

**Speech by Dr. Prasarn Trairatvorakul**

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*Application of Sufficiency Economy Philosophy*

*in Agricultural and Rural Development*

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Distinguished Guests, Ladies and Gentlemen,

Good afternoon and again a warm welcome to Bangkok,

First of all, I would like to thank the Asian Society of Agricultural Economists for honoring me with an invitation to be here today in the presence of such distinguished guests, to speak about the Application of the Sufficiency Economy Philosophy (SEP) in Agricultural and Rural Development. My own research into this subject took place a long time ago, since I briefly worked at the International Food Policy Research Institute. I, however, hope that my experience will allow me to speak and share with you my thoughts on this important subject.

Ladies and Gentlemen. World War II saw the large scale destruction of infrastructure and the disruption of economies in many countries. After the war, the world came together in an unprecedented effort to re-build infrastructure and develop economies. While it is true that these efforts have indeed helped to increase wealth, reduce poverty and improve the standard of living of many; **we cannot deny the fact that, in spite of these efforts, there are still today some 795 million people in 52 countries around the world suffering from malnutrition and one fourth of them are children.** They are living on less than \$1.25 a day. Also, in many cases, **development has been pursued at the expense of the environment.** It is estimated that if the current rate of deforestation continues unchecked it will take less than 100 years to destroy all of the rainforests on earth.

To address these problems, **the United Nations announced their 17 Sustainable Development Goals (SDGs).** One of the SDGs is to end hunger and promote sustainable living and the environment. Agriculture is indeed a vital development tool in its own right but it also facilitates the achievement of other

SDGs, such as good health and well-being; clean water and sanitation; affordable and clean energy; and reduction of inequality and poverty.

The question naturally arises then *“how we can successfully and sustainably achieve agricultural and rural development”* In trying to answer this question, my talk will be divided into 3 parts:

1. Reasons why agricultural development has not progressed as it might have
2. Agricultural and rural development in Thailand and the origin of the SEP
3. Sufficiency Economy Philosophy: A way forward for sustainable development

### ***1. Reasons why agricultural development has not progressed as it might have.***

Ladies and Gentlemen, over the past decades, agricultural development has been an important component in the development plans of many countries but the overall results have often been unsustainable and unsatisfactory. We may therefore ask *“What are the underlying root causes for this?”* From my perspective there are 3 main reasons:

**The First is that our development strategies have focused mainly on *“Economic Growth”*.** One consequence of this is that GDP has been used as the principal measuring stick of development and has been the focus of government and policy makers around the world. Focusing on GDP as an indicator of development can be misleading. *After all, growth is not, in and of itself, an objective of development. It can only be a meaningful indicator if it translates into an improvement in the well-being of those in society.*

While agriculture is the world's largest provider of jobs (approximately 40% of the global workforce), it constitutes only a mere 4% of the world's GDP. This illustrates that our growth strategy has focused on industrialization with a strong urban bias, and that the benefit of development has not been shared evenly. As Joseph Stiglitz once said *“what we measure informs what we do. And if we're measuring the wrong thing, we're going to do the wrong thing.”*



The Second is *“Short-termism”*. We, as human beings, often cannot resist instant gratification or pressure. As the famous English writer Oscar Wilde put it, *“I can resist anything except temptation”*. At the corporate level, where shareholders demand profit every quarter, executives tend to respond by under-investing in long-term growth. Something similar can be seen in the agricultural sector and rural development. Aiming to increase production, farmers end up

using chemicals and pesticides. Not only does this harm both their own health and consumers', but it also damages the eco-system.

At the government level, to alleviate the impact of decreasing crop prices, governments often introduce subsidy policies to support poor farmers. Although designed to be temporary and short-term, **authorities often find it politically unpopular to end these measures, thereby falling into the so-called “subsidy trap”**. Past experience has shown that government subsidy policies have been ineffective and fiscally unsustainable in the long run, especially if they involve a huge budget.

**The Third is “*Compartmentalization of problems and solutions*”**, a tendency to treat each problem separately, **not taking into account potential interactions with other related issues**. Many of the issues we face are highly intertwined and cannot be treated in isolation. Agricultural development connects with nearly everything else; humans and animals, education, gender, poverty, the environment, decentralization, government’s agricultural policies and technology. **Therefore, integration of knowledge and expertise, which cuts across fields and responsible bodies, is needed to address many of the problems we face**. Rather than formulating policies in terms of separate elements, the wide-ranging connections of the agricultural sector are often better treated as a unified whole instead of separately.

Addressing each problem separately is akin to pretending that all the other factors are static, except the one topic under consideration, and this potentially leads to unsustainable outcomes. Let me now turn to the second part of my talk.

