



SUFFICIENCY ECONOMY PHILOSOPHY

Ajarn Chol Bunnag
Faculty of Economics
Thammasat University

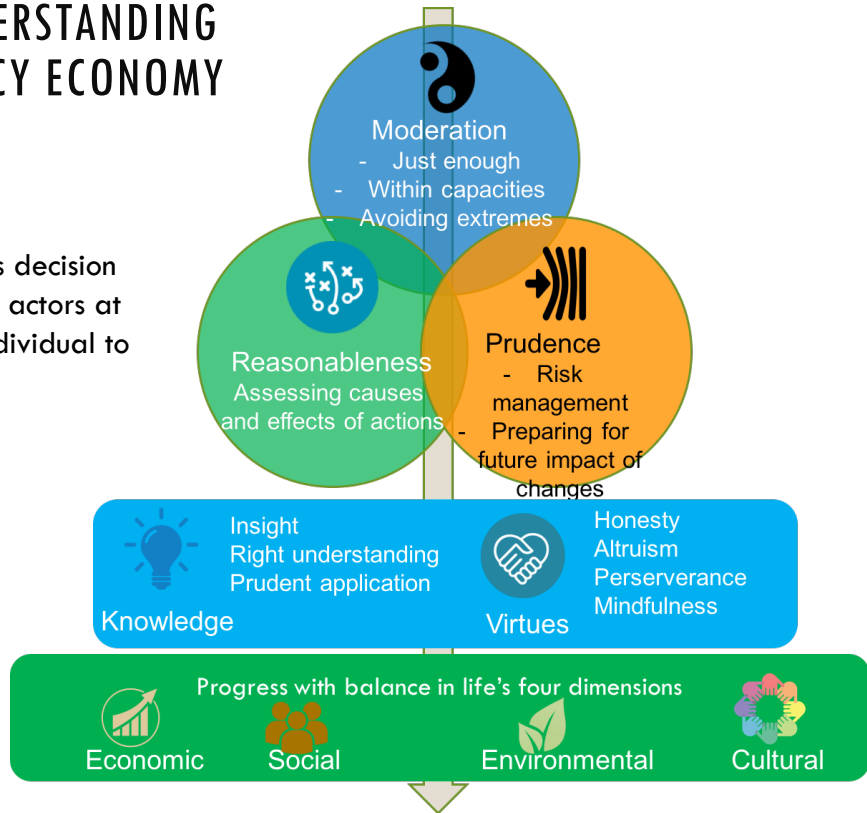
OPENING QUESTION

What is on your mind?

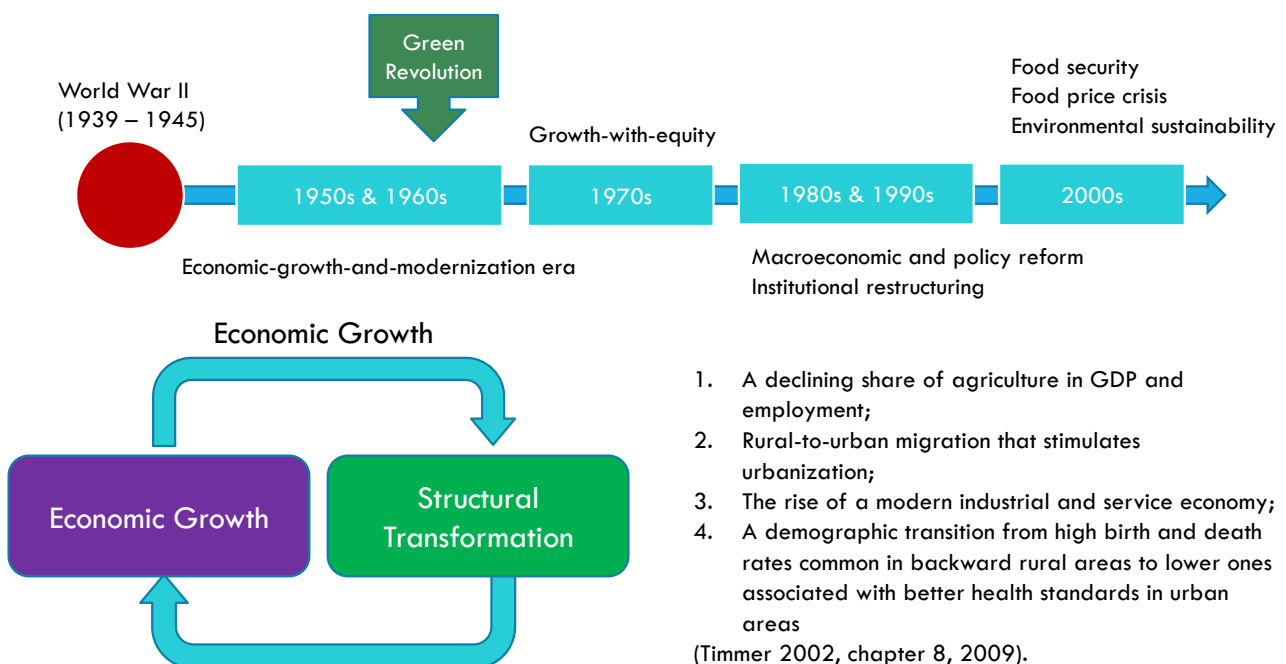
“Sufficiency Economy Philosophy”

GENERAL UNDERSTANDING OF SUFFICIENCY ECONOMY PHILOSOPHY

Principle that guides decision making of economic actors at every level, from individual to national levels.

