A Buddhist economic approach to the development of community enterprises: a case study from Southern Thailand

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This study was undertaken to observe the development process and key success factors in three community enterprises adopting a Buddhist economic approach to development. The enterprises were established by weavers, farmers and housewives from three communities in the south of Thailand. Data were obtained through in-depth interviews and observation with representatives of the groups and their supporters as they participated in community activities. Buddhist economics differs significantly from neoclassical economics in its recognition of ethical and moral issues. In addition to the objective of production or consumption to optimise profit or utility value, Buddhist economics also recognises that many non-financial factors which contribute to an individual's quality of life are important. The key success factor in the community enterprises which were studied was the process of ‘good thinking’, or the constructive use of wisdom among leaders and group members through the processes of ‘right understanding’ and ‘right thought’. Economically efficient activities were developed through the use of an external factor—a ‘good friend’, comparable with social capital—and an internal factor—the employment of analytical thinking by members, comparable to the use of human capital. Neither factor can be created from physical capital but is derived from the process of learning and reviewing.

Key words: Thailand, Community enterprises, Buddhist economics

JEL classifications:

1. Introduction: development and economic growth in Thailand

The development approach adopted in Thailand over the last 50 years has not differed significantly from that employed in other developing countries. Thailand, like other developing countries, has been led by advice from international organisations such as...
the World Bank or wealthy industrialised countries. Most of this advice has been aimed at eliminating the problems of poverty, ignorance and disease, and has followed the industrialisation model through the construction of infrastructure and adoption of neoclassical economic policies. Success has been measured in terms of economic growth rates and levels of per capita income alone.

Following the implementation of Thailand’s first National Economic & Social Development Plan between 1961 and 1966, the government introduced policies to redistribute wealth in society, such as reducing imports, dispersing growth to the regions, and reducing the gap between urban and rural development, but continued to focus investment on urban development. As a result, the disparity of income between the urban and rural populations increased. This gave rural people an incentive to migrate to the cities, contributing to a number of social problems yet not slowing the depletion of natural resources in rural areas.

Eventually, the National Economic and Social Development Board (NESDB) came to accept that, although their development polices over the period from the First until the Seventh National Development Plan (1961–1996) had achieved economic growth, considerable social problems had accumulated as a result of non-sustainable development. The Eighth National Economic & Social Development Plan, for the period 1997–2001 (National Economic and Social Development Board, 1993), therefore had the revised aim of promoting sustainable development. The plan’s development strategies emphasised the development of human resources, the quality of society, people participation and the strengthening of community organisation. However, the Thai economic crisis in 1997 meant that the plan was never implemented. The crisis created a huge number of unemployed, and concerns rose about the major social impacts which would result from unemployment. Interestingly, many of these impacts did not materialise, as Thailand’s rural areas became a social safety net able to reabsorb migrants returning from the cities, reducing the seriousness of the crisis to less than expected for many ordinary people. Local microfinance organisations took care of the money of rural people and provided an element of welfare for the community while major financial institutions declared themselves bankrupt. Farmers organisations in certain communities had maintained the cultural traditions of mutual help, collaboration, and collective action to support their members successfully through the crisis. These showcase communities helped to increase acceptance of the sustainable development approach and became a ‘New Hope’ within Thai society as guides which might lead other communities towards development and success. Phra Thammapidok, a respected Buddhist monk, summarised this new vision: ‘The characteristics of sustainable development are the integration of development to a holistic approach where all components are related, completely coordinated and balanced’ (Phra Dhammapitaka, 2000B, p. 68).

However, most rural development policies had not been concerned with supporting farmers groups or rural communities, but had emphasised the development of market systems, with the private sector as a major actor. Far from supporting such groups, these policies became a major obstacle to the growth of farmers’ groups. The role of the government was rarely a factor contributing to the success of showcase agricultural communities, which were not an overnight sensation but had occurred as a result of the accumulation of experience over generation to generation, taking considerable time. It was therefore not easy for other communities to adopt similar strategies.
Studies of the factors resulting in success identified the cooperative or community group leaders as an important element, making considerable personal sacrifices as a result of their commitment to developing their organisation. Unfortunately, few studies have investigated in depth the reasons for such altruistic behaviour and considered how to encourage this kind of leadership. Analysis using mainstream neoclassic economic theory would probably only give limited information about moral factors of this type. As Amartya Sen has said, ‘Economic theory takes too little account of morals and commitment’ (Sen, 1977, quoted in Hodgson et al., 1993, p. 213).

