

Sufficiency Economy Philosophy

The Application to Leading a Life and Organizational Development ¹

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"...morality is the center of love and unity. With morality, the Thai people will cooperate with each other in maintaining and developing the nation into prosperity. That is to say, firstly, the way we think, speak, and act must include good deeds and kindness. Secondly, people should assist and coordinate with each other so as to create success that benefits themselves, others, and the nation. Thirdly, people must behave with honesty, discipline, and equality. Fourthly, people should hold sensible opinions in a correct, impartial, and stable manner..."

The Royal Speech on the occasion of 60th year anniversary of
His Majesty the King's Accession to the Throne
at Ananda Samakhom Throne Hall,
9 June 2006.

Change is always caused by various controllable and uncontrollable factors. Change may thus entail both positive and negative consequences, creating both happiness and sorrow.

The modern world has undergone fierce and



rapid change, caused mainly by the flow of globalization. Economic changes have been realized in many forms, such as trade regulations, and new trends of finance and investment have developed. These trends are linked to the environment, human rights, and the protection of the disadvantaged, as well as the progress of communication and transportation systems, the advantages and disadvantages of knowledge and technology, disease incidence and prevalence, insecurity in life and property, international terrorism, and the domination of certain languages and cultures.

Meanwhile, there is another economic model: capitalism. Capitalism is based on the concept that no matter what a person's status, one is able to equally contribute to the economic system. Under this system, there is no corruption, monopoly, or favoritism that prevents anyone or any family from benefiting from economically. Free competition must be promoted so that quality goods and services are offered to consumers at reasonable prices. In addition, benefits from trade will be widely distributed among the majority of people, so that there is no overlapping of income and knowledge, and the so-called 'haves' or the rich will be responsible for themselves; if they still have resources left, they shall also assist those who have not yet risen out of poverty.

¹ Compiled from the speech and lecture by Prof.Dr. Kasem Watachai, Privy Councillor, in various occasions distributed at the 2011Annual Conference of the Research and Development Institute of Sufficiency Economy Philosophy Foundation on "What is Sufficiency Economy?", on 28 March 2012 at Impact Exhibition and Convention Center, Muangthong Thani.

Social change in Thailand during the last decade has been affected by globalization and capitalism in several ways. These include poverty and inequitable income distribution, drug problems, religious misunderstandings, the enchantment of temptation and vice, indecent media, victimization by transnational crime, and corruption and disintegration within society.



With remarkable talent, His Majesty the King has given the “sufficiency economy philosophy” to the Thai people. This is the holistic approach which, if Thai citizens and organizations at all levels thoroughly understand, would enable them to firmly adjust themselves to a rapidly changing global environment. In this sense, the persons who hold this philosophy will have the ability not only to sensibly adjust their way of thinking, behavior and decision making, but also to prevent their life assets from being lost in crises.



In applying such a philosophy to one's way of life and organizational development, one must truly understand the essence, principles, and key success factors of the philosophy. We should learn from good practices being conducted by individuals and organizations. Importantly, we must recognize the genuine benefits of the Sufficiency Economy philosophy in strengthening life and happiness, which leads to a peaceful and sustainable society.



Principles of Sufficiency Economy

There are 3 elements which constitute Sufficiency Economy;

1. Moderation both in terms of quantity and quality. The philosophy stresses the middle path as the overriding principle for appropriate conduct and way of life for people at all levels. The middle path means not too much and not too little; no extremes. One shall not extravagantly spend and become insolvent. One shall save, but without becoming stingy.

2. Reasonableness. This is where one makes sensible decisions by using consciousness and wisdom rather than temper or bias. One should not be tempted by desires, but think reasonably, using theory, legal principles, social norms, and morality.

3. Adequate immunity. This is a tool which helps us to carefully prepare for any future internal and external changes, both controllable and uncontrollable. Change is a natural phenomenon and cannot be avoided. To survive and respond to such changes, one must truly understand the causes of change as well as its impact. Essentially, one should develop strong immunity in four aspects:

1) Economic or financial immunity.

One should spend according to one's own circumstances and necessity. Non-performing loans should not be made. One must be austere and save for the future. As a basic tool for financial immunity, one's own and one's family's income and expenditures must be recorded in order to realize the real financial situation and practice prudent spending. Financial immunity has 2 characteristics as follows:

● **Frugality:** This is the way we spend according to necessities, but without becoming miserly. How much we spend depends on our circumstances. Income must stem from uncorrupted sources. In this regard, frugality must be based on sufficiency; i.e., by recognizing the value of money, or being intelligent in saving and making merit according to one's circumstances.

