

**Sharing wisdom  
from the East:  
lessons from the  
King's Sufficiency  
Economy in Thailand**



## Professor Apichai Puntasen and Bronwen Rees

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**Bronwen Rees interviews Professor Apichai Puntasen about the attempts to introduce the King's ideas of Sufficiency Economy into Thailand. The core of this philosophy is developing compassion and co-operation rather than competition.**

**T**HE editorial team at *Interconnections* had little question as to the importance of 'sustainability' as being one that needed to be addressed. It is a critical part of global business. In fact, however, as my discussion with Professor Apichai Puntasen, Dean of Ubon University in north Thailand, political activist, and organiser of a major report to the Office of the National Economic and Social Advisory Council (NESAC) revealed, the concept of 'sustainability' is one that has been imported from the West.

In Thailand, with its underlying Buddhist understanding of 'impermanence', people are more concerned with working with the nature and speed of change, rather than constantly increasing growth. The rapid change that we are facing now however can bring about catastrophe. So, according to Professor Puntasen, policies and approaches that can slow change down, or allow us to flow better with the nature of change so that human beings can adapt to it, are important. In this sense, 'sustainability' has become an important shared agenda so whilst the social, economic and cultural conditions that have brought us to the present state of affairs are different in different parts of the globe, the need to develop concerted conscious responses to the conditions is shared. Some of the solutions for a collective response may be gleaned from an understanding of the different cultural and historical trajectories, which have brought us all together in a global family. Professor Puntasen and myself explored the growth and importance of the Royal 'Thai Sufficiency Economy' as a radical response to current conditions, yet drawing on some ancient wisdoms. The key to this approach lies in the three poles of 'reasona-

bleness', 'moderation' and 'self-immunity'. If a person, organisation, or society can embody these characteristics, and 'ways of being' in their processes, then the outcome would be balance, stability and sustainability. We may have something to learn from this triangulated approach.

### **The conditions in Thailand and the emergence of Sufficiency Economy**

Most of the contributors to this edition of *Interconnections* have underlined the importance of a holistic and systems approach in working with sustainability. Whilst all countries face some similar challenges, the social, political, ecological and environmental issues are different in every country, and a systemic understanding of these is important in finding a way forward. The conditions out of which the notion of Sufficiency Economy has emerged are very different from any nation in the West. Interestingly, as Professor Puntasen told me: 'We had knowledge of global warming long before it became an issue in the West. 40 years ago, Thailand was a rich and fertile land. In my lifetime, the number of forest areas has disappeared by 60 to 70%. This has brought with it problems of flood and drought.' As these conditions have worsened, the appeal of Sufficiency Economy has been steadily growing.

The change from being a largely self-sufficient agricultural economy to an industrialised nation began in the beginning of the 20th century with the wave of Chinese migrants who entered the country. In order to survive, the Chinese needed to access capital, so they began to set up small shops, which over time became the large businesses that dominate the economy now. Politically, 1974 onwards marked a period of sometimes bloody transition from military rule to civilian rule, with a constitutional monarchy. During this time of expansion, of bust and boom, of changing military governments, the Thai King has espoused and developed the notion of Sufficiency Economy. In 1974 he first put forward this radical idea that can be traced from his reading of Schumacher, *Small is Beautiful*. At the same time, in 1973 he met the King of Bhutan who was developing his idea of gross national happiness, as opposed to gross national product, which was in line with King Bhumibol's ideas. He himself was trained as a scientist and interested in innovation, and the concept of 'appropriate technology', which is a core concept of Schumacher. The King had worked out a simple

formula for re-creating self-sufficient conditions which he had experimented with on his own lands. He even had a small industry in his palace and set up a learning centre where people could come and learn these methods.

One of the reasons that the King saw the need for such a plan was his feeling that the rapid foreign investment in Thailand,

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which in the beginning benefited everyone, could lead to disaster, which was ultimately the case. In the period from 1986 to 1997 the Thai economy grew at a rate of 9%, which was the highest in the history of economic development in Thailand. Farming, formerly plentiful and sustainable, had turned from self-sufficient methods into a monoculture. Rather than growing several crops to feed the family and the village,

farmers turned to growing the same crops, which they then sold on the open market, making them vulnerable to heavy transaction costs. Further, many farmers had sold their land during this period, leaving them in poverty later when the economy worsened.

