

Preamble

The Sufficiency Economy Philosophy and the Context of National Development

Preamble

The Sufficiency Economy Philosophy and the Context of National Development

As witnessed by the world, Thais from all walks of life are deeply loyal to **“His Majesty King Bhumibol Adulyadej”**, considered the heart and soul of the nation. Uniting all Thais, **His Majesty is a religious patron who connects “patriotism” and “religious faith”**. As the symbol of national identity and tradition, His Majesty embodies the security of the regime, the hope of Thailand and an image of stability to the world.

As the longest-reigning monarch in the Thai history, **His Majesty King Bhumibol Adulyadej adheres strictly to “dharma” and is regarded as the light that guides the nation towards security and sustainable development**. Since his ascension to the throne on June 9, 1946, the King has continually expressed his will and determination to sacrifice himself for the benefit of all Thais regardless of their social status, religion or race. Considering the suffering of his subjects as his own, His Majesty has devoted himself to improving the quality of life of all Thai people as reflected in numerous royal duties, initiatives, instructions, and speeches. These remind us all of His Majesty’s initial statement on May 5, 1950: **“I will reign with righteousness for the benefit of the Siamese people.”**

1. The philosophy of a “Sufficiency Economy” as initiated by His Majesty the King

His Majesty the King has realized that Thailand is a fundamentally agricultural country and most of his subjects in the rural areas are farmers. Throughout his reign, His Majesty has visited and studied the ways of life of his subjects in every region across the country. Having witnessed barren landscapes and sufferings of people in every corner of Thailand, His Majesty the King analyzed the causes of the problems and proposed solutions that would bring about sustainable national development. Among these is the philosophy of a “Sufficiency Economy”

which aims at enhancing the quality of life of people and local communities so that they will become self-reliant, thus achieving sustainable development.

1.1 His Majesty the King's principles

His Majesty the King's principles¹, as reflected in his work with royally initiated projects throughout the six decades of his reign, are based on moderation, harmony with the surroundings and practicality. These can be summarized as follows.

The first principle is that development must focus on **“people”** and adhere to **“people's benefit”** and **“popular participation in the decision-making process”**. In the implementation of every royally initiated project, His Majesty the King has insisted that every citizen enjoys the benefits of the project and that, if necessary, the majority make sacrifices for the minority. Emphasis is on **“value for money”** rather than on cost effectiveness or **“our loss is our gain”**. That is, the acts of giving and sacrifice lead to the **“well-being”** of people, and shareholders are required to participate in decision-making processes from the beginning of each project. A **“public hearing”** is held before each project is launched in order to allow the people to make a decision before local leaders and government officials are involved in the following steps.

The second principle demands that the project account for differences in **“socio-geographical conditions”** of each region and locality. Hence, His Majesty's approach to development requires systematic study and planning that are in accordance with **“land”** or geographical conditions and **society** or sociological landscape. These account for the lifestyle of **“people”** in a given society characterized by culture, values, beliefs, religions, traditions and customs, economy, and environment. His Majesty the King accentuated **“systematic analysis of data”** and **“human development”**, which are achieved by means of educating and disseminating knowledge of the principles to the locals in conjunction with equitable distribution of development benefits. Likewise, it is imperative that government officials adhere to the **“understanding, access, and development”**; they need to have an insight into the

¹ Office of the Royal Development Projects Board “His Majesty the King's Principles” Bangkok: Century, B.E.2548

socio-geographical conditions of a given locality as well as problems and needs of the locals. This way, royal projects are planned and implemented to address the problems and needs of the local people.

The third principle expresses the idea that development must start from **“being self-reliant”** which means one needs to know his/her limits and carefully lead his/her life. **“Doing things in stages”** is the other factor or **“explosion from the inside”²** as His Majesty the King phrased it. The process should begin with assisting people and households in achieving a fairly good quality of life by means of cost effective approaches and appropriate theories. Once the people can rely on themselves, there can be collaborations between the people in a community, which will lead to forms of exchange, self-reliance of the community, and finally networking with other communities.

1.2 Human development in all dimensions

His Majesty the King has placed a great emphasis on **“human development”**, as reflected in the first phase of royal initiatives, which aimed to **enhance the health, hygiene, and education** of Thai people. It began with the establishment of the Royal Mobile Medical Unit which, thanks to His Majesty the King’s visits to all regions in the country, has expanded its network to treat a great number of people, the majority of whom are poor. In collaboration with the unit, there are training programs for volunteer local doctors in remote areas. Furthermore, His Majesty the King kindly made contributions to establish “polio funds”, the BCG vaccination center, which is under the Thai Red Cross, and many other public health projects. With regard to education, His Majesty the King made personal donations to and ordered the army to build a network of “Rom Klao” schools for the underprivileged in remote areas and graciously instituted “Chao Pho Luang Uppatham” and “Rajaprachanukro” schools for the hill tribes and orphans, respectively. Furthermore, His Majesty the King established the “Bhumibhol Scholarship” and “Ananda Mahidol Scholarship” funds to enable scholars to further their studies abroad.

² The royal speech graciously delivered to Dr. Sumet Tantivejkul on March 17, 2006 at the Chitralada Palace, Royal Projects Journal 2, vol.3 Jan-Mar 2004

Throughout the six decades of his reign, His Majesty the King has fulfilled royal duties and delivered royal speeches to his subjects stressing, in particular, **moral awareness**, so that they can know their limits, learn to save resources and stay away from greed, live an honest life, persevere, make some sacrifices when necessary and share when possible. **Therefore, the human development of His Majesty the King's approach truly covers every aspect of their life: physical, intellectual, and mental.** Because of this, Thai people are given opportunities and options to live a stable life and help the nation move towards sustainable development.

