



## Sufficiency Economy as a Response to The Problem of Poverty in Thailand

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### Abstract

The Thai King's philosophy of 'Sufficiency Economy' as a means to alleviate poverty has recently been recognized by the United Nations in the presentation of the UNDP Human Development Lifetime Achievement Award. His Majesty King Bhumibol Adulyadej has, since 1974, stressed the importance of economic self-reliance which is based on the Buddhist belief in the middle path to conduct ways of life to overcome poverty. Thailand learned many lessons from a financial crisis that followed the devaluation of the Thai baht in July 1997. The King's philosophy of self-reliance has gained new credence, reflected in government development policies aimed at improving the country's economic well being. Education and technology are being promoted as vital tools in line with an understanding of 'Sufficiency Economy' which implies moderation of aspirations and a balance between success and fulfilment. Education is the key to developing the full potential of the individual and is regarded by policy makers as instrumental in combating poverty. Human development as a concept and as a policy objective must encompass the economic, social and cultural dimensions of human life. This paper examines the importance of the King's philosophy of 'Sufficiency Economy' to education reform as a poverty reduction strategy in Thailand in the context of rapid economic and technological changes.

**Keywords:** Sufficiency economy, Thailand, Poverty reduction, Education, Technology

### 1. Introduction

This paper introduces the King of Thailand's philosophy of 'Sufficiency Economy' which highlights the Buddhist concept of the middle path as a way to conduct the life of the individual, family, community and the nation. Poverty reduction and economic growth are among the most challenging issues facing developing nations and many developed nations. According to a recent World Bank report, more than 80% of the world's population lives in developing countries. Poverty has affected Thailand's economic potential for many decades by limiting educational opportunities for millions of people, encouraging environmental degradation and exposing the country to the risk and political instability. Thailand is traditionally known as an agricultural society and is of the World's principal rice exporters. Thailand was once referred to by the World Bank as the fastest growing economy in the world during the decade 1987-1996 (Anderson, 1998; Hewison, 1999; Phongpaichit and Baker, 1996; Reynolds, 2001; Slagter and Kerbo, 2000; Warr, 2005). Economic growth was stimulated by high levels of foreign and domestic investment and borrowing. During this decade, Thailand's poverty rate dropped from about 33 percent of the population to about 11 percent, more than one million people being lifted out of poverty each year (Asian Development Bank, 2006). Then came Thailand's severe economic crisis in the second half of 1997 through to 1998. This saw three million people fall below the poverty line. It was a severe economic disruption as the Thai government was forced to float the currency on 2 July 1997, the baht dropped to around 40 percent of its former value against the US dollar (Phongpaichit & Baker, 2004). The crisis was compounded by the closure of 56 of Thailand's top 58 financial institutions (Friedman, 2000). Large numbers of businesses collapsed leaving thousands of people without employment (Siltragul, 2003). While unemployed Thai workers were struggling to make ends meet, foreign investors took over many businesses in Thailand in banking and finance. Thailand received financial assistance and social policy advice from three international organisations, the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB) (ADB Special Evaluation, December, 1999, p.1). Responding to the perceived underlying causes of the crisis, policy makers identified significant knowledge deficits. In particular, technical and English language skills were identified as key national development priorities. The National Economic and Social Development Board and successive government believed 'human development'; in particular human capital development was essential if Thailand was to recover its international competitiveness.

Development orthodoxy promoted by the World Bank and Asian Development Bank emphasises a conceptual link between education and poverty alleviation. This orthodoxy has a significant extent shaped Thailand's education policies

