

Kancha: 630464 0391

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 tough time, people don't have to bear the suffer from the recession if fiscal policies are used to better the econom
- If government increased ^{or decrease} spending then it would be a direct effect to the GDP

Extra:

Briefly explain 2 cons:

- Expansionary fiscal could create inflation because in the long run the market will correct itself
- Government could be in debt if they cut tax and increase its spending for too long

Extra:

Crowding-out effect

Monetary Policy

Briefly explain 2 pros:

- The policy are easy to implement because the central bank is independent.
- controlling the interest rate can bring many possibilities of spending and investment from many sector.

Extra:

Briefly explain 2 cons:

- In deep recession, it is not guarantee that the policy will help because even if the interest rate is low, but the recession is so bad that the consumer want spend.
- During inflation, higher interest rate means higher price of borrowing. Businesses that borrow at a high interest rate may raise price of their products and could worsen inflation

Extra:

Supply-Side Policy

Definition:

Policy that improves production possibility and ability to produce.

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

- Provision of key public goods
- Increase in human capital
- Building more social housing

Briefly explain how "INTERVENTIONIST" supply-side policies work

It is when the government intervenes market to overcome its failure e.g. improving infrastructure or reform the labor market.

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

pro
- It can also improve the well being of the people.

con
- it could be very costly and time consuming.

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

- Tax cuts
- Privatisation
- Deregulation

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

Market-based supply-side policies will limit intervention of the government and allow free market to stimulate the aggregate supply.

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

Pro

- it opens up the economy to trades and invest overseas

Con

- because it is the market is free so drawbacks from each policy could happen if market response differently