

Research Project 2

Instructions

1. Do research on 4 economic policies:
 - Fiscal Policy
 - Monetary Policy
 - Interventionist Supply-Side Policy
 - Market-Based Supply-Side Policy
2. Answer the questions WITHIN the space provided.
(ห้ามเขียนเกินหน้ากระดาษที่กำหนดไว้)
3. You can do your work on the IPAD or the printed worksheet (scan and submit), but DO NOT TYPE.
(สามารถ Print แล้วเขียนแล้ว Scan ส่งได้ หรือเขียนบน IPAD แล้วส่งก็ได้ แต่ห้ามพิมพ์)
4. The submission is via Moodle, and the deadline is on Wednesday, 19th May.
5. Any student committing plagiarism or suspected plagiarism will receive a mark of 0.

Grading Criteria

- A full mark will be awarded to those who can CORRECTLY answer the questions in the MOST CONCISE and EASY-TO-UNDERSTAND manner.
- Grammatical mistakes will have NO effect your mark, but please try to make your answer as readable as you can.
- You are not required to use all the space provided. Some questions require shorter explanations. As previously mentioned, the more concise, the better.

Hints / Tips

- Try searching through “Google Image” where you will see a lot of tables.
- There are many on Youtube as well.

Briefly explain 2 pros:

- 1.) Fiscal policy can use tax measures to reduce negative externalities. By imposing tax on people who waste resources that are limited, the negative impacts they create can be eliminated.
- 2.) Fiscal policy allow government to directly spend on certain project or sectors that it consider to be most beneficial to the economy.

Extra:

The result of fiscal policies are seen faster than those of monetary policies.

Briefly explain 2 cons:

- 1.) With fiscal policy, tax incentives can be use on imports. This means that money is sent aboard rather than being used in the national economy.
- 2.) Fiscal policy can cause budget deficits if the government spends more money than it recieves.

Extra:

Increasing tax rates may have many negative consequence.

Monetary Policy

Briefly explain 2 pros:

1.) Monetary policy is easy to be implemented as they are done by the central bank which is independent.

2.) Monetary policy that make the currency weaker can increase exports.

Extra:

Minor inflation can be useful as it increases wages.

Briefly explain 2 cons:

1.) Monetary policy that maintain interest rate at too low levels can cause liquidity trap.

2.) Monetary policy impact the whole country, including sectors that do not require economic stimulation.

Extra:

Monetary policies can cause hyperinflation.

Supply-Side Policy

Definition:

Policies created to lower costs, enhance productivity, efficiency as well as international competitiveness to allow the economy to expand without inflation.

Give 3 examples of "INTERVENTIONIST" supply-side policies (no explanation needed):

1.) Public sector investment policy to improve the infrastructure.

2.) Education policy to ensure more educational funding.

3.) Housing supply policy to enhance housing supplies.

Briefly explain how "INTERVENTIONIST" supply-side policies work

Interventionist supply-side policy work by intervention of the government to solve the problem of market failures. This can be done by increasing government spending on various factors such as education and transportation.

Briefly explain ONE PRO and ONE CON of "INTERVENTIONIST" supply-side policies

1.) The pro of the interventionist supply-side policy is that they can lower unemployment rate.

2.) The con of the interventionist supply-side policy is that they require massive amount of government budget that can be spend for other purposes.

Give 3 examples of "MARKET-BASED" supply-side policies (no explanation needed):

- 1.) Privatization policies moving assets from the public to private sector.
- 2.) Income tax reduction policies to attract longer working hours.
- 3.) Free-trade agreement to lower trade barriers.

Briefly explain how "MARKET-BASED" supply-side policies work

Market-based supply-side policies work by increasing competitiveness and making free-market efficient. It aims to remove equilibrium imbalances by using supply and demand.

Briefly explain ONE PRO and ONE CON of "MARKET-BASED" supply-side policies

- 1.) The pro of market-based supply-side policies is that they can make trade easier and increase foreign investment.
- 2.) The con of market-based supply-side policies is that they cannot solve major problems caused by inadequate aggregate demand during recession.