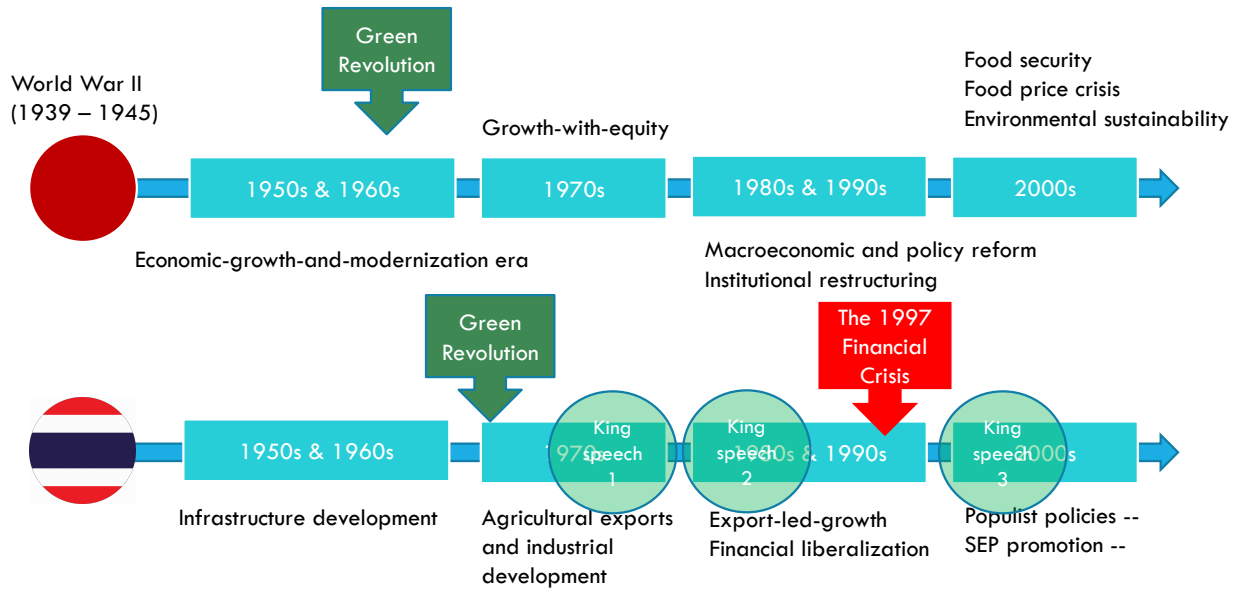


SEP IN DEVELOPMENT CONTEXT



1. A declining share of agriculture in GDP and employment;
 2. Rural-to-urban migration that stimulates urbanization;
 3. The rise of a modern industrial and service economy;
 4. A demographic transition from high birth and death rates common in backward rural areas to lower ones associated with better health standards in urban areas
- (Timmer 2002, chapter 8, 2009).

SEP IN DEVELOPMENT CONTEXT



THE KING'S SPEECH (2517 B.E.)

The King's speech given in the graduation ceremony of Kasetsart University (1974)



“...การพัฒนาประเทศจำเป็นต้องทำตามลำดับขั้นต้องสร้างพื้นฐานคือ ความพอดี พอกิน พอใช้ ของประชาชนส่วนใหญ่ เป็นเบื้องต้นก่อนโดยใช้วิธีการและใช้อุปกรณ์ที่ประหยัด แต่ถูกต้องตามหลักวิชาการเมื่อได้พื้นฐานมั่นคงพร้อมพอควร และปฏิบัติได้แล้วจึงค่อยเสริมความเจริญและฐานะเศรษฐกิจที่สูงขึ้นโดยลำดับต่อไป...”

“...Country economic development needs to be done step-by-step. Starting with making sure that majority of the population have access to food and other necessities, using methods and equipment that are economical but right by academic principle. Once this goal is achieved, we then aim for higher economic status and prosperity...”

(unofficial translation)

THE KING'S SPEECH (2517 B.E.)

The King's birthday speech (1974)

“...คนอื่นจะว่าอย่างไรก็ช่างเขา จะว่าเมืองไทยล้าสมัย ว่าเมืองไทยเชย ว่าเมืองไทยไม่มีสิ่งที่สมัยใหม่ แต่เราอยู่พอมี พอกิน และขอให้ทุกคนมีความปรารถนาที่จะให้เมืองไทยพออยู่พอกิน มีความสงบและทำงานตั้งจิตอธิษฐานตั้งปณิธานในทางนี้ ที่จะให้เมืองไทยอยู่แบบพออยู่พอกิน มีความสงบ เปรียบเทียบกับประเทศอื่นๆ ถ้าเรารักษาความพออยู่พอกินนี้ได้ เราก็จะยอดยิ่งยวดได้ ...”

