

ASEAN FINANCIAL INTEGRATION

This class has talked about the AEC blueprint which wrote about the free movement of good, service, investment and skilled labor within ASEAN countries. I will focus in the topic about the movement of capital that still have barrier for the movement.

According to AEC blueprint, the community's purpose is to have free flow in capital in order to attract FDI. In fact, there is only freer flow in AEC which means the movement of capital will be easier. Capital flows in Asean can divide in 2 views. The positive one is FDI because it is stable even the financial crisis happened, FDI still stable. The negative one is bank loan because it will not be stability if economic crisis happen. We can conclude that FDI is the less risky flow. In reality, you can liberalise inflow more than outflow. For example, Foreigner can buy Thai stock but you are not allow to buy the foreigner individual's stock.

When the economic crisis happened, the government should have regulation in order to restrict the capital outflow. In case of Thailand and Malaysia which has different regulation. Malaysia has limit the change from ringgit to dollar so that you need to wait 1 year to sell your security. Thailand has increase the tax rate for foreign investors with the state intention of reducing capital flows. In my opinion, if the government want to support and maintain FDI in the country. The government should define international investment agreement in order to attract the FDI and build the trust. For instance, what government will do if the state lose, get compensation or money for damages.

CHINA

Most of Thai people view China as old fashion and uncivilized country. The objective of this class are understand more about China economy and change the perspective because China become the biggest economy with big power purchasing that lead to the big change in world economy.

Mao Zedong is the person that has idea about communist in China because this system will bring the equality to everyone. We can call China as 100% state-owned which mean the government has power to command people in order to follow the economic plan. The goal of the government is to develop economy to industrialization like UK and the US. Moreover, people believe that government is the best power to empower economics. However, the problem still remain. The investment in China has been increase rapidly until the crisis, the investment has drop down. The main problem is about the poverty and lack of food. China has been the world populous nation for centuries, so the gap between rich and the poor is very high and difficult to solve. Furthermore, the birth control in communist makes the birth rate drop lead to decreasing in GDP.

Move to the cultural revolution, there is conflict between people who like Mao and does not like Mao that causes big loss of human, school and people. This is the period that people move to other countries to find new opportunity as we can see that lots of Asian people has Chinese ancestor. In modern China, Deng Xiao Ping is the person who reform China

economy in order to follow the world economy. From this reformation, China has grown very fast in decade that we can see from GDP growth and investment.

In my opinion, Thai people have old perspective for China because they see the tourists, but I believe that the new generation of Chinese people is better. If we look back to see ourselves we are not different from them, but we just bias that we are better than others.