

# 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, 19<sup>th</sup> 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:

- The government can directly spending to specific sectors to boost the economy.

- Taxing people who overuse limited resources can help the negative effects they make and lead to government income.

Extra:

- The effects of fiscal policy can be seen the results more quicker than the monetary policy.

Briefly explain 2 cons:

- Raising the taxes can be unpopular and have politically risky to make it achieve.

- The fiscal motivation is not affect when the money is spent on imports, sending the money to abroad instead of spending in the own economy.

Extra:

- A government budget loss is when it spends more money annually than take money. And if spending is high, taxes will low for long.

## Monetary Policy

Briefly explain 2 pros:

- A small amount of inflation is good for growth in the economy by encouraging investment in the futures and making workers to expect higher wages. By increasing the interest rate, investment become more expensive and slow economic growth.
- Central Banks can act quickly to use monetary policy.
- It can proceed when election without the fear of political effects.

Extra:

- Increasing the money supply or decreasing the interest rate make devalue the local currency. A lower currency can boost export as products are cheaper.

Briefly explain 2 cons:

- Although they implemented quickly, the monetary policy will usually affect after some period of times.
- Keeping interest rates are low for long time period can lead to liquidity trap.

Extra:

## Supply-Side Policy

Definition:

..... government intend to raise productivity and efficiency in the  
..... economy. If successful, they will shift aggregate supply to the right and make higher economic growth  
..... in the long-run.

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

..... Public sector investment  
..... Education  
..... Housing supply

Briefly explain how "INTERVENTIONIST" supply-side policies work

..... involve government intervention to overcome market failure.  
.....  
.....

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

..... Pro - Better education can improve labour productivity and increase AS.  
.....  
.....  
..... Con - government intervention will cost money and require higher taxes,  
..... it will take time and may subsidise the wrong types of training.  
.....  
.....

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

Privatisation

Flexible labour market

Reduce welfare benefits

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

Involve policies to increase competitiveness and free-market efficiency.

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

Pro - the private sector is more efficient in running business because they have profit motive to reduce costs and develop better services.

Con - more flexible labour markets can caused increased uncertainty and lower productivity.