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THAILAND'S SUFFICIENCY ECONOMY AND AGENDA 2030 SHOWING THE WAY FORWARD FOR SUSTAINABLE DEVELOPMENT?

REPORT



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Economic development based on moderation and sustainability could alleviate some of the discontent brewing in the world, Thailand's most prominent international trade expert said.

"Nationalistic trends are increasing and have been exacerbated around the world," said **Supachai Panitchpakdi**, who was formerly Director General of the World Trade Organization, Secretary General of the UN Conference on Trade and Development and a Thai deputy prime minister. "But there is positive lining to some of these difficulties – if they lead to an effort to find a new moral compass."

One such guide could be Thailand's Sufficiency Economy concept – the subject of a Friends of Europe Policymakers' Lunch on 8 December 2016. The Sufficiency Economy emphasises moderation and development from within, and applies to a range of fields, including finance and trade. But its most notable successes have been in rural development, where it encourages a focus on small-scale agriculture, appropriate farming technologies and sustainable use of water.

The ideas behind the Sufficiency Economy are strongly linked to the late King Bhumibol Adulyadej, who died in October 2016. They were then developed by actors in Thai society, ranging from academics to businesses and government agencies. Fundamental to the Sufficiency Economy is a measured economic development that improves the welfare of the majority of the population.

"One of the King's enduring legacies will be the concept of the Sufficiency Economy," said moderator **Shada Islam**, Director for Europe and Geopolitics at Friends of Europe. "We have to change the way we live and consume."

GROWING WITH ORDER AND MODERATION

In the late King's thinking, it starts with honesty, generosity and feelings for other people, Supachai said: "The King was against people doing things that would harm fellow human beings." First, knowing what you are investing in and promoting: being conscious, or mindful. It is also essential for people to be honest on a personal level, and for governments to be transparent and respect the rule of law. Extreme actions should be avoided – so that, instead of turning into another Asian "tiger" economy, Thailand should aim to make its people happy and let them live good lives. Rather than moving with the herd – as people do increasingly under the influence of social media – people should act using insight they gain through knowledge and wisdom. Finally, resilience is important, which means always looking at the downside of actions. "Whatever you do, you have to have sufficient protection," said Supachai. "Every day, in living, you are going through some risk."

One problem was that poor farmers in the north of Thailand were producing opium as a cash crop in order to secure their livelihoods. Instead of simply trying to eradicate this practice, the King looked for other sources of potential income. "He went into hills to talk to people about how they could live without growing poppies. What kind of crops could replace opium?"

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Alternatives such as rice were the solution, but the King was against planting several different crops of rice each year, as this would make farmers dependent on variations in the international price of rice. So the quality rather than the quantity of rice was emphasised, as were other crops, such as apples and strawberries.

As a result, Thai farmers have been able to make the most of limited resources, Supachai said. “Poor farmers in Thailand are poor, but compared with 20 years ago there is a difference. Their houses are better built. Their toilets are better built. Instead of mosquito nets, they have screens.”

THE CRISIS OF GLOBAL CAPITALISM

The Sufficiency Economy idea is particularly intriguing because of the current worries over the state of capitalism worldwide. Though the financial crisis no longer looms as it once did, concerns over economic collapse have been replaced by discontent over inequality. In fact, the problems of global capitalism had already been aired by UN Secretaries General in the past, said Supachai. “People talked as if it was a rising tide that should lift all boats,” he said. “But Kofi Annan said it lifts only the yachts – and sinks the smaller boats. Then Ban Ki-moon mentioned the complaints about people working on Wall Street – and said that at the UN, we are working with people who have no street to walk on at all.”

Recently, many analysts have pointed to the role of one of the main remedies used to stabilise the financial system after the crisis: quantitative easing. “This has injected liquidity into the system, but without other places to go to, it goes to areas like money markets and stock exchanges which can absorb liquidity easily,” said Supachai. “Funds injected into the economy end up making asset owners richer than before. Quantitative easing has helped create more riches for the elite everywhere in the world. Inequality has increased, and people are now expressing their concerns. There is a question mark over whether the market mechanism works well for everyone.”

