



❖ Editorial ❖

Editorial Introduction

On behalf of the new editorial team, I am pleased to present Vol. 27 No. 1 of the *Applied Economics Journal* (AEJ). This issue consists of six research papers and a book review covering economic issues in relation to agricultural cooperatives, monetary union, business cycle fluctuation, determinants of economic development, banking-growth nexus, behavioral bias, and trade and industrial policies. All of them provide empirical evidence and implications that are relevant to academic research and policymakers in both Southeast Asia and other developing countries.

The first paper by Luu Tien Dung, titled “A Multinomial Logit Model Analysis of Farmers’ Participation in Agricultural Cooperatives: Evidence from Vietnam,” provides empirical evidence that has important policy implications for enhancing agricultural efficiency. Its findings are in line with those of previous studies on developing countries that factors influencing farmers’ participation in agricultural cooperatives are educational level, farm size, access to credit, social network, extension services, and distance to input/output markets. Lessons learned from Vietnam can also be shared with other developing countries.

The second paper, “Economic Feasibility of Malaysia and Singapore-Brunei Monetary Reunion: A Scrutiny During Major Financial Crises” by Chee-Heong Quah and Yew-Joe Ho, examines the feasibility of Malaysia rejoining the monetary union with Singapore and Brunei. It applies the theory of optimum currency areas and the nominal convergence criteria assessing the costs and benefits of joining a monetary union, particularly during the Asian Financial Crisis and the U.S. subprime-caused Global Financial Crisis. Key findings also have implications for monetary policies in other countries interested in monetary integration.

For the third paper, Taheri et al. examine the fluctuations of the business cycle using Iran as a case study and compare it to developed countries (the United States, the United Kingdom, and Canada). This paper, “Business Cycle in Some Selected Oil Producing Countries: Iran versus Three OECD Members,” aims to test whether or not the level of economic development

matters for business cycle fluctuation. Interestingly, the results indicate an inverse relationship between countries' level of development and the amplitude and slope of business cycle fluctuations.

The fourth paper, "Alternative Variables for Geography and Institutional Structure: European Colonies and an Evaluation of Sub-Saharan African Countries," examines the reasons for differences in economic development among countries. Salih Barisik and Kubilay Ergen explain that geography and institutional structure are the key factors determining differences in economic development. Interestingly, the malaria index is shown to be a proxy for the geography of sub-Saharan African countries, while the population density in 1500, the settler mortality data, and the dummy for British colonies can be alternative variables for institutional quality differences.

For the fifth paper, titled "Causal and Dynamic Link Between the Banking Sector and Economic Growth in Pakistan," Saeed et al. investigate linkages between the banking sector and economic growth using a panel cointegration and panel causality approach. The results confirm the vital role of financial development in growth, both in the short run and the long run. Implications for banking regulatory authorities can also be shared with other emerging countries.

The sixth paper by Thunwar Phansatarn, titled "Behavioral Bias in Choosing Between Post-Paid and Pre-Paid Mobile Internet Plans in Thailand," is written in Thai. A logit model was applied to the nationwide mobile internet users survey data. While controlling for service attributes and user characteristics, the results show that the two controlled factors have an impact on the choice between a post-paid and a pre-paid plan. Users tend to choose the post-paid over the pre-paid plan, although the first costs more. The behavioral bias of mobile internet users is thus evident in the case of Thailand.

Lastly, Professor Hermanto Siregar from IPB University has kindly reviewed a new book entitled *The Indonesian Economy: Trade and Industrial Policies* for the journal. The book review will be useful to readers interested in the Indonesian economy and issues related to export specialization, industrialization, the global value chain, competitiveness, foreign direct investment, innovation, and related policies.

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