

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.

Briefly explain 2 pros:

- 1.) Expansionary fiscal policy can boost economy. By increasing government spending or reducing tax for increasing the consumption in economy.
- 2.) It can reduce unemployment rate. When unemployment is high, the government can use an expansionary fiscal policy.

Extra:

When we use a fiscal policy, it will quickly affect the economy

Briefly explain 2 cons:

- 1.) crowding-out effect: the large government spending or large borrowing can lead to rises in the interest rate, which discourages business from making investment
- 2.) It is easy to create a budget deficit: The government routinely spend more money than they get in taxes

Extra:

Inflexibility: There are usually delays in the implementation of fiscal policy, because some proposed may have to go through legislative processes.

Monetary Policy

Briefly explain 2 pros:

1.) Interest rate targeting controls inflation: a small amount of inflation as it encourages investment in the future and allows workers to expect higher wages.

2.) Lower interest rate → commodity price will also go down, so consumers will want to buy more goods.

Extra:

with this policy, the government will be able to print more money, enabling it to purchase government bonds from banks.

Briefly explain 2 cons:

1.) The effects have a time lag: the monetary policy generally occur some time has passed. The effects on an economy may take a long time to materialize.

2.) It can discourage business from expanding by using the contractionary monetary policy. The interest rates would increase, causing business to lose interest in expanding their operation.

Extra:

It is not proven to be useful during economy faces to a global recession

Supply-Side Policy

Definition:

Supply side policy aimed at making markets and industries operate more efficiently and contribute to faster of growth of real national output

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

1. Health spending
2. Investment in public sector
3. Investment in human capital

Briefly explain how "INTERVENTIONIST" supply-side policies work

It involves government intervention to overcome market failure.

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

Pro : improving transport and infrastructure
it helps to reduce the cost of transport and will encourage firms to invest.

con : It can be counter-productive. For example, flexible labor markets may reduce cost of business.

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

1.) Deregulation

2.) Reduce welfare benefits

3.) Flexible labour markets

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

It involves policies to increase competitiveness and free-market efficiency.

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

Pro : Increase free trade → Lower tariff barriers will increase trade and provide an incentive for export firms to invest.

con : All supply-side policies including market-based take a long time to have an effect