Guiding economic policy during the ongoing crisis

GPS professor Krislert Samphantharak served at the ‘center of economic policymaking’ at the Bank of Thailand during the COVID-19 pandemic

Though professor Krislert Samphantharak was on academic leave from the UC San Diego School of Global Policy (GPS) from 2019-2021, he has been anything but idle. During the two-year span, Samphantharak served as an executive director of the Puey Ungphakorn Institute for Economic Research (PIER), a research unit at the Bank of Thailand.

Samphantharak said the experience in the leadership role helped him to be more well-rounded for policy-relevant academic research, from data to analysis and to policy implications and implementation.

“Being at the center of economic policymaking during the COVID-19 crisis was a once-in-a-lifetime experience,” Samphantharak said. “It gave me an opportunity to put research into policies and at the same time gave me new perspectives on how to conduct academic research that is relevant and impactful to the real world – and what to teach GPS students to help them prepare for a career in the rapidly changing world.”
Samphantharak’s research since his time as a Ph.D. student 20 years ago has been on risk and insurance – an issue that COVID-19 brought further to the forefront, he said, in examining how households and firms cope with risk and uncertainty, especially during rare and unexpected events.

“If any, COVID reinforces my conviction that high income for households, high profits for firms and high growth for the macro economy are not the only objective when we study or prescribe development policies,” Samphantharak said. “Resiliency is also very important, especially now that we live in a world that is more volatile and uncertain than in the past.”

Some of Samphantharak’s recent research focuses on small and medium enterprises (SMEs) and how to support SMEs in developing economies – an endeavor that has many challenges, he said, as many SMEs are in the informal sector and are difficult entities on which to gather data.

“Many policies that try to help SMEs also create adverse consequences because they create an addiction to government assistance,” Samphantharak said. “How do we incentivize SMEs to become formalized so that they comply with government regulations and are eligible for necessary government assistance, such as during times of economic crisis?”


Samphantharak also studies market power, or a lack of competition, and the
influence that has on firm behaviors. His research has found that firms that enjoy market power domestically are less likely to export because they do not have incentive to go abroad and compete in more competitive global markets.

“There is a conventional wisdom that when firms enjoy monopoly power and do not have to compete, they do not have incentive to innovate and to be efficient,” Samphantharak said. “In addition, when they enter foreign markets, they rarely survive, suggesting that they are not very efficient. Doing well at home does not mean doing well outside.”

This finding has important implications, Samphantharak notes, because it explains the duality in the corporate sector in many developing economies: often the domestic economy is dominated by large conglomerates that enjoy monopoly power, while the exporting sector is dominated by multinational corporations.

The research project used very large administrative datasets as well as tools in data analytics – something Samphantharak said would not have been possible even 10 years ago due to the lack of data and computational ability.

Samphantharak is also researching how climate change affects the macroeconomy and macroeconomic policy.

“If climate risk is not correctly priced in, then the business is at risk, and if many of them are, then the risk is aggregated up and poses concern over financial and economic stability of the country,” Samphantharak said. “The risk is not only physical risk, such as damage on property or production failures, but also risk from policies, such as trade sanctions of products that have high carbon footprints.”

He added that how households and firms adapt to climate change is at the center of policymaking right now.

Amid these research projects, Samphantharak is in the process of finishing a new book about the economic development of Southeast Asian economies. He expects to finish a draft during this academic year.

“The experience over the past two years from living in the region and working in a policymaking organization helps me sharpen the thesis of the book and makes me think more about the future prospects of these economies in the changing
world rather than focusing only on the historical development experience,” Samphantharak said. “I try to make my research not only academically innovative but also practical in the real world and relevant to public policymaking.”

During the winter quarter, Samphantharak will teach Southeast Asian Economies and Accounting and Finance for Policy Makers. In the spring quarter, Samphantharak will teach a seminar course in the International Studies Program (ISP) focusing on how global megatrends – like climate change, digitalization, changing geopolitics and demographic aging – affect the economy.

“This is a course I am looking forward to because it allows me to think imaginatively and look far into the future, with limited data and information that exist today,” Samphantharak said.

After the two-year hiatus, Samphantharak said he is thrilled to return to the classroom.

“After being away for so long in the policy world, I am especially looking forward to sharing my experience in the policy communities with students,” he said.