1.3 Holistic development

“Holistic development” is a distinct quality of royal projects because they are implemented in accordance with His Majesty the King's **socio-geographical principle** which makes possible an **“integration”** of every aspect under a well-connected and systematic operation. In order to enhance holistic development and to set guidelines, His Majesty the King has graciously granted support for a **“Royal Development Study Center”** where models of geographically and economically distinctive areas of each region are exhibited for study, research and development purposes. The center also functions as a **“one stop service center for farmers”**, which is considered a new dimension of administration as it integrates different types of services from authorities and directly serves communities and farmers. The services include giving consultations on irrigation and water resources, grains, marketing, training, and agricultural lifestyle. Therefore, it is **a holistic and systematic approach to problem solving and community development.**

Moreover, the Royal Development Study Center functions as a “living natural history museum” and opens to farmers, the general public and institutes who are interested in exploring the lifestyle of farmers, body of knowledge built on research and application of local intellect – an “economical, simple and cost-effective” technique which is in harmony with nature and local ways of life. The center also shows the “cooperation and collaboration” of many authorities which have brought about “love and unity” for communities. These virtues can be used as a foundation for self development, which can be further expanded into community development.

There are 6 royal development study centers, each located in a different region of Thailand. Each represents one region and its distinct geographical conditions, which have been studied in depth. The first is located in Khao Hin Son, Chachoengsao province and is responsible for research, experiments and demonstrations restoration of degraded land. The second is the Haui Sai center in Petchaburi province, which studies restoration of degraded forests. The third, the Khung Kraben Bay center in Chantaburi province, is responsible for research and development and restoration of the environment and coastal ecology as well as fishery. The fourth is the Huai Hong Khrai center in Chiang Mai province, responsible for research into deterioration of forests, development of degraded forests, development of watersheds for agricultural purposes, and conservation of soil moisture. The fifth, the Phikun Thong center in Narathiwat province, conducts research into peat soil in the South for agricultural purposes. The sixth center, the Phu Phan center in Sakon Nakhon province, is responsible for vocational training in agriculture and domestic industry as well as developing model villages.

1.4 Sustainable management of natural resources and environment

In accordance with the royally initiated approach to development for the benefit of people in local communities and rural areas, His Majesty places emphasis not only on vocational and agricultural development but also on conservation and development of natural resources and the environment. His Majesty stresses **the importance of peaceful coexistence between people, natural resources and the environment, for mutual benefit**. Although people in rural areas fundamentally depend on and utilize natural resources and the environment, the economic sector has deteriorated natural resources and the environment faster than the capacity to rehabilitate them. Therefore, His Majesty initiated natural resource management which includes water resource management, reforestation and soil conservation as these three factors form the essential food chain of every single life. Hence, it is necessary that natural resources be conserved and developed in conjunction with appropriate utilization.

His Majesty the King has an insight into nature and graciously launched projects on the use of water power. To begin with, His Majesty led research into artificial rain more generally known as **“royal rain”** in Thailand, in order to alleviate

drought. With regard to water resource development and forest conservation, His Majesty developed a “nature for nature” approach which is straightforward, effective and corresponds to the ecosystem and lifestyle of local communities. For instance, **“three types of forests with four purposes”** refers to forestation that provides woods, fruits, and raw materials for charcoal, and these help conserve soil as well as watersheds. In addition to the aforementioned projects, His Majesty the King ordered the construction of **check dams** which were modeled on the method originally used by hill tribes as a means to conserve water in the highlands. The check dams, despite their small size, can serve as insulation against forest fire and as humidity regulators which help the forests to thrive and predict rain. The **“Monkey Cheek”** project is another excellent example of His Majesty’s initiatives with respect to water management. Canals and ditches are emptied to accelerate the flow of water and provide space for water conservation during drought. Moreover, thanks to royal initiatives, water pollution has been alleviated by natural approaches: the use of clean water to flush out polluted water; the use of aquatic weeds as natural filters that absorb dirt and toxins; the use of mills to oxygenate water; and the use of mangrove forests in water treatment.

With respect to soil development and conservation, His Majesty the King ordered that water be used to add humidity to soil and improve soil quality. For instance, water is used to flush and regulate **acid soil or peat soil** so that it becomes fertile again. This method is also known as **“soil teasing”**. His Majesty also kindly suggested crop rotation to replenish soil quality and increase crop yield. **The use of vetiver grass**, which is among the many royal initiatives, has proved to be effective in conserving soil, and this made Thailand the most advanced center of this soil conservation technique.

1.5 His Majesty’s “new theory”

Later, His Majesty graciously developed a **“new theory”** which is the foundation of a new agricultural theory. The theory was demonstrated at the Mongkhon Chaipattana Temple, Huai Bong subdistrict, Muang district in Saraburi province. The theory provides guidelines for land and water management for agricultural purposes in a small plot of land in order to yield the best results. Having “self-reliance” as a foundation, the theory also encourages communities to “unite and

cooperate” and adhere to “diligence, perseverance and patience”. According to the theory, the process of development includes three phases.

Phase 1: To live at a sufficient level which allows farmers to become self-reliant and maintain their living on a frugal basis.

Phase 2: To cooperate as a group to handle the production, marketing, education, and welfare, as well as social development.

Phase 3: To build up connections within various occupation groups and to expand businesses through cooperation with the private sector, NGOs and the government in the areas of capital, marketing, production, information management, and etc. in order to reduce costs, increase the group benefits, upgrade quality of life and move towards national stability.

