

Thailand: The Rise and Fall of the Sufficiency Economy

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In July 1997, massive capital flight from Thailand precipitated what is now known as the Asian financial crisis. Focus on the Global South was in the thick of the crisis, looking at the impacts first hand from our base in Thailand and analysing the political and economic fallout from every level and angle. Ten years on, unfinished condominiums and abandoned expressways sprouting rusty foliage from pillars of reinforced concrete scar Bangkok's skyline, constant reminders of the crash. But these days, alongside the ruins of 1997, taller, bigger and ritzier apartment buildings are springing up thanks to a new property boom which, like the earlier one, will most probably end in a crash. On the face of it, Thailand does not appear to have learned much in the past ten years. Or has it? In this issue of *Focus on Trade*, Chanida Chanyapate and Alec Bamford look at Thailand's attempts to inject Buddhist principles into economic thinking, replacing the "smirk of capitalism" with the "serene smile of sufficiency economy"[see below]. Also in this issue, Walden Bello looks at how the key players in the crisis – the financial markets, the national governments and the international financial institutions – have fared in the past ten years [1] while CP Chandrasekhar analyses new trends in the global financial system. His conclusions are grim and worrying [2].

Mention the sufficiency economy to your average foreign businessperson in Bangkok and you will likely be met with a snigger, perhaps with the added comment that such concepts go very well with the "sufficiency democracy" promised by the draft constitution and Internal Security Act.

And, despite the Royal imprimatur, it is easy to see why homilies about "not too little, not too much" don't play well with the Big Boys' cut-throat capitalism.

"Annual income twenty pounds, annual expenditure nineteen nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."

That quotation sounds like the sufficiency economy. It is in fact Mr Micawber in Chapter 12 of Dicken's *David Copperfield*. [3] And Wilkins Micawber is one of the great buffoon characters of English literature.

So is the sufficiency economy just a well-intentioned piece of piety with no relevance to the real world?

To say yes, would be to ignore two important facts.

First, although most people know of the sufficiency economy as some kind of oracular ex cathedra pronouncement by HM the King in the aftermath of Thailand's 1997 economic collapse, it is not a piece of conjectural theorizing. Certainly a Birthday Speech from the Throne, consisting of an unscripted monologue by an eminence so respected that his word can barely be questioned, may

well be understood by different audiences in different ways and the debates on the topic have led to various, and contradictory, conclusions.

But HM the King arrived at the sufficiency economy from years of observation of grassroots development projects. The sufficiency economy is a fact on the ground. There are individuals, and communities, and networks, who have for some years now thrived from the practice of the sufficiency economy. [4] And importantly, they thrived through the 1997 economic crisis when many Bangkok businesses went to the wall.

Secondly, the sufficiency economy has a philosophical, theoretical and moral foundation in the principles of Buddhism. An exposition of Buddhist economics is beyond this paper, but let us merely state that many analysts are coming to the conclusion that unlimited growth, unbridled consumerism, and the acceptance of greed as a driving force in the economy are a threat not just to the economic system itself, but to the survival of the planet. And the Buddhist teachings are very clear, and persuasive, on things like greed.

The response of Thai business, academia and the bureaucracy to HM the King's exhortation to espouse the sufficiency economy has often been about as useful as the foreign businessman's snigger.

With much huffing and puffing, the sufficiency economy was incorporated into the National Economic and Social Development Board (NESDB) plans (beginning with the ninth plan 2002-2006). The traditional macro-economic managers of Thailand felt that it reinforced their prudent, if paternalistic, concerns to maintain fiscal balances, exchange rate stability, etc. And once in a while they would issue calls for the private sector to conduct their business in a reasonable, moderate manner, based upon an appropriate foundation of knowledge and virtue. [5] If everyone acted like good boys and girls, then with hard work and perseverance, every thing would turn out nicely.

But a philosophy of 'not too little, not too much' can be comforting for those who have the choice. But the marginalized underclass with no choice but 'too little' can make nothing of this. Enter Thaksin. Whatever lip service he may have paid to the sufficiency economy, his policies drove a coach and horse through it. He raided every government piggy-bank to offer new opportunities to get rich quick through various credit schemes, from all purpose village-level revolving funds to loans for small and medium enterprises. And if that didn't work, the poor could gamble for a windfall on an expanded government lottery. These stimuli worked to accelerate GDP growth during Thaksin's reign, while the sufficiency economy was buried in the NESDB plans that no one bothered to read.