“...Don't mind what people say. They can say Thailand is outdated, old-fashioned, not-modernized. But we have enough to eat and all basic necessities. I hope everyone wishes Thailand to have all the basic needs and peace, and works and prays in this line of thinking, to make Thailand sufficient and peaceful. If we can preserve this sufficiency, we can be even grater. ...”

(unofficial translation)



THE KING'S SPEECH (2523 B.E.)

The King's new year speech (1980)

“...วิถีทางดำเนินของบ้านเมืองและของประชาชนทั่วไปมีความเปลี่ยนแปลงมาตลอด เนื่องมาจากความวิปริตของวิถีแห่งเศรษฐกิจ สังคม การเมือง และอื่นๆ ของโลก ยากยิ่งที่เราจะหลีกเลี่ยงให้พ้นได้ จึงทำให้ต้องระมัดระวัง ประคับประคองตัวเรามากเข้าโดยเฉพาะในเรื่องการเป็นอยู่โดยประหยัด เพื่อที่จะอยู่ให้รอดและก้าวหน้าต่อไปได้โดยสวัสดิ์...”

“...Country's development path and people's livelihood have been changing all along because of the abnormality of global economic, social and political situation, which is inevitable. This means we need to be careful and sustain ourselves by having frugal livelihood for our survival and progress...”

(unofficial translation)



THE KING'S SPEECH (2540 B.E.)



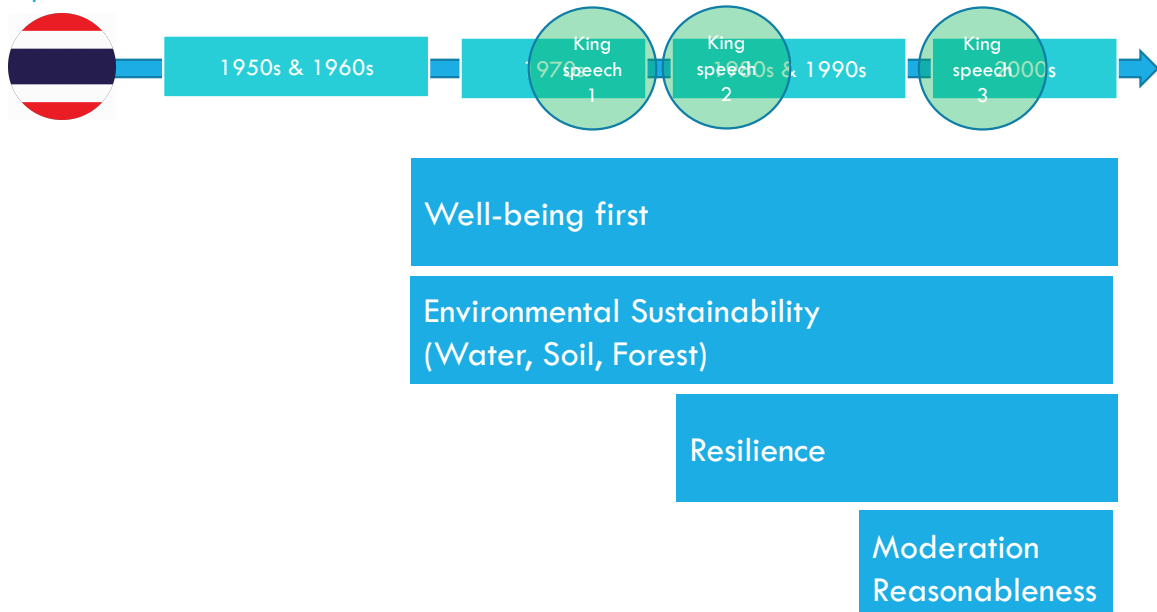
The King's birthday speech (1997)

“...ความจริงเคยพูดเสมอในที่ประชุมอย่างนี้ว่า “การจะเป็นเช่นนั้นไม่สำคัญ สำคัญอยู่ที่เรามีเศรษฐกิจแบบพอมีพอกิน แบบพอมีพอกินหมายความว่า อุ้มชูตัวเองได้” ให้มีพอเพียงกับตัวเอง อันนี้ก็เคยบอกว่า ความพอเพียงนี้ไม่ได้หมายความว่า ทุกครอบครัวจะต้องผลิตอาหารของตัว จะต้องทอผ้าใส่เอง อย่างนั้นมันเกินไป แต่ว่าในหมู่บ้านหรือในอำเภอจะต้องมีความพอเพียงพอสมควร บางสิ่งบางอย่างที่ผลิตได้มากกว่าความต้องการก็ขายได้ แต่ขายในที่ไม่ห่างไกลเท่าไร ไม่ต้องเสียค่าขนส่งมากนัก...”