Further, despite the well-performing economy, observations showed that even whilst the country increased its productivity, the toll of industrial growth on the human and environmental side resulted in health and education problems, crime, accidents, family breakdown, and a number of other social problems, not to mention the destruction and excessive exploitation of natural resources. According to a report written by Professor Puntasen and a research team working on the social and economic development in Thailand: ‘In fact, the previous attempts in Thailand’s national development have been beyond “moderation”, and lacked of all the important moral and ethical principles, leading the country and its people to endure more sufferings. Therefore, although the GDP of the country actually increased during the said period, nothing reassured that the members of the society did experience the higher level of happiness. [sic]’ (Report, 2007) It was clear that expansion had led to an increasing gap between rich and poor and increased social problems.

Just as we have been witnessing in the US, and now in the UK, one of the features of the period leading up to the financial crash that of 1997 was the encouragement of risk – so that people

borrowed money not just for their own investment, but also to buy land and stock. However, and supporting the King's ideas, the ones who survived the crash were those who used internal capital, or those who worked together in social communities following the principles of self-immunity, moderation and reasonableness. In fact, it was those who knowingly or unknowingly had followed the principles of a Sufficiency Economy who survived and prospered.

### **Implementation and development of a Sufficiency Economy**

The King's ideas were first formally incorporated in the 8th National Economic and Social Development Plan (NEASDP) of 1997 and in the later 9th and 10th National Economic and Social Development Plans (NEASDP). After that time, the King's ideas became an official part of national policy. The implementation and success of these plans was initially sporadic, but is gradually becoming more and more deeply embedded into the economic and social fabric of the country. The 9th National Economic and Social Development Plan (2002–2006) was the first attempt to implement the philosophy of Sufficiency Economy as its vision. Unfortunately, the general understanding of the philosophy by the public at the time was still not clear, and therefore the philosophy was not translated into practice extensively. Also the government at that time was not fully behind adopting Sufficiency Economy philosophy as the leading national policy for developing the country. In fact, it had also adopted a policy called 'economic stimulation' which provided easy access to external financial capital, clashing with the core value of the Sufficiency Economy philosophy – self-immunity. However, the 10th National Plan (2007–2011), which is currently in implementation, continues to adhere to the principles of Sufficiency Economy, which focuses on happiness of the general public more than materialistic or income aspects.

### **The principles of Sufficiency Economy**

The concept can be summarised in the following official version of 1999:

*'Sufficiency Economy is the Philosophy that addresses the way of living and practice of the public in general from the family unit and the community, to the national level, in development and*

*“One of the major principles of a Sufficiency Economy is to utilise as many local resources as possible, while not damaging existing natural resources and the environment. Further, if possible, it should regenerate resources and environment or enhance all forms of capital.”*

management of the country towards the **middle path** especially in developing the economy to keep up with the world in the era of globalisation. The word “Sufficiency” means **moderation** and **reasonableness** including the need to have **self-immunity** to be ready against any internal and external shocks. In addition, the application of theories in planning and implementation requires great care and good judgment at every stage. At the same time, all members of the nation –especially officials, intellectuals, and business people – need to develop their commitment to the importance of **knowledge, ethical, integrity, and honesty** to conduct their lives with **perseverance, toleration, Sati and Pañña [wisdom and knowledge]**, and **precaution** so that the country has the strength and **balance** to respond to rapid and widespread changes **materialistically, socially, environmentally, and culturally** from the outside world.’

This idea is encapsulated in Figure 1.