1.6 Summary

Throughout the six decades, more than 3,000 royal initiatives have been implemented in accordance with His Majesty the King’s principles, which focus on moderation and which go well with the Thai lifestyle and attitude of practicality. **“Human development”** is the key notion of the principles, and “benefit to people”, “socio-geographical conditions”, “involvement of people in the decision-making process”, as well as “self-reliance” are strictly adhered to. The projects have been implemented using an integrative approach to development that stresses the importance of the “unity” of all parties and “doing things in order”. These enable people and communities in rural areas who follow His Majesty the King’s principles and royal initiatives to enjoy better quality of life and rely on themselves economically and socially. The people are able to use appropriate and cost-effective technology and utilize natural resources such as soil, water and forests in a sustainable manner which will **pave the way towards a strong community and society and peaceful coexistence between man and man and between man and nature.**

Because of His Majesty the King’s insight and vision, 20 years before the economic crisis—when wealth had been generated through rapid economic growth, he was well aware of the fact that the Thai economy was at risk because it largely

depended on external factors. His Majesty therefore stressed the importance of sufficiency economy as reflected in his royal speeches since 1974. His Majesty placed, in his speeches, emphasis on **a self-reliant approach to development** incorporating **moderation, reasonableness, and self-immunity**, thus enabling the majority of people to have enough to live on and to live for. His Majesty also strongly advised his subjects to live their lives carefully and be aware of the sequential development process that involves **knowledge, morality, and perseverance**. After the economic crisis this became known as “**sufficiency economy**”, the model His Majesty adhered to in his approach to development. His Majesty the King realized the significance of a sufficiency economy, stressing that to implement half or one fourth of the sufficiency economy may be enough.

The Eighth National Economic and Social Development Plan (1997-2001) adopted His Majesty’s “sufficiency economy” in order to adjust the concept of national development, and that was an important turning point in the country’s development planning. Economic growth, formerly the focus of development, was replaced by human development which paid attention to people as an important mechanism in the process of development and as the main beneficiaries of or the ones affected by the development. Thus, it was **people-centered development** that became the main focus and economics was deployed as a tool to help people achieve greater happiness and a better quality of life. The plan switched from a segmented approach to a holistic and integrated approach and gave an opportunity for greater involvement to all sectors at every stage of the development. However, in the first year of the plan Thailand experienced a severe economic crisis which greatly impacted individuals and society, aggravating problems of unemployment and poverty. Restoring economic stability and reducing the impact of the crisis thus became a priority.

“...sufficiency economy cannot be found in textbooks. There has never been sufficiency economy. There is something else, not this term. Last year I used the term sufficiency economy because I could not find other words. And I also said that to fulfill the concept, it is enough to implement half, not all, or even just one fourth. I thought last year it was understood, but recently, last

month, a person who has long been involved with development came to me and said the sufficiency economy is very good and that he understood what it meant by implementing only one fourth. That is, if sufficiency economy is implemented in one fourth of the country, that should be enough. I did not mean one fourth of the area, but rather one fourth of the deed...”

“...the word sufficiency has another definition. It carries a broader definition. It does not mean having enough for one’s use. Rather it means having enough to live on and to live for. If anyone happened to be here, at the Pavilion, in 1974, on that day, I mentioned we should have enough to live on and to live for, which means sufficiency. If each one has enough to live on and to live for, that is good. If the whole nation reaches that status, that is even better. Thailand at that time began to have less to live on and to live for. Some had a lot. Some had none. Formerly, Thailand used to have enough to live on and to live for, but later it did not. Therefore it is necessary to have a policy to implement sufficiency economy so that every one would have enough...”

“...if people are satisfied with their needs, they will be less greedy. With less greed, they will cause less trouble to other people. If any country values this idea, not an economy—the idea of doing just to have enough, which means being satisfied at a moderate level, being honest and not being greedy, its people will be happy. Being sufficient does not restrict people from having a lot or possessing luxurious items, but it implies that one must not take advantage of others. Everything must be within

its limits. Saying what is necessary, acting just as needed, and working adequately...”

The royal speech delivered to the audience during the Royal Birthday on Friday December 4, 1998 at the Dusitalai Pavilion, Chitralada Palace

2. Unbalanced and Unsustainable Development

The economic crisis was a lesson in unbalanced and unsustainable development partly caused by an approach to economic and social development which, unlike the royally initiated approach to development, did not take into account the context of the country, its socio-geographical conditions, status of organizations, readiness of manpower or administrative system of the country. Thailand at that time depended on imported knowledge, technologies, capital, or markets without having built strong internal foundations or resilience against internal and external fluctuations. At the same time, an accumulation of unsolved problems became the structural weaknesses of the Thai economy and society, causing unfair distribution of capital, development, income and benefits, multitudes of social problems as well as a decline in morality and quality of environment and natural resources.

2.1 Causes

Unbalanced and unsustainable development was caused by strategic planning that adopted **economic liberalism** or capitalism which focused mainly on wealth and income inflow into the country and **used income per capita as a success indicator of development**. The capitalist approach strategic plan had been implemented throughout the previous four decades to meet the expectation that an increase in goods, services and employment and economic growth would have a positive impact on the majority of the Thai people, thus resolving poverty.

The paradigm and measurement of economic development placed a greater emphasis on economic growth rather than balance and sustainability despite the fact

that “**economic growth**” should not be in conflict with stability, balance and sustainability of long-term development. Economic growth should instead be a part of a short-term economic policy which is based on the hypothesis that the economy has a potential for technology development and factors associated with production can be used as resources. On the contrary, long-term and sustainable “**economic development**³” requires technological independence, human development in the aspects of intellectual capacity and all-round knowledge, adequate amount of products and services needed for the livelihood of the people, a fair share of values added in production and between the factors of production, economic and social equality among the citizens, stability and peace in society, conservation of natural resources and the environment, and most importantly, the independence and sovereignty of the nation that cannot be replaced by other things. An approach to development that covers all of these issues can encourage stable and sustainable economic growth.