“...In fact I used to say this in this event that “being Asian Tiger is not important. What important is we have sufficient economy, which means we can support ourselves. I also said that sufficiency does not mean that every family has to produce food by themselves, weaving clothes for themselves. That is too much. But in a village or a district needs to be sufficient at some degree. Some products that you can produce more than what you need, you can sell. But sell in a nearby market, not wasting too much transportation cost. ...”

(unofficial translation)

SEP IN DEVELOPMENT CONTEXT



SEP IN DEVELOPMENT CONTEXT

- Sufficiency Economy as “Growth-with-Equity”
- Sufficiency Economy as “Bottom-up Development Approach”
- Sufficiency Economy as a response to mainstream global development approach
 - Vs Growth Oriented Development
 - Vs Global economic and political fluctuations
 - Vs The 1997 Economic Crisis



SUMMARY

The Sufficiency Economy:

The economy that is self-reliant, resilient, and immunized to shocks.

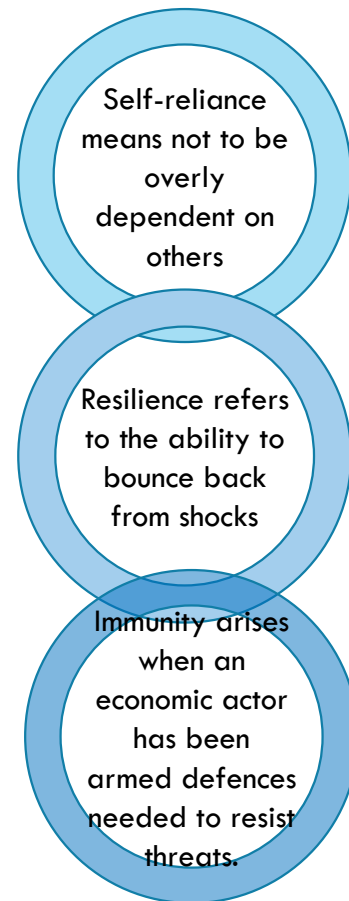
“Sufficiency economy as “Self-sufficiency” (at individual level) is not what I have in mind. What I have in mind is “Self-Sufficiency of Economy”. For instance, if a person wants to watch TV, you should let him, not limiting him from buying TV. He wants to watch it for fun. ... Having TV and being extravagant is like people with no money cut a suit and wear Versace necktie. This is too much.” (2001)

Explanation of Sufficiency Economy Philosophy given by H.M. King Bhumibol, at Klai Kung Won palace, on January 17th 2001

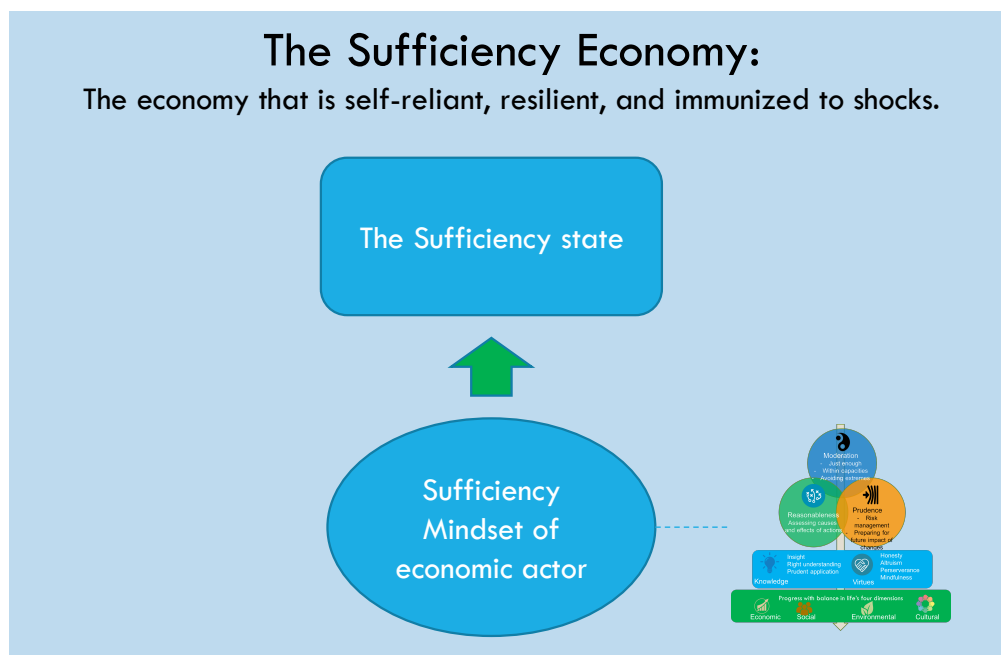
SUFFICIENCY ECONOMY

The (system of) sufficiency economy is **a set of national values, principles, systems and institutions** that provide the economic, environmental, social and cultural frameworks and conditions that allow and ensure that 'sufficiency' is within reach of all. ...

The **Sufficiency Economy** is characterised by self-reliance, resilience, and immunity.



