman-ātman, gets associated with the limiting adjuncts (Upādhis) due to ignorance (māyā-avidyā), identifies himself with the body, mind, etc., and perform the functions of the doer (Kartā) and experiencer (boktā) in the world.

The whole task of Advaita Vedānta is to enable an individual to realize that he is indeed Brahman (ātman) and not essentially the apparent man, characterized by a complex whole (anātman). In the process of elucidating this supreme truth, Advaita Vedānta meticulously analyses the dimensions and the inter-relationships of the biological aspect (i.e., the body, mind, etc.) and the psychological aspect (i.e., the three states of waking, dream and deep sleep) involved in the nature of man.

The above vision of Advaita Vedānta, which clearly elucidates the dynamic nature of man and his behaviour at different levels of his existence, promises to have an immense potentiality for economists to have a comprehensive and holistic understanding of the different aspects of the concept of economic man. This understanding would enable conventional economics to: (i) adequately address the constraints involved in the conventional concept of economic man, (ii) effect a reconciliation of the different perceptions of economists regarding the concept of economic man, and (iii) explore and recognize new avenues in the realm of the behaviour of an economic man.

In conventional economics, economic man is perceived as rational. The concept of rationality is a very important aspect in the structure of the concept of economic man. In the words of Bill Gerrad, "the axion of rationality is the cornerstone of modern economics." The concept of rationality defines and explains human behaviour in economics.

Rationality is given an important position in the system of Advaita Vedānta. Advaita
Vedānta recognizes a three-fold methodology involved in the realization of the true nature of man. They are (i) scripture (śruti), (ii) reason (yukti), and (iii) experience (ānubhava). The three-fold criteria of truth is clearly expounded in the Brhadāranyaka Upanisad, where Sage Yāgñavalkya proclaim: "The Self; my dear Maitreyī, should be realised - should be heard of, reflected on and meditated upon." 21.

In the tradition of Advaita Vedānta, scriptures (śruti) are the basis on which reason (yukti) is employed to culminate in experience (ānubhava). The Vivekānudāmani of Śaṅkara clearly brings out this perception. 22 It may be pointed out here that the three-fold methodology have to be employed to arrive at the truth in a mutually-coordinated manner and not in isolation. Rationality is entrusted with the vital and dynamic function of channelizing man’s faith in truth towards the direct experience of It. Thus, we are able to observe an intimate connection and vital interaction between man and rationality, in the system of Advaita Vedānta.

An effort to understand and employ the essence or spirit of the dynamic rationality of Advaita Vedānta into the main stream of conventional economics would lead to the recognition and accommodation of the different perceptions and dimensions involved in the concept of rationality, within the system of conventional economics. This may enable conventional economics to overcome its constraints and also re-define the scope of the concept of rationality as well as economic man (because economic man is defined in terms of the concept of rationality).

In the modern - day world, economists are expected to address questions of normative nature and prescribe rules of life. Conventional economics is unable to adequately deal with this issue because its very structure does not recognize and accommodate the altruistic, moral and social commitments involved in an individual’s behaviour.

In the philosophy of Advaita Vedānta, a man who have realized his true non-dual nature is known as a Jīvan-mukta. He is totally free from egoism and exists only for the
welfare of the world \( \text{lokasamgraha} \). Sāṅkara explains \( \text{lokasamgraha} \) as preventing the world from going to evil paths or "to safeguard people from falling into wrong paths of conduct." 23 The \text{Bhagavad-gītā} states that the \text{mukta} unceasingly works for the good of all beings (\text{Sarvabhuṭahite ratāḥ}). 24 This service to the entire world, without any motive, is simply the spontaneous expression of his very nature, just like a flower which sheds its fragrance.

Since the task of Advaita Vedānta is to enable an individual to realize his true nature, it logically follows that a \text{Jīvan-mukta}, who has realized his true non-dual nature, is an 'ideal' man of the system of Advaita Vedānta. Further, the behaviour of a \text{Jīvan-mukta} is characterized by the altruistic, moral and social endeavours alone. This not only reveals the ethical perfection of an ideal man in Advaita Vedānta, but also reflects the supreme importance accorded to the ethical values that are ingrained in the very structure of Advaita Vedānta.

The ethical structure of Advaita Vedānta would be an ideal and fertile field for economists to explore and equip themselves in understanding the moral and social aspects of any economic problem in a comprehensive and holistic manner. While concluding their discussion on economics and contemporary moral philosophy, Daniel Hausman and Michael Mcpherson states, "An economics that is engaged actively and self-critically with the moral aspects of its subject matter cannot help but be more interesting, more illuminating, and ultimately more useful that one that tries not to be." 26 Such an endeavour may also lead to a qualitative change in the nature of problems dealt with in conventional economics.

