

## CHAPTER II

### SUFFICIENCY ECONOMY: OVERVIEW OF THEORETICAL DEBATES AND PRACTICAL APPLICATION

#### 2.1 Introduction

Sufficiency Economy as a development approach in Thailand may align in some ways with Thailand's long history of community-based thinking on alternative development (UNDP, 2007: 90), such as localism, the community culture school, or community economy, but this research considers Sufficiency Economy separately from such models of community development. Sufficiency Economy is a movement that has appeared in Thailand over recent years (UNDP, 2007: 90) and has specifically been endorsed by both the Thai monarchy and the Thai state. After Sufficiency Economy was articulated by King Bhumibol Adulyadej of Thailand during the 1997 economic crisis, it was subsequently adopted by the NESDB as the basis of its 2002-2006 Ninth Economic and Social Development Plan ("Sufficiency Economy: Direction of the Ninth National Economic and Social Development Plan in pursuit of His Majesty's philosophy," 2000). In 2001, the Crown Property Bureau<sup>3</sup> and the NESDB jointly set up the Sufficiency Economy Working Group (SEWG) in order to interpret, elaborate upon, and further the application of Sufficiency Economy to the development process in Thailand (NESDB, n.d.: 2). This chapter will provide an overview of the theoretical debates and practices associated with Sufficiency Economy as well as outline gaps in the Sufficiency Economy literature.

#### 2.2 Positioning Sufficiency Economy in the development discourse

This section will attempt to situate Sufficiency Economy in reference to mainstream capitalist development on the one hand and localism as a model of development in Thailand on the other hand. The main questions pursued are: Which

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<sup>3</sup> The Crown Property Bureau manages the personal wealth of the King and his family.

aspects of Sufficiency Economy are particularly in line with and which principles of Sufficiency Economy diverge from the two models of mainstream development and localism? Finally, can it be argued that Sufficiency Economy aligns closest to sustainable development as a middle-path strategy between mainstream development and localism?

### **2.2.1 Historical overview of Sufficiency Economy**

Since 1961, Thailand's state-led development has focused on economic growth through industrialization, export-oriented trade, foreign investment, private sector investment, and infrastructure development. As a response to problems connected to globalization and rapid economic growth, the alternative development discourse of localism emerged in the 1980's to challenge the mainstream development paradigm. The localism discourse is based on the themes of communitarianism and rebuilding a sense of community in the face of global forces, retreating somewhat towards self-reliance to withstand shocks; drawing upon Buddhism (which emphasizes moderation and spiritual well-being) to oppose the discourse of growth maximization and consumption; and building horizontal networks to share thinking and techniques (UNDP, 2007: 25).

Some tenets of localism appear to have been incorporated into the dominant development discourse in the aftermath of the 1997 economic crisis via King Bhumibol Adulyadej's Sufficiency Economy philosophy (Parnwell, 2005: 3). Sufficiency Economy claimed that "decades of economic boom had weakened the country's capacity for self-reliance and self-sufficiency. These qualities needed to be rediscovered and rebuilt if Thailand was to move back on a path towards a sustainable future" (Parnwell, 2005: 3).

Following the economic crisis, the Sufficiency Economy Working Group drafted an official definition of Sufficiency Economy. Sufficiency Economy is defined by the SEWG as a strategy of middle-path and moderate development at the

individual, household, community, and national level. It is based on the three main principles of moderation, reasonableness, and self-immunity. Achieving these three principles requires wisdom and morality, with the main objectives of balance and sustainability. While the wisdom requirement refers to breadth and thoroughness in planning and application, the moral criteria refers to the upholding of honesty and integrity alongside perseverance, harmlessness, and generosity. There is an emphasis placed on protection against external and internal shocks, especially those brought on by economic globalization (NESDB, n.d.: 2). (See Table 2.1)

**Table 2.1 Official definition of Sufficiency Economy drafted by the Sufficiency Economy Working Group**

Principle	Moderation
Principle	Reasonableness
Principle	Self-immunity (Ability to cope with shocks from external and internal changes)
Underlying Condition	Knowledge
Underlying Condition	Morality
Objective	Balance
Objective	Sustainability

(Source: summarized from NESDB, n.d.)