SUMMARY



DEFINITIONS OF BASIC CONCEPTS OF SEP

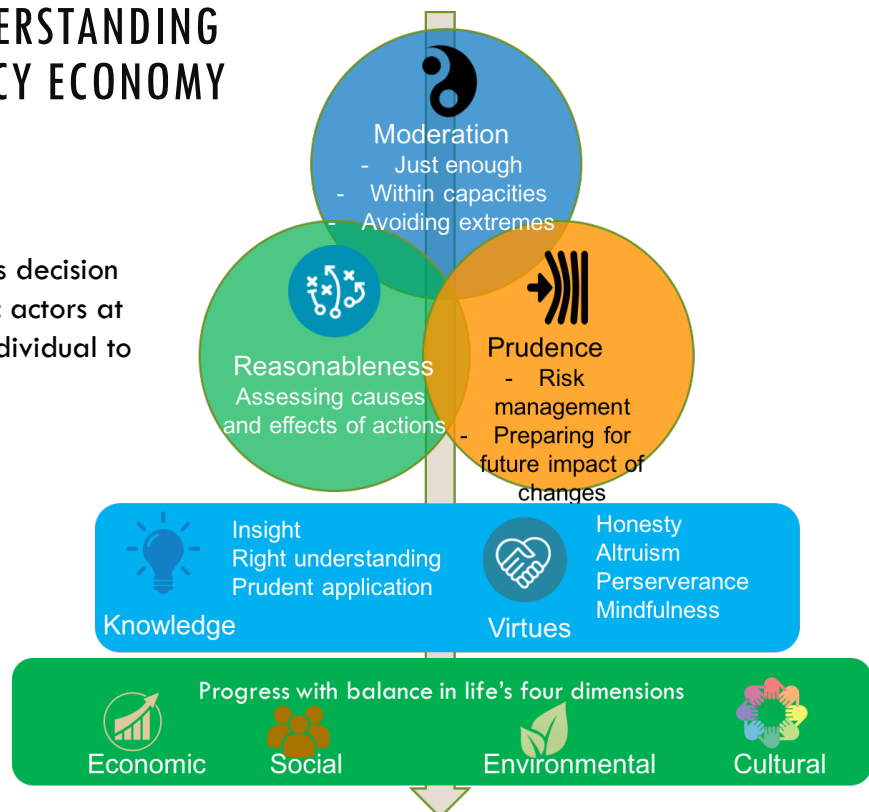
Sufficiency describes a state of being that enables individuals, families, organizations and nations to enjoy, at a minimum, a comfortable existence and, if conditions permit, a reasonable degree of luxury that balances economic, social, environmental and cultural conditions

The sufficiency mindset

engenders wise decision-making that is characterised by moderation, reasonableness, and prudence.

GENERAL UNDERSTANDING OF SUFFICIENCY ECONOMY PHILOSOPHY

Principle that guides decision making of economic actors at every level, from individual to national levels.