over the years. Although education has traditionally been seen as an instrument of social order and an avenue for employment in the bureaucracy, education is now also regarded as means to prepare Thais for work in the new global knowledge economy. Higher education institutions are being encouraged to be more responsive to challenges of economics of globalisation. The National Education Act 1999 and the Constitution of the Kingdom 1997 (known as the People Participation version) called for education reform and made significant changes to all levels of the education system of the country. Education reforms have focused on increasing the quality of education and more recently have emphasised the King's philosophy of 'Sufficiency Economy'. This idea was first articulated in a 1974 royal speech. The King stated, '*If one focuses only on rapid economic expansion without making sure that such a 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*' (cited by He Changchui at International Workshop on Sufficiency Economy on 27 July 2006). The King's philosophy stresses the middle path of conducting a way of life for the development of the entire nation. He emphasizes the role of management, especially to ease the country's pains from the 1997/1998 economic crisis and to achieve sustainable development (National Economic Social Development Board, 2006). This philosophy is integrated to the current 10<sup>th</sup> National Economic and Social Development Plan (1 October 2006 – 30 September 2011), introduced by the interim government of Prime Minister General Surayud Chulanont.

## 2. Higher Education and Sufficiency Economy Philosophy

Since the time of Thailand's revered King Rama V, King Chulalongkorn (1868-1910), higher education has been seen as a vehicle to acquire knowledge gained from the outside; primarily from the West. The purpose of higher education was to ensure the political survival of the Kingdom by modernising government and the economy and more recently to improve Thailand's international economic competitiveness. As in other industrialised and industrialising countries, education system of Thailand is being redirected away from nation-building objectives towards 'human capital' creation; education is seen as a form of economic investment. The idea of 'human capital' has been developed by the Organisation for Economic Cooperation and Development (OECD) and the World Bank and it is defined as 'the knowledge that individuals acquire during their life and use to produce goods, services or ideas in market or non-market situations' (Spring, 1998, p.169). To some certain extent, there has been having a widely shared concern that higher education institutions provide their students with educational experiences in order to enable them to make a positive and effective contribution to the world beyond the university. The logic behind this shift is the belief that 'the knowledge and skills possessed by workers contribute to economic growth' and the quality knowledge workers can largely be built through formal education and on-the-job training (Slaughter & Leslie, 1997, p.10). Thailand's economic boom coincided with an embracing of the concept of globalisation. Since the crisis in July 1997, Thailand has been focusing on the development of its human potential and creativity and enhancing the capability of communities, societies and the nation as a whole. The economic downturn forced the Thai government to rethink the country's past development strategy, especially in terms of 'international competitiveness' (Fry, 2002). There is a belief that each country's social, political, and economic future in the world system is directly connected to their educational success at home. The Thai higher education system has undergone a reform over the past decade in order to keep up with the challenges of globalisation and internationalisation.

The current education reform integrates the Thai King Bhumibol Adulyadej's philosophy of Sufficiency Economy...

*Sufficiency Economy is a philosophy that stresses the middle path as the overriding principle for appropriate conduct by the populace at all levels. This applies to conduct at the level of the individual, families, and communities, as well as to the choice of a balanced developmental strategy for the nation so as to be able to modernize in line with the forces of globalisation while shielding against inevitable shocks and excesses that arises. Sufficiency means moderation and due consideration in all modes of conduct, as well as the need for sufficient protection from internal and external shocks. To achieve this, the application of knowledge with prudence is essential...*

(National Economic and Social Development Board, 2006)

The logic of this approach lies in the realisation that growth without adequate social and economic foundations cannot be sustained. Education is the key to developing the full potential of the individual as a pre-requisite to overcoming poverty. In this regard, the human development in terms of knowledge and morality is the foundation of any society. This Sufficiency Economy philosophy can be learned through practice both inside and outside the classroom. This self-reliance concept is flexible and depends on how each person applies through their decision so, there is no measurement/evaluation instrument to assess it. It is an individual development to deal with ongoing local and global changes which each person has to deal with it. Higher education institutions as the leaders in creating and utilizing the knowledge need to educate learners to practise moral values and teamwork skills to contribute within their own community and outside the community. Balancing existing resources and local knowledge and wisdom is the core practice and it is encouraged rather than relying on outside assistances. Key stakeholders in education such as governments, universities/institutions, faculties, students, industries, communities and general public should be integrated in the education policy to achieve their missions and to maintain social responsibilities. In addition,

international stakeholders such as Thailand's neighbouring countries, international partners and international agencies should also be included as well.

