

Open- book exam

*Instructions:*

- (1) Answer all six questions. Each question carries 10 points.*
- (2) Avoid unclear and verbose writing.*
- (3) Relevant graphs and equations can be used to strengthen your arguments.*
- (4) You may write on the back page of each question.*

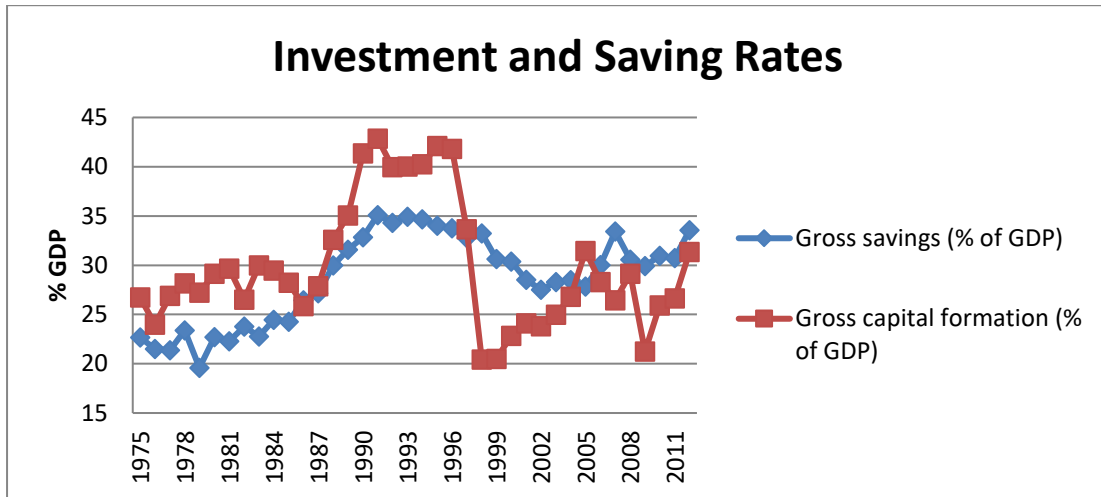
1. Discuss Thailand's exports of chemicals by using the BCG framework. Explain how world business cycles affect the industry. How can the sector become more competitive?

Figure 1



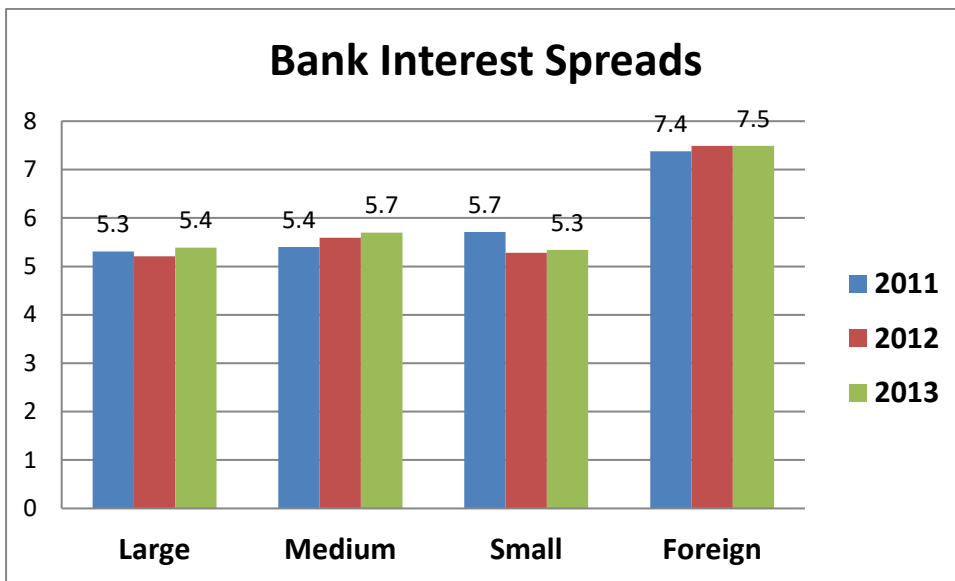
2. Use the data in Figure 2 to analyze Thailand's business cycle and discuss the long-term growth path of the Thai economy.