### **2.2.2 Sufficiency Economy and economic development**

One of the main problems with economic development in Thailand was its rapid economic expansion and imbalances. Unsustainable economic behavior such as over-consumption, lavish spending, over-investment, decline of household savings, and increases in individual and corporate debt all contributed to the economic crisis (Ryrtana, 1999: 11). In his response to the crisis, the king stated:

“Economic development must be done step by step. It should begin with the strengthening of our economic foundation, by assuring that the majority of our

population has enough to live on. ... Once reasonable progress has been achieved, we should then embark on the next steps, by pursuing more advanced levels of economic development. Here, if one focuses only on rapid economic expansion without making sure that such 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 in NESDB, n.d.: 1).

There is an emphasis in the Sufficiency Economy discourse here on moderation, reasonableness, and step-by-step economic development in contrast to extreme pursuit of economic growth, profit maximization, and consumption. It is this reasonable restraint in the face of capitalist opportunities that defines Sufficiency Economy.

Sufficiency Economy appears to offer a middle path between the mainstream and localism discourses of development in Thailand with regards to its interpretation of economic growth, capitalism, and consumption. Within the Sufficiency Economy discourse, analysts have attempted to describe the relationship between Sufficiency Economy and mainstream economic development. There are diverse interpretations of this relationship, but two distinct and potentially opposing streams of thinking can be identified. Based on these two streams of thinking, Sufficiency Economy can be conceptualized as a middle-path development paradigm that constructively critiques mainstream development, but unlike the localism discourse, Sufficiency Economy does not completely reject globalization, industrialization, and consumerism.

The first stream of thinking critiques excessive and unreasonable mainstream economic development and capitalism. Sufficiency Economy provides a strategy to curtail the negative consequences of unbridled capitalism and excessive economic growth. In order to protect against external and internal economic shocks, the Sufficiency Economy discourse calls specifically for macro-economic and financial prudence, risk management and optimization of capital accumulation. Sufficiency Economy does not turn its back on globalization, but guides the country to withstand

economic shocks and risks associated with it (UNDP, 2007).

The Thailand Development and Research Institute organized a conference in 1999 where Thailand's top economists interpreted Sufficiency Economy to be compatible with mainstream economics and globalization. These economists incorporated Sufficiency Economy into their recommendations of policies such as developing warning systems to anticipate instability in the global market, better corporate risk management, strengthening financial institutions through good governance, using a flexible exchange rate, inflation targeting to discipline macro-management, raising the national savings rate, and more investment in R&D (UNDP, 2007: 32). Overall, these economists saw Sufficiency Economy as providing a framework for making economic growth more secure and stable.

This group of economists linked Sufficiency Economy with mainstream economics by citing the fact that both Sufficiency Economy and mainstream economics embrace the idea of optimization. Optimization in this context refers to the pursuit of optimal benefit as opposed to maximum benefit because maximum benefit is seen as "a starting point of non-sufficiency" (Ryratana, 1999: 7). The 2007 UNDP Human Development Report echoes this idea of moderation over maximization, especially when it comes to applying Sufficiency Economy to businesses. The businesses that have applied Sufficiency Economy to their practice "believed in extracting a normal or appropriate level of profit" as opposed to maximum profit (UNDP, 2007: 55).

Thai Economist Medhi Krongkaew recognizes the fact that the Sufficiency Economy philosophy itself diverges from mainstream economics and that Sufficiency Economy would not be found in mainstream economics textbooks, but he argues that it is possible to understand Sufficiency Economy within the framework of "economic rationality and efficiency in allocative choices" (Medhi, 2003). The difference between mainstream economics and Sufficiency Economy is "not in type, but in degree or magnitude of economic behavior" (Medhi, 2003). Here we see again the

sentiment that Sufficiency Economy diverges from conventional neoclassical economics by representing a more tame or moderate form of mainstream economic development.

