

Talk at the ANU

Understanding Sufficiency Economy and its Applications

Thank you Dr. Funston for your kind introduction.

Before I begin, I would like to thank the National Thai Studies Centre for inviting me to be here to speak on the topic of Sufficiency Economy.

Over the past five or six years, I have been given talks and lectures on this particular topic a number of times and probably is not an exaggeration to say that I almost lost count how many times this talk has been given.

But each time, like magic, I always feel the rush of energy and the fulfillment in doing it. And in fact, for quite some time now that I have been promising to myself that for a talk on Sufficiency Economy, I will find time for it anywhere, any places. Even though it means a long flight to get there, I will find the way. So, when I receive the email from Professor Funston, it was an easy decision to promptly accept the kind invitation from the center.

Today I would like to cover three most important questions that people always would like to know that is (1) what is sufficiency economy (2) how can we apply the concept, and finally (3) how much successes Thailand have thus far in applying the concept?

As for today talk, our main challenge will be the time constraint. I normally give 2 hours lecture on this topic and at the end of the two hours we always feel that there are still several bases left uncovered. So, I try my best today to condense my talk to 45 minutes.

Points to make

I. Introduction

Sufficiency Economy is one of the most misunderstood topics both in Thailand and abroad.

Most thought that Sufficiency economy is about the poor about agriculture.

One of my students recently conducted a survey on how people understand sufficiency economy and met a lady who told her that “she thought that sufficiency economy is about farmers and agricultural sector. When my student pressed the lady further to find out how she came to such believe, she said that how could she conclude otherwise given that every time she see the spot on the television on Sufficiency economy it always have the picture of farmers and farming activities as a backdrop.

Some also thought that Sufficiency Economy is anti-market and anti-globalization. And at one point, Japanese delegate who come to visit our Minister of Commerce, told him that people in Japan thought that Sufficiency Economy means that the we have to be content and doing nothing. Someone also told me that the Singaporeans on the other hand think that Sufficiency Economy mean closing down the economy from outside.

Much of this misunderstanding are of course incorrect interpretation of the concept.

Why is this the case? Why is there so much misunderstanding on this concept?

At this point you may wonder why this is the case? Why is there so much misunderstanding? And I must tell you before hand that this deep misunderstanding happens in Thailand as much as in the foreign countries. So, the root cause is not that foreigners

do not get it but many of Thai also did not understand it well either.

I have been given some thought about this question for a while and at the end come to the conclusion that Sufficiency Economy Concept draws much interest from people but people do not try to study the concept.

In our survey, we found that more than half of the sample spends less than 6 hrs studying the concept. So, what did they do, they usually jump into it and began draw conclusion from the word “sufficiency economy” and start commenting, making judgment on people behavior as well as giving out recommendations on how one should behave according to the concept.

In fact, there was a story that one of the ministry right after the 1997 crisis want to promote the concept of Sufficiency Economy for the general public and especially for the farmers. So, they thought of the idea that to be in line with sufficiency economy means that you have to dig a well since His Majesty once recommend a New Theory of Agriculture that in dry area you should have some water pond for your farming activities and in his example he suggests $\frac{1}{4}$ of the land areas. So, this ministry went all out and tried to dig the well for farmers who participate in the project so that they can live according to the King’s suggestion and even though some of the farmers have their land next to the river and occasionally there has been flood.

Then this should give you as a warning that nowadays in every newspaper there is at least an article on sufficiency economy, sufficient home design, sufficient medicine, sufficient education. And in fact, in this government, most of the projects now has the suffix “...in accordance with the Sufficiency Economy Principles”

You have to really sift through the writing and thing to see what are really reasonable interpretations of the concept and what are not. Then, if you do not have a good grasp on the concept so it is easy to get lost in the jungle of these articles and commentaries.

For me, I think the best place to start to spend your time on several of His majesty's speeches on 4 December to those who come to wish him a happy birthday. I think 1998, 1999, 2000 are a good place to start.

In fact, the very first time I began my studies as part of the team that has been assigned to conduct an in-depth study the economic content of the Sufficiency Economy concept, I spend some time reading his majesty own words on the concept and then try to compare the concept with what we know very well that is the framework of neoclassical economics, and the result has been quite revealing.

To give you further detail on the comparison let me begin by give you the definition of Sufficiency Economy. In fact you may ask at this point "what is Sufficiency economy"?

What is Sufficiency Economy?