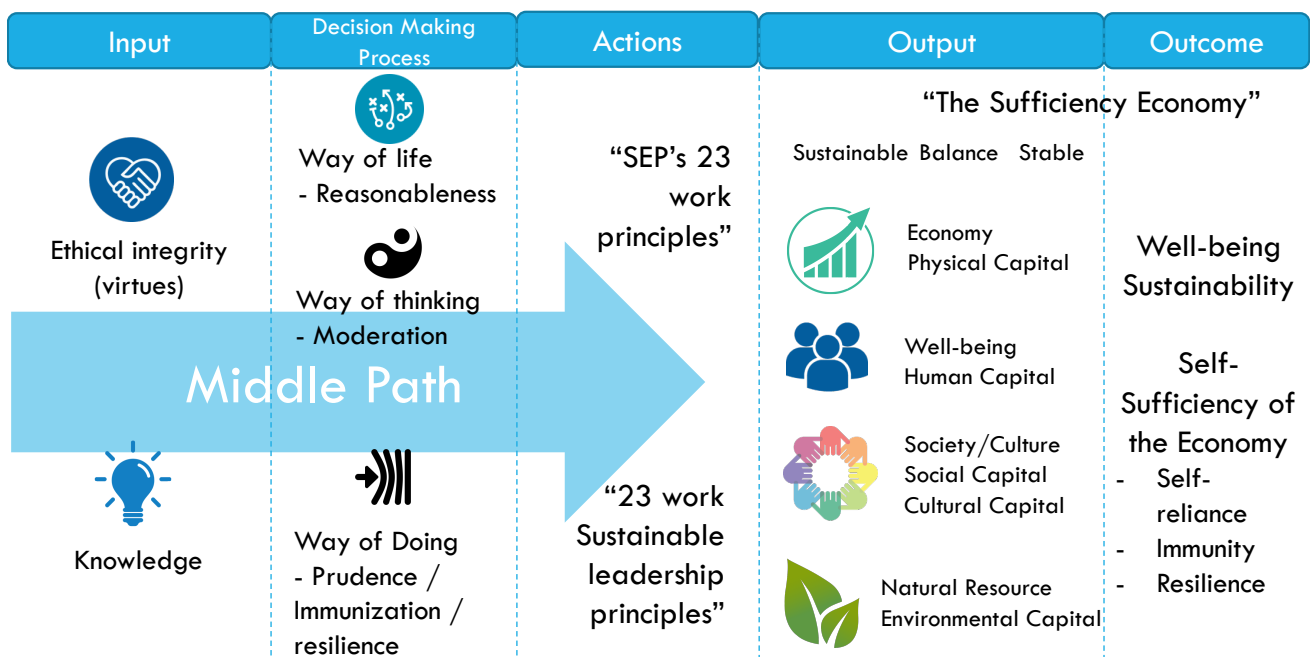


DEFINITIONS OF BASIC CONCEPTS OF SEP



SUFFICIENCY ECONOMY PHILOSOPHY AS A PROCESS

Adapted from
Apichai Puntasen 2555 and
Avery and Bergsteiner 2016



GENERAL CRITIQUES

Theoretical Critiques

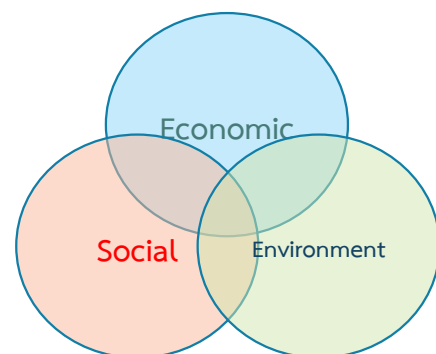
- Too individualistic and ignoring structural problems
- Not addressing inequality and poverty problem
- State propaganda to maintain the inequality and prevent clash between social classes.

Application problems

- Applicable to only agricultural sector ?
- Applicable to those with certain amount of asset but not for the poor.

SUFFICIENCY ECONOMY PHILOSOPHY AND CONCEPT OF SUSTAINABLE DEVELOPMENT

The late king's SEP is aligned with Sustainable Development concept, considering social, economic, and environmental aspects.



Puntasen (2555) version of SEP as a process is aligned with the idea of Strong Sustainability.

Strong Sustainability

SUSTAINABILITY



What is sustainability?

- The endurance of systems and processes

Definition of Sustainable Development

- *“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*
- The Brundtland Report (1987)

SUSTAINABILITY

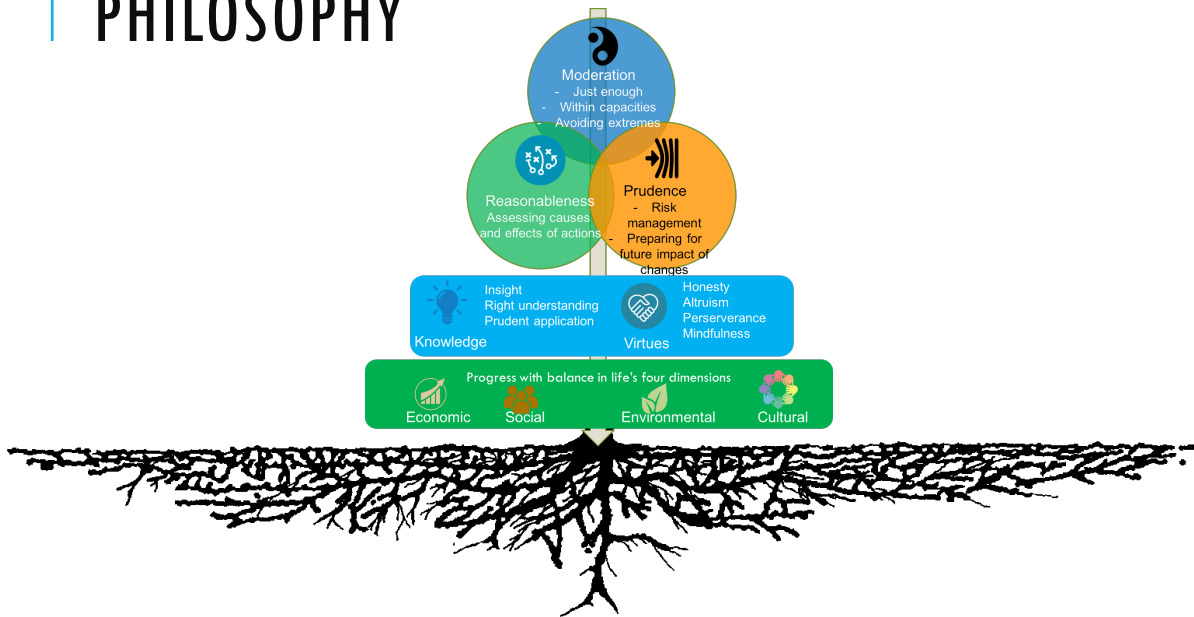
Strong Sustainability

- The Pigovian doctrine: curtailing the flow of negative by-products from production through the use of charges.
- Series of activities must be arranged in order to eliminate all negative impacts.
- The cumulative negative impact is zero in the long run.
- Once certain practices are corrected, things will remain in a *steady state* into the indefinite future.

Weak sustainability

- Based on Solow's constant-consumption model
- Society's consumption remains in a steady state while its pattern of input use is changing.
- 5 kinds of capital: Natural, Financial, Produced, Human, and Social
- While stock of one capital (for example, natural capital) is depleted, other kinds must be developed or increased in order to maintain the society's consumption.

