

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.

Fiscal Policy

Briefly explain 2 pros:

- In fiscal policy, it can be applied into the specific areas where it needs to be stimulated. So the effects will not affect other parts of the country that doesn't need the impact from the policy.
- Fiscal policy is known for an effective tool to deal with the unemployment rate by adjusting the taxation and specific government spending, which will cause a large impact on the national income.

Extra:

Even though monetary policy can react fast to the economic problems, fiscal policy is much faster to reach the situation because it focuses only on the particular areas.

Briefly explain 2 cons:

- Fiscal policy may be effective and quick to deal with the situation but if it keeps getting used by the government for a persistent period, the results could worsen the stability of the economy than benefiting it.
- Fiscal policy tends to have a disincentive effect, for instance an increase in profits tax may unfavorably cause an incentive to firm's investment.

Extra:

The conflict between expansionary and contractionary fiscal policy may occur when the government issues bonds to the public with a lot of benefits, causing a rapid buy from the private sector. Then it will slow down the investing activity due to a little amount of money left in people's pocket.

Monetary Policy

Briefly explain 2 pros:

- By using monetary policy, central bank can react to the problems immediately and can fix the situation fast before it become out of control.
- By applying monetary policy, it often tends to devalue the domestic currency. Therefore, we can picture this as an advantage because of the relatively cheaper cost for foreigners to buy goods which will cause an intensive to increase the number of exports in the country.

Extra:

Monetary policy is a very efficient tools to control inflation rate in the economy. Therefore, an inflation rate by a small amount is healthy for the economy. but if the rate of inflation is too high or too low.

Briefly explain 2 cons:

- When the monetary policy is causing the interest rate to become too low which will increasing the money supply in the economy at a very high rate. This will rising in the price of goods, it could create a speculative bubbles if prices and price level is increasing at a insanelly high levels.
- Sometimes when applying the policy, the impact is at the economy-wide, which some areas doesn't need the stimulus so it may cause a negative effects to the economy in those regions.

Extra:

Even if the monetary policy is known as one of the fastest policy to react with the situation, it still have a time lag before it could be use effectively in the economy.