Figure 2

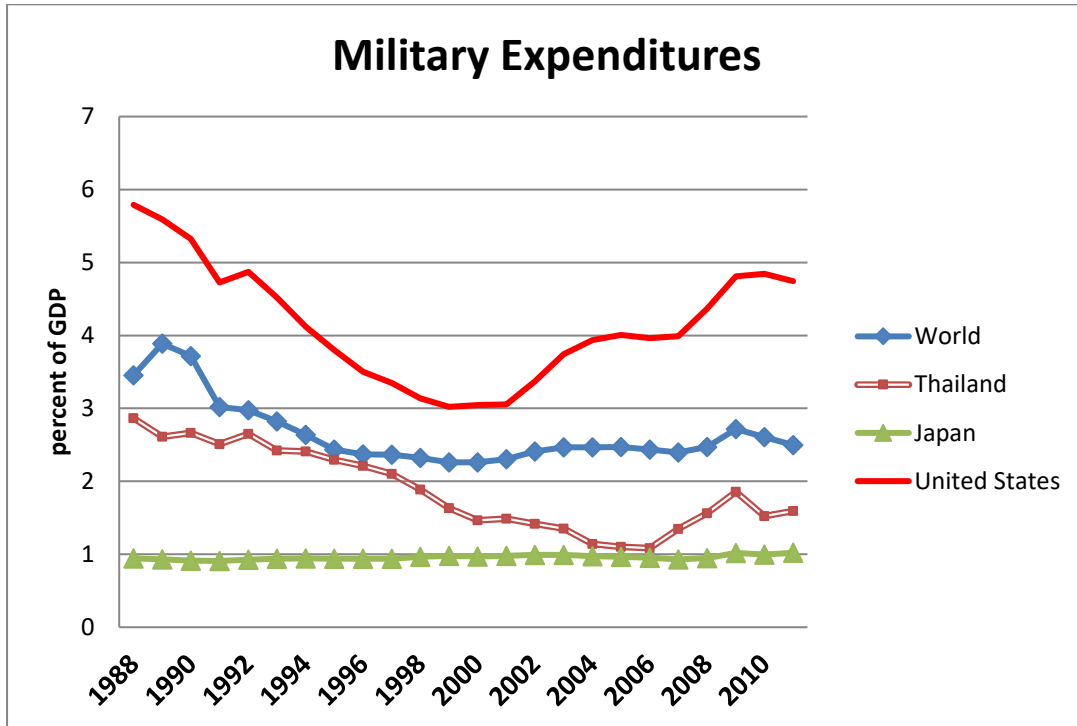


3. Compare and contrast bank interest spreads between banks of different sizes in Thailand.  
Explain causes and impacts of various spreads on bank performance.

Figure 3



4. Analyze pattern of military spending in different parts of the world. Discuss the implication on the stabilization role of fiscal policy in Thailand during booms and busts.



5. Do you agree or disagree with the following statement by a senior government officer? Give reasons and provide evidence to support your argument.

Thailand will probably miss opportunities to tap low loan rates to finance the 2-trillion-baht infrastructure investment if the megaprojects are delayed, said Mr. Ekniti Nitithanprapas, a senior Finance Ministry official said. Parliament has approved a bill to borrow 2 trillion baht to finance the seven-year infrastructure projects. The bill is awaiting the Senate's approval. However, the opposition Democrat Party is trying to block the bill by taking it to court on grounds that using money outside the regular budget would damage financial discipline, which the constitution requires the government to follow. "Our problem nowadays is that we are lacking a growth driver. Under the current circumstances, public and private investment are the country's only growth drivers," said Mr. Ekniti

Source: Bangkok Post, September 30, 2013

6. Do you agree with the following statement made by the FTI? What should be the role of the Ministry of Commerce and the Bank of Thailand during the time of rapidly changing world economy?

*Vallop Vitanakon, vice chairman of the Federation of Thai Industries (FTI), said importers had already made their orders for the final quarter through the year-end festive season. He expects that export shipments this year will grow by only 2-3 per cent over 2012 figures.*

*However, he said Thailand would in the future not enjoy the export growth it has seen in the past, as many Thai and foreign enterprises would invest more in other countries, especially ASEAN.*

*Export figures would grow more in neighboring countries because they still have cheap labor, and benefit from the Generalized System of Preferences developed nations employ to help low-income countries. Low-paying industries that have moved to other ASEAN countries such as Cambodia, Laos, Myanmar and Vietnam are garments, footwear, rice, and food processing*

Source: The Nation, (September 30, 2013).