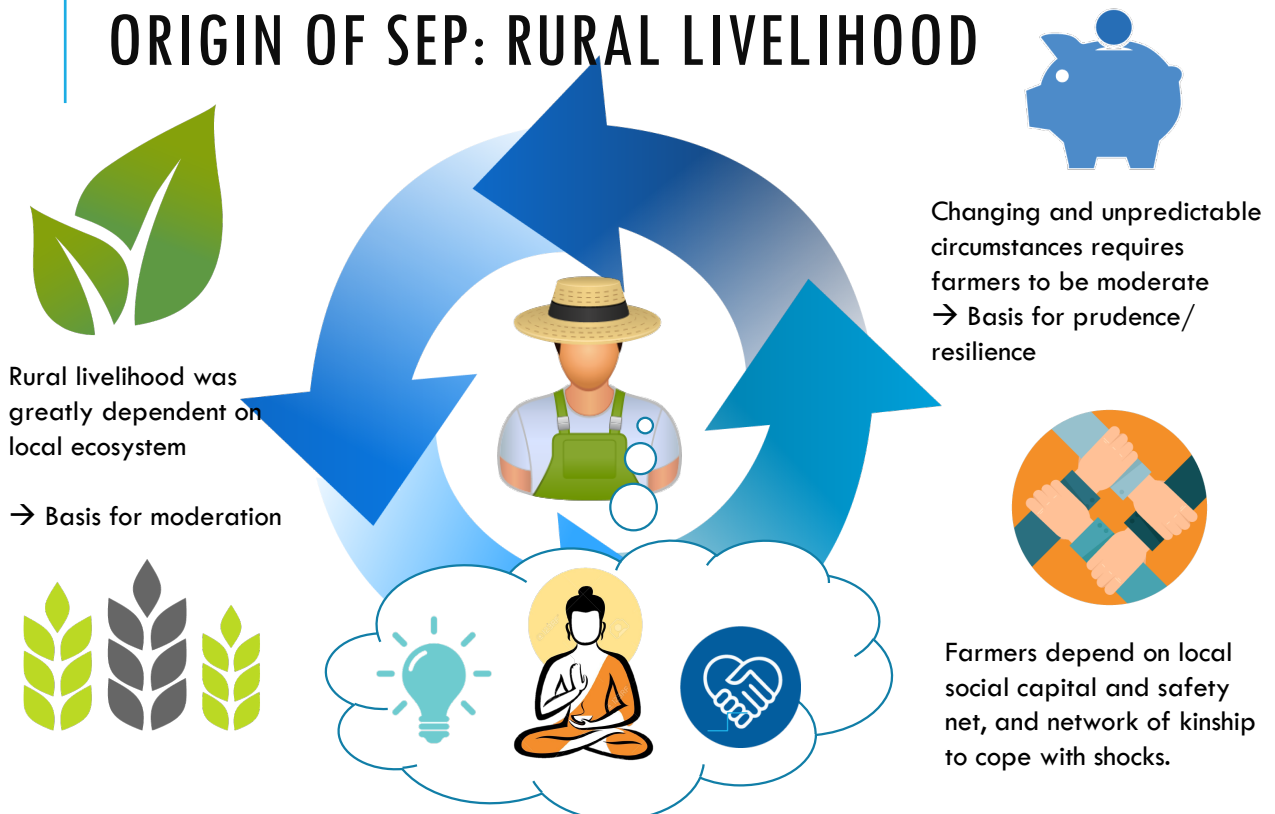
ORIGIN OF THE SUFFICIENCY ECONOMY PHILOSOPHY



Culture of Thai Local Communities

- Buddhism /local believes / institutions
- Agricultural and Rural Life

ORIGIN OF SEP: RURAL LIVELIHOOD



Rural livelihood was greatly dependent on local ecosystem

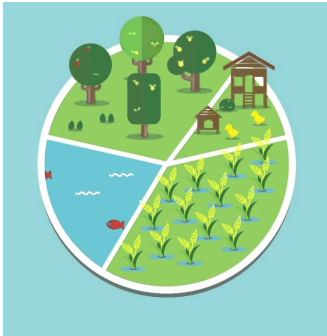
→ Basis for moderation

Changing and unpredictable circumstances requires farmers to be moderate
→ Basis for prudence/resilience

Farmers depend on local social capital and safety net, and network of kinship to cope with shocks.

