

AN INTRODUCTORY NOTE

SUFFICIENCY ECONOMY

National Economic and Social Development Board

I. CONCEPTUAL FRAMEWORK OF SUFFICIENCY ECONOMY

1.1 The Philosophy of Sufficiency Economy

Strength of Thai Nation has been nurtured and developed by His Majesty King Bhumibol Adulyadej, who is the soul of the nation. Through his caring leadership, His Majesty has earned the abiding love and profound respect of his people, and through his thinking he has laid the foundation for and inspired his country's development strategy. His Majesty's philosophy of "*Sufficiency Economy*" lies at the heart of Thailand's development thinking, and indeed it can serve as guidance for the country's economic and social developments.¹

Over the past three decades, His Majesty has graciously reminded Thai people through his royal remarks on many occasions of a step-by-step and balanced approach to development, which is now known as *the Philosophy of Sufficiency Economy*. The philosophy provides guidance on appropriate conduct covering numerous aspects of life. The following is one example of an excerpt from His royal speech in 1974:

"Economic development must be done step by step. It should begin with the strengthening of our economic foundation, by assuring that the majority of our population has enough to live on. ... Once reasonable progress has been achieved, we should then embark on the next steps, by pursuing more advanced levels of economic development. Here, if one focuses only on rapid economic expansion without making sure that such plan is appropriate for our people and the condition of our country, it will inevitably result in various imbalances and eventually end up as failure or crisis as found in other countries." (Royal Speech 1974, p.12)

After the economic crisis in 1997, His Majesty has reiterated and expanded on the concept of *Sufficiency Economy* in remarks made in December 1997 and the following years. The concept points the way for recovery that will lead to a more resilient, balanced and sustainable development, better able to meet the challenges arising from globalization and other changes.

With an aim to encapsulate this profound thinking, during the year of 1999, the National Economic and Social Development Board (NESDB) invited a group of

¹ Excerpt partly from the conference statement of the 10th UNCTAD in February 2000, in Bangkok.

eminent persons to construct the definition of the philosophy of *Sufficiency Economy*. The endeavor has resulted as the following definition:

*“Sufficiency Economy” is a philosophy that stresses **the middle path** as an overriding principle for appropriate conduct by the populace at all levels. This applies to conduct starting from the level of the families, communities, as well as the level of nation in development and administration so as to modernize in line with the forces of globalization.*

“Sufficiency” means moderation, reasonableness, and the need of self-immunity mechanism for sufficient protection from impact arising from internal and external changes. To achieve this, an application of knowledge with due consideration and prudence is essential. In particular great care is needed in the utilization of theories and methodologies for planning and implementation in every step. At the same time, it is essential to strengthen the moral fibre of the nation, so that everyone, particularly public officials, academic, businessmen at all levels, adheres first and foremost to the principle of honesty and integrity. In addition, a way of life based on patience, perseverance, diligence, wisdom and prudence is indispensable to create balance and be able to cope appropriately with critical challenges arising from extensive and rapid socioeconomic, environmental, and cultural changes in the world.”²

1.2 Interpretation of Sufficiency Economy

In 2001, the Sufficiency Economy working group (SEWG) was informally set up jointly between the NESDB and the Crown property Bureau. The main task of the SEWG is to work further in interpreting and elaborating on the Philosophy of Sufficiency Economy, as described and defined above. The primary objective is to develop a framework of economic thoughts based on the Philosophy of ‘Sufficiency Economy’. Yet, the ultimate purpose is to further its application to the development process in Thailand as well as widening its application in daily lives and various activities at all levels as stated in the definition.

Based on the above official definition of the Philosophy, the SEWG conducted the work via a deductive process ‘*parsing*’ the definition into syntactically and semantically analyzed components. The working group concluded from the foregoing exposition of the term ‘*Sufficiency Economy*’ that:

1. Regarding the Form and Function:

- ❑ ‘Sufficiency Economy’ is a **philosophy** serves as ‘**guide**’ for the way of living/behaving for people of all levels toward the middle path’.
- ❑ As an agenda, *Sufficiency Economy* delivers the middle path as the ‘economic life guiding principle’, i.e. a secularized normative prescription, but not a religious statement of faith.
- ❑ For application domain, *Sufficiency Economy* is scalable, with ‘*universal domain applicability*’: individual, household, community,

² Unofficial translation of the Thai working definition approved by His Majesty and sent by His Majesty’s Principal Private Secretary to the NESDB on November 29, 1999.

project, business, management, institution, polity, society, nation state, region, humanity, and biosphere.

