

## **Editorial Introduction**

Since the beginning of 2020, the spread of COVID-19 has impacted people from all walks of life with varying degrees of magnitude and dimension. For Thailand, domestic demands are constrained, especially in the sectors related to tourism. Following the re-opening of the cities from several shut downs, small and medium enterprises (SMEs) will have to adjust substantially. Business models need considerable modification to suitably meet the post-COVID-19 demands. This also implies the urgency of government assistance on the purchasing power as well as efficient policy measures to ensure subsistent funding for sustainable recovery.

This issue contains a well-diversified combination of quality research findings that have important policy implications. Specifically, in this issue, we are honoured to begin with the invited article, “Synergizing Economic Growth and Financial Stability: The Role of Banking Institutional Setup in Thailand” contributed by Somprawin Manprasert and Kongphob Wongkaew. This is a timely investigation of the Thai banking system and its role in the Thai economy. The authors examine the lending pattern of the corporate credit market in Thailand, comparing it with lending patterns across different groups of countries. They find that banks in Thailand appear to be risk-averse and are providing insufficient credit to SMEs and to businesses for investment purposes. They believe that this has led to a divergence between the banking sector and the real economy.

As a result of their research, the authors suggest that it would be beneficial for banks, and for the economy, if the banking system were to put greater emphasis on financial inclusion in the form of increased lending for investment and to SMEs. The authors argue that banks would benefit from diversifying their portfolio, and in turn, as firms are equipped

with better tools for economic and financial risk management, the broader economy will be more resilient to shocks. Using the example of French banking in the 1980s, the authors advocate for regulation to ensure that the Thai banking sector is more competitive, and that market power is more equally distributed among banks. This, the authors believe, along with greater emphasis on financial inclusion, should lead to a competitive and innovative banking sector better able to support the Thai economy.

The second article, “Technical Efficiency of Private Clinics Under Universal Coverage Scheme in Bangkok, Thailand” by Pimpitcha Kangyang and Paitoon Kraipornsak looks at the performance of private clinics which have partnered with the Government of Thailand to provide healthcare under the Universal Coverage Scheme. The article measures the technical efficiency of private clinics under the scheme and attempts to identify the factors which affect efficiency using a Tobit regression model. Existing data on 88 private clinics operating in Bangkok under the scheme were examined. The findings show that a majority of clinics were performing at or near the efficiency frontier. Efficiency in this case is defined as the number of outpatient visits and health promotion and prevention visits given staff costs, operating expenses, and building and equipment expenses.

The authors then employed a Tobit regression model to identify the factors which had the most impact on efficiency. The research finds that the most significant factor on efficiency is the health supporting staff ratio. The authors suggest that, in order to improve the level of health care offered under the scheme, clinics operating at or near the efficiency frontier as identified in the paper should consider expanding their operations. Moreover, clinics should also increase the health supporting staff ratio.

The third article, “How Subjective Well-Being and Physical Health Are Linked: Mediation Analysis” by Prompong Shangkhum and Dusanee Kesavayuth, analyse the effects of physical activity, social interaction, smoking, alcohol consumption, outdoor tasks, and volunteer or charity work on physical and mental health. In particular, the authors look at how such activities affect physical health and subjective well-being. The paper proposes a mediation framework which attempts to analyse the relationship between subjective well-being and physical health. The analysis employs thirteen waves of Household, Income and Labour Dynamics in Australia (HILDA) Survey. Particularly, the analysis employs individuals who have participated in all thirteen waves of the survey to account for the possibility that individuals suffering from poor mental health may self-select to drop out of the survey.

Using extensive and detailed data, the authors estimate a random effect and fixed-effect panel regressions in order to identify the direct and indirect effects of the mediators of subjective well-being and physical health. The results show that there is a significant relationship between mental health and physical health, with physical activity being the main mediator, suggesting that happy people tend to engage more often in physical activity which positively influences their physical health. Building on this result, the authors suggest that, in the interest of public health, governments should pursue policies that promote physical activity to directly improve physical health, and indirectly through its positive effect on mental health.

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The next issue, Volume 7, No. 2, onwards also welcomes our new Editor-in-Chief, Dr. Pornthep Benyaapikul.

Euamporn Phijaisanit  
Editor-in-Chief