3. The Method of the Thesis

The method adopted in this inter-disciplinary thesis is \text{concept-based} as the thesis focuses its attention on the concept of economic man. The thesis examines the nature and dimensions of the concept of economic man and evaluates the same in the light of the perspectives offered by the philosophy of Advaita Vedānta.
The methodology of the thesis involves the systematic and successive employment of the descriptive method, the deductive analysis and the explorative approach.

The descriptive method is used in the presentation of the concept of economic man and its perceived constraints. The method is also used in the thesis for elucidating the basic tenets of the philosophy of Advaita Vedānta.

The deductive analysis is employed in the thesis to deduce the perspectives of Advaita Vedānta in such a manner that the deduced perspective are compatible with the concept of economic man. The deductive method is also used to effect a synthesis, which involves the incorporation of the deduced perspectives of Advaita Vedānta into the concept of economic man. The synthesis is effected in such a manner that on the one hand, it overcomes the constraints involved in the concept of economic man and on the other, it maintains the basic structure of conventional economics.

The explorative method is employed in the thesis to examine the implications of the synthesis involving economics and Advaita Vedānta. The method is also used to explore the extensions made to the concept of economic man by the above synthesis.

B. Source Materials, Limitations and Contribution to Research

1. Source materials of Research

The Source for study on economics primarily consists of the works of the Classical and the Neo-Classical tradition regarding the concept of economic man. The source materials also include the contrary views to the above tradition as expressed by the Behaviouralists, the Cognitive Psychologists, the Deontologists and the Non-Utilitarian Consequentialists.

The sources for study on Advaita Vedānta primarily consists of Śrī Saṅkarācārya's
commentaries on the Prasthānatrayas, namely, the principle Upaniṣads, the Brahma-Sūtra and the Bhagavad--gitā.

2. Limitations to Research

The scope of the thesis is conditioned by the following factors:-

(i) Given the concept of economic man, the thesis proceeds to describe its nature and limitations. In other words, the thesis is not intended to trace the development of the concept of economic man in the history of economic thought. Similarly, while elucidating the limitations involved in the concept of economic man, the thesis does not attempt to trace the historical background from which these criticisms originate.

Therefore, the thesis does not explicitly focus its attention on highlighting the various schools of economic thought.

(ii) Give the philosophy of Advaita Vedānta, the thesis proceeds to deduce its perspectives which are compatible with the concept of economic man. In other words, the thesis is not intended to directly argue and substantiate the basic philosophical position of Advaita Vedānta.

Therefore, the thesis does not compare the philosophy of Advaita Vedānta with other systems of Indian philosophy and Western Philosophical systems.

(iii) It may be pointed out that the thesis follows Śrī Saṅkarācārya’s exposition of the philosophy of Advaita Vedānta. Even though most of Śrī Saṅkara’s works are available in English and our thesis is only of an inter-disciplinary nature, it may still be submitted that our non-proficiency in Sanskrit, may be said to constitute a limitation of the thesis.

3. Contribution to Research

The inter-disciplinary thesis expound and evaluate the concept of economic man in
the light of the philosophy of Advaita Vedānta. The evaluation is effected through a synthesis which involves the incorporation of the deduced perspectives of Advaita Vedānta into the concept of economic man. The synthesis, which reflects the common ground of interaction between economic and Advaita Vedānta, is an important contribution towards the inter-discipline of Economics-Philosophy.

Our specific contributions to the knowledge of conventional economics lies in our attempt to explore the implications of the above synthesis. The synthesis, in the process of overcoming the constraints involved in conventional economics, also results in enriching and broadening the horizon of the conventional concept of economic man. The highlight of this effort is the evolvement of a potentially-productive synthesized concept of economic man. The synthesized concept of economic man, among other advantages, provide a legitimate ground and primacy for a discussion of the altruistic, moral and social commitments of an economic man, within the domain of economics. The entire exercise, which results in forwarding new truths to the existing body of knowledge in the sphere of conventional economics, may be considered as an important and original contribution of our research.

The thesis comprises of Five chapters. In this opening chapter, the inter-disciplinary study have been introduced with the presentation of the nature and direction of the thesis. In the second chapter, efforts are made to present and discuss the concept of economic man and its limitations. In the third chapter, the basic tenents of Advaita Vedānta is elucidated and an attempt is made to analyse an economic problem in the light of the Advaita Vedāntic concept of man. In the fourth chapter, efforts are made to approach Advaita Vedānta in order to deduce specific perspectives which may be compatible to the concept of economic man. In the concluding chapter, is evolved a synthesis involving the incorporation of the deduced perspectives of Advaita Vedānta into the concept of economic man. Efforts are made not only to examine the implications of the synthesis, but also to explore the extensions made to the horizon of the concept of economic man.