2.2 Unbalanced development structure

Although Thailand has seemingly experienced a steady economic expansion, due to the liberal economic approach to development, the country’s economy still suffers from fundamental weaknesses of **technological dependence**. Technology has been imported only for production or consumption purposes despite the fact that **it is the most important factor that determines production and service**. Labor productivity and capital productivity levels have been low, and production has had to rely on external factors such as energy and raw materials. Meanwhile, due to **low national savings**, overseas capital is needed for investments in both government and private sectors. The dependence on foreign technology and capital resulted in the production of foreign goods in Thailand rather than the production of goods for domestic consumption, thus causing reliance on international markets and exposing the country to the risks of external fluctuations.

Moreover, capital raised in Thailand and abroad through financial institutes, the stock market, and investment promotion schemes led to concentration of an industrial economy and services in the urban areas, particularly Bangkok and its

³ Vichitvong Na Pombhejara: “His Majesty the King and Thailand’s economic problems”, Bangkok: Sangdo, pp. 182-183

metropolis. As a result, wealth is distributed among selected individuals and groups of individuals. This has become a “business economy” that affects the whole nation and causes the urban economy to be more connected to the global economy rather than to the rural economy. In addition, problems of access to basic services, a decline in the quality of the environment and quality of life of urban people arise as a result of **rapid urbanization** following the expansion of the business economy.

Meanwhile, the “**people’s economy**”, which accounts for more than two-thirds of the country is in rural areas. It is the economic base for the agricultural sector and has been losing its economic, social and environmental balance throughout the past four decades. That is, **the income** of the people in rural society **is insufficient to cover their expenses** due to **deterioration of natural resources**, natural disasters, low level of education and productivity, a lack of appropriate technology, loss of local wisdoms, and reliance on external markets. Poverty has become a major problem while consumer behavior of people in rural areas has been increasingly marked by materialism, bringing about insufficient income, debts, and social unbalance. As a result, teenagers from rural communities have to leave their hometowns and work in cities or abroad, causing rural society to become more vulnerable.

The continual loss of balance results in poverty, which has been a persistent problem for rural society. It is difficult for individuals or even families to regain their equilibrium or stand on their own due to a lack of education, technological independence, capital and experience on modern business practices. To restore the stability of rural communities requires collective culture, the strength of Thai society, which values kinship, mutual dependence and assistance within a community in solving problems and developing rural communities. During the 1997 economic crisis, rural society proved to be a social safety net for people in urban society hit by the crisis, despite the unbalanced development problem.

2.3 Impact on the Thai people and society

Under the impact of globalization, the Thai economy and society face a crisis of values brought about by the borderless inflow of foreign culture with no filtering. As a result, **values, beliefs and behavior have been seriously affected**, drastically changed, **and are increasingly marked by materialism and consumerism**. Public

consciousness, generosity, human dignity and morality have begun to decline. Culture, values and traditional wisdom remain neglected and are not being passed down to new generations.

As for human development with respect to education, education attainment has increased. However, problems persist over quality of education and learning process because way of life is not integrated with the present system of education. Instead, it focuses on textbooks or subjects which are primarily concerned with external knowledge while neglecting the importance of knowing oneself or education for life. The latter enables one to behave appropriately⁴ and to apply “wisdom” that connects core knowledge with hands-on experience to everyday life. This application of knowledge brings about self-reliance and benefits to others.

2.4 Centralized administration

Although the national administration has begun to open up opportunities to the public to participate more in the process of national development, the administration has not been able to efficiently keep up with changes. **The administrative structure and system of the economy and society remains highly centralized, and popular participation remains limited in decision-making processes at the policy level and at the implementation level.** Moreover, popular participation under the constitution is rather complicated, and, therefore does not facilitate participation.

The management of national resources and legislative process which are deployed as means to rights and power mainly serves the aforementioned liberalist economic development⁵. There is also a lack of laws that support and strengthen the local economy, which is made up of the majority of the Thai people. Moreover, corruption in both government and private sectors is caused by outdated laws which provide a channel for authorities to use their judgment and the deep-seated patronage system. This results in rapid development of a business economy, highly concentrated wealth in some areas and for some individuals, unfair income and

⁴ Praves Wasee: “Culture-Centered Development”, Bangkok: Ministry of Culture Royal Institute, B.E. 2547 p.16

⁵ Bovornsak Uwanno , “Good Governance in Thai Society”, Bangkok: Vinyuchon, B.E.2542 pp. 68-69

benefits distribution among individuals and regions, and between rural and urban societies. Consequently, Thailand experiences problems of structural weaknesses in the economy, society, environment, unbalanced and unjust administration and increasing social conflicts.

2.5 Solving the economic crisis

The above review shows that the economic crisis during the first year of the Eighth National Economic and Social Development Plan was caused by an accumulation of unsolved structural problems with respect to manpower and the system. Thailand, therefore, was not able to keep up with globalization, and the complexity and rapid change of modern society. Problems of short-term loans, unproductive investments in the private business section, and speculations in the real estate sector and the stock market while effects on the overall economy were neglected aggravated the situation. Another factor was macroeconomic policies that aimed to stimulate economic growth through liberal financial policy without having effective supervisory and regulatory systems that were able to keep up with change. All of these factors adversely affected individuals and the Thai society.

During the first two years of the Eighth National Economic and Social Development Plan, the Thai economy experienced the worst recession. Restoring the economy and reducing the impact of the crisis, particularly problems of increased unemployment and poverty thus became a priority. At the same time, the structure of the economy and the administrative system of the government sector were adjusted for greater efficiency and transparency. The administration of economic policy after the crisis helped restore the economy with less pressure on economic stability and achieved progress in solving problems of financial institutes. The restoration enabled economic activities to expand, the effects of unemployment to be mitigated and the labor market to return to a normal situation. In addition, decreased poverty, expansion of health and social security services, and labor protection improved the quality of life of the Thai people.