Though Thailand allocates a high proportion of its annual government budget to education, Thailand still 'lags behind internationally on many major indicators of educational quality and human resource development' (Rie Atagi, 2002 cited in Fry, 2002). A powerful message from Krugman (1994 cited in Fry, 2002) influenced Thai policy makers to realize Thailand cannot depend on the country's cheap labour any more in traditional industries such as textiles compared to that of neighbouring countries such as Bangladesh, Cambodia, Vietnam and China. Apart from raising the quality of educated and skilled workers, the government needs to develop a strategy oriented towards achieving global competitiveness. Currently, education is increasingly being used as an instrument of economic development rather than social order.

The Ministry of Education is currently trying to integrate the concept of Self-sufficiency Economy to education at all levels with special attention paid to disadvantaged students in the rural areas of the country. Universities in rural areas are working closely with villagers and farmers on various projects in order to educate and assist them in areas of investment, quality production, information management, educational welfare and marketing management. These projects are supported by private sectors, research institutions, NGOs and the government. Information Technology (IT) in relation to better self-learning methods for poverty reduction is being developed in line with the education reform. Accordingly, applications of Information and Communication Technologies (ICTs) for development have been promoted throughout the country in order to enhance access to information and the Internet such as SchoolNet Thailand. The government has also carried out a project in relation to 'Sufficiency Economy' to 75 provinces to solve social and poverty problems from the grass roots level of society. The focus is on empowerment and integration of the community by promoting mutual learning in order to improve production and marketing management including social development. Villagers are being taught how to manage budgets to achieve greater self-reliance. Some examples of suggestions for self-reliance practice by the Thai King Bhumibol in his 1997 birthday speech (cited in Phongpaichit, 2005, p.161) are as follows:

*I used to say that this sufficiency doesn't mean that each household has to produce its own food, Weave its own cloth. That is too much. But within a village or district, there must be a certain amount of self-sufficiency. Any thing which can be produced beyond local needs can be sold, but may be not sold too far away. To minimize transport cost...*

*If we can change back to self-sufficiency economy, not completely, even not as much as half, perhaps just a quarter, we can survive...*

*H.M. King Bhumibol Adulyadej*

*4 December 1997*

Professor Dr.Prawase Wasi, Thailand's most prominent social critic (according to Phongpaichit (2005)) has raised extensive social critiques about the country's past developments. Professor Wasi claims it has given emphasis to 'developing wealth rather than humanity' and 'business profits rather than society' (p.175). Competition has intensely become the main theme of these developments. Poverty in rural areas of Thailand due to wide ranges of disadvantages such as accessing to education, insufficient needed resources is critical especially in the Northeast which is having the highest incidence of poverty at 19 percent. The recent studies by the Asian Development Bank suggest that 92 percent of poverty in Thailand is rural. Consequently, it is significant to focus on the country's inward looking before improving country's outward looking and the focus should be on poverty reduction rather than building economic growth. Higher education development in line with global economic consequences increasingly raised the concern to policy makers on how to appropriately balance 'international context' and 'local context' in terms of needs and practices. Information Technology such as the Internet, Information and Communication Technologies (ICTs) can facilitate and connect learners to the hub of information and knowledge which they can learn and update themselves independently. It is a cooperative learning tool. Once learners have been educated, they will be able to extend their knowledge to the family members and later to the community for production improvement.

### **3. Conclusion**

A severe economic crisis in 1997 forced Thailand's national policy makers to redirect higher education towards 'human development'. This shift in emphasis is evident in the country's economic and social development plans. Human development as a new policy approach gives emphasis to 'human capability'. Significantly, the concept of 'Sufficiency Economy' proposed by King Bhumibol has been integrated into education at all levels as the primary instrument for poverty reduction of the country by maximizing human capacities. Education and technology should not only produce knowledge for the global market place but also create local wisdom to serve local needs in this way. Higher education institutions have a critical role to help educate learners to discover their potential and to achieve necessary skills to balance between local and international factors and activities. Development is sustainable when local communities are able to draw upon their own knowledge resources rather than rely entirely or even substantially on outside assistance.

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