Leadership Capacity Building by Sufficiency Economy Philosophy

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Abstract

As an education provider, it is our Mission to create Wisdom in the Learning of students. Never before is there a Need to instill a Wisdom in people, as we are facing the intensity of globalization and borderless world. These happenings have led us to live with Diversity and constant Change.

One well-known teaching in Thailand is Sufficiency Economy Philosophy (SEP) based on the foundation of Knowledge and Integrity.

The strategy can be formulated on sufficiency with reason and carefulness. The concept would lead to sustainability of people living.

Sufficiency Economy Philosophy is Thailand’s national agenda for Twenty Year National Plan and being included in curriculum at all educational levels and applied by farmer corporation, and entrepreneurs throughout the country.

The United Nations prioritizes this Philosophy at the center of its Agenda.

Therefore, it is worth sharing this Philosophy with Chinese American Scholars Association for the following objectives.

1 Analyzing how is SEP transformable into wisdom toward peace
2 Finding out whether there is a teaching of Economic Sufficiency Principle in Leadership program
3 Building an opportunity to produce online media for SEP learning.

Key Word: Sufficiency Economy Philosophy, Wisdom, Leadership
Gayle C. Avery and Harold Bergsteiner (2016) in their article “Thailand: An Unexpected Role Model” stated that Thailand is introducing sustainable thinking across the nation from schools and universities to agriculture, community development, the environment, prisons, business and public policy.

By implementing the Sufficiency Economy Philosophy (SEP) that the late King Rama IX of Thailand bestowed on his people, after the financial crisis of 1996 or universally known as Tom Yum Gung Crisis. This country has been striving for outcomes of well-being, happiness and sustainability.

They further explained that sufficiency thinking within the Sufficiency Economy Philosophy seeks to balance the economic, societal, environmental and cultural spheres by following a middle path characterized by decisions and actions that are moderate, reasonable and prudent.

The presumption is that individuals, families, organizations, communities and societies will embrace virtuous values that, when coupled with appropriate knowledge, enable them to decide and act with wisdom².

In 1997, after an overadecadelong period of double digit growth, Thailand economy has experienced a significant setback as the Thai baht, which was then fixed to a basket of foreign currencies comprising mainly the US dollar, was hit by massive speculative attacks. The resulting decision of the Royal Thai Government to float the baht, together with Thailand’s high level of foreign debt at that time, has have led to the collapse of the country financial system. There were massive...
layoffs from the financial sector. The stock market dropped sharply. The impact was felt everywhere. In the midst of economic turmoil, the country turned to its beloved monarch for royal advice. His Majesty the the King Bhumibol Adulyadej, reiterating and expounding on a concept of Balanced Living, he had propounded and advised since 1973, that the Thai people should follow closely the Sufficiency Economy Philosophy(SEP) in leading their lives.

Since then SEP has become a key principle behind Thailand’s national development plan and practices in coping with emerging challenges such as globalization, including today the Abrupt Technology.

SEP neither denounces globalization nor rejects general economic theory. In fact, SEP stresses the importance of social welfare maximization and, therefore, incorporate the internalization of all external benefits/costs such as moral values and environmental externalities, which are at the heart of public and environmental economics.

Source: Sufficiency Economy Philosophy and Development

According to a synthesis of the philosophy provided by the government, SEP counsels moderation, reasonableness, and self-immunity.

Moderation conveys the idea of taking the middle path in life, as an overriding principle for everything we do.

Reasonableness refers to awareness of the consequences of our actions on ourselves, as well as others.

Self-immunity focuses on our ability to withstand shocks and put into place contingency plans.

However, these three components will be met provided that “knowledge” and “morality” conditions are satisfied.
In other words, theories and methodologies must be thoroughly examined and carefully utilized at each and every step of the way.

At the same time, it is necessary that moral values such as honesty and integrity are fostered in all aspects of our organizations and society.

By adhering to SEP, we should live a balanced and harmonious life; and be better able to withstand future socioeconomic and environmental challenges.

As can be seen, SEP style of living does not go against the theory of comparative advantage and free trade, where people/countries gain from specialization and division of labor, in any way.7

Although PES advocates moderation and self-immunity, it does not signify self-sufficiency, whereby we live in autarky and relies on no one but ourselves to produce everything we need.

In other words, sufficiency, in SEP context, does not mean we must grow our own food, make our own clothes, and so on or stop short of further gain when opportunity arises.

In fact, people/countries are allowed to gain from trade by specializing in the goods/services in which they have comparative advantage as long as access to basic necessities, i.e. basic security and/or safety net, continues to be maintained. This is to ensure that the country can survive and would not lose its footing in times of crisis.8

Moreover, via its reasonableness principle, SEP stresses the importance of social welfare maximization over private welfare maximization.

Individuals should care, not only about their private benefits/costs, but also external benefits/costs.