The issues of moral behaviour and quality dimensions are often ignored where there is no monetary compensation or exchange value. Even though some successful Thai community leaders have achieved recognition and promotion through their work, this is only rarely the case, and such recognition takes a very long time to develop. Are monetary incentives really able to increase the number of altruistic leaders or not? If not, what can be done instead? Economic analysis combining the Buddhist approach with economic concepts increases understanding of morals and values which are missing elements in neoclassic economics, and may help address such questions.

2. Objectives and methodology

The objective of this study was to observe the development process and identify key success factors in community enterprises which had adopted a Buddhist economic approach. The enterprises studied were Na Muen Sri Weaving Group, Bor Kul Housewives Group and Ta Mod Farmer’s Group, all in the south of Thailand. Data were collected through observations and in-depth interviews and with representatives of the groups and their supporters as they participated in community activities.

3. A framework for Buddhist economics

Buddhist economics applies the lessons of the Buddha’s discoveries on his path to enlightenment to an analytical approach encompassing generally accepted economic concepts. The approach can lead to a better understanding of the truths of human existence and our relationship with nature (Puntasen, 2002, p. 3). Buddhist ethics are not some abstract concept of ‘promising to be good’ so that we will receive a reward at some time in the future, nor some mysterious code of behaviour we have to follow to belong to a secret club, but a way of living which accepts and complies with the reality of nature.

E. F. Schumacher (1993) was the first economist to mention Buddhist economics in his book Small is Beautiful. Schumacher advocated living according to a ‘right livelihood’, a step on the Eightfold Path of the Buddha’s Middle Way to enlightenment. Society should not only be concerned with maximising the utility of the environment, but should also choose harmonious and peaceful ways of living. Other works about Buddhist economics reinforce this theme (see, for example, Puntasen, 2002; Phra Dhammapitaka, 2000A, which were used to develop the Buddhist economic framework presented in this study).

Neoclassical economists usually believe that human nature can be represented by an ‘economical man’ who is rational and self-interested; he knows his own interests and chooses from a variety of means to maximise these interests. Rational behaviour is a major assumption behind classical economic theory, but a number of economists
have suggested that this assumption is unreliable. In reality, information is always imperfect, incomplete and non-symmetric, and the behaviour of humans is not always rational (see more details from 2002 Noble laureates in Economics Daniel Kahneman and Vernon Smith). The behaviour of an individual will depend upon their mindset, which will change as wisdom is acquired. The Buddhist approach to economics considers that rational behaviour only develops after ‘right views’, or understanding, has been attained. This is the first step on the Eightfold Path of the Buddha which advocates a sequence of personal development known as the ‘threefold training’ (Phra Dhammapitaka, 2000A):

(1) Training to develop the higher wisdom necessary to understand the nature of reality.
(2) Training to develop the higher mentality, or concentration, necessary for mindfulness.
(3) Training to develop the higher morality necessary to conduct one’s actions, speech, and livelihood in a moral and proper way.

Buddhists look at the meaning of human existence in a different way from materialists. Human beings are different from other beings because they have the ability to practise and develop themselves in this way through training that improves the quality of life. The elements of the threefold training are not fragmented but are complementary, leading to a greater depth of understanding.

The Buddhist considers the meaning of self to be wider than just the individual, including both society and nature. The existence of each human being or self has three components: human, society and nature, which are coordinated and complemented within the ecosystem. Self-interest in the Buddhist context is therefore not limited to the individual, and since it also applies to nature and society, it equates to quality of life.