Unlike localism, this strand of Sufficiency Economy does not reject free market capitalism and globalization nor does it explicitly call for de-linking from the global market. Rather, Sufficiency Economy recognizes the reality of Thailand's integration in the global economy but seeks to minimize the negative consequences and meet the challenges and risks associated with economic globalization. Sufficiency Economy does not favor self-sufficiency and isolationism at the national level, but instead encourages harmonious and constructive participation in globalization and liberalization. The 2007 UNDP Human Development Report goes so far as to assert that "Sufficiency Economy is not a rejection of globalization, but rather a means of succeeding in globalization" (UNDP, 2007: 31).

The second stream of thinking delves deeper on a philosophical and ethical level. It draws quite heavily upon moralistic thinking to challenge conventional thinking about mainstream economics and to critique mainstream capitalist development in general, not just excessive mainstream capitalist development. One of the commonly touted tenets of the Sufficiency Economy discourse is that it infuses morals into mainstream economic development. Sufficiency Economy "implies that economics...cannot be separated from more fundamental issues of epistemology and ethics" (UNDP, 2007: 31). This line of thinking challenges the framework of conventional economics by humanizing economics. It has its origins in Buddhism, Gandhian philosophy, and E.F. Schumacher's Buddhist Economics. Although the values of capitalism and Sufficiency Economy may be contradictory – that is, capitalism values competition and self-interest while Sufficiency Economy values compassion and cooperation (Apichai, 2007: 20) – the Sufficiency Economy discourse seeks to restrain capitalism, redefine conceptions of happiness, and limit exploitation of others.

Sufficiency Economy under this stream of thinking draws upon Buddhist economics, which is closely aligned with the localism discourse. Sufficiency Economy can best be described as a middle path between Buddhist economics and mainstream economics (Apichai, 2006c: 68). According to Apichai Puntasen, a prominent scholar of Buddhist Economics, “sufficiency economy provides some concrete solutions” about “how to get away from capitalism once we are still under the control and structure of capitalism” (Apichai, 2007: 20). For Apichai, Sufficiency Economy “changes the method and also changes the mode of thinking and mindset” about development (Apichai, 2007: 21).

Sufficiency Economy attempts to point out the fact that there are different definitions of happiness alternative to the definition of happiness under capitalism. Under capitalism, happiness is defined by wealth accumulation, but under Sufficiency Economy, happiness can be derived from a sufficient and sustainable lifestyle characterized by maintenance of moderate consumption (Apichai, 2007: 21). Therefore, Sufficiency Economy encourages the reduction of individual desire in order to reduce individual consumption.

The King himself has made an effort to redefine the meaning of happiness and disapprove of greed, explaining that “self-sufficiency means having enough and being satisfied with the situation. If people are satisfied with their needs, they will be less greedy. With less greed, they will cause less trouble to other people. If any country values this idea -- the idea of doing just to have enough which means being satisfied at a moderate level, being honest and not being greedy, its people will be happy” (“Self-sufficiency Economy,” 1999). Here, the king defines happiness not as wealth and material accumulation but as satisfaction at a moderate level, honesty, and lack of greed.

In the Sufficiency Economy discourse, it is also implied that controlling one’s own desires has a direct relationship with non-exploitation of others. The King said, “Being self-sufficient does not restrict people from having a lot, or possessing

luxurious items, but it implies that one must not take advantage of others. Everything must be within its limits" ("Self-sufficiency Economy," 1999). The idea of limiting material/economic desires and moderating one's behavior in order to be less greedy is a key contribution of the Sufficiency Economy discourse. In sum, Sufficiency Economy is not a totally new system but it is a system that tries to curtail the power of the market and make people think more, have more common sense, and change their thinking about development (Apichai, 2006c: 68).

**Table 2.2 Different theoretical strands of Sufficiency Economy**

Concept	Explanation
Pursuit of sustainable economic growth	Criticism of unsustainable economic growth, over-investment, over-consumption, increased debt
Humanization of economics and infusion of morals into capitalism	Redefining happiness as non-greed, non-material wealth, contentment with what one has

### 2.2.3 Alignment with sustainable and human development

The discourse of Sufficiency Economy appears to have commonalities and differences with both mainstream development and alternative development of the localism discourse. While Sufficiency Economy can co-exist with the mainstream development discourse, it does draw upon core elements of the localism discourse to critique the dominant paradigm – especially moralistic thinking. If Sufficiency Economy diverges from both the mainstream and localism discourses of development, is there some other development model or concept that Sufficiency Economy aligns more closely with? A common theme in the literature is that one of the central objectives of Sufficiency Economy is sustainable development. Sustainable development as it is conceptualized in the general development literature refers to balancing economic growth with social development and environmental protection.