In the contrary to most people understanding, Sufficiency Economy Concept is not new. His Majesty has been talking about this concept for a long time since 1974. A concept that he conclude from his extensive experiences from his visits to his subjects around the countries from villages to villages, where he saw some families that are doing poorly and some families that were doing well.

Then the crisis in 1997 has given a new birth to this very topic and it came to be known as sufficiency economy.

On that day, most of the Thai people feel despair with the crisis and did not see the way out and his majesty made his observation that one of the root cause of the crisis is the excesses of the people and of the business that we are not “pau peing” too much greed, too much excess so much so that we are vulnerable to shocks.

Interestingly, after the speech on 4 December 1997, people got confused about sufficiency economy.

Do we have to be self-sufficient? If that so, does that mean that we have to grow the vegetables that we eat? Some villages even go further and try to make their own soap and shampoo. Some also concern about their most cherished brand-name products does following sufficiency economy means that they have to give up their Luis Vetton’s hand bags, Bally’s shoes, Calvin Klien’s Suits? And do I have to leave my nice home and start living in the cottage?

Of course, the answer to all of these concerns is a “No”. In his birthday speech in 1997-1998, his majesty already tried to clarify these points but somehow it never catch on. It seems that the idea of “self sufficiency” is so much easier to grasp and remember and so people seem to remember sufficiency economy concept as being “self sufficient”. And the misunderstanding grew as time passes by and now I remember that after the new government took f office, Japanese delegates went to talk to the Minister of Commerce and then tell him that Sub committee

1. What is sufficiency economy then?

Definition

Story of Dr. Chirayu on 3 components

How is it related to the concept that we understand well such as neoclassical economy?

How is it related to the concept that we understand well such as development economics?

- Emphasis on the foundation building

¼ of your actions

II. Application of Sufficiency Economy

- Definition in Action
- How can one apply sufficiency economy to or life?
- Appraisal of the progress thus far

(1) Application to Our Daily Living

Examples - Purchasing Decision

- Sufficiency Club

- บ้านพอเพียง

(2) Agricultural Sector

Problem of fail development in the agriculture sector

New theory as a way out and application of the Sufficiency

Economy Principles

Success stories (video if time allow)

What is being done at this point?

Misunderstanding – Drilling Well

What do we want to achieve – Growing together อยู่ดีกินดี

Taksinomics and Sufficiency Economy

(3) Business Sector

Most difficult applications of all
Misconception about not borrowing
Cautious expansion
Thinking about others
Good Risk Management

This shows that Sufficiency Economy can coexist with the market system.

Other consideration - Good Corporate Governance
CSR

How about the government?

What is Macroeconomics Policy under Sufficiency Economy
3 layers of applications
Some problems of implementation on the government policy
with Sufficiency economy being add to the
How about the recent government policies on 30% reserve
requirement and foreign business act?

III. Appraisal of the progress made thus far - Looking back at the past 5 years and looking ahead

Caveat about following from a far because we must admit that we are in the experimental mode and trying to implement the concepts into the economy.

Success in Agricultural Sector
Success in getting people to become aware of the concept
but still not the right understanding – Survey

Also we put the emphasis on teaching and instilling the concept since young age. Same things as instilling saving culture. But it is a war with consumerism but we are gaining ground. Success in getting the debate going – in fact a little bit too much Limited success in business sector Some successes in some of the government policies design but more have to be done.

**Sufficiency economy as the new approach to development
what do we hope for?**

A work in progress – not more – but with great promise
A philosophy for people to find the meaning for themselves
A framework that can work within the market system
A new alternative to development

Well, I believe that I have already used up my allotted time. And I hope that over the last 45 minutes the concept of sufficiency economy and its applications has become clearer and several questions that you have your mind got answered.

I also hope that you will share our enthusiasm that this concept of sufficiency economy is really worth thinking about and it may one day in fact provides developing countries around the world as an alternative approach to development that will really leads us to what his majesty refer to ความสำเร็จอย่างแท้จริง or a “true success” in development.

Thank you.

I am quite honored to be here today to share with you my personal opinion on the concept of Sufficiency Economy which

over the past 6 months has been one of the topics on Thailand that received much interest from those in Thailand and aboard.

In fact, from my personal opinion the topic is probably one of the most talked about topic in Thailand up until two days ago that it has been surpassed by the most immediate decision by the constitutional tribunal court to dissolve the largest party of Thailand, the Thai Rak Thai party.