Conventional economics places no limits on the desires of human beings, while Buddhism considers desires in a slightly different way. Buddhists identify two different types of desire. The first is materialistic desire, which has no limits, and the second is the desire for quality of life, which is limited by various constraints. These two types of desire are mutually exclusive. For example, we may want to eat food which tastes good, but this requires the addition of ingredients and flavours which may affect our health, thus reducing our quality of life. Buddhists recognise that quality of life and contentment are to be truly valued, while the unlimited desire to consume is a false value, as it is never fulfilled and creates only further desires in human beings. Buddhist economics therefore seeks a balanced equilibrium which aims to achieve the satisfaction of achieving quality of life instead of the satisfaction of maximising consumption.

In the neoclassical economic framework, quality of life can be considered as an extra restriction in optimisation procedures, which depends on a set of preferences or utility functions. But it is not clear how this restriction can be operated or whether it can be guaranteed that it will always occur, since quality of life is an indirect effect which does not happen immediately, but after a time lag.

In the Buddhist context, human beings can develop themselves through training towards gaining ‘right understanding’, as a result of which they will be satisfied in choosing economic options which give them a high quality of life that complements nature and society.
Training in Buddhist ways does not mean that we need to transform our normal life or become a monk, but that we learn from daily life and our experiences of economic activity. Increasing our understanding of economic activity will allow us to improve economic processes so as to achieve a high quality of life and at the same time continue to learn and develop.

This framework applies the Buddha’s teachings to economic activity and has become known as ‘Buddhist economics’. The approach follows the path to enlightenment, which is one of the ‘noble truths’. The Buddha taught four noble truths: dissatisfaction or conflict, cause, ending and the path to enlightenment. ‘Dissatisfaction or conflict’ refers to the unhappiness we feel in our lives. ‘Cause’ is the reason for the unhappiness: our undisciplined, grasping mind. ‘Ending’ is the Buddha’s promise that we can end suffering by eradicating our craving. The ‘path to enlightenment’ is the eight steps we must take to reach this goal (Bhante, 2001, p. 30). Each step of the path, or ‘middle way’, is not discrete or separate but linked to the others in the same way that a rope is composed of many strands of fibre and so becomes stronger. As discussed above, the middle way can be divided into three parts: development of wisdom, perception and concentration.

Figure 1 shows the conceptual framework of Buddhist economics, starting with the first step, right understanding, which is the base from which other steps progress.

Fig. 1. Conceptual framework for Buddhist economics analysis of the factors affecting development of community enterprise.
Right understanding is seen as the foundation of wisdom, and in particular an understanding of cause and effect relationships. Understanding is built from the bases of facts and beliefs and, when people make connections between these two bases, through analysing causes and effects, they will develop right understanding. Through the practice of right understanding, individuals can develop skills to help them behave appropriately and improve their quality of life.

Two important factors influence the development of right understanding. The first of these is an external factor, ‘hearing from others’, which is the process of obtaining beneficial information from others in society. Buddhist teaching describes these people as ‘good friends’ (Kalayanamitta-dhamma). Positive relationships with ‘good friends’ will create direct and indirect benefits, such as improved ways of doing certain tasks or avoidance of risks, and this factor can be likened to social capital. Coleman (1998, p. 98) defines social capital by its function. It is not a single entity but a variety of different entities with two elements in common. Each entity relates to some aspect of the social structure, and facilitates certain actions by actors, whether individuals or corporate actors, within this structure. Social capital exists in three forms: obligation and expectations, information channels and social norms. It therefore encompasses trust and cooperation, allowing people to act for the benefit of society.

The second factor is an internal factor, ‘training in analytical thinking’. By this, we mean personal development, which helps people gain the ability to analyse causes and effects factually, and not from the perspective of their desires and biases. This skill can be learned from all situations, even the worst, by analysing the causes and effects of the situation to gain the benefits of what Buddhists call ‘positive thinking’. This method of thinking is a crucial foundation of human capital, as it is essential for the ability to develop other skills such as management or entrepreneurship. Although every step in the Eightfold Path helps to develop human capital, right understanding is the first and most important step in creating unlimited human capital.

Buddhist teaching is not a series of separate concepts, but is holistic. Both factors influencing the attainment of right understanding are linked and are complementary. ‘Good friends’ who provide useful information or explanations will also provide opportunities to learn how to think analytically, and so the skill will develop inevitably. Instead of being governed by the law of diminishing returns, the opposite applies: the more you experience, the more you develop right understanding.