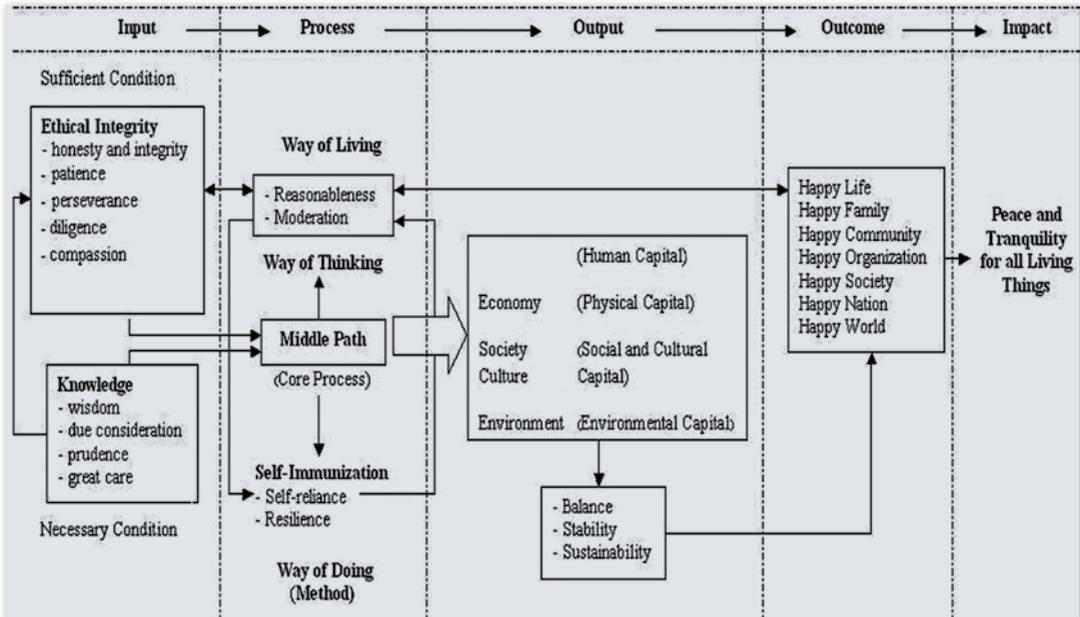


Figure 1  
A Systems Analysis of  
Sufficiency Economy

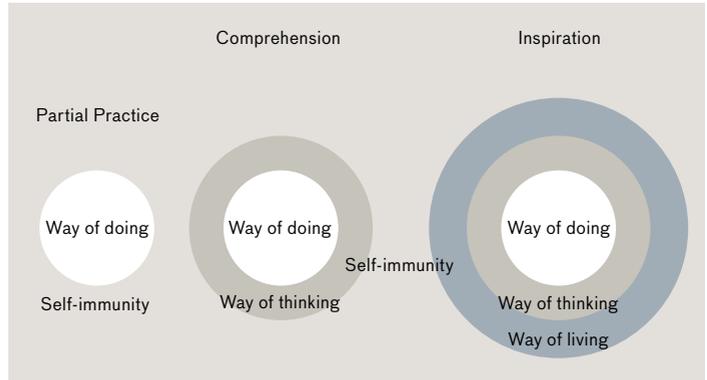
One of the major principles of a Sufficiency Economy is to utilise as many local resources as possible, while not damaging existing natural resources and the environment. Further, if possible, it should regenerate resources and environment or enhance all

forms of capital. These include: *human capital*, which is comprised of perseverance, capability, knowledge and mind development; *physical capital*, which includes financial capital, machines, and equipments and various technologies; *social and cultural capital* – which is made up of generosity and willingness to assist, and honesty leading to the collaboration for the benefits for oneself and the society; *environmental capital*, which is natural resources.

This must also start from ‘necessary conditions’, which in this model means knowledge that will lead to ‘sufficient conditions’ that is ethical integrity. Ethical integrity however is not about ‘ethics’ in the Western sense, as a spirit of fixed morality, but more about ways of behaving and thinking. Likewise, knowledge is not a fixed sense of ‘truth’ in the Western sense, more wisdom based on ever-deeper insight into the understanding that actions have consequences. Given such understanding of the definition of knowledge as necessary conditions, ethical integrity will follow as ‘sufficient conditions’ of Sufficiency Economy.

The easiest aspect of this model for people to start from, according to Professor Puntasen, is that of ‘self-immunity’, and its complementary aspects of reasonableness and moderation. ‘Self-immunity’ here means the ability not to be too adversely affected by external conditions. Having gained a sufficient degree of self-immunity one may understand that immunity can be achieved from self-reliance. In turn, self-reliance can be achieved from the clear understanding of ‘sufficiency’ or moderation. This is not just a philosophical idea – but also one of practice and a law of nature. According to Professor Puntasen: ‘If you are eating too little, you don’t take in enough nutrients; if you eat too much, then you are uncomfortable. Likewise, if you dress with too few clothes, then you are cold. If you wear too many clothes you are uncomfortable. There is a path of moderation for everything in life. People don’t always know this. We do not follow the needs of our body and mind because our minds are controlled by ignorance and greed. With moderation, you gain clear understanding, which you practise in everyday life. This then becomes a “way of living” and this turns into inspiration and wisdom. It can be applicable also to a company: it begins by practising self-immunity. If that company is enlightened enough to understand the reason for doing that, it will achieve a longer term sustainability. It becomes a way of thinking, and one reinforces the other. As you begin practising this as a method of self-protection,

Figure 2  
Levels of  
Sufficiency Economy



you don't really understand why you are doing this, but as you practise, then you go deeper, and develop more wisdom. Once the practices become embedded, then this will lead to 'inspiration'. There is a constant positive feedback loop between self-immunity, moderation and wisdom. We see this as a deepening spiral.'