External benefits arise, when an action generates positive spillovers for which the benefactor has no right to collect payment and the beneficiary has no obligation to pay. External costs arise, when an action generates negative spillovers for which the impactor has no obligation to pay and from which the impacted person has no right to claim damages. Given an initial allocation of resources, the society, should move to a different allocation if at least one person can be made better off without making someone else worse off (i.e. if some of the benefits accrue to the winners can be used to compensate the losers).

This is known as Pareto improvement in economics.

By acknowledging the interdependency among people at all levels, SEP ensures that the social net benefit is always maximized and the allocation of resources is socially efficient.
However, in economics, benefits/costs include also future and non-monetary values such as long-term impacts, option values, non-use values, moral values, and lost time. The knowledge condition and the morality condition, specified in SEP, ensure that all these future and non-monetary benefits/costs get included in our social welfare function. In this sense, SEP and general economic theory are said to be in line with one another.\(^9\)

Since SEP teaches us to care not only about ourselves, but also others in the society and to look at long-term impacts and moral values instead of just focusing on short-term, monetary benefits/costs, its application shall lead to less conflict of interest in the society, fewer environmental problems, and more sustainable development.

Farmers adhering to SEP shall practice sustainable farming. There will be no excessive land use and less water contamination due to pesticide residues.

An example of sustainable farming practices, in SEP context, is His Majesty’s “New theory” in agriculture, which comprises the following three business phases:

the first phase is to manage agricultural land and resources at the household level with respect to a set of personal constraints in a way that provides enough return to live comfortably and appropriately;

the second phase is the formation of group in the form of cooperatives to produce goods, locate market, and help increase community welfare; and

third phase is to build contacts and partnerships with outside institutions such as banks, businesses, government, and non-government organizations to obtain financial and technical support necessary for further development.\(^10\)

Businessmen adhering to SEP shall be concerned with long-term profits, conduct their business as ethically as possible, and always keep current in production technology.

These are just a few examples of application of SEP.

As Thailand’s answer to globalization, SEP has gained a lot of recognition both domestically and internationally.

It is hailed by United Nations Development Program (UNDP) as key to fighting poverty, coping with economic risk, and promoting social responsibility,\(^11\) and, if followed closely, should make the world a more pleasant place to live for everyone.

As His Majesty stated in his Royal Speech on December 4, 1998,
“If one is moderate in one’s desires, one will have less craving. If one has less craving, one will take less advantage of others. If all nations hold this concept of moderation, without being extreme of insatiable in one’s desires, the world will be a happier place.”

To conclude, SEP has six main features as follows
1. Moderation within reason
2. Prudence and Risk Management
3. Pursuit of Knowledge
4. Ethics out moral consideration as well as the spiritual dimension
5. Foundation – building and bottom up approach
6. Philosophy that can be used as a guiding principle.

Two main groups of applications are
1) ways of life or our daily activities to answer questions such as How should we act? Which items should we buy? How should we live our lives?
2) The application concerns the issues on a larger scale, i.e. how we should develop our country, especially in terms of applications for business practices; implications for government policies; agricultural and community development.

How Has Education Done So Far?

The impact of the SEP over the long term depends on embedding the thinking in the culture of development within the country.

The emphasis is on changing mindsets from the level of kindergarten up to university and the general public.

The Ministry of Education integrated SEP as a framework for thinking and action into the school curriculum from primary to higher education since 2009.

The SEP framework will be taught within the subjects of society, religion and culture. Teachers of other subjects such as mathematics, history, science and languages will also integrate the SEP way of thinking into their teaching.

The emphasis is on learning from practical experience based on reasonable thinking, prudent and morality.

The process will form the mindset and train students for sufficiency as a way of life.

As for opportunity to produce online media for SEP learning, non-internet digital channels such as television, radio and digital billboards have done a good job in making people
aware of SEP. It is undeniable that SEP is well-known among people of all ages, including younger generations and students.

As SEP has been included in curricula at all levels, People know SEP as King Bhumibol Adulyadej’s philosophy by traditional media and news media.

Internet content of SEP is considered plenty. All government agencies, majority of public and private organizations as well as a number of famous figures’ websites have included the definition of SEP and cases, wherever SEP is applicable to their respective businesses.

Clearly, when you type in “sufficiency economy” or “King Bhumibol philosophy”, search engines will return a long list of results.

Social media is the fastest way to convey messages to thousands of users around the world. However, it can do a better job in how to engage and urge younger students to apply SEP in their daily lives.

When you search Instagram, for example, for “Sufficient Economy Philosophy”, you will see a lot of pictures of rice fields with the “New Theory” or those of His Majesty King Bhumibol Adulyadej himself.

Social media content can be more about an application of SEP in daily life of those students.

For example, how a person applies SEP in preparing for examination or how to manage their expenses.

When younger generations apply SEP in their daily routines, this will make SEP even more sustainable.

References
2. See 1 (above)

9. Aukayanakul. above


11. See 6 (above)

12. See 5 (above)

13. See 5 (above)