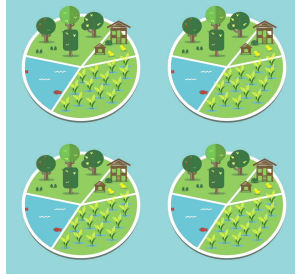
APPLICATION FOR AGRICULTURAL SECTOR: NEW THEORY OF AGRICULTURE

STEP 1



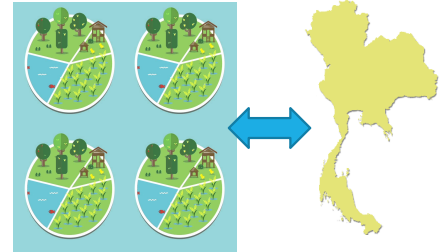
- Agricultural production
- Household consumption
- Income source
- Resilience to drought

STEP 2



- Cooperatives for agricultural products
- Other non-farm activities
- Local welfare systems

STEP 3



- Expansion of market for local product
- Cooperation with external organizations and institutes

APPLICATION FOR BUSINESS SECTOR



บ้านอนุรักษ์กระดางสา

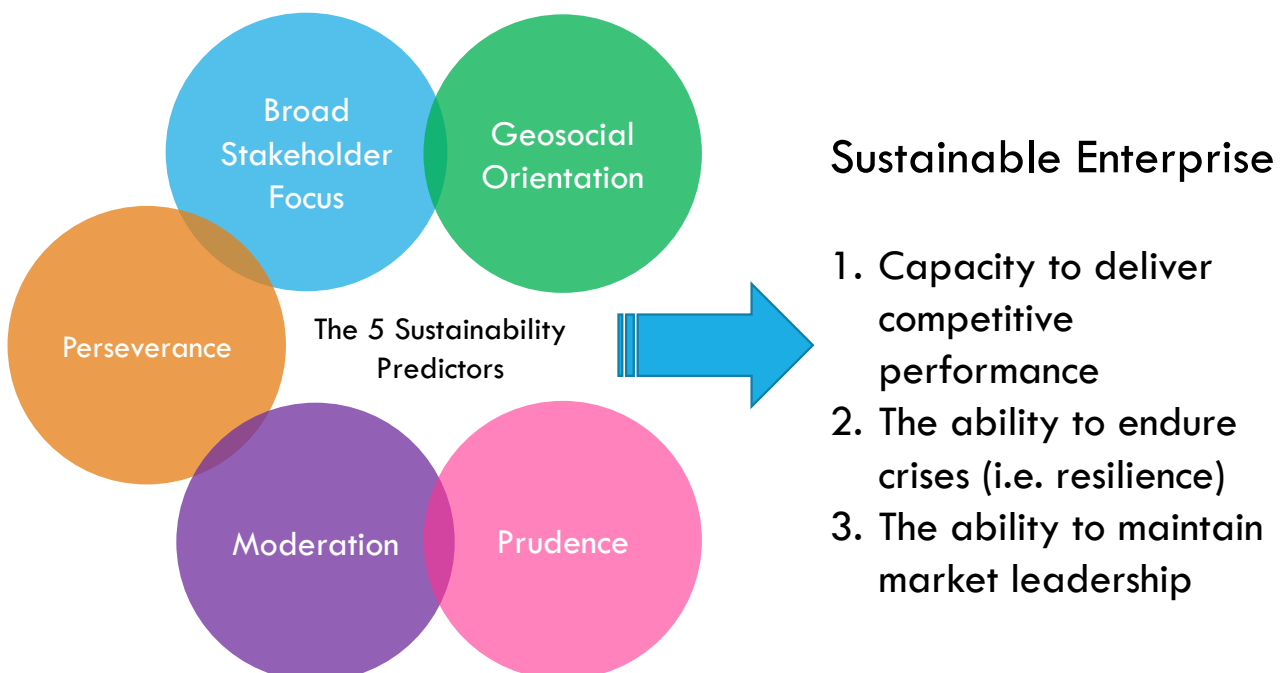


SOME INTERESTING FINDINGS

Puntasen (2003) – 296 Thai Small- and Medium-sized enterprises (SMEs) that survived the 1997 Financial Crisis.

- Efficient use of resources
- Inexpensive but technically sound, technology
- Careful planning of manufacturing consistent with their capacity
- Managing with low risk
- Concern for their employees
- Concern for other stakeholders
- Employment creation (no unnecessary replacement of human labour by technology)

THE 5 SUSTAINABILITY PREDICTORS



APPLICATION TO MACRO-POLICIES

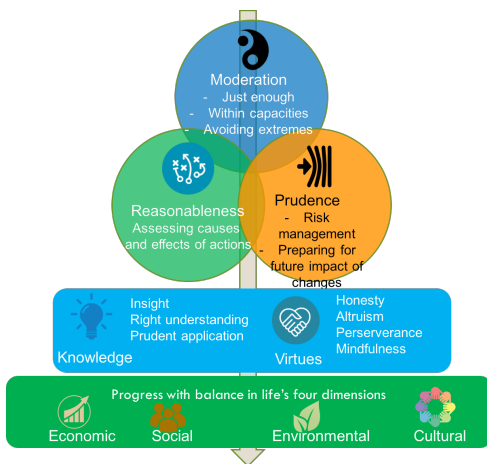


Cultivating Sufficiency
Mindset in Thai Schools

Sufficiency in Thai
Healthcare

Sufficiency in a Prisoner
Development Program

SEP AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)



THE GLOBAL GOALS

For Sustainable Development



SEP AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Apichai Puntasen 2555