However, at the end of the Eighth Plan, the development of the country remained unbalanced and the economy remained vulnerable due to quantity rather than quality expansion, excessive utilization of natural resources and the environment

and excessive reliance on the international economy. Problems persisted over people and society, particularly concerning income distribution and sharing of benefits obtained from the development, adjustments to keep pace with rapid change in the age of globalization, a decline of morality, and increasingly materialistic behavior.

2.6 Reviewing the royally initiated development paradigm

Thai people from all walks of life including the government, the private sector, the general public, and academia have learned a valuable lesson from the unbalanced development and are therefore reassessing their lifestyle and development strategies. Attention is now on a way of life and approach to development in accordance with His Majesty the King's **Sufficiency Economy**. This **philosophy** has been studied from theoretical and practical perspectives by people from many agencies and with a wide range of careers and levels including grassroots and the administration. Therefore, the Sufficiency Economy has been increasingly applied to everyday life.

Having realized the significance of the royal initiative, the Office of the National Economic and Social Development Board (NESDB) invited experts on different disciplines to review royal speeches related to the Sufficiency Economy and summarize them into the definition of the "**Sufficiency Economy philosophy**". With royal permission, the philosophy was disseminated for public benefit on 21st November, 1999. The Ninth National Economic and Social Development Plan (2002-2006) adopted the Sufficiency Economy philosophy to guide the development and administration of the country while continuing to drive the integrated and holistic approach to people-centered development. The Plan aimed to build an economy with strong internal structure, resilience to external changes, and increased self-reliance while placing emphasis on balanced development with respect to people, society, economy, and environment for sustainable development and the well-being of the Thai people.

The performance under the Ninth Plan can be summarized as adequately successful because the stability of the national economy improved and developed a wider economic base. Employment rate was high, income per capita increased, poverty fell, and distribution of income marginally improved. At the same time, expansion of health services, better health insurance in both quantity and quality,

covering the majority of the population, and greater accessibility of infrastructure and other social services improved the quality of life of the Thai people. Nevertheless, the aforementioned development was not, to some extent, in accordance with the Sufficiency Economy philosophy because structural problems of the economy, society, natural resources and environment persist and national administration remains unbalanced. Due to reliance on external factors, the Thai economy remains vulnerable to external instabilities under globalization while unfair income distribution and sharing of benefits obtained from the development remains a major problem. Thailand faces a decline in morality, virtuousness, ethics, and human dignity due to the inflow of consumerism. Moreover, deterioration of natural resources and environment remains an obstacle to developing the country. Therefore, the Tenth National Economic and Social Development Plan still adopts the Sufficiency Economy philosophy to guide the development of the country in conjunction with the integrated and holistic approach to people-centered development and aims for balanced, equitable, and sustainable development.

The Sufficiency Economy Philosophy

Sufficiency Economy is a philosophy that provides guidelines for living for people from all walks of life at all levels— families, communities, and the government, with an aim to orient the national development and administration towards the middle path. It is necessary for economic development, in particular, to reorient itself to keep pace with globalization. Sufficiency refers to moderation, reasonableness, and a good self-immunity system which provides resilience against internal and external changes. The application of academic disciplines in planning and implementation of plans requires all-round knowledge, extreme caution, and carefulness. At the same time, it is imperative to attend to morality and spirituality of the whole nation especially state authorities, theories, and business people at all levels so that they live their lives with integrity,

honesty, all-round knowledge, perseverance, patients, intelligence, and carefulness. These qualities create balance and resilience to cope with rapid and extensive material, social, environmental, and cultural changes brought about by the outside.

Compiled from the royal speeches on the Sufficiency Economy graciously given on different occasions. With royal permission on November 29, 1999, the compilation can be reproduced for public benefit.

The “Sufficiency Economy” is a royally initiated philosophy which His Majesty the King has graciously granted to his subjects to guide their ways of life for 30 years, even before the economic crisis. After the crisis, His Majesty placed an emphasis on solutions to problems and kindly suggested ways in which Thailand could retain its position and move towards sustainability under globalization and the impact of changes. The Tenth National Economic and Social Development Plan (2007-2011) still adopts the Sufficiency Economy to guide the development and administration of the country.

3. Sufficiency Economy Philosophy and the Context of National Development

3.1 Conceptual framework

The “Sufficiency Economy” philosophy, according to the group of thinkers⁶ who developed the theoretical framework of the philosophy, is a concept that goes beyond monist and dualist western ways of thinking. Based on the traditional lifestyle of Thai society in which all dimensions of life are interconnected, the “Sufficiency

⁶ Office of the National Economic and Social Development Board: “Economic and Philosophical Theoretical Frameworks of the Sufficiency Economy philosophy” pp. 59-61

Economy” philosophy is pluralist and allows peaceful coexistence of different things. Being integrated and holistic, the Sufficiency Economy philosophy has a dynamic and systematic perspective on the world. It is universal, accessible and practical; therefore, it is inspirational and each one can become satisfied with his/her status and with what he/she has. The philosophy is applicable to people from all walks of life, from families and communities to government. The Sufficiency Economy is up to date, able to steer the society away from crisis, and can be implemented as guidelines for the country’s planning and development in order to keep up with rapid changes in the age of globalization.

The concept of national development in accordance with the Sufficiency Economy philosophy can be divided into 4 main components⁷ as follows.