● **Reasonableness:** Decisions on spending must be made consciously, and must sometimes depend on applicable rules or regulations in society, such as paying taxes, or donating to maintain religious institutions or traditional culture.

2) Social immunity: Strengthening knowledge, loving-kindness, and harmonizing with others must be promoted from the family

level upward. People shall learn how to share and assist each other with kindness, and respect differences in culture and thought. We should have confidence in our fellow citizens and religious principles in order to create peace in our families, organizations, institutions, communities, society, and nation. In addition, one must have moral immunity in knowing and being able to avoid any temptations. In this sense, we should live contented and simple lives, without being swayed by vices that would lead us to extravagance. We shall be content with what we have, what we get and what we are, as well as satisfied with the results of our honest and diligent acts. This way, we will derive happiness without material means; the happiness which comes from pure, bright, and peaceful minds. It is the happiness that comes from giving, genial family relations, nature, and righteousness. This is the opposite of happiness that relies on external factors. Such ways of creating happiness only lead to unlimited desire in order to indulge to the wants of senses, the body, and the mind; consequently, people will be full of jealousy, and scramble about engaging in unlawful and immoral practices. Having moral immunity protects individuals and society as a whole from unexpected consequences, such as addiction to drugs and vices, premarital sex, etc.

3) Cultural immunity: Society must be fully aware of how globalization impacts and facilitates the borderless flow of transnational cultures via an advancement of ICT. Such impacts, among others, include an imitation of celebrities in entertainment media, and the negative effects of from virtual culture

propagated by the internet. Cultural immunity will essentially shield us against being influenced by an overindulgence of desires, in effect neglecting and losing the pride of our national identity, and in particular, local and Thai languages, finally leading to cultural weakness.

4) Environmental immunity: Raising awareness on the environment must be facilitated so that people realize the value and significance of natural resources, ecological systems, and biodiversity. Environmental conservation-oriented behavior and skills in monitoring, safeguarding, conserving, and rehabilitating all kinds of natural resources must be promoted. In addition, preventive measures must be introduced in order to avoid future potential problems. Such measures are healthy habits, such as cleanliness, tidiness, and not behaving in a way which creates pollution or environmental destruction.

As mentioned above, sufficiency economy is not only related to economic or financial issues, but also those which lead us to a sufficient life; that which is sufficient in terms of mentality, verbal communication, and action.

Key conditions leading to the successful application of the Sufficiency Economy philosophy

Knowledge: Planning and implementation processes must be based on theoretical principles and knowledge, rather than emotion or unreasonable beliefs, such as superstitions. This also extends to the decision making process, where accurate and sufficient information and knowledge must firstly exist. Once a decision has been made, monitoring and evaluation must be

conducted on a regular basis. In addition, in building knowledgeable human capital and a learning society, there must be investment in education management, training, research, and development, all of which should receive great attention.



1. Morality: Morality among Thai citizens, particularly government officials, theorists, and businesspersons at all levels, must be strengthened, since morality is the tool to control one's mind so that one behaves in a way that society perceives as valid and righteous. The extent of morality includes the following aspects:

- Basic morality of each religion – all religions teach people to hold the principles of honesty, truth, equal value, and the dignity of humanity, love, kindness, and harmony.

- Ethical codes – there are general codes of ethics, as well as codes that apply specifically to professions, like medical doctors, teachers, and so on. Such codes direct members of each profession as to what they should or should not do, so that they behave within an ethical framework, and foster professional confidence among the general public.

- Rules of law or regulations enacted to enable the country's administration in an equitable, orderly, and peaceful manner.

- Good governance – This is a tool which defines the relationship between each level of the organization. It exists so that all levels maintain a commitment to be responsible for positive and negative consequences of their organization's actions.

- Social norms, such as etiquette, or one's practice according to society's traditions and culture.

- Family morality – the principles that one's family has practiced, accumulated, and transferred from generation to generation, such as honesty, gratitude, truthfulness, and patriotism.

- There are sets of moral codes given by His Majesty the King on several occasions, such as patience, forbearance, frugality, etc. In addition, there are other sets of morality which form the basis of love and harmony. They consist of kindness, unity, honesty, and equity. Frugality is an especially preferable moral code to adhere to. Frugal spending creates an assurance for each person and family's prosperity and wealth. Nations with such persons as citizens will surely prosper in the long run.

Building up and nurturing morality and ethics among people in society takes time and effort. It is a long and continuous process that must begin with the family and extend upward to schools and other organizations.

3) **Way of life principle.** One must live and work in a diligent manner by using consciousness and wisdom.

