

## **Editorial Introduction to the First Issue of TRESP**

*Thammasat Review of Economic and Social Policy (TRESP)* is our newly constructed biannual double-blind peer reviewed international journal published in June and December. It is the result of long-term planning and preparation by a dedicated team at the Faculty of Economics, Thammasat University. As the Editor-in-Chief, I am pleased to announce the launch of our inaugural issue this December. The establishment of this journal would not have been possible without the support and assistance of our learning community at the Faculty. The journal covers a set of wide-ranging issues with national and regional interests: from the impacts of, for instance, demographic changes, inequality and welfare, healthcare, education, and migration on socio-economic issues, to broader topics such as development, international finance, trade and investment, macroeconomic instability, public finance and issues arising from economic and political integration.

This inaugural issue presents four policy-oriented articles on the forefront issues widely discussed in today's global finance. In the midst of increasing litigations under international investment agreements, the first article titled "International Investment Agreements: Implications for Public Policy" provides an updated assessment of the implications of international investment agreements for the conducting of public policy. It is clear that the provisions of these agreements have significant impacts on the conduct of policy, of particular concern being the conduct of public welfare policy. The article highlights four main ways in which governments globally are trying to deal with the issue. The most prominent path appears to be a reform of the

Safeguards provision. The policy choices to be undertaken by the government with regards to international investment agreements must balance the interests of public welfare, as well as those of foreign investors should they be desired.

Turning to a more market-oriented perspective, the second article, “Financial Regulation as an Adjustment Screw in the Transformation of Global Capital Markets,” discusses the potential opportunities arising from the situation that the financial regulation could serve as an adjustment tool for the international financial system. The recent global financial crisis has highlighted changes in the global capital market, as well as exposing faults in the international capital regulation. The crisis made abundantly clear that there needs to exist a functioning and transparent environment for financial regulation. This article calls for a different attitude and approach in the devising of regulation to take a more embedded ‘adjustment screw’ approach which takes into account lessons learnt from previous crises.

The Third article, “Balance of Payments Constrained Growth in Thailand: 1980-2010,” examines the case of Thailand through the viewpoint of the demand-oriented approach by testing Thirlwall’s Balance of Payments Constrained Growth Model (BPCG) in both its original and extended form. The article estimates the income elasticity of demand for imports, and growth. Taking into account the effects of the 1997 Asian financial crisis, the validity of Thirlwall’s laws were tested. The major finding is that Thailand’s growth has been constrained by its balance of payments. The article asserts that the high degree of dependency on international trade does not necessary imply that the country should focus solely on trade liberalization. Instead, policy makers should take into account the country’s long-term export abilities, and contrary to the theory of comparative advantage, should move away from agricultural

products and other similarly unsustainable natural resource-based exports.

The forth research article “Mitigating of Financing Constraints in the Thai Banking System,” investigates the progress of mitigation of financing constraints for business enterprises and households in Thailand since the aftermath of the Asian Financial crisis in 1997. It contributes to examining the role of banking innovations and the development of banking system in easing constraints. The article indicates that financing constraints for the corporate and household sectors have gradually eased after the 1997 crisis in terms of price, quality and quantity. The evidence is present in the data of business firms such as lower collateral to loan ratio, lower difference in interest rates offered by banks, higher SME credit to GDP ratio and shorter loan approval process. Econometric analysis confirms progress in the mitigation of financing constraints for Thai SMEs. This owes to newly developed banking innovations, improved working procedures, better risk management, marketing and channels to serve customers. Moreover, improved rules and regulations coupled with the development of innovations create competition, which contributes to the relaxation of constraints for firms and households.

Looking further ahead to our second upcoming issue in June 2016, we still welcome additional policy-oriented research papers touching on the theme ‘*Social Welfare Policies in Developing Countries*’. Particularly, the disparities, for instance, in education, healthcare and development that trouble our society for a long time are problems that we have long seek to solve. In this regard, most communities made efforts toward raising the standard of the well-beings and increasing access to quality education and health services. The Faculty of Economics, Thammasat University and the Editorial Team of TRESP seek to provide an effective platform for reflecting policy-oriented

perspectives that links the academic and policymaking community. Having devoted to our ‘knowledge-for-all’ philosophy, driving our society forward, the Faculty decided that TRESP published under an open access model. For further information and updates on this journal, or to submit an article, please visit our website at [www.tresp.econ.tu.ac.th](http://www.tresp.econ.tu.ac.th).

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