The year 2016, in particular, has focused attention on populist protest against globalisation and inequality, with some electorates grasping for reactionary measures – such as the British vote to leave the EU and Donald Trump’s victory in the US presidential election. “There are different books and reports in the last months pointing out that this is an alarming period for the world,” said Supachai. “There is a tendency towards extremists. These are the kind of issues that need to be tackled at global level.”

Unfortunately, he said, world leaders are not doing enough to address the issue, including at the Group of Seven summit in May. “At the G7 in Japan, instead of talking seriously about the global malaise, they were skipping over the surface, talking about the lack of growth in the world. They didn’t invite China to join this debate. We need to find our moral compass.”

SUSTAINABLE DEVELOPMENT AS A GUIDE

That said, democracy and market capitalism appear to be the least-bad systems available now. One framework that could help them work more effectively is the UN 2030 Agenda for Sustainable Development, adopted in 2015. In fact, this agenda has a lot in common with the values of the Thai Sufficiency Economy. The UN Agenda's 17 Sustainable Development Goals call for new development models to end poverty and hunger, improve health and education and protect the environment. "Agenda 2030 will bring people closer together so that we can share in the benefits of globalisation," Supachai said. "But it is not only about economic balance. It is also about mindset. You have to believe in living together. If we believe in the 17 goals, we can find a way out of this malaise."

Greater cooperation between the West and Asia could contribute to the world, and the West should do four things.

"The rise of Asia is positive, and it should be accepted by the West," said Supachai. "But it is not recognised around the world. We agreed 10 years ago to reform the World Bank and International Monetary Fund, and have Asian economies share in the management of the world economy. But the United States was opposed, and Europe did nothing. They should allow Asians to take more responsibility."

Second, the West should stop being paranoid about China, Supachai said. One of the reasons the United States was promoting the TPP – the Trans-Pacific Partnership trade agreement among 12 Pacific Rim countries, but excluding China – was to counterbalance Chinese influence. "The Obama administration people said, 'If we don't do this, the Chinese will make the rules.' But this is impossible. China is part of the global value chain. They are not going to make any rules. They would love to be taken up in the international community of rules and regulations."

A third point is to stop regarding technology mainly as something to guard against intellectual property theft. Instead, technology should be shared – for example technology that can help slow down global warming. "People said that technology is for the market, not for governments," said Supachai. "But with more technology sharing, the climate change agreement would have been better implemented."

The West also has a lot to learn from Asia in education, as the top positions for maths, science and reading in the OECD's Programme for International Student Assessment (PISA) are dominated by East Asia. At the same time, Asia should perhaps adopt a less rigid educational system, something it could learn from the West, Supachai said.

One framework that could help democracy and market capitalism work more effectively is the UN 2030 Agenda for Sustainable Development.

LESS DEPENDENCE ON THE US

Though Trump's election victory has not been welcomed in much of the world, it might have a positive side. Trump called on the United States' allies to do – and pay for – more of their own defence, a demand that is not unreasonable, said Supachai. "Asians should be paying for themselves, as should Europe," he said. "Why should the US be spending 60 or 70 percent of the cost of NATO for Europe? And paying to protect Japan and Korea? I think there is a grain of truth behind this. Asians must learn to do some things themselves, so I think this is a plus. This is a positive thing."

That does not mean that Asian countries should rearm; instead they should learn to gain economic power peacefully. "The problem at the moment is that they are not doing this," he said. "They are investing heavily in armaments. At the moment In Asia trade in merchandise is slowing, but trade in armaments is doing very well. It would be a good thing for the US to say: 'You take care of yourselves.' If the US is going to be less involved, it is a good thing."



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