3-Step-Application of the Sufficiency Economy Philosophy

Step 1 Thorough learning of the essence of Sufficiency Economy philosophy to realize and have confidence in applying the philosophy. This begins with inviting people who apply such philosophies to share experiences.

Step 2 Mobilizing cooperation from all sectors in translating the philosophy into action, from the household to the national level. A great number of persons and institutions play a significant role in disseminating and bringing the philosophy into practice. These include religious leaders, teachers, and administrators and personnel in academic institutions, hospitals, and local administrative organizations.

Step 3 Practicing the philosophy on a continuous and regular basis while leading one's life.

Benefits

The philosophy of Sufficiency Economy is the most important foundation in the country's sustainable development, as its benefits extend to all levels in the society as follows:

1) Balance in the life of individuals, families, communities, businesses, and the country. With such balance, the country will be ready to respond to rapid and intense changes.

2) The elimination of poverty and reduction of economic risks to the poor.

3) The basic capacity to develop of strong communities as the foundation of the nation.

4) Upgrading business' CSR activities by setting up business practices which emphasize long-term profit under the context of equal competition.

5) Improvement of corporate governance standards in all sectors, emphasizing effectiveness, transparency, and administration.

6) Using the philosophy as the guiding framework in appropriately formulating public policy, allowing the country to build up immunity against any potential risks.

“Sufficiency Economy philosophy” is, therefore, a pragmatic approach for everyone to lead a happy life in a balanced and secure manner, despite the rapidly changing modern world. In addition, it is a path to build a learning-based, moral, and happy society, which leads to sustainable development of the nation and the world.

Case Studies

Family level

Thai families are classified into 3 groups. The first group is those families that do not have enough to live on, and so take on loans to support spending. The second group includes middle income families. Lastly, there are wealthy families, which are the most preferable kind. As for the first group, they must firstly be free from debt, then, gradually improve their well-being before moving upward to join the second group. Having financial intelligence, one must make financial plans for the family, learn how to save, be sensible in spending, and avoid extravagance beyond one's capacity to afford it.

Building saving skills and habits must begin with the childhood, using important methods such as these:

1. Teach children the value of money.

Parents set the ceiling for what children are able to spend each day, so that they learn discipline in managing that sum of money. Children should be supported in earning extra income for themselves and the family.

2. Teach children how to spend.

Children should be encouraged to regularly keep a record of their earnings and spending so that they remain aware of their financial status. They should practice how to spend and think carefully before spending.

3. Teach children about saving and making merit.

Apart from promoting saving habits, children should set aside part of their savings for making merit or donations in order to instill the habits of generosity and sympathy toward the disadvantaged or those in need. As children develop their spirit of volunteerism, they will consequently diminish selfishness.

School Level

Administrators should set policies in applying the philosophy to schools, and its contents should be incorporated into the core subjects. It should also be used as a manual for student development. In addition, school administrators, teachers, and personnel, as well as students, must practice the philosophy at home.

Schools should also strengthen the 4-immunity model by having good financial management themselves. School administration must be simple; unnecessary spending must be

cut, and more income must be generated. Teachers and school personnel must be free from debts, while schools must be free from temptation and drugs. In addition, students must realize the value of major national institutions; e.g., the King, religion, and the nation itself. As a result, they will be proud of the Thai national identity, and be ready to sacrifice for their country.

Community Level

Debt problems are often caused by excessive spending, and particularly spending on wasteful activities, such as gambling, drinking alcohol, etc. Community members must cooperate with each other by setting development targets, planning, and adjusting spending behaviors. This begins with conducting a survey of one's household financial situation by keeping a record of earning and spending. This way, people will know what is necessary and what is not. Spending which is considered necessary includes food, education for children, and the like. Unnecessary spending includes alcohol, underground lotteries, gambling, indulgence in luxury products, and so on. Unnecessary items should be cut, and the savings thus generated

applied to paying back household debt. At the same time, income generation should be promoted, such as by working together in community enterprises that utilize natural resource capital and social capital. Following this, market needs and movements must be closely monitored.

Community members must jointly survey the community situation in order to build up strong social, moral, cultural, and environmental immunities; for example, restoration of preferable behavior or identities, such as community culture and traditions, and safeguarding local natural resources and habitats.

Business Level

Risk management and mitigation are necessary for business operation. Investments to be made must aim at generating regular and continuous profits, and proffer long term business development, such as through innovation, improvement of production processes, or improvement in the quality of services. Business administration must be based on good corporate governance by taking into account all a company's stakeholders, e.g., shareholders, employees, customers, and society.

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