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 Wedensday, 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:

1. Can bring a direct effect to the Job market and economy growth. If government reduce tax businessmen will borrow more money to build more businesses, it will create jobs and employment making the rate of unemployed less. when hiring people will have more money to spend make the economy growth. Moreover, government can direct spending toward specific projects (build roads need to hire woker) it effect Job market and economic growth

2. Directly protect the domestic market and promote export. can use taxation to discourage. To stimulate domestic market government can reduce tax for buying domestic stuff and reduce tax for export but increase tax import

Extra:

Briefly explain 2 cons:

1. Can create budjet deficits when it spends more money annually than it take in. If spending is high and taxes are low for too long such a deficit can continue to widen to dangerous levels. the domestic currency may weaken. reduce the faith of people in domestic currency.

2. Overspending from public sectors may lead to a high inflation when people have more money, they want to purchase more, the demand for goods or services is increasing but the product or service in the market is insufficient (demand > supply) causing the seller to raise the selling price of the product.

Extra:

Monetary Policy

Briefly explain 2 pros:

1. Interest rate targeting control inflation Small inflation is good for growing economy. it will encourage investment because inflation occurs when the general price levels of all good and services in an economy increase if the inflation is high can use interest rate to reduce by increase interest rate, the investor will less invest also less hire woker it will slow economic growth a bit (reduce inflation). 2. Weakening the currency can boost exports increase money supply & lowering interest rate tends to devalue the local currency. when currency weaken it will boost exports because goods will cheap for foreigners to buy but it will effect to importes because the good will more expensive

Extra:

Briefly explain 2 cons:

1. The risk of hyperinflation When interest rate is too low, every people borrowing it can cause speculative buble (price increase too quickly and to absurdly high levels). When hyperinflation affects the economy all prices of goods and service are increase quickly if the situation countinues for long period the inflation will out of control)

2. Lag can happen After acting quickly the result might not show instantly. The macro effect can became time lagged behind the monetary policy. it cost months or years to take effect.

Extra:

Supply-Side Policy

Definition:

any policy that improves an economy's productive potential and its ability to produce. There are several individual action that a government can take to improve supply - side performance.

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

1. Public sector investment
2. Education
3. Vocational training

Briefly explain how "INTERVENTIONIST" supply-side policies work

A supply side policy is a government scheme to promote market forces, cut costs and to raise the full employment level of output. interventionist policies include increase government spending on education, training, healthcare, infrastructure, stricter government competition policy

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

Pro - create employment when investing in infrastructure, government need to hire labor it will decrease unemployment rate and increase economic growth.

Cons - Some of the policies do cost a great deal of money, such as infracture investment or improvement in public services like education. These policy are likely to add to public spending, not reduce it, conflicting with the desire to reduce the size of the public sector and government borrowing.

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

1. Privatisation

2. Deregulation

3. Income tax cut

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

Market - based policies is focus on the power of the free market or allowing the forces of supply and demand to eliminate equilibriam imbalances. include reducing income or corporation tax rate, deregulating or privatising the public sector, encouraging free trade

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

Pro - when reducing income tax it may provide an incentive for worker to work harder and for longer hours as they get to keep a high proportion of their income and so increase productivity.

Cons - Some of the changes to the tax and benefit system have contributed to the widening of inequality tax cut have benefited shareholders and high earners much more than low paid workers. some benefit have been frozen or cut to create work incentive