- ❑ As the foundation for an economic framework, *Sufficiency Economy* is complete, governing everything from *motivation* (utility, drives, etc.), to *criteria* (goals, objectives, etc.), to *behaviour* (production, consumption, investment, etc.), to *system* (collectivity, connectivity, etc.), and can be said to, at least implicitly, address all issues within a dynamic setting.

2. Regarding relevant contexts

- ❑ As the past course of development, Sufficiency Economy has been put forward for quite some times, and is not initiated as a result of the Asian Crisis.
- ❑ As the present course of development, however, in the post-crisis environment, it has been reemphasized as the solution to globalization and changes.
- ❑ As the future course of development, *the middle path* remains critically needed, particularly now with the process of pursuing economic and social development to keep pace with globalization.
- ❑ As the promise of future, *Sufficiency Economy* ensures balance and readiness to cope with fast/extensive changes with respect to materials, society, environment, and culture.
- ❑ As a paradigm shift, *Sufficiency Economy* arises against the backdrop of globalization driven integration of the world and the pace of technological-cultural-social changes.

3. Regarding the working definition

- ❑ ‘*Sufficiency*’ entails three components: moderation, reasonableness, and requirement for a self-immunity system, i.e. able to cope with shocks from internal and external changes.
- ❑ Two underlying conditions are necessary to achieve ‘*Sufficiency*’: knowledge and morality.
- ❑ For knowledge conditions, *Sufficiency Economy* requires breadth and thoroughness in planning, and carefulness in applying knowledge and in implementation of those plans.
- ❑ For moral/ethical criteria, *Sufficiency Economy* enforces the conditions that people are to possess honesty and integrity, while conducting their lives with perseverance, harmlessness and generosity.

In sum, *Sufficiency Economy* is a holistic concept of moderation and contentment. It sets out to shield the people and the country from adverse shocks, and acknowledges interdependency among people at all levels as an approach,

against the backdrop of interdependence and globalization. It emphasizes the use of knowledge wisely with due consideration. Its values include integrity, diligence, harmlessness and sharing. Finally, it seeks to achieve balance and sustainability.

II. THE NEW THEORY AGRICULTURE AS ONE EXAMPLE OF APPLICATION

The Philosophy of Sufficiency Economy calls for a balanced and sustainable development at all levels. As a practical example of applying the philosophy of Sufficiency Economy, His Majesty the King has developed systematic guidelines for proper management of land and water resources, based on His experiments with integrated agriculture over the years.³ This system of agriculture is commonly known in Thailand as *New Theory Agriculture*, which is also regarded as a new sustainable agriculture towards self-reliance for the rural household.

The main purpose of the New Theory Agriculture is to make farmers more self-reliant through a holistic management of their land, while living harmoniously with nature and within society.⁴ The complete New Theory Agriculture has three stages: (1) sufficiency at the household level, (2) sufficiency at the community level, and (3) sufficiency at the national level.⁵

2.1 The Three Stages New Theory Agriculture

The first stage of the New Theory aims to create self-reliance and self-sufficient at the household level; the so-called *self-sustaining agricultural landscapes*. For a household with 4-5 members—an average household size in Thailand, it requires the average of 15 rai (2.4 hectares) area of land. The land shall be divided in to 4 parts with a proportion of 30/30/30/10. The first 30% segment of the land, -- approximately 0.48 hectares, is for rice cultivation, while the next 30% is for field and garden crops. The third 30% is to dig a pond of 4 meters deep, which will have a storage capacity of 19,000 cubic meters. The remaining 10% or 0.32 ha are for housing and other activities.⁶

Furthermore, to increase the sustainability of farming systems involve utilizing holistic way of management practices that have multiple benefits. Among these practices is making use of interrelationships like insect and weed control, water and soil management, integrating livestock and crop production operations, and the

³ Royal Speech, December 4, 1994, p.12, 80, 82, 84, 86.