Another way of thinking about 'self-immunity' then, would be to consider it as an attempt for organisations and societies to remain in balance with their environment. By following these practices, a society maintains homeostasis, and develops the attributes of a stable system.

### Embedding and evaluating Sufficiency Economy at national level

As the King's ideas have become more and more influential, Professor Puntasen and his team have been involved in developing a set of indicators at the macro level to measure the uptake and success of the Sufficiency Economy. These indicators have been developed not only to evaluate, but also to promote, the benefits of Sufficiency Economy Philosophy.

These indicators are classified into 8 weighted dimensions:

- economic (30 per cent)
- ethical and cultural (10 per cent)
- social (10 per cent)
- educational (10 per cent)
- public sector management (15 per cent)
- private sector management (5 per cent)
- science and technology (10 per cent)
- natural resources and environment (10 per cent)

In addition to developing a set of indicators, part of Professor Puntasen's research has been to evaluate how much these principles are actually being incorporated into daily practice, at the level of government, local government, and business. This even now differs from one sector to another. Those who are slower at applying it are the national and local government organisations. Interestingly, it is the business organisations who tend to apply it better.

### **Sufficiency Economy at organisational level**

Professor Puntasen and his team have been involved in analysing and evaluating those companies who have been following the Sufficiency Economy principles. In 2003 he carried out a research report into the 8,000 small and medium industries that survived the 1997 crisis. The results showed that they did follow the Sufficiency Economy principles in every way. Most importantly, they all indicated their self-immunity by low-risk management, through the utilisation of internal capital while avoiding the use of overseas loans. In addition, these enterprises were operating with moderation, with reduced capacity at a level where they could manage efficiently. The majority tended to postpone the purchase of any new machines, while utilising the existing machines that they could use and improve upon them. They also adhered to the principle of reasonableness, by not seeking short-term profits as their main criteria, and not trying to take advantage of consumers, workers and suppliers of raw materials. The management understood that these people were also undergoing similar problems and that it was essential for them to help one another. They continued to use low-risk management even after the economic crisis.

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### **Sufficiency Economy in the West?**

As Professor Puntasen noted: ‘In the West everything is developed for “self-interest”, which is based on rational relations, drawn from the Greek times. When capitalism began with mercantilism later enshrined under the principles of Adam Smith, it generated materialist well being through ever-increasing production, which was fine with a world population of 500 million. However, this has now increased by a factor of 13. The last transformation of capitalism into consumerism is the most dangerous transformation.

The key difference in Sufficiency Economy is that we have “interest of life” as the central tenet rather than “self-interest”. Rather than a Darwinian drive for survival, we are interested in the idea of “no-self” which leads to compassion and co-operation, rather than competition.’

There is much we could learn from this example of a different way of thinking. First, the interesting fact that those businesses who survived the economic crash were those who were already practising the principles of Sufficiency Economy. As we are beginning to see in the US and the UK, as our economies are spiralling out of control, it is those banks who have applied caution and moderation which are surviving. Second, the application of a systemic approach that includes human capital that is conceptualised in terms of wisdom and ethical integrity, as opposed to the usual human resource term of ‘skills and capabilities’. Today, as the last issue of *Interconnections* showed, human, ethical and wisdom aspects of work are of growing concern in our UK workplaces. Finally, we might note how much importance is given to the factors of balance, stability, and flow with the forces of the environment in the Thai model. Again, these are all issues that have been raised by other contributors to this edition. One part of the system affects the other. Even though our industrial trajectory is much older and more established, it would seem that the basic principles of Sufficiency Economy could be applied and adapted in many different conditions. What is required is perhaps a willingness to share different wisdom traditions as we collectively face the challenges reaped through unrestrained growth that has thrown our planet and ourselves out of balance.

*This article is drawn from an interview with Professor Apichai Puntasen, and his research work for the Office of the National Economic and Social Advisory Council (NESAC). Its main objective is to use the set of macro Sufficiency Economy indicators to monitor and evaluate the performance of the Thai government in order to ensure that its development efforts are in the direction of Sufficiency Economy.*

## Reference

‘Formulation and Evaluation of Sufficiency Economy Indicators and the Economic and Social Report on the National Performance in the Direction of Sufficiency Economy’ Working Group on Academic Affairs, National Economic and Social Advisory Council (NESAC), 2007