The ability to do almost anything and still call it the sufficiency economy was reflected in studies by organisations from the Thai Farmers Bank to the Stockbrokers Association of Thailand. They patriotically scanned their operations through the prism of the sufficiency economy and, surprise, surprise, found that there was no incompatibility at all. Clearly the square peg of the sufficiency economy could be hammered into holes of all shapes. Any coherent meaning to the sufficiency economy was disappearing into an all-purpose mush.

It was the leaders of the military coup d'état which toppled Thaksin in September 2006 who brought sufficiency economy back to life by enshrining it in the interim constitution. This time the intent was to counter the supposedly excessive spending and risk-taking by the Thaksin government.

The sufficiency economy stopped being a nebular concept that meant everything and nothing and, like the coup itself, became a controversial concept. Prime Minister Surayut Chulanont, in his speech to high-ranking government officials in November 2006, explained that in the past Thailand's headlong leap into the globalization process of intense competition had brought suffering to many

people, so it was necessary to establish an appropriate balance at the national level between the capacity for self-reliance and the ability to compete in the global arena. He also emphasized that practising the principles of sufficiency economy did not mean turning one's back to the world.

Not surprisingly, there was as much resistance to the promotion of the sufficiency economy as there were supporters of Thaksin's expansion of credit for production and consumption, and that was a great deal. Government officials mocked it, saying that it was a justification for not allocating any budget for development work. Thaksin's urban blue collar workers supporters saw it as a policy to keep them poor and backward.

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.

Surayut may have been sincere but his lack of any clear understanding of the implications showed through when he appointed Somkid Jatusripitak, a key minister from the Thaksin government, to be his ambassador to carry the message to the world. Somkid's brief, before he withdrew in days amid howls of derision, was to explain to the world how the sufficiency economy is compatible with globalization. One analyst at the time likened it to hiring Attila the Hun to proselytize on human rights.

It is difficult to reconcile Thailand's current macro-economy with the sufficiency economy. Mainstream economists such as MR Pridiyathorn Devakula [6] may recognize the need to reduce dependence on exports, currently running at about 70% of GDP. This resembles the pre-1997 situation, with the added wrinkle that more of the export trade is now under the management of TNCs. Given that exports pulled the economy out of recession and have been propping it up ever since, it is understandably a difficult task to convince people, not least the TNCs themselves, to think in a different paradigm.

However much policymakers may be blinded by the short-term benefits of as-you-were economic management, the long-term risks of this, and the success of the sufficiency economy at a micro level, point to the need for policy changes.

If nothing else, the space for the sufficiency economy at the micro level needs to be protected. Free trade agreements and proposals for Special Economic Zones are examples of the kind of policy that needs to be measured against the principles of the sufficiency economy, and almost certainly found wanting. Land access and tenure must be made available as a priority to those who want to till it. Equally important are the natural resources that constitute the eco-system – water, forest, biodiversity, and the commons that support agriculture must be protected.

If more attention were paid to what is happening on the ground, if the ideas and principles of those who are already practicing the sufficiency economy were better known, then perhaps the serene smile of the sufficiency economy will replace the smirk of capitalism.

P.S.

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Footnotes

[1] See: [All Fall Down: Ten Tears After the Asian Financial Crisis](#)

[2] See: [Global Finance Today: Déjà vu?](#)

[3] Exceptionally well-informed readers may have noticed that when this speech was delivered by W C Fields in the post-war film version of the novel, it was considerably simplified. Whether this was out of consideration to the attention span of cinema audience of the day, or to Field's inebriated inability to handle long speeches, is not known to the writers.

[4] For examples, and the villagers' own explanations of their principles, see the UNDP's *Thailand Human Development Report 2007*.

[5] The establishment view of the sufficiency economy can be seen in papers available at <http://www.sufficiencyeconomy.org/en/>

[6] Governor of the Bank of Thailand during Thaksin's administration, when he tried as best he could to rein in the worst excesses, Pridiyathorn was made Deputy PM and Finance Minister by Surayud. He resigned in despair at the cack-handedness of Somkid's appointment.