⁴ This is different from the agricultural development strategy in the past, which put more emphasis for specialization in mono-crop and to produce in response to market demand. As a result, farmers were put under a well-known cob-web situation of price-quantity adjustment.

⁵ For full details, see Royal Speech, *December 4, 1994*, p.80, 82, 84, 86

⁶ The above proxy numbers with regard to the size area for each purpose are carefully calculated to support food sufficiency of the household. As long as the ratio is used, however, the size of land is immaterial. For example, with rice being the staple food for every Thai household, the New Theory estimates that, if each family carries out rice cultivation over an area of 5 rai (2 acre), they will be guaranteed with a whole year's supply of rice for consumption, i.e. food security. This means that farmers will not have to buy rice at an unreasonably high price and being self-sufficient in terms of basic necessities

use of non-crop species of plants for nutrient cycling and soil protection. These guidelines have wide applicability over a large proportion of the rural areas of Thailand, especially in the Northeast where water supply is relatively scarce compared to land. Where land is relatively scarce or water supply is not a problem, the same concept minus the turning of land into water reservoirs can also be implemented.⁷

The first stage of New Theory Agriculture allows farmers to be at least self-sufficient in terms of food, and can create proportionate income from selling extra crops and products beyond necessary consumption of the household. This way, it provides basic self-immunity for farmers against diverse adversities.

The second stages aims to create sufficiency at the community or organization level. It is based on cooperative activities with their neighbors within community based on a concept of sharing excess resources of each household. The activities can be different for each community depending on their conditions; there is no blueprint of activities. They include: community enterprises or co-op based production, community saving groups, establishing community healthcare center, for example. These activities should lead to a more self-reliance of each community, while enhancing capacity of community members in reducing costs of living, or increasing income, or creating community social safety net. It can be compared to a cluster development of businesses in the same locality with similar activities, to achieve economies of scale as well as economies of scope.

In the *third* and most advanced stage, the community is encouraged to expand their activities through reaching out to co-operative firms, banks, and other outside sources. The expansion across different levels of organizations or activities can be compared to developing a value-chain in production. The expanded activities include raising fund, creating direct sales channel, seeking fund for establishing community rice mill or cooperative stores, for example. At this stage, various institutions will join hands in a collaborative way to create sufficiency at the national level.⁸ Firms have to initiate corporate social responsibility to reach out to communities, while public sector is to promote different types of associations as well as facilitating trust among actors through institutional arrangement.

2.2 Applying the New Theory Agriculture in empowering community

The second and third stages of the New Theory Agriculture provided the basis for empowerment programs in Thailand. To implement the sufficiency at the community level in accordance with the decentralization policy, the NESDB has

⁷ It is recognized that the construction of water reservoirs would require large initial expenses, which are likely to call for assistance from the government and other sources. The operation expense can however be absorbed by the farmer.

⁸ It is clear that the Sufficiency Economy recognizes modernization in line with the forces of globalization, and does not refuse agricultural production for exports in appropriate areas. But for the marginal producers with high transaction costs, the production should be based on a holistic agro-system, which is shielded from instability by spreading and minimizing the risks involved.

engaged in the program of facilitating each community to develop its own *Community Development Plan (CDP)*.⁹ The program aims to strengthen people's participation, and to build capacity for community's management. The process of the CDP preparation is designed as follows.

1. Community members, who are sufficiency at the household level, organize a consultative meeting to share the understanding of the purpose of CDP, its benefits and application for the community.
2. After having learned the CDP objectives, community members join together to explore the information and data related to situations of community: income and expenditure, natural resources, public utilities and services available, etc. Some sets of data such as expenditure and income are collected by community committee with cooperation of all villagers, some are searched from government agencies; some may be extracted from the experiences of the community members.
3. Then community members convene another meeting for presenting and discussing the obtained information/data. From such discussion, the members will learn the strengths and weaknesses of their community;
4. Knowing oneself, the meeting, thereby leads to forming a shared-vision to develop one's own community, with a work plan to make that vision comes true. The vision can range from reducing expenditure on food by producing more consuming crops or vegetables within the village that can lead to more self-reliance, setting up a saving fund within the village for members to borrow in the time in need, assisting those in the community who are in need of help to reach a self-reliant stage, for example.
5. In case the community members cannot figure out the solutions, they may need to visit other communities, so as to learn from the experiences of external sources. Throughout the process of preparing CDPs, learning among people or learning from those who succeeded, are encouraged than passively listening from government officers or experts.