***Concept:** “Lifestyle, ways of life of people from family to community up to state levels, including national administration and development will be in the middle path, especially economic development in order to keep pace with globalization.”*

For Thailand to a place of honor and dignity in the world community and achieve “green and happiness society” under globalization, it is necessary to revise the country’s “dynamic equilibrium”⁸. Thailand, then, needs to reorient its paradigm and approach to national development towards **the middle path** so as to balance socio-economic differences between rural and urban societies. Moderation must be used to create balance between “self-reliance of people in rural communities who are the foundations of Thai society and equitable distribution of development benefits among all economic and social sectors” and between “the business sector’s competitive capacity in the global economy and development partnership with other nations under globalization.”

***Goal:** “The country achieves balance and resilience to rapid and complex changes in materials, society, environment, and culture from other countries.”*

⁷ Kasem Wattanachai: “Sufficiency” Document prepared for an oration on the occasion of opening of the Economics Club Puay Ungpakorn Institute p.17

⁸ Suwit Mesinsee: “Sufficiency Economy under Globalization”: Connecting globalization with community governance”, Matichon May 30, B.E. 2549

It is necessary, therefore, to create balance in all dimensions of the holistic approach to “people-centered development”. Economic, social, cultural, environmental, and political dimensions of development will be integrated. Moreover, balance must be created between material and mental dimensions. At the same time, domestic development and world development must be in balance. That is, Thailand has to “keep pace with globalization” and fluctuations brought about by globalization so that the country can adjust itself accordingly while being able to select what would support development and immunizing itself against material, economic, social, cultural, and environmental threats.

***Principles:** “Sufficiency means moderation, reasonableness, and a good self-immunity system which protects oneself from internal and external changes.”*

Strategic planning, national development and administration as well as operational planning at all levels must follow the **Sufficiency principles**, which consist of 3 major interrelated qualities. That is, “**reasonableness**” must be used in analyzing causes and effects while knowing “**yourself**” – the situation of the country including strengths and weaknesses in terms of development. At the same time, it is necessary to know “**your opponents**” – keeping pace with globalization and understanding opportunities, threats, advantages and disadvantages brought about by globalization in order to select what is beneficial and appropriate and counter possible threats. This logical way of thinking will lead to decision-making with regard to level of sufficiency or the use of “**moderation**” to achieve balanced development on a foundation of balance between “self-reliance and competitive capacity in the world community” and between “rural and urban society” by taking into account possibilities in the near and foreseeable future. In addition, a “**good self-immunity system**” must be available in order to have resilience to domestic and international changes and their impact on Thailand.

***Basic conditions:** “The application of academic disciplines requires all-round knowledge and carefulness in every step of planning and implementation. At the same time, the spirituality of the whole nation must be enhanced especially among authorities, theorists, and business people at all levels so that integrity, honesty, wisdom, patience, perseverance, conscience, and carefulness shall be with them.”*

In every stage of implementation of plans and development in accordance with the “**Sufficiency**” principles, “**all-round knowledge**” in terms of both academic knowledge and local wisdom, which is an accumulation of experience, must be used. Moreover, all-round knowledge must be carefully analyzed, integrated, and used in planning and implementation of development plans in accordance with the reality of the Thai way of life in order to achieve development goals. At the same time, morality and spirituality must be fostered in the whole nation, in all sectors and at all levels, particularly state authorities, academia, and business people so that they have “**integrity**”, ethics, and honesty in their careers and live their lives with “**perseverance**” which refers to patience, diligence, intelligence, wisdom, and carefulness. These qualities constitute a “good self-immunity system” that prepares families, communities, and the country for change.

3.2 Application to the development context

During the two decades after the end of the Cold War, the world has become more globalized. Advances in science, technologies and information technologies resulted in mutual dependence and connections among the world community: encouraging movement of peoples and labor, cultural exchange, change in consumer behavior, and trans-nation crimes. Democracy has placed great emphasis on popular participation, human rights, protection of children, women and the needy, natural resources and environmental conservation, reform of global governance as well as a transparent and democratic world economy. At the same time conflicts of idealism have been marginally resolved while economic and trade competitiveness has become a new form of threat to security under the world’s liberal economy. Free trade and liberal monetary policy have been competitive, resulting in regional economic groupings, new agreements, new regulations, new international investments, and leapfrog technological advances which can be considered as strengths of a country. Consequently, economic, trade, finance, and international investment competitiveness have been growing, and international relations have been increasingly essential in the new millennium.

Being a relatively small country in the world community, Thailand has been forced to follow other countries and therefore become increasingly connected to the world community with respect to economy, society, and politics. If Thailand is to

follow the trend of a liberal economy without fully being in pace with globalization or having an insight into its own context, it will be exposed to rapid and drastic changes brought about by globalization as seen in the past economic and financial crisis. Therefore, Thailand must find its own position by adopting the Sufficiency Economy philosophy to national development and administration on foundations of the middle path and coexistence between globalization and the context of Thai society. This way, Thailand will have a good self-immunity system which will safeguard the country against crisis and enable Thailand to retain its place in the world community.

The development paradigm of Thailand in the next 10-15 years in accordance with the Sufficiency Economy philosophy is a holistic approach to **people-centered development** on a foundation of **“dynamic equilibrium”** which integrates people, social and cultural, economic, environmental, and political dimensions. At the same time, the differences between the economy and society of rural and urban areas must be accepted by creating development equilibrium between “the strength in self-reliance of people and local communities who are the grassroots of the society, and equitable distribution of development benefits” and between “the competitive capacity of the business sector in urban society and the ability to form networks of development partners in the world community”. Emphasis will be placed on integrated utilization of capital that has both potential for development and uniqueness including “social capital”, “natural resource and environmental capital”, and “economic capital” and on mutual benefits of the capital. At the same time, the capital must be strengthened so that they will become pillars of sustainable and balanced development. Moreover, a system and culture of good governance and democracy must be fostered into all sectors and at all levels. **All-round knowledge, integrity, and perseverance** will be used on foundations of **moderation, reasonableness and a good self-immunity system** to prepare Thailand for changes from and impact of globalization and to help Thailand become a **“society of happy coexistence”**. **The context of national development can be summarized into 5 major points.**