The next step on the Eightfold Path after the attainment of right understanding also relates to the development of wisdom. ‘Right thought’ means remaining undisturbed by any setbacks that you face. It is a way of redirecting thoughts in positive and helpful directions, without the influence of desire or bias. Right thought increases the ability of people to act constructively, which in turn helps to reach other steps along the path.

The next three steps on the path are concerned with actions caused by the body, speech and mind, and relate to the development of perception. These steps are right speech, right action and right livelihood. Each of these steps helps us to act without being harmful to others.

The final steps allow the development of concentration through right effort, right mindfulness and right concentration. Ultimately, sufficient practice at each step on the Eightfold Path will allow us to attain enlightenment, or Nirvana but, even at the most basic level, increasing our awareness through following the path means we will be better able to minimise risk and uncertainty. We need to keep in mind always that each
step along the path is not separate, but that the skills developed work together and complement each other.

The three community enterprises in this study have all undertaken a process of creatively managing their own capital with the aim of increasing self-sufficiency and self-reliance—not just physical capital, but also non-physical capital such as human and social capital. The Buddhist economic model described here will be used to address questions about the process of development and key success factors in each enterprise. In each case, ‘good friends’ (external factors or social capital) and development of analytical thinking (an internal factor or human capital) were observed to be important elements in achieving success. Right understanding was seen to develop within the leader and members of each community enterprise. The study aimed to test the hypothesis that both internal and external factors affect the process of developing wisdom among leaders and members of successful community enterprises, representing the accumulation of human capital which allows the communities to undertake economic activities successfully.

4. Results of the study

Southern Thailand is a relatively small strip of land between two seas, the Gulf of Thailand and the Andaman Sea. The region is rich with natural resources including mineral resources, tropical forests and coastal resources. High annual rainfall makes the area suitable for many kinds of agricultural activity, especially rubber tapping. The rich natural resources and favourable climate have allowed the Southern Thai people to become better off than their neighbours in other regions in Thailand. Table 1 shows three case studies located at difference provinces in the lower south region. The size of the population in each sub-district is medium, apart from Na Muen Sri. The rubber plantation is a major source of income in every case study. Moreover, they still continue to grow rice for personal consumption. The benefit from keeping a rice plantation is that it not only provides them with food security and minimisation of risk, but also keeps them thinking about the use value rather than the exchange value, while the other villages have already replaced their rice fields with rubber plants or other cash crops. These characteristics enable each community to retain its own unique livelihood factors which help to give it its own identity. The summary of group profiles shown in Table 1, which details each case study, are the following.

4.1 Na Muen Sri weaving group: preserving cultural heritage

Na Yong sub-district is in Trang Province on the Andaman Sea coast. The sub-district is situated on the coastal plain and has a seaward strip and an inland area progressing into hills. Na Muen Sri village is located in the inland area of the plain. The village’s principal agricultural products are rice and rubber trees.

Weaving was a traditional local handicraft carried on in the past by the village women after the rice season was over, usually after the collection of rubber latex had been completed in the morning. The women of Na Muen Sri village wove not only for their families but also for outsiders. Their unique weaving patterns and the skill of their weaving were famous throughout the area, so other villagers came to buy their products, allowing weaving to become a supplementary income-generating activity for housewives. The woven cloth is not only for wearing, but also plays an important role
in the spiritual life of the local people. ‘Phaa Pan Chang’ (elephant cloth) is a long length of cloth the width of a handkerchief used locally in funeral ceremonies as the medium to transport the spirit of the dead person to heaven. After the ceremony, the cloth is cut into small handkerchief-sized pieces and given as an offering to monks.

As rural areas in Southern Thailand became more developed, the market economy expanded and rural villages became integrated into this growing economy. Factory-produced cloth began to be sold in villages, and it was no longer necessary to weave cloth by hand. Hand weaving disappeared from most villages, with the exception of Na Muen Sri, but during World War II thread was in short supply, and weaving stopped even in this village. However, a group of women subsequently came together to commence weaving again, because they were afraid that their famous weaving patterns would vanish forever. At first, their business was unsuccessful, as the number of weavers and customers was very low and hand-woven cloth was not a popular product at the time.

