



❖ Editorial ❖

Agribusiness Lobby and Market Competitiveness

We spotlight the influences on public policy in this issue. The essential function of a policy is to protect and advance the welfare of society. "Welfare" as a social concept is defined by the International Institute for Sustainable Development (IISD) as the existence of the essential conditions for security of life, pursuit of livelihood, access to nutritious and adequate amount of food, state of good physical and mental health, and the freedom and ability to engage in rewarding social relations and economic transactions. Ideally, policy benefits everyone in an equitable manner. Pragmatically, policy optimizes the benefits, tries to minimize the cost of its implementation, and compensates losers. But when policy is crafted or implemented to favor a segment of society, the principles of equity and fairness take the backseat to one or two opportunistic behaviors: rent seeking and corruption.

Rent seeking by agribusiness giants, as well as organized or allied groups along the value chain is a central theme of the book reviewed in this issue "**Agricultural Policy, Agribusiness, and Rent-Seeking Behaviour**" by Andrew Schmitz, Charles B. Moss, Troy G. Schmitz, Hartley W. Furtan, and H. Carole Schmitz. The result of rent seeking is invariably a second-best policy or worse. But it is a more complex issue than simply policy becoming influenced or, to use an indelicate term, "hijacked" by an interest bloc for their own benefit (which thus tends to exclude the rest of society) through lobbying. Lobbying can take various forms such as contributing to campaign funds to a party or a politician, committing political support in an election, and other means. Lobbying can be productive if government decision makers are better informed than they would otherwise be without a lobby. On the other hand, there are institutions in a country whose mandate includes informing government and the public of the effects or possible impacts of a policy such as the Thailand Development Research Institute (TDRI), for instance, and the numerous universities.

We invited Prof. Tongroj Onchan, senior agricultural economist and policy analyst from Kasetsart University, now senior advisor of Mekong Environment and Resource Institute (MERI) to review the book. Prof. Tongroj notes how the book is able to incorporate

welfare economic theories, public choice theories, new institutional economic thoughts, and real policy examples from the U.S., the E.U. and Canada. This second edition (2010) discloses several agricultural policies of these three countries that have influenced agricultural policies in many other countries and touched upon contemporary issues such as biofuel, obesity and genetically modified organism, which have rarely been analyzed in other agricultural policy books. The review emphasizes the importance of rent-seeking behavior and how agribusiness strongly influences public choices. The article “Agricultural Policies in the Next Decade: A Global Perspective” by Andrew Schmitz, the main author of the book, appeared in Vol.18 No.1 of this journal. It ventures to explain agricultural policies in developing countries such as India, China, and Thailand.

Research and development in rice has been repeatedly revealed by numerous studies, including this study “**Total Factor Productivity of Main and Second Rice Production in Thailand**” by Waleerat Suphannachart of Kasetsart University. The study found that TFP has generally been the main source of growth for both main and second crops; TFP growth has been declining in recent years, particularly of the main crop. The results suggest public investment in research and adoption of high-yielding rice varieties are the key to sustaining long-term growth of both the main and second crops. The author pointedly writes the R and D allocation on rice research is much less than the allocation for the rice pledging scheme.

“**An Analysis of Petroleum Fiscal Regime in Thailand**” by Puree Sirasontorn and Napon Suksai of Thammasat University reveals that the country’s petroleum regimes are not flexible because only one set of fiscal instruments is applied and these cannot be adjusted to either the context of project fields and operation or the uncertainty in petroleum price. Government revenue is based only on the royalty and petroleum income tax while neighboring countries, whose sharing system is based on production and the project contracts granted according to types of petroleum and exploration as well as production areas, receive more.

Did the vendor say you could return your smart phone if it had any defect or you were not satisfied with the quality? The study “**Product Return Behavior of Modern Retail Consumers**” by Woradee Jongadsayakul of Kasetsart University found that most people

had incorrect understanding of the return policy conditions. Almost three-fourths of the respondents received defective products or were dissatisfied with product quality. The following factors positively affect the buyers' chances to exchange/return the products: 1) they buy frequently from modern retailers, 2) they know of the return policy, 3) they have information on the return policy prior to the purchase, 4) they frequently experience getting defective or poor quality product, and 5) the cost of travelling to exchange or return the product is low.

The ASEAN Economic Community is scheduled to be formally implemented in 2015. It is envisioned to lead to the next phase, the ASEAN Union with a common currency to facilitate transnational transactions. In order for member countries to be able to effectively use this common currency, the countries must have compatible economic variables, according to the optimum currency theory. The purpose of this study "**Response of Economic Variables in ASEAN-5 to U.S. Economic Growth**" by Channarong Chaiphat of Bangkok University was to examine synchronicity of economic variables in ASEAN-5 as a result from shock in U.S. economy. The findings reveal that the real GDP growth will have a decreasing response to the shock while exchange rate will have an increasing response. Some economic variables like consumer price index and real interest rate do not have synchronicity.

The study "**Competitive Advantage in Tourism of Southeast Asian Countries**" by Akrapong Untong of Chiang Mai University, found that Cambodia, Laos PDR, Malaysia, Thailand, and Vietnam had competitive advantages in regional tourism. In other words, these countries gain the surpluses more than that of the region's. Thailand had the highest, but declining specialization in Southeast Asia. Malaysia had the highest specialization growth rate followed by Cambodia and Singapore.

We also invited Dr. Ayut Nissapa of Prince of Songkla University to review the book "**Econometrics of Tourism**" (in Thai) written by Dr. Akrapong Untong of Chiang Mai University. The book is mainly based on the author's numerous researches in applying econometric tools on tourism issues.