(1) Human development together with development of morality and knowledge based society

Being the most important social capital, “humans” or “human capital” plays a role as developers the ones who are affected by development. Therefore, it is necessary to develop human potential in all dimensions: physical, mental and intellectual. To begin with, the “**well-being**” of people must be enhanced so that they are healthy and able to look after themselves and contribute to society. At the same time, “**mental immunity**” must also be enhanced by promoting the family institution (home), religion (temple), and educational institutions (schools) so as to instill faith and “basic moral standards⁹” into people. These include respect for human dignity, values, rights, duties and equality, awareness of integrity, ethics and honest interaction with others, selflessness, mercy, knowledge, unity, patriotism and contribution to society. In addition, “perseverance”, or patience, diligence, awareness, intelligence, and carefulness must be fostered so that everyone can live a happy life on foundations of moderation, reasonableness and carefulness. These will lead to a “society of goodness and morality” which has a balance between the “material world” and “spirituality” together with human development that aims to enhance “intelligence or all-round knowledge” based on an integration of real life and academic knowledge. Learning and networks of learning will be promoted so that knowledge and wisdom will be exchanged and transferred to the following generations. As a result, there will be more creative thinking, leading to innovation and new bodies of knowledge in accordance with potential and economic opportunities of the country as well as a “society of learning” – a self-immunity system that will enable people to keep pace with the world and be ready for possible internal and external change.

At the same time, a “knowledge based society and economy” must be systematically developed to be in line with globalization. The first priority will be given to research and development of innovation and technology that encourage self-reliance or competitive advantage of the Thai economy. Emphasis will be placed on technologies that promote manufacturing rather than consumption, particularly of luxury goods. Alternately, emphasis will be placed on technologies that utilize natural resource capital and human capital in harmony with culture and environment¹⁰ by

⁹ Praves Wasee: *ibid.*, p.10

¹⁰ Sippanondha Ketudat : “The Middle Path of the Future Thai Society: Technologies in Harmony with Culture and Environment”, Bangkok: Thai Wattana Panich, B.E. 2534 pp.40-41

means of maximizing the available science and technology capital and “culture and local wisdom” capital which is valuable and must be kept and passed on to future generations, and blending them with new bodies of knowledge to create value-added products and services. In addition, knowledge of new technologies that correspond to the potential advantages of the manufacturing of Thai products such as biotechnology, materials technology, and nanotechnology must be developed in order to enable the Thai industry to become less reliant on imported knowledge and technologies, thus **increasing Thailand’s productivity and competitive capacity** and building a self-immunity system that will safeguard Thailand from threats brought about by rapid technological changes.

(2) Strengthening local communities and building networks

In order to achieve equitable distribution of development benefits among all economic and social sectors, a “people economy” and “**rural society**” that emphasize groupings and popular participation in “**strengthening local communities**” must be developed. The holistic approach to local development will be used in order to create balance in development and sustainable and integrated use of capital. Economic, social, cultural and local wisdom, natural resource and environmental capital must be utilized in harmony with the potential of each locality which has its unique biodiversity, cultural diversity and local wisdom. As a result, there will be “happy and peaceful coexistence between man and man and sustainable coexistence between man, nature and environment” in accordance with the **principles of a Sufficiency Economy** which can “**safeguard**” local communities against possible impact of external change and globalization. The principles include “**living on a foundation of knowing oneself**”, self development, “**self-reliance and mutual dependence**” in doing activities, and “**living one’s life on a foundation of sufficiency**” which means minimizing one’s desires and contributing more to society.

The process of strengthening local communities should be in strict order, starting from “**being self-reliant**” at the family level, with respect to basic needs. Beyond this, families should be able to “**have enough to live on and live for**” by reducing expenses, increasing savings, earning more income, and solving problems within their capacity to do so. Once each family becomes strong and independent, the next step is to exchange information with others, which results in mutual dependence

and **groupings at community and locality levels** so that people can contribute to society. There must be **“knowledge management and developed learning processes in local communities”** so that people are able to find and develop their own potential, have authority and rights to access and manage natural resources, make decisions without being influenced, and effectively manage their own “capital”. These points are especially relevant in terms of local community economic development to alleviate poverty and foster good governance into the administration of local government bodies. Finally, local administrations will achieve **“self-reliance”** and able to **form a “network”** with other communities **in the form of mutual assistance.**

In addition, the government sector as well as other sectors must support the strengthening of local communities by adhering to the royally initiated principles of **“socio-geographical conditions”** and **“understanding, access and development”** in order to foster “peace, harmony and sustainable prosperity.” Mechanisms and processes must be adjusted to support local community development. Decentralization must be implemented along with educating communities and localities for greater independence in administration. Networking of community economy and community enterprise must also be supported so that local communities are able to sustainably retain their identity and honor. At the same time, **it is necessary to build networks of economic and social development at the provincial level and between groups of provinces in a mutually dependent manner for greater strength, sustainability,** in order to create more development opportunities, and more job opportunities and income in local and regional levels as well as for network expansion under globalization in accordance with the potential and opportunity available for each locality.

(3) **Thailand’s economic development on a strong production base**

In order to creatively increase the competitive capacity of the **“business economy”** so that it can reap benefits from globalization and contribute to Thailand, **economic development must be on a foundation of production, which is the strength of the country, or on long-term comparative advantages,** which are identity, uniqueness and value of social capital, natural resource capital, and economic capital. Thai people will be able to create further knowledge based on existing bodies of knowledge and create innovation that is appropriate with the country’s existing

capital. Therefore, structures of production in agricultural, industrial and service sectors must be adjusted for greater strength and competitive capacity on a basis of knowledge. Emphasis will be placed on creating added value to products and services of Thailand which feature unique cultural identity and hospitality in order to enhance “competency” under globalization.