In 1990, a university lecturer visited the community and the weaving group to promote the conservation of hand-made Southern Thai textiles and the value of preserving local heritage for the next generation. The weavers appreciated that, if their

<table>
<thead>
<tr>
<th>Description</th>
<th>Na Muen Sri Weaving Group</th>
<th>Bor Kul Housewives Group</th>
<th>Ta Mod Farmer’s Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Area profile:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of sub-district</td>
<td>Na Muen Sri</td>
<td>Ching Ko</td>
<td>Ta Mod</td>
</tr>
<tr>
<td>Name of province</td>
<td>Trang</td>
<td>Songkla</td>
<td>Patthalung</td>
</tr>
<tr>
<td>Population</td>
<td>5,400</td>
<td>10,700</td>
<td>8,400</td>
</tr>
<tr>
<td>Plantation</td>
<td>Rubber and rice</td>
<td>Rubber, rice, palm sugar and fruit orchards</td>
<td></td>
</tr>
<tr>
<td>2. Group profile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starting Members</td>
<td>1976</td>
<td>1990</td>
<td>1974</td>
</tr>
<tr>
<td>Type of operation</td>
<td>(1) Hand woven textile</td>
<td>(1) Saving/lending</td>
<td>(1) Micro bank</td>
</tr>
<tr>
<td></td>
<td>(2) Saving/lending</td>
<td>(2) Toxic-free food processing product</td>
<td>(2) Rubber trading</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(3) Convenience store</td>
</tr>
<tr>
<td></td>
<td>(2) Amount of saving: 0.10 mio.</td>
<td>(2) Revenue: 0.50 mio.</td>
<td>(2) Revenue: 12 mio.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(3) Revenue: 4 mio.</td>
</tr>
</tbody>
</table>

Source: From interview.
group ceased, Na Muen Sri weaving skills would remain only as an oral history, which would soon be forgotten. They were determined to start their group again, not only to provide training in weaving, but also to learn from their previous experiences and develop broader skills. They learnt from other successful community development projects and trained to themselves to develop other skills, such as presentation skills, group participation and leadership. This ongoing learning allowed a new generation of leaders to come forward with the strength to develop the Na Muen Sri group further.

External visits, a ten-year learning process and increased income did not affect the values of the growing number of weavers. Most weavers started by learning from their mothers, but were given extra tuition by an outside teacher. A few weavers who were particularly skilled were able to develop new weaving patterns, but these were shared with other weavers to help the group learn together. Others contributed managerial skills and helped with accounting and marketing. Although the group was run as a business, all members shared ownership of the group, and it was not run to optimise profits. A share of the profits was saved in a welfare fund for members, used as an emergency lending fund and to provide a stipend for retired weavers. The success of the group has been a source of pride not only to the group of women involved, housewives with a low level of formal education yet able to operate a community enterprise, but also to the people of Trang province, and the project now acts as a role model for other communities.

The enterprise was successful partly because the group’s committee and members actively developed their skills and learnt continuously with help from the academic officer, who represented an external factor or good friend to the group. She provided useful information, helped to resolve conflict and helped to create trust in a new generation of leaders, so that other new members wanted to join the group. It can be seen that this process represents the accumulation of social capital. However, the most significant aspect of the group’s success was their own management of the learning process behind their self-development. This represents the internal factor, ‘training in analytical thinking’, creating right understanding of causes and effects and allowing the use of human capital to develop the community enterprise by linking self-interest to social interest. The principal purpose in establishing the group was not to generate income for individuals but to preserve local cultural heritage and distribute profits to the needy within society.

The level of right understanding within the group was unlikely to have been particularly high, as group members did not link the group’s development path to the practice of right speech, right action and right livelihood in their everyday lives. This did not result in significant harm to anyone, although a lack of concern and priorities presented potential risks in certain areas, particularly with financial accounting. The development of concentration, to undertake activities carefully with minimal risks, was not something addressed by the group. The group also benefited from the support of a number of outsiders who did not recognise the principles of right understanding. Most of these outsiders were interested in benefiting personally from the support they gave, so their support was limited to ways which helped them as individuals and guaranteed them work. If the community is not aware of these motivations and becomes too complacent about this type of support from outsiders, it runs the risk of becoming dependent on external support and losing its self-reliance, gradually developing a ‘wrong understanding’.