The above five stages of preparing the CDP give rises to a learning process among members in the community. Based on the philosophy of Sufficiency Economy, several governmental agencies, including the NESDB, have changed their roles from directing development towards more facilitating and supporting communities in planning and implementing community programs and projects. With the NESDB as a main coordinating agency, the government plans to facilitate over 3000 communities in Thailand to prepare their CDP within the next three fiscal years; *FY 2003/04 – FY 2005/06*

⁹ Wong Cha-um (2001) discusses the historical development of CDP, and explains in details how to utilize the process of preparing CDP as an empowerment tool for communities in Thailand.

III. SELECTED LITERATURE RELATED TO SUFFICIENCY ECONOMY

On the occasion of His majesty's 72nd birthday in 1999 several institutions and government agencies jointly organized a conference on Sufficiency Economy. As the conference was coincided with the 1999 Year-End Conference of Thailand Development Research Institute (TDRI), numerous scholars in various fields contributed their research papers and articles on the subject. In 2002, the Sufficiency Economy working group at the NESDB conducted a national survey of all academic and research institutions to review the state of knowledge regarding this subject. Based on the studies, literature on Sufficiency Economy can be reviewed and categorized as follows.¹⁰

3.1 Conceptual/Theoretical Interpretation of Sufficiency Economy

Several Thai academics have contributed the work related to the conceptual interpretation of Sufficiency Economy philosophy. Samutvanich (1998) asserted that the philosophy opened a new paradigm of thinking in a multi-dimensional and holistic term, while can be implemented step-by-step. Senanarong (1999) emphasized that Sufficiency Economy implied self-reliance in 5 aspects: psychological, social, natural resources, technology and economy.

Panthasein (1999) proposed two conceptual papers: (1) a synthesis of Sufficiency Economy from economists' perspective; and (2) an analysis of Sufficiency Economy. He claimed that the Philosophy of Sufficiency Economy was based on Buddhist economics. Susangkarn (1999) noted that the philosophy of Sufficiency Economy was consistent with neo-classical economics, by comparing moderation with diminishing marginal utility and reasonableness with rationality.

3.2 Application in Development and Management

This category of literature includes application of Sufficiency Economy at the level of international relationships--political and economic, application in development of the country, application in a level of organization, and at the community level.

We have traced related literature back to a manuscript by Wibulsawasdi (1987). The manuscript noted that a middle-way monetary policy has three principles: appropriateness, flexibility, and prudence. Wasi (1999) explained that the Philosophy of Sufficiency Economy was a middle-path development strategy, which interconnected all related factors in a holistic way. Thus it can be used for revitalizing the socio-economy, which had been under the 1997 crisis and imbalance development strategy over the past decades.

¹⁰ See Piboolsravut (2003b) for assessment and review of each work selected here and review of all other related works.

Several researchers at TDRI and National Institute of Development Administration (NIDA) contributed the works on how to apply Sufficiency Economy to create self-immunity in the economic system in the changing global conditions. Manuscripts and speeches by Sumet Tantivejkul in many occasions during 1998 suggested how to apply the philosophy of Sufficiency Economy in different levels.¹¹ Among recent works, a working paper by Isarangkul Na Ayuthaya and Pootrakul (2002) examined an application of the philosophy of Sufficiency Economy in defining sustainable development in Thailand's context.

A number of researches also assess an application of Sufficiency Economy in implementing poverty reduction programs/projects, especially in household and community levels. Songerd et al. (2001) summarized that integrated plan with collaboration among agencies; along with a participatory process and knowledge/understanding are key factors for the success implementation of the projects.

There are also on-going research projects on application of the philosophy of Sufficiency Economy. Selected examples include the work of Local Development Institute and Nedtayarak, et al. at Thammasat University, which seek ways to apply Sufficiency Economy in community development.¹²

3.3 Application in Sectoral Management

The literatures in this category include application in both agriculture and industrial sectors. For example, Na Ranong (1999) asserted that the New Theory Agriculture could be applied in risk management context as a way to develop external and internal self-immunity. Puapongsakorn (1999) also noted that an application of the philosophy would strengthen industrial sector, in particular the SMEs, by reducing risk.