The 1999 Thailand Development Research Institute (TDRI) Year-End Conference on Sufficiency Economy fleshed out the close relationship between this standard conception of sustainable development and Sufficiency Economy. According to the conference proceedings, Sufficiency Economy "is meant as a guidance to another conceptual approach to development that, like the old route, aims for prosperity, but this time, with equity, stability, and sustainability" (Ryratana, 1999: 6). That is, Sufficiency Economy "does not oppose the creation of wealth and growth. However, growth is not the only contribution to economic development, nor is wealth the only provision of security." Here, it is recognized that other types of security, not just economic security, are important to development (Ryratana, 1999: 7). Sustainable development takes a holistic view of development, similar to how Sufficiency Economy "transcends the economic sphere" by taking into account "political freedom and stability, economic development, social capital, cultural values and traditions, ethics, attitudes, and the environment" (Ryratana, 1999: 7). Viewing Sufficiency Economy as closely aligned with sustainable development implies that Sufficiency Economy does not diverge drastically from mainstream development but can coexist as a philosophy within the mainstream development framework.

Sufficiency Economy is an ally of both sustainable development and human development. Like human development, Sufficiency Economy is focused on building human capacity, stresses well-being instead of material wealth, aims for sustainability, and understands the need for human security (UNDP, 2007: 35). What distinguishes Sufficiency Economy from sustainable and human development, however, is its moral dimension – especially its emphasis on non-greed – and its strength as a guide for decision making at all levels (UNDP 2007: 35). In short, Sufficiency Economy transcends both sustainable development and human development with its value-laden language and moralistic inspiration. According to Sanae Chamrik, "Sufficiency Economy is the core of a new value system and consciousness, new method of thinking, new culture of learning that is based on concrete social principles and is necessary for changing the direction of thinking on development" (Chamrik cited in Apichai, 2006c: 66-67).

## **2.3 Sufficiency Economy in practice**

### **2.3.1 Self-reliant agriculture at the household level**

The principle of self-reliance is central to Sufficiency Economy as a development philosophy. The main goal of self-reliance in the context of Sufficiency Economy is economic security and self-immunity from fluctuations in the market. Self-reliant agriculture is based upon the principle of consuming what you produce as much as possible. Although some farmers have practiced such self-reliant agriculture in the past, in 1994, the King formally introduced the “New Theory of Agriculture” as a strategy for small farmers to decrease their reliance on risky external markets and maintain food security. In practice, the first stage of the New Theory requires small landholders to switch from monocropping to farming a diversity of crops. They are to produce enough to meet the needs of their own families by growing crops and raising animals solely for household consumption, while surplus production can be sold on the market. Other forms of agriculture in line with Sufficiency Economy include all sustainable agricultural systems such as organic farming, integrated farming, and agro-forestry.

### **2.3.2 Community development and self-reliance**

Because self-reliance is the underlying principle for the implementation of Sufficiency Economy (Suthawan & Priyanut, 2004: 20), in addition to self-reliant agriculture, much of the discussion on Sufficiency Economy practice highlights community self-reliance. Community self-reliance does not refer to isolation, but refers to finding ways to best utilize community resources before looking for external support (Suthawan & Priyanut, 2004: 20). Community activities such as community enterprises or co-op based production, community saving groups, and community healthcare systems should ideally lead to increased community self-reliance, reduced cost of living for community members, increased income, or the creation of a

community social safety net (NESDB, n.d.: 5). Community self-reliance is also in line with the New Theory. While the second stage of the New Theory involves the formation of farming cooperatives in order to increase farmers' bargaining power, the third and last stage of the New Theory transforms the cooperatives into manufacturing producers and links these farming cooperatives with national businesses in order to export their products (Apichai, 2006b: 2-3).

