

**Faculty of Economics**  
**Thammasat University**  
**EE361 Economies of CLMV**  
**MIDTERM EXAM**

Thursday, 30 September 2021

Student Name : \_\_\_\_\_

Student ID : \_\_\_\_\_

e-mail : \_\_\_\_\_

Time : 09:00-11:00

Please read carefully.

This is a take-home exam which comprises two sections. Section A comprises 10 questions; students are required to provide short responses to the questions. Section B will need longer responses and a short opinion as needed; students are required to select and respond to only 4 questions. Typed responses are preferred, but hand-written responses will be accepted.

The student will be given two (2) hours to complete the exam. To account for wrap-up time, a grace period of 10 minutes overtime will be allowed. Please send the exam to Google Classroom. Submissions received after the time limit will be given a penalty of 15 points and no exams will be accepted after 30 minutes of the extended time limit.

**Section A** (maximum 40 points) **Each correct response receives 4 points**

Provide short answers to the following questions:

1. What were the drivers of economic growth of CLMV countries? **Global trends, government policies and strategies, regional cooperation, foreign investment and rural-urban migration.**
2. What were the short-term, medium-term and long-term reform measures undertaken by CLMV countries? **Short term: macroeconomic stabilization; medium term: open economy to foreign capital/investments; long term: structural adjustment**
3. Despite similarities in economic reform efforts, differences exist across CLMV. What were these differences based on individual country experiences? **Cambodia and Lao PDR: rapid economic growth, but from a low base; Vietnam: economic growth and development; demonstrated strong leadership; Myanmar: authoritarian government, economic performance lags behind CLV countries**
4. What is the vision and purpose of the GMS Program? **Vision: Mekong subregion that is more prosperous, integrated, and harmonious. Purpose: create an enabling policy environment develop infrastructure to facilitate cross-border trade, investment, tourism, and economic cooperation; develop human resources and skills competencies; ensure sustainable, environment and social development.**

5. What do we mean by “economic corridors” in the context of the GMS Program? **Areas along transport routes that host a variety of economic and social activities which include, among others, factories, tourism, trade, environmental protection activities and other aspects of the economy and social development.**
6. In the agricultural sector, what programs can be developed to improve productivity? **Extension services, mechanization, access to credit and infrastructure improvements.**
7. What is the government role in addressing externalities in the agricultural sector? **Positive externalities could be addressed through subsidies (providing storage, maintaining fair prices); negative externalities could be addressed through taxes or penalties.**
8. What agricultural reforms were undertaken by governments of CLMV countries to increase production? **Liberalization of prices; removal of regulatory controls on input and product markets; removal of quantity restrictions and lifting of production quotas; restructuring of state-owned enterprise; and modernization of the financial systems.**
9. What is the role of government in public health? **Ensure good policies to ensure the overall health of the population; address externalities in the health sector; invest in health infrastructure and research and development; and implement public health programs that have proven success.**
10. Why are cities important? **Cities play an important role in economic development as centers of innovation, finance, administration, culture and education; provide economies of scale and agglomeration; and provide infrastructure and services through concentration in transportation, communications, power, human interactions, water and sanitation service.**

**Section B** (maximum 60 points overall, 20 max points for each question. Correctly responding to questions earns 15 points; providing your thoughts/views earns another 5 points).

Choose only three (3) of the following questions and respond accordingly, along with your views on the issues.

1. What are the bottlenecks to sustainable economic growth following reforms in CLMV?  
  
**Key words: poor infrastructure; lack of human resource; and institutional weaknesses**
2. Please select one of the CLMV countries and discuss agriculture reforms pursued by the government, along with its impacts.

Key words: Cambodia: economic liberalization, external assistance and rapid economic recovery led to increased rice production, improved infrastructure and private sector development; or

Lao PDR : New Economic Mechanism, shift from central planning toward a market-oriented economy, liberalization of foreign investment and exchange rate and removal of price controls and greater private participation led to increased foreign direct investments, increased cross border trade and increased coffee production; or

Myanmar: Partial reforms and abolishment of market restrictions on rice led to increased rice production and exports; or

Vietnam: Doi Moi, followed by decollectivization, grant of land tenure rights and abolishment of internal controls led to increased rice production and exports; large inflows of foreign direct investment, increased rice production and increased production of coffee, rubber, pepper and other high value crops

3. Please explain what we mean by epidemiological transition.

- Key words: **Changing of patterns of disease as a result of changes in demographics; as societies age and health improves the pattern of disease and causes of death shift in a predictable pattern. This is caused by dramatic improvement in life expectancy and reduction in infant mortality; lower fertility rates, decline in death rates.**

4. What are the benefits and costs that an individual will consider when deciding whether to pursue a higher level of education? Please elaborate your response.

Key words: **direct cost (tuition, transport) and indirect costs (foregone earnings). These comprise what is called opportunity cost.**

5. There are several emerging patterns of urbanization in CLMV. What are these and briefly explain each.

Key words: **Dominance of primary cities, development of small and medium towns, increased rural-urban linkages and emerging growth clusters**

**Several types of towns are expected to grow quickly while others will decline: border towns: towns along economic corridors; tourist towns; towns that serve as logistics centers and special economic zones**

6. What were the economic drivers of growth following reforms undertaken by CLMV governments? Please elaborate each.
11. **Key words: Global trends, government policies and strategies, regional cooperation, foreign investment and rural-urban migration.**