A Buddhist economic approach
The future success of the Na Muen Sri weaving group may fluctuate as a result of these different factors, especially the influence of external factors or ‘good friends’ who help with the development of right understanding. There is a need for further development here to strengthen the group. The academic officer should probably begin to withdraw from the group, allowing the Na Muen Sri leaders to find other ‘good friends’ upon whom they can be less dependent, and forcing them to use their internal factor, training in analytical thinking, to a greater extent by learning from evaluation of previous experiences and training among the group.

4.2 Bor Kul housewives group: equality between genders

Bor Kul sub-district is in Songkla Province on the coast of the Gulf of Thailand. The members of this community earn a living by fishing and growing rice in the inland coastal plain area. This plain area borders a long coastline and is very windy, so the village ancestors grew palm trees to act as windbreaks along the borders of the paddy fields, thus improving rice pollination. The many palm trees in this area have become a source of supplementary income and provide an important additional livelihood dimension for local people.

Around ten years ago a non-government organisation (NGO) commenced work in the area in an attempt to promote an energy-saving stove for boiling palm sugar liquid and establish a palm sugar trading group. The group did not succeed, as it could not compete with established traders. However, this did not stop the work of the NGO’s field officer. He changed the focus of the project to establishing a savings scheme, working with housewives as a target group. A study visit to a successful savings group was arranged and, after extensive discussions, the group made a decision to start their own savings scheme with their siblings and close friends. As the savings fund grew, more and more members joined.

The Bor Kul savings group is one of only a few local savings schemes which do not limit their activities to saving alone, but also uses a share of the profits to contribute creatively to the development of the community. After sharing profits among members at the agreed distribution rate, the remainder is invested in an endowment fund established by the housewives for providing welfare services, promoting community businesses and supporting other social development initiatives. The group established their own community business to process palm sugar liquid into more valuable products such as sugar palm powder and a variety of sweets and deserts made from palm sugar. Starting this business allowed the women to experience new challenges, such as contacting businessmen and vendors to develop markets in nearby cities. As a result of learning from the actions they had taken independently and discussing their experiences with their adviser, the NGO field officer, the business grew and the members were eventually able to export their products to markets in other countries.

The group aims not only to share profits among members, but also to help in developing the ability to find their own solutions to problems. An important value for the group is the belief that they cannot have permanent happiness if their neighbours or other communities are in difficulty. The Bor Kul Social Investment Fund therefore allows other communities to borrow money without interest. They not only lend money, but also provide advice, thereby helping to create a process of learning for members of other communities. The group has the vision of becoming a community training centre organised by villagers themselves.
The success of the Bor Kul group without doubt occurred through the ability of women who were not only seeking equal rights, but also undertaking activities which many men in the community failed to do. The group’s experience is shared with new generations through a rule which requires a new steering committee to be appointed every two years. The outgoing committee act as advisers to help the new leaders run the business and develop other activities. Right understanding, linking the lives of individuals and society together and encouraging a clear system of thinking, has helped the group advance. The NGO field officer became the group’s good friend, providing advice continuously, helping members to accumulate social capital, and developing a process of training in analytical thinking among members, helping to create a mutually supportive community.

The Bor Kul group’s mission to help other communities has meant that the leaders’ roles have become similar to an NGO officer’s role as an adviser. This is a difficult task for the leaders, principally because members of other communities do not always find it easy to accept people from outside their own village, making it hard for the Bor Kul leaders to adopt the good friend role themselves and create a new process of learning. The leaders have not given up on this task and still consider it an important and enjoyable activity. It is clear that the level of right understanding of the Bor Kul group is quite high and has contributed to development of the subsequent step of right thought—working for quality of life and society’s needs, and working with contentment rather than the aim of fulfilling unlimited wants or desires. Although other steps along the Eightfold Path do not appear to have developed significantly, the right understanding displayed in the group’s work allows them to undertake all their activities without harming anyone. To an extent, the group is promoting a right livelihood, as they have chosen to produce goods which use only natural ingredients and benefit the community and society.