The UNDP report hails the Inpaeng Network as a successful case of community development. The Inpaeng Network decided to switch from cash cropping to growing rice for its own consumption. Its community activities now include agriculture, community enterprises (food production and medicine), healthcare, environmental conservation, and education (UNDP, 2007: 38). Other cases of successful community self-reliance and development include the Yamana network and Panapon Networks (UNDP, 2007: 46), as well as the Mairiang Network (Suthawan & Priyanut, 2004: 16-18).

### **2.3.3 Sufficiency Economy as an ethical guide**

Aside from self-reliant agriculture and community self-reliance, Sufficiency Economy can be applied as a "guide for the way of living/behaving for people of all levels toward the middle path" (NESDB, n.d.: 2). Sufficiency Economy governs people's economic motivations, goals and objectives, and behavior, particularly in regards to moderate production, consumption, and investment (NESDB, n.d.: 3). Meanwhile, Sufficiency Economy is premised on ethical and altruistic behavior such as honesty, integrity, perseverance, harmless, and generosity (NESDB, n.d.: 3).

Sufficiency Economy may very well provide an ethical foundation for development, but what is to assure that individuals, communities, organizations, and the national government will put Sufficiency Economy into practice? One of the weaknesses of Sufficiency Economy is that its application is limited by the voluntary

nature of its adoption and practice. Therefore, Sufficiency Economy can provide nothing more than an ethical guide for thinking about development.

## 2.4 Gaps in the literature

Criticism and critical analysis of Sufficiency Economy has been muted, especially among Thai commentators who may be anxious about violating lese majeste laws. Sufficiency Economy's direct association with the King may be preventing open critical debate: "It might make an academic think twice before even picking up this issue to look at... There is a subtle dissuasion for people to look at it [Sufficiency Economy] and voice critical views," said David Streckfuss, a United States academic specializing in Thai political culture (cited in Macan-Markar, 2007). According to Chanida Chanyapate, deputy director of the NGO Focus on the Global South<sup>4</sup>, "Sufficiency economy has never been debated properly, although it is accepted by people who are looking for development alternatives. It is a philosophy, but we need to know what kinds of policies are needed. You need practical criteria to implement it" (cited in Macan-Markar, 2007).

### 2.4.1 The Sufficiency Economy and neoliberalism debate

Sufficiency Economy is criticized by both those with a neoliberal agenda as well as those who are critical of neoliberalism. On the one hand, neoliberal foreign media tend to perceive Sufficiency Economy, in theory, as a rejection of neoliberalism and neoclassical economics. After the Surayud government announced it would be basing its government policy on the philosophy of Sufficiency Economy, foreign media such as *The Economist*, *Newsweek*, *Asian Wall Street Journal*, the *International Herald Tribune*, and *Time Magazine* heavily criticized Sufficiency Economy (Macan-Markar, 2007). These publications interpret Sufficiency Economy to be a nationalist and protectionist rejection of neoliberal globalization. Based on its

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<sup>4</sup> Focus on the Global South is an international NGO with offices in Thailand, India, and the Philippines that "combines policy research, advocacy, activism and grassroots capacity building in order to generate critical analysis and encourage debates on national and international policies related to corporate-led globalization, neo-liberalism and militarisation."

neoliberal agenda, the Economist argues that policies based on Sufficiency Economy would lead to slower growth and therefore less poverty reduction (“Rebranding Thaksinomics,” 2007: 26). The discussion about Sufficiency Economy in the foreign media is heavily politicized due to Sufficiency Economy’s linkage with an undemocratically elected government. On the other hand, critics of neoliberalism such as Giles Ungpakorn perceive Sufficiency Economy, in practice, to be a mask for neoliberalism (personal interview, October 21, 2007). These two seemingly oppositional criticisms point to the fact that Sufficiency Economy may represent a process of ideological co-optation of more radical conceptions of alternative development.

