



Editorial

The Value of Valuing Resources

A dugong habitat, a historical site and a free trade agreement. Although diverse in their attributes and purposes, studies of these bring to focus what policy sometimes overlooks: the real value of natural and, in the case of the historical park, cultural resources.

The study of the seagrass area in Libong Island in Trang Province, which is also a habitat of dugongs, placed the gross value of the fishery resource harvested from the area at around 12.7 million baht per year and the net value at 7.9 million baht per year. The seagrass bed thus provides a high economic value for society and the factors found to affect the value are patterns of travel to the seagrass bed, household expenditure, training on and then participation in coastal resources and seagrass bed management in the island. This economic valuation highlights the importance of developing a resource use and conservation policy for the area that actively involves the community, which would maintain or enhance the resource for the people's livelihood. Involving the community that benefits directly from the resource would avoid what Geoffrey Heal has pointed out in "Nature and the Market Place" about valuation and conservation: "Valuation is neither necessary nor sufficient for conservation. We conserve much on which we do not place economic value, and we do not conserve much that we value economically."

Conservation and proper maintenance of a cultural resource such as a much-visited historical site, which the Ayutthaya historical park is, often depends on the budget for maintaining the park, a part of which comes from tourist entrance fee. Setting the proper amount depends on the perception of users, the tourists, as reflected in their willingness to pay (WTP). The study by the NIDA School of Development Economics determined the entrance fee to Ayutthaya historical park using the contingent valuation method (CVM) to estimate foreign tourists' WTP for restoration and management. Using two types of questions, they found WTP values that turned out to be higher than the current entrance fee of 50 baht. The mean WTP was 143.94 baht/person/visit from the dichotomous choice and 150.86 baht from the open-ended questions.

The study on tourism by the Public Policy Studies Institute, Chiang Mai University, evaluated the influence of seasonality and seasonal concentration of domestic and international tourists arrivals. The study found that the tourist season in Chiang Mai was 9 months, which is longer than the commonly believed 4-6 months. Seasons had no effect on the changes in the number of tourists. Local tourists caused a higher seasonal concentration than the foreign tourists but the diversification of tourism patterns of both Thai and foreign tourists reduced the seasonal effects. The results suggest that increasing the market share of foreign tourists would reduce the seasonal concentration. The tourism sector is advised to promote various activities and develop new markets in the low season targeted at foreign tourists. This would promote a more efficient use of tourism resources.

The evaluation of the impacts of researches on biological control in agriculture found that their benefits to society were in the form of dissemination of knowledge to the public, technological development, and direct economic impacts of the projects. Two researches, for example, generated net benefits of, respectively, 3.7 million baht and 0.5 million baht from higher crop yields. These researches have already justified the investment without accounting for savings in farmers' medical cost from not having to use pesticide, which long term impact on health might be expected.

The last article points to the need to factor in the cost of using the nation's natural capital in trade. Thailand has entered into free trade agreements (FTA) with India, China, Australia, New Zealand and Japan. The study assessed and compared the benefits from and costs of the FTA using the outputs from computable general equilibrium (CGE) analysis. The analysis, which covered 25 export and import items and 9 components of the associated environmental cost, showed that Thailand obtained a favorable balance in economic value of 2.25 million baht, and an unfavorable balance in environmental value of -2.44 million baht. The economic and environmental gains or losses from the FTA varied according to the type of commodity traded and the country of destination and origin. The finding suggests a reselection and revision of items traded with each partner on the basis of economic and environmental gains and losses.

The review of Jeffrey Sach's "Common Wealth: Economics for a Crowded Planet" highlights Sach's suggestions to solve economic, social and environmental unsustainability; the roles of public, private and NGO sectors in fixing, and how much it would cost to fix, each type of millennial challenge; actions and policies to protect biodiversity, reduce fertility and child mortality, and steps

to end the poverty trap; and eight actions each citizen can undertake. The review referred to the previous Sachs best seller “The End of Poverty: Economic Possibilities for Our Time” which explains why the wealth of nations has diverged so much, how economic poverty leads to poor governance, and which integrated solutions (agricultural technology, microcredit, treated nets to protect people from malaria) could help the least developed countries surmount their problems in the next twenty years. The reviewer thought this earlier work contained more original and powerful ideas to achieve sustainable development. He recommends “Economics for a Crowded Planet” to “thinking people from all disciplines, no more to economists than to anyone else”. In light of the reviewer’s comments, this Journal also recommends “The End of Poverty”.