

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.

Fiscal Policy

Briefly explain 2 pros:

The fiscal advantages include the ability to keep companies floating as consumer spending falls. Military or infrastructure expending might have a positive economic impact. An effective stimulus package will reduce unemployment and hunger. Change tax policy. Interest rates have the advantage of preventing deficit spending. Disadvantages: Interest rate change is a simple process that does not require the same legislative struggle as hiking tax.

Extra:

If policymakers continue to boost the economy for a long time the first is the uncontrollable growth of debt. Even if that appears only in exchange for certain cash, investors are starting to require high interest rates.

Briefly explain 2 cons:

In addition to the monetary reform's advantages, policymakers still have to accept the disadvantages. Timing is a major consideration: if the policy is not automatically implemented it may take months for it to run and years for it to have a significant effect. Inflation will lead to spending stimulation, with incomes rising, but prices rising as a result of additional cash.

Extra:

on the other hand, increasing rates takes months before they impact customer demand or wages significantly.

Monetary Policy

Briefly explain 2 pros:

focusing on bank rate controls inflation. A small amount of inflation is helpful in rising economy because it stimulates further expenditure and help employer expect higher pay. The overall price level of all goods and services in a particular economy is described as an increase in inflation. As the target rate rises, investment become more expensive, slowing economic growth a little. It's very easy to achieve. Financial institutions could easily use instrument for monetary policy.

Extra:

The currency could boost the export market local currency devaluation takes place as monetary supply rises or interest rate decrease. A weaker world currency will help expand exports by making these products international buyers more accessible.

Briefly explain 2 cons:

There are time-consuming effect. Once adopted, monetary policy's macro effects typically appear after a delay. It can take months or even years for the after-effects to show. inflation. Other economist claim that money is simply a disguise and it has medium-term consequences in increasing price inflation and increasing the real GDP in the long term. Technical limits (low interest rate limit) the use of the instrument.

Extra:

Leverage interest rates for an extended time will result in a credit crunch. Monetary policy is more effective during economic upturns than downturns. Several central banks have implemented NERP in the recent times but the results may take to emerge.

Supply-Side Policy

Definition:

Inflationary policies seek to lower prices, increase production, and open foreign trade.

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

More money should be spent on transportation, training, and communication.

Briefly explain how "INTERVENTIONIST" supply-side policies work

where demand for capital goods and services outstrips supply. The government must step in.

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

Lower expenses thus increasing output help spur the development of manufacturing sector, which shifts the LRAS or SRAS curve on the key graph (increase in supply) often the fields of investment, training, research, and data collection.

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

Hayek has some demand-side strategies as well, a workers market or job market: deregulated

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

The market-oriented supply-side is better at maintaining open markets. Hayek has some demand-side strategies as well. He ran a deficit in order to reduce money supply rather than increase it. To help make market-based methods function, taxes must be kept enough.

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

The cost are lower as a result of increased production and inflation is lowered. Increased international trade may help to balance of payment. It is possible to pursue low prices, full employment, balance of payments, and full development at the same time.

Investment in public facilities and public education are both costly. This interventionist policy is expected to increase federal spending. Not reduce it.