Meanwhile, Suranaree Technology Institute, in Nakorn Rajasima Province, has established a coursework on Sufficiency Economy in its Master program in Management and Rural Development Planning, starting from 2002. At the recent seminar on Sufficiency Economy, organized by the NESDB in January 2004, we find that there are increasing numbers of universities in Thailand, e.g. Mae Jo University, Kasetsart University, NIDA, etc., establishing similar coursework related to Sufficiency Economy in the graduate level.

3.4 Politics, Administration and Government

Ananthakul (1998) considered the Philosophy of Sufficiency Economy as a basis for political development of the country, due to its encouragement of people participation along the process of development. In addition, the philosophy also

¹¹ Dr. Sumet Tantivejkul is Secretary General of the Chaipattana Foundation under the patronage of HM the King, which supports royal-initiative projects throughout the country.

¹² Local Development Institute, "A model of local economy in 200 districts based on Sufficiency Economy," and Prayong et al. at Thammasat University, "How to apply HM's initiative on the New Theory." (on-going)

emphasizes geopolitics, sustainable development, community empowerment, and social capital development and as well as good governance.

3.5 Application in Natural Resources and Environmental Management

Peng-Aun et al. (1997) elaborated how to apply New Theory agriculture by His Majesty the King in an area around Mae-Jo University. The project recognized the utilization of local wisdom in achieving sustainability; particularly a holistic management of soil, water and air, in order to bring microorganisms and earthworms back to soil.

3.6 Application in Daily Lives

This category comprises of literature related to moral/ethics, culture/custom, and local wisdom. Selected example is an article by Eaewsriwong (2000), in which the author considered Sufficiency Economy as a culture and moral standard that emphasizes on non-greed and sharing, based on the interdependence principle among people and with nature. Eaewsriwong asserted that main objectives of Sufficiency Economy are to be sufficient of basic needs, while being sustainable in ecological system and lifestyles. Additionally, he convinced that sufficiency economy should be introduced and applied to both national and international levels, in which the world is presently dominated by consumerism and globalization culture.

IV. NEXT STEP: SUFFICIENCY ECONOMY MOVEMENT

Based on the work of SEWG and the proliferation of Sufficiency Economy in many areas and sectors, the NESDB initiated a process of sufficiency economy movement in September 2003. The movement aims to raise more awareness of the concept and create a learning process regarding the application of the philosophy of sufficiency economy. It hopes that an enhancement of the right understanding among people will lead to broad recognition and extend pragmatic application in broader scale of Thai society. The main driving force of this movement is the sub-committee of Sufficiency Economy movement, which is appointed by the Chairman of the NESDB, with the Sufficiency Economy Unit¹³ within the NESDB supporting the work of the sub-committee. ¹⁴

¹³ The Sufficiency Economy Unit has been established in September 2003 as a result of the seminar on “*Development of the Conceptual Framework and Application of the Sufficiency Economy Philosophy*” in May 2003. The seminar had a primary objective to disseminate the work of the SEWG, while creating a better understanding of Sufficiency Economy. The Unit is led by the author, and comprises staffs who formerly worked for the SEWG.

¹⁴ To sustain and support the movement, the Sufficiency Economy Unit at the NESDB, has produced handbooks detailing the concept of sufficiency economy both in Thai and English version. In addition, the website on sufficiency economy (<http://www.nesdb.go.th/SufficiencyEcon/main.htm>) has been developed and is officially launched in January 2004. For any further information, please contact Sufficiency Economy Unit, NESDB, 962, Krung Kasem Road, Pomprab, Bangkok, Thailand.

The Movement expects to create a learning network of Sufficiency Economy in all sectors and all levels. At first, there will be four main implementing programs, which accompanying each other; (1) developing and coordinating the learning network, (2) creating new knowledge through study and research, (3) producing curriculum and learning process, and (4) disseminating the information and knowledge to the public.