#### **2.4.2 Sufficiency Economy as a conservative ideology that has co-opted radical alternative development**

A more substantial analysis of Sufficiency Economy suggests that Sufficiency Economy might not be as radical or alternative a discourse as it may appear. Reynolds argues that because Sufficiency Economy is associated with the King, who is a member of the elite, this means that Sufficiency Economy is not a radical discourse (2001: 14). Similarly, Connors asserts that “by mobilizing the speeches of the king on ‘sufficiency economy’ and self-reliance, the NESDB, along with other agencies was able to discipline more radical interpretations of alternative development while simultaneously presenting a radical posture during a time of crisis” (2003:11). Preecha Piampongsarn goes so far as to argue that the Sufficiency Economy discourse may be a new instrument of control and domination by the government (“Sufficiency Economy and Global Transformation: Carving out a realistic path toward economic change”, field notes, April 20, 2007).

In an article written for the People’s Party magazine “Turn Left”, the Thai Marxist academic Giles Ungpakorn argues that Sufficiency Economy sounds good in theory, but can be interpreted by elites or anyone to benefit their self-interest. Furthermore, he asserts that because Sufficiency Economy does not contradict free

market mechanisms, it does not propose anything new or alternative (Giles, 2007b: 5-6). These political analyses suggest that Sufficiency Economy may not be a radical discourse if it has been manipulated by or co-opted by the elite.

### **2.4.3 The Sufficiency Economy and social change debate**

Most of the Sufficiency Economy discourse focuses on changing the mindset towards mainstream economic development and happiness, meeting basic needs, and living sufficiently and sustainably. However, there is a contentious debate about the implications of Sufficiency Economy for social change – especially regarding socio-economic and power inequalities.

On the one hand, many Sufficiency Economy scholars and commentators interpret Sufficiency Economy to be an approach for reducing inequalities. Sawai, for one, interprets the king's sayings to imply more pro-poor distribution of wealth (1998: 21). In concurrence with this interpretation, Anand Panyarachun in his opening speech at the 1999 TDRI conference of economists stated: "In the social sector, the philosophy of Sufficiency Economy can also be applied. Income distribution that balances sufficiency between those who have more and those who have less, power distribution that promotes families and societies to become strong, sustainable, consistent, mindful, and rational in their decisions – these are all desirable frameworks for the country's development" (Anand, 1999: 3). The TDRI conference proceedings also claim that uneven distribution of income, land, production capital, health, education, and social services are signs of non-sufficiency and must be addressed (Ryratana, 1999: 7-8).

On the other hand, Preecha Piampongsarn and Giles Ungpakorn accuse Sufficiency Economy of ignoring and accepting inequality. Preecha claims that "in the concept of Sufficiency Economy...there is no mention of any unequal structure of power, property and income...and also no mention of the rights of peasants, labor and poor people" ("Sufficiency Economy and Global Transformation: Carving out a

realistic path toward economic change”, field notes, April 20, 2007). Meanwhile, Giles Ungpakorn interprets the implication of Sufficiency Economy to be that “apparently everyone must be content with their own level of Sufficiency, but as Orwell might have put it, some are more ‘sufficient’ than others” (Giles, 2007a: 11). An article by Focus on the Global South further suggests that “some scholars and activists even shun engagement in the debate for fear of being seen as supporting the coup; they are also troubled by the underlying supposition that if everyone is supposed to find contentment in what they already have, then social struggles are just not on” (Chanyapate & Bamford, 2007). In an interview with Chanida Chanyapate, she further revealed that the urban poor do not support Sufficiency Economy because they view it as keeping them poor (Chanida, personal interview, August 14, 2007). All these criticisms have clearly pointed out the possible contradiction between contentment and social struggle. It is evident that the stance of Sufficiency Economy toward social, political, and economic inequalities is unclear, presenting an opportunity for further research.

## **2.5 Conclusion**

This chapter has provided a comprehensive overview of the theoretical debates and practices associated with Sufficiency Economy. In theory, Sufficiency Economy is about the pursuit of moderate economic growth and infusion of morals into capitalism. Sufficiency Economy in practice involves self-reliant production and consumption at both the individual and community level, as well as using Sufficiency Economy principles as a life guide. Despite the extensive amount of literature published on Sufficiency Economy, there is a lack of literature that critically analyzes Sufficiency Economy. In particular, further critical analysis is needed concerning Sufficiency Economy’s relationship with neoliberalism, its role as an elite ideology that has de-radicalized alternative development, and its implications for social change.