Applied Economics Journal Vol. 21 No. 2 (December 2014): i-ii

ISSN 0858-9291

Editorial

Historical Inequality, Economic Growth and Short-Run Economic Fluctuations

Applied Economics Journal Vol.21 No.2 (December 2014), is honored by international economists to have opportunities to present their book reviews. First, “The aggregate production function and the measurement of technical change: Not Even Wrong” is reviewed by Wolfgand Eicent. This book is extremely powerful. It demonstrates a noteworthy viewpoint on the aggregate production function. On the other hand, the environmental economists may be thrilled with the review of “Economics of the Oceans: Rights, Rents and Resources” by John Lynham. This book examines the issue and provides a comprehensive study of ocean uses from the perspectives of law and economics using microeconomic theory.

In this issue of Applied Economics Journal, we proudly present the article reflecting on using our history as a lesson for current policy to reduce the disparity. Arayah Preechametta from Thammasat University (Thailand) analyzes the causalities of economic inequality of farmers residing in the region of upper Chao Phraya basin during 1782 to 1855. He analyzes the critical impact of socioeconomic status such as the rental scheme for state land, the power being monopolized by state over foreign trade, and interaction between patron and peasant under the feudal system in regional productivity differences in Siam. The study suggests that farmers worked inside and outside the area of upper Chao Phraya basin earned different income. Policy makers must always keep this in mind and the disparities must be considered with the nature of the economic structure, political and social context in it.

In today’s world, Thailand must compete with other countries to increase its own income. Many service sectors play major roles especially in Thai tourism. Thailand is one of the most popular tourist destinations in the world and tourism creates substantial revenues for the general public. Akarapong Untong from Maejo University (Thailand) attempts to determine the contribution of tourism industry to business growth. Using Johansen test, ARDL bounds test and Granger Causality test, his study shows that Thailand’s tourism growth was sustainable. Akarapong provides an interesting feedback that the government should emphasize on increasing the standardization of all tours in Thailand, rather than investing in physical aspects alone.

In the midst of the globalization in all countries around the world, we are essentially connected. Changes in policies in one country will affect others. Thailand is a small country; it would be undoubtedly affected by policies of the United States of America. From the article written by Jirawat Jaroensathapornkul from Srinakharinwirot University (Thailand) using a two-country real business model, the variability of sudden changes in technology results in a higher level of volatility of business cycles, in comparison to that of the United States of America.

Also in this December edition, Pisut Kulthanavit and Thanyakorn Bunnag from Thammasat University (Thailand) reports the nominal exchange rate variation and the variation of commodity prices in selected countries. They found that the volatility of the exchange rate among these countries would raise the world commodity price variation for hard commodities (e.g. fuel and metal). As a result, it would then increase the actual market prices of commodities in the world market. The result could be beneficial to the fuel and metals exporters. The volatility of the exchange rate therefore should be monitored accordingly.