## ***2. Agricultural and Rural Development in Thailand and the Origin of the SEP***

Ladies and Gentlemen, despite the problems hampering agricultural and rural development as outlined, **every day the world continues to benefit from ideas, thoughts, and actions, of individuals or organizations with convictions, whose contributions address these problems and make significant differences in the world.**

Take for example **Ashoka**, a non-profit organization founded in 1980 by Bill Drayton. Ashoka identifies leading social entrepreneurs with innovative solutions to social problems who seek to make large-scale changes to society. One of its successes has been in piloting a new type of partnership in collaboration with selected Ashoka Fellows and Amanco (a leading water systems company in Latin America) to work on providing access to irrigation technology for small farmers in Mexico, leading to increased productivity and better quality of life for many farmers.



Another example is **the Grameen Bank**, founded in Bangladesh, by Professor Muhammad Yunus. Inspired during the 1970's famine in Bangladesh it was set up as a community development bank to provide banking services and loans to the rural poor. Central to his concept is **"Solidarity lending"**; a lending practice whereby small groups borrow collectively and group members encourage one another to repay. In 2006 the bank and its founder were jointly awarded the Nobel Peace Prize.

Ladies and Gentlemen, here back home in **Thailand** we are very fortunate to have benefited from the wisdom and work of **His Majesty the King Bhumibol Adulyadej**, who was a main pillar of agricultural and rural development.

Mindful that agriculture is critically important for the improvement of the well-being of his citizens, he decided that he could not remain only in Bangkok, as the majority of his citizens live in rural areas. Thus, since the early years of his reign in the 1950s, **for 8 months per year, he traveled extensively throughout the country, especially to the most remote, inaccessible and difficult to reach rural areas**. He collected data and initiated research projects and experiments, trying to understand the challenges and difficulties facing poor farmers.

### **Improvement of Factors of Production: Water and Soil**

The King concluded that two major problems were **"lack of water and low quality of soil"**. He then made it a priority to improve the quantity and quality of these two main elements of agricultural production.

**“Irrigation and dams”** became one of his main focuses, by means of developing small-scale, local dam- and reservoir-projects to overcome water shortages, and through addressing the unpredictability of rainfall. Using his own funds, the King launched **“the Royal rain-making project”** and devoted himself to the research and development of cloud-seeding techniques to create artificial rain.

**With regard to soil quality**, common problems were, and still are, acidity and salinity, which require different solutions. His Majesty supported initiatives exploring different methods to solve the soil problems. In 2012, the International Union of Soil Sciences (IUSS) awarded him the Humanitarian Soil Scientist award for his dedication to soil resource management. The FAO also designated 5<sup>th</sup> December – the date of the King’s birthday – as World Soil Day.

### **From Royal Advice to a Sufficiency Economy Philosophy**

Ladies and Gentlemen, while improvements of water and soil help to boost productivity and alleviate problems, they do not of themselves guarantee sustainable development.

His Majesty held the view that sustainable development requires **“the right and appropriate values and mindset”** at all levels, be it at the individual, corporate, or national level. In other words, ensuring that development progress is sustainable demands a transformation of direction and development practices. For those who are in the field of business management, this idea is akin to what Peter Drucker described as **“Cultures eat strategies for breakfast”**. This stresses



the importance of understanding prevailing culture or mindset by those in organizations who need to drive strategies to fruition.



Since the 1960s, mindful of the old saying **“Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime”**, the King publicised his ideas, speaking at first to groups of students around the country at graduation ceremonies and later on to national audiences on television. He shared with them his experiences with and his thinking on development, which challenged the conventional economic theory of the time.

For example, in 1960, His Majesty addressed the graduates here at Kasetsart University as follows with regard to the importance of agriculture: ***“The Thai Economy mostly depends on agriculture. Thus you must always bear this fact in mind and help our country’s farmers to prosper and progress quickly”*** ***(Kasetsart University, 1960)***

And on another occasion His Majesty stressed the importance of necessary “institution” and “appropriate pacing”: *“Development of country must proceed in stages. It is important to first build a foundation in which people have an occupation and the ability to make a living ... If one focuses only on rapid economic expansion without making sure that such plan is appropriate for our people and conditions of our country, it will inevitably result in imbalances and eventually end up as failure or crisis. (Kasetsart University, 1974)*

### **The SEP 's 3 Guiding Mindsets**

Despite sharing these insights and his efforts, it was not until the 1997 Asian Economic Crisis erupted in Thailand that His Majesty’s words and warnings were truly heard, and that the SEP formally caught public attention. **This was a wake-up call for all of us in Thailand and marked a paradigm shift in our economic development thinking: a beginning of Thailand's journey to a more balanced pursuit of growth.**

The King addressed the nation later that year on his birthday as follows:

*“Being an economic tiger is not important. The important thing is for us to have a sufficiency economy. A sufficiency economy means to have enough to support ourselves ... Not that some of us have a lot while others have nothing at all... We have to take a careful step backward”*

In a nutshell, the SEP is distilled from his Majesty’s decades of practical experience in agricultural and rural development and Buddhist teaching. **It is an approach to life and our conduct which can be applied at every level of society,**

**from the individual and family to corporations, and to the management and development of the nation.** Against a backdrop of globalization and a fast-changing and volatile world, the SEP promotes the so-called **“Middle Path”**, a more balanced pursuit of development, taking into consideration the economic, social, environmental and cultural context.