In order to increase competitive capacity of the small and medium size businesses, it is necessary to adhere to the principle of “**mutual dependence**” by using the cluster approach to develop a network and form a chain connecting to the knowledge base and appropriate innovation, thus reducing the cost, upgrading the quality and standard, and speeding up business transactions. This will create added value to products and services with government support in the areas of human development, development of infrastructure of urban areas and logistics, policy administration for overall economic stability, effective risk management against internal and external fluctuations, promotion of savings, alternative fundraising channels, effective energy consumption and development of alternative energy, so that Thailand can avoid risks and become less reliant on other countries. Moreover, equitable distribution of income and benefits of development in all economic and social sectors must be improved in conjunction with promotion of a role as development partners with neighboring countries and other countries so that Thailand will play a more important role and have more competitive capacity in the world community.

The dynamics of change in free trade under globalization resulted in a wide diversity of and complexity in manufacturing and service sectors while bodies of knowledge, new technologies and innovation have been incessantly created. Consequently, business needs to take into consideration both domestic demand and international economic competition. It is necessary for the business sector to remain “**aware and abreast of**” the context of change when making decisions as well as managing possible **risks** as a means to achieving a “**good self-immunity in business**”. In addition, business activities must consider the “**principles of moderation and reasonableness in a business perspective**” in their development so that business can expand sustainably and “**responsibly**” without taking advantage of stakeholders, society and environment. Once business is strong, attention should be

paid to strengthening the community and society for general well-being, which in turn will strengthen the organization and help it move towards stability.

(4) Securing a natural resource base, biodiversity, and environmental quality

In order to create balance between conservation and utilization of natural resource capital, maintain ecological balance, and enhance environmental quality as the basis of livelihood for local communities in rural society, it is necessary to rehabilitate and conserve soil, water basins, forests, coastal areas, and biodiversity. It is also imperative to promote fairness and rights of communities to access and manage resources, support local wisdom and foster “**ethics**” in the public and communities with regard to conservation and utilization of resources. At the same time, **value of biodiversity must be enhanced** on foundations of knowledge, local wisdom and culture, and community management in order **to build food and health stability** which must be developed in stages so that local communities can become self-reliant. After that, they can expand their opportunity and network, upgrade local wisdom and innovation, create added value to their products and services, and become connected to the national economy and the global market in the long run.

In addition, **to build good environmental quality for better quality of life and sustainable development, “sustainable production and consumption”** must be promoted by means of adjusting production plans to be environmentally friendly and effectively utilizing resources and adjusting consumer behavior, in particular the urban society’s attitude towards “**sufficiency**”. There must also be effective pollution management and control for the sake of the environment and quality of life.

(5) Fostering a system and culture of good governance and democracy in Thai society

In order to enhance equitable economic, social and political development in all sectors, and achieve peaceful coexistence and stability in the world community, **internal structures, mechanisms and national administration processes must be strengthened** on foundations of good governance and democracy. The government, business, people, and individual and family sectors must be involved in driving development and administration of Thai society and transparency in the decision-making processes, thus making corruption more difficult. As a result, accountability will increase along with effective rules and regulations that clearly specify relations among all sectors. Moreover, “right” and acceptance among all sectors are to be fostered.

With regard to government administration, the government sector must be downsized for increased efficiency by replacing the control and command approach with supervision while supporting the role of the people’s sector and business sector in becoming development partners. **Decentralization** must be implemented by means of increasing the role and authority of local and regional government bodies while **amending mechanisms and laws concerning resource allocation to support locality and community development**. This way, provinces are able to directly handle resource allocation for development in accordance with their “socio-geographical conditions” and the needs of the locals. At the same time, **reform of the private sector is needed for transparency** and fairness. Monopolies must be reduced while fair competition and consumer protection promoted in conjunction with **strengthening social and people sectors** and increasing popular participation in national administration to balance the power of the government and private business sectors. Also, it is necessary to nurture and develop the democratic culture in the Thai way of life, especially in terms of empowering the people as this is the foundation of democracy.

To summarize, **the concept and direction of sustainable development in accordance with the Sufficiency Economy philosophy under the Tenth National Economic and Social Development Plan aim at “building a self-immunity system in families, communities, society and the country”**. It is a holistic approach to “people-centered development” on the foundation of “dynamic equilibrium” that integrates human, social and cultural, economic, environmental and

political dimensions while balance between material and mental dimensions of the whole nation is maintained. At the same time, there is development of equilibrium between the inside – “strength in self-reliance of grass-root members of society and equitable distribution of benefits in all economic and social sectors”– and the outside – “economic competitive capability and ability to form development partnerships under globalization”. As a priority, the country’s “social capital”, “economic capital”, and “natural resource and environmental capital” that have inherent advantages and potential must be utilized and enhanced in an integrated and mutually supportive manner as the main pillars of national development to achieve sustainability and balance in conjunction with fostering the system and culture of good governance and democracy in all sectors and at all levels. All-round knowledge, integrity, and perseverance in the development process on foundations of moderation, reasonableness, and a self-immunity system for economy and society must be used. This development paradigm will become the Thailand’s self-immunity system that prepares the country for change and impact of fluctuations under globalization in all aspects including in material, society, culture, environment, and the economy. This will bring about the “**well-being**” of the Thai people, and Thailand will become a “society of happy coexistence” while being able to “**retain**” its **independence, sovereignty, honor and dignity, peace, and happiness in the world community.**