The Bor Kul group uses a group process for learning and decision-making to avoid making careless mistakes. They are not interested in obtaining government support, which they see as only temporary and serving government policy—like burning straw, which has very limited benefit in keeping a fire going. The physical assets of the group are much less significant than the non-physical assets: the human capital which is embodied in every member of this group is like the sugar which crystallises after the palm liquid has boiled for a long time. It is easy to miss noticing the mutual support within the group, but it is a major characteristic contributing to the success of this group.

4.3 Ta Mod farmer’s group: the dignity of small-scale peasant farmers
Ta Mod sub-district is in Phattalung province, the only province in Southern Thailand that is wholly inland, with no coastline. This limits the livelihoods of the people of Phattalung to rubber tapping or rice growing and, as a result, their per capita income is the lowest in the south of the country.

Most of the farmers in Ta Mod Community, as in other Southern Thai communities, produce on a small scale and face a number of problems caused by fluctuating rubber prices. Government officers had analysed this issue and suggested that they improve the quality of their rubber sheets by forming a farmer’s group to do business together. However, it was not easy for the group to compete with traders who had more experience at trading, greater access to information, and more cash. As the trust
among group members was initially quite low, the process of establishing the group was hard work.

The government subsequently launched a project in the locality which brought people together for a community-based training programme, and the terrace of a local temple was used as a base for their activities. At the end of the project, the group leaders decided to continue using the temple terrace as a public space for meeting to discuss community problems. They invited a deputy abbot from the temple, a Muslim administrator and local leaders to form a council, which they called the ‘sa pa lan wat’ (temple terrace council). Discussions at the council meetings used participatory approaches to solve community problems together, and eventually it was agreed that farmers’ group would be relaunched.

Ta Mod Farmer’s Group was established principally to address the problem of unfair rubber prices. The group’s leaders realised that their weak point was a lack of knowledge about marketing and trading, so they studied these issues in depth. They knew that there were a number of market channels and several levels of traders in the rubber supply chain, extending from farm traders, to village traders, provincial traders, city traders and exporters. If the farmers’ group were to succeed in selling at higher prices, they would have to by-pass local traders and sell directly to traders in the city or to exporters. Contacting traders in the city was not an easy task, as the farmers encountered a lot of discrimination against themselves as rural people. Information on prices was kept between traders, which made obtaining a fair price for their rubber more difficult for the farmers, although the large number of dealers in the city meant that they were able to find buyers. However, although they found traders willing to buy their product, the price on offer was not considered reasonable by the farmers, so they eventually arranged to by-pass all traders and sell their product directly to a smoked-rubber sheet factory.

It was not long before traders began to offer a higher price to group members than their collective was offering and, as a result, there was no increase in the numbers in the group. Improved transportation and the establishment of a central rubber market by the government provided the farmers with more channels for selling their product but, even so, the collection and sale of the rubber product by the group was only a limited success.

However, the members of the group gained a wide range of experience and understanding about marketing through their efforts, and realised that they could cater for a local niche market. They started to diversify successfully into other business activities, based around the input needed for rubber production, such as the sale of fertilisers, pesticides and groceries, and a microfinance scheme. The finance business was not limited to providing rotating credit to group members alone, as they realised that most of the members of their community were poor and that it would be difficult to raise a sufficiently large savings fund using the resources of group members alone. A micro banking scheme was established, with the success of the group’s previous activities and the trust they had gained within the community acting as guarantees to savers. A number of government advisers had concerns about this approach and felt that it was a risk for small farmers to run a banking business, but the records of the Ta Mod Farmer’s Group show that farmers with a low level of formal education can succeed in running a banking business with a cash flow of 23 million baht ($US575,000) over five years.
The success of the group also created a strong bond of solidarity between people from the two different local religions: Buddhism and Islam. Each group lived according to their own traditions and beliefs but was able to use the ‘sa pa lan wat’ public space to discuss common troubles together. A local cemetery is shared by the two religious groups, and certain ceremonies are arranged jointly on the same day, creating a strong bond for future generations. A number of awards, from both provincial and national authorities, demonstrate an appreciation of the success of these activities by outsiders.