These three guiding principles lie at the heart of the SEP:

**Moderation** ความพอประมาณ: Choose a middle path, avoiding extremes

**Reasonableness** ความมีเหตุมีผล: Evaluate the reasons for any action and understand its full consequences, both short and long term

**Prudence** ความมีภูมิคุ้มกันในตัว: Be mindful of risks and the need to build in resilience

In addition, **two pre-conditions are also deemed necessary for SEP practitioners to be successful: Knowledge and Virtues** (such as perseverance, trustworthiness and mindfulness). It is these three principles and two pre-conditions, that provide a framework to guide practitioners in taking right decisions, decisions that shall lead to a sustainable development of society. Put simply, in the context of the man-and-fish analogy we used earlier, **His Majesty has given us a tool, the SEP. He has taught us “how to fish”.**

Before turning to the third part of my talk, I would like to point out that, contrary to misperception, **the SEP does not mean that one has to be constantly frugal, nor does it promote isolation. Moderation also does not equate to deprivation. It is indeed simply about not living beyond our means.**

### ***3. Sufficiency Economy Philosophy: A Way forward for Sustainable Development***

Ladies and Gentlemen, in the last century the world witnessed two world wars, tens of financial crises and other monumental events that prompted us to question the way we live our lives and interact with each other. Indeed, the great thinkers of that time, like Albert Einstein, warned us a long time ago that ***“we radically need to change the way we think”***. Buddhadasa Bikkhu, a revered Thai



monk, spoke along much the same lines by stating that ***“virtue needs to be resurrected, otherwise the world will come to an end”***.

The SEP has something useful to offer in this context.

**At the Conceptual level, the beauty of SEP lies in its simplicity.**

Some may deem it to be simply common sense or as being too abstract. However, I tend to believe that its simplicity is a virtue. It can be applied to people from all walks of life. Far from being a one-size-fits-all, it can be applied to other development projects in a wider global context.

Besides, while simple, **its strength lies in the fact that it adopts “a holistic approach”**.

**On Development Goals**: despite its name, the SEP transcends economic issues and also touches on society, the environment, and on culture.

**On Time Dimension**: the SEP stresses the **“dynamic nature of things”** and a **“forward-looking approach”**. **“Sustainability”** lies at the heart of the SEP.

**On Human Capital**: the focus of SEP is **“human capital”** and particularly **“mindsets”**. It underscores the importance of **“stakeholder consultation”**. This helps lessen the issues of obstruction through prevailing culture or **“compartmentalization of problems and solutions”**.

In other words, **the SEP offers a framework to assist us in overcoming the three underlying root causes of unsustainable development** that I outlined earlier in the first part of my talk.

**At the Implementation level**, beginning with the first irrigation project under royal initiative was the Khao Tao Water Reservoir in 1953, Thais have benefited from more than **“4000+ Royal Initiatives”**, including agricultural and rural development, community development, health care, education and the environment. The SEP is also used in businesses and macro-management. In the process of execution of these initiatives, he noted and compiled lessons learnt and insights, now known as **“His Majesty’s 23 Work Principles”**. These Royal Initiatives, together with 23 work principles–act as examples and to those interested will serve as a **“how to”** guide. Some examples of these working principles are:

- **Systematically collect and analyze data**
- **Engage stakeholders**
- **Don't rigidly follow the textbook, and**
- **Our loss is also our gain.**

Most of it is self-explanatory and I shall not go into detail here but let me explain to you a bit more about the last one, **"Our loss is also our gain"**. I suppose his majesty had the insight to realize that **"self-interest" or a "silo"** mindset is a major impediment during development or reform processes. Stressing the importance of a **"public mind"**, His Majesty maintained that ***"if our loss would make the country progress, it is therefore our gain."***

### **Challenges ahead**

Ladies and Gentlemen, development and reform is indeed a long process. I often compare it to **"running a marathon"**. It could take a long time or even generations to complete. It also needs strong conviction, commitment, and a concerted effort from those involved. **While the SEP has helped transform Thailand and improved the overall standard of living of Thais in many respects, challenges still remain in various areas**, particularly in income inequality, worsening environmental conditions and the country's competitiveness.

I am, however, optimistic that **Thailand's quest towards a more balanced and sustainable development will continue**. We shall keep on running the marathon until we reach the finish line. While His Majesty King Bhumiphol, who is the soul of our nation, is no longer with us, his wisdom and thoughts remain and

shall guide us through this journey. The familiar picture of our monarch, carrying camera and walking through the rice fields in the remote area, will always be imprinted in our memory and will continue to keep us inspired.

A beloved developer king.

Thank you very much