THAMMASAT UNIVERSITY

FACULTY OF ECONOMICS

Open Book Final Exam EE460: Thai Economy

December 8, 2019: 13:00-16:00

Instructions: Answer only Five from a total of eight questions.

Each question carries 10 points. Total scores: 50 points.

1. Examine how short-termism and time inconsistency problems are related to Thailand's fiscal stimulus in 2019. Analyze the possibility that the fiscal multiplier will be between 5 and 6.
2. Explain the fundamental factors behind Thailand's idiosyncratic employment structure. To what extent has the public policy shaped Thai agriculture?
3. Among the following challenges, which issue do you think is the most problematic for Thailand's export-oriented industries: rising wages, baht appreciation, non-tariff barriers, FDI, and disruptive technology?
4. Discuss how the Reilly law, Turnpike theory, Alfonso-Mills-Muth theory, and the inversion layer explain the sustainability of the primate city of Thailand.
5. Explore the impacts of the U.S.-China trade war on Thailand's economy.
6. Do you foresee that the baht will get stronger than 30 baht/dollar by the end of 2020? If so, what would be the factors contributing to the appreciation? How should the Bank of Thailand respond?
7. In "Capital in the Twenty-First Century," a bestseller first published in 2013, Thomas Piketty argued that under capitalism, rising inequality was the normal state of affairs. Do you think that his thesis is relevant to Thailand? Will his proposed solutions mitigate the problem of poverty and inequality in Thailand?
8. Examine the causal relationship between changes in output and the stock price index, as shown in the figure below. Is there a case for monetary authorities to prick the asset price bubbles?

Changes in the trends of stock prices and manufacturing output