The temple terrace council, consisting of leaders, Buddhist monks and eminent Muslims, who were all respected locally, was a crucial factor in the success of the group, as they helped to develop the social capital of the community, rather like a group of internal ‘good friends’. The process of continual learning and analysis together began with only a few people but in time expanded to a larger number of people who developed their ability to think systematically, creating human capital among leaders and members. The group progressed from developing right understanding to adopting the attitudes of right thought, wishing no harm to others. For example, group members did not resent the traders who wanted to buy from them at low prices and sell at high prices, but accepted that the traders also had to make a living. Rather than entering into conflict with the traders, the farmers group worked to find new marketing channels and develop their own niche market. Their relationship with the traders remained on the friendly terms that Buddhists seek between human beings living peacefully together on the same planet.

Besides developing a strong level of right understanding and right thought, the Ta Mod group also embraced other qualities from the Eightfold Path. As an important qualification for election to the group’s committee, candidates were expected to demonstrate right speech, right action and right livelihood and to refrain from inappropriate behaviour (‘a bai ya muk’). This principle helped group members to trust their leaders, who supported and cooperated with the other members in all group activities.

The Ta Mod Group had a local monk as a ‘good friend’, who was able to help integrate Buddhist principles with economic activities carefully to allow the development of right understanding within the community, so that an equilibrium was achieved between the material satisfaction of local people, quality of life and a sense of dignity for small-scale farmers and peasants.

5. Conclusion: a beginner’s view of Buddhist economics

Most studies about the factors which lead to the success of showcase communities focus on the role of leader. We do not disagree with this approach, but should like to see a greater depth of analysis of the factors which create community leaders, using the Buddhist approach to aid understanding. This study shows that the process of thinking which represents right understanding can be continually developed to support economic activities through two factors: the good friend external factor (either an insider or an outsider to a group), and increased skill in analytical thinking by group members. Neither of these factors can be created from investment in physical capital such as buildings or infrastructure or by providing large amounts of financial assets. They act as a base to support an ongoing process of learning within the community.
Unfortunately, many of those who represent institutions responsible for rural development rarely understand this. Their perception is that villagers are short of physical assets and need financial support, which we believe is a misconception. Rural villagers may be short of many things, but it is wisdom that they really need to determine what is right for their futures. This wisdom can be developed through practice in the Threefold Training and the Eightfold Path. The process will take time and may need help from a ‘good friend’, but it will lead to right understanding which will help establish a path towards sustainable development.

When leaders of the three groups studied were asked what they got personally as a result of their sacrifices, they all said that they were proud of themselves, their families and their communities, but acknowledged that if they had spent time working on their own businesses instead of for the community, they might have become richer and been more successful on a personal level. The neoclassic economic approach would consider this to be an irrational or interdependent utility function, and Marxist economics would interpret the success of the community groups as coming from exploitation of the leaders by others in the group. Neither discipline can help us to understand this behaviour in economic terms. However, when we apply Buddhist concepts to economics, we can see that the thought processes of the group leaders have developed to a right understanding based on a clear vision of their lives. They have not put personal interests as their first priority but have considered the needs of society and nature as well, choosing a path whereby they as individuals can coexist with society and nature to achieve a certain quality of life. With limited desires, they were able to obtain contentment and happiness as a result of their actions in each of the case studies.

Community enterprises should therefore adopt activities which use a process of constant learning and review to develop a right understanding among members. This ongoing self-development should continue with the aim of accumulating both human capital and social capital through community participation. These two kinds of non-physical capital can then be reinvested in community enterprises for their future success.

Even though Buddhist Economics is concerned with individual practice at micro level, government policy at macro level is still important, especially for transforming our country folk view to the right view, such as screening wrong or inappropriate information, encouragement by presenting community-based awards to successful communities, launching a campaign about moral conscience and public participation, and re-measurement of development by concentrating on Gross Domestic Product or growth rate but introduce a new index such as well-being or Gross National Happiness which was initiated by HM the King of Bhutan (Karma and Karma, 2004).

The above policies will establish the appropriate platform for each community leader to adopt Buddhist Economics to practice in their learning process for community development.

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