The establishment of the Sufficiency Economy Movement aims to enable Thailand to pursue a balanced and sustainable development in the globalization world. It is expected to develop the strong foundations of society, through enhancing the ability to adapt and adjust for any changes occurred. Ultimately, these will lead to the well being of Thai people as a whole.

REFERENCES

- Ananthakul, Anan, 1998, "Development philosophy: new theory by H.M. the King's royal initiative, in jurisprudence and political dimension". Civil Services Training Institute. Special lecture. Bangkok, November}
- Eaewsriwong, Nithi, 2000 "Cultural dimension in Sufficiency Economy: its definition and importance" Silapra-Wattanadhamma Magazine {No.4, February, P. 78-86}.
- Isarangkul Na Ayuthaya, Chairayu, and Pootrakool, Kobsak, 2002, "Sustainable Economic Development through the Sufficiency Economy Philosophy", Paper for internal discussion, Crown Property Bureau and NESDB. November.
- Local Development Institute, 2003, "A model of local economy in 200 districts based on Sufficiency Economy," An action research project: The Office of Village Fund National Committee, Bangkok, 2002-2003.
- Na Ranong, Wiroj, 1999, "Risk and self-immunity of Thai agriculture." Bangkok: Thailand Development Research Institute (TDRI).
- Nedtayarak, Prayong; Manee-preuk, Chusri; and Preedasak, Paradon. 2002, "How to apply HM's initiative on the New Theory." Bangkok: Faculty of Economics, Thammasat University.
- Piboolsravut, Priyanut, The Sufficiency Economy Working Group. 2003a, "Economic Theoretical Framework of the Sufficiency Economy Philosophy" Bangkok: Office of National Economic and Social Development Board (NESDB).
- Piboolsravut, P., Artisuda Na Nakorn, 2003b, "Literature Review on Sufficiency Economy (in Print and CD-ROM)." Bangkok: Office of National Economic and Social Development Board (NESDB).
- Panthasen, Apichai, 1999, "H.M. the King's Sufficiency Economy, analyzed by economist's definitions," Bangkok: Thailand Development Research Institute (TDRI).

- Peng-Aun, Danuwat, 1997, "Research and development on sustainable agriculture towards environmental study and conservation: A new paradigm for agriculture for health and survival," Mae Jo University, Chiang Mai.
- Puapongsakorn, Nipon, 1999, "Industrial Development in Thailand and Sufficiency Economy," Bangkok: Thailand Development Research Institute (TDRI).
- Royal Speech, December 4, 1974. Bangkok: Amarin Printing and Publishing.
- Royal Speech, December 4, 1994. Bangkok: Amarin Printing and Publishing.
- Senanarong, Ampol, 1999, "A Direction of Rural Development," in Papers for Annual Conference of Development Research Institute, Khon Kaen University. January.
- Songerd, Manoon, Suthirat Hongsamad, (2001), "Poverty Reduction Strategy at the Household Level towards Sufficiency Economy," in The 1st Interdisciplinary Conference among Research Institute, Bangkok.
- Sumutvanich, Chaiyanan, 1998, "The Great Thinking Paradigm," Civil Services Training Institute. Special lecture. Bangkok, November.
- Susangkarn, Chalongpop, 1999, "Sufficiency Economy and the Economic Crisis," Bangkok: Thailand Development Research Institute (TDRI).
- Tantivejkul, Sumet, 1998, "Sufficiency economy lifestyles according to H.M. the King's royal initiative", published in Matichon Weekly on the 5th of December 1998.
- United Nations Conference on Trade And Development (UNCTAD), 2000, "Expression of appreciation to His Majesty the King of Thailand," The 10th Session UNCTAD Conference, 12-19 February 2000, Bangkok.
- Wasi, Prawase, 1999, "Sufficiency Economy and Civil Societies: The Way to Revitalize the Economy and Society." Bangkok: Rural Doctor Printing.
- Wibulsawasdi, Chaiwat, 1987, "An implementation of the monetary policy based on the middle path concept," (Internal memo, Bank of Thailand, Bangkok).
- Wong Cha-um, Sansern (2001), "Sufficiency Economy: Basis to the Sustainable Development," Bangkok: Office of National Economic and Social Development Board (NESDB).