

EE460

Open Book Final Exam

May 18, 2017

Answer all six questions.

Each question carries 10 points.

1. If Thailand succeeded in establishing numerous satellite-town structures, how would the rent gradient and the Tom-Tom Traffic index be affected? What would be challenges to Thailand's automobile industry?

2. "Education is often viewed as one of the great equalizers, a route to opportunity and out of poverty"

Do you agree with the statement? If so, explain why. If not, why not?

3. What are short-run and long-run impacts of QE conducted in US on Thailand's growth, inflation, and exchange rate? Would the impact be different from the Fed's interest normalization policy?

4. Is there any linkage between corruption, inequality, and populism policy? Use empirical evidence in Thailand's to prove or disprove the statement. How relevant is the link to Thailand's fiscal sustainability?

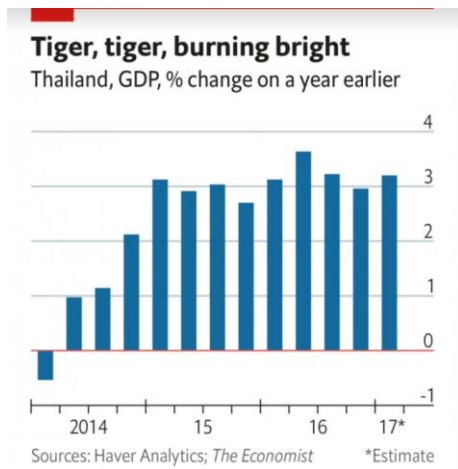
5. General's speed limit: Thailand

First-quarter GDP data show South-East Asia's second-biggest economy growing at 3%-plus—the best figure since the military coup in 2014, though still likely to be the region's slowest. Recovering exports, rising farm incomes, booming tourism and the junta's infrastructure splurge are stoking the recovery.

The growth is enough to keep the economy ticking over, but feeds rather than narrows inequality. The junta's new "Thailand 4.0" development model is claptrap. The country is failing either to stay cheap or to compete through modernization by building a highly skilled workforce. In the two decades since the Asian financial crisis, competitiveness has drifted down.

Already the labor force is shrinking as society ages, while the education system remains broken. The soldiers who intend to run Thailand—directly or from behind a veil—until at least 2037 should have plenty to worry about.

Source: The Economist, May 15, 2017



Read carefully the above article from *The Economist* and examine whether you agree or disagree with *The Economist's* view on Thailand's limits to growth. Please be specific on your arguments, which must be based on theories and empirical evidence. Explain each point which you disagree and disagree. (Scores are based on the number of points you make).

#### 6. Tightening: The Best and Road Investment

The Belt and Road Initiative commits China to underwrite about \$150 bn this year in infrastructure investment—roads railways, ports, power plants and fuel pipelines—in countries along the old Silk Road to Europe and its maritime counterpart.



Source: *The Economist*, May 15, 2017

*Employ economic theories to analyze the impacts of China's massive infrastructure development on Thailand's trade sector and industrial competitiveness.*