

Research Project 2

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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:

- **Control of exchange rate inflation:** This policy can valuable to help development ratios in an economy. Government can undertake to scrap inflation by use this policy to control the speed of price rise. Government can acheive this through the purchase of government securities.
- **Unemployment reduction:** When unemployment rate is high, government will employ expansionary fiscal policy. It can make more spending and lower tax.

Extra:

Fiscal policy can keep the economy from collapsing during crisis. The government always constrain in their policy by debt, law, other issues.

Briefly explain 2 cons:

- Sometimes it is slowly to manage the policies because some proposed have to pass through legal process.
- Direct taxes are difficult to change quickly because it's complexity.

Extra:

Expansionary of fiscal policy can lead higher deficit, add to total debt.

Monetary Policy

Briefly explain 2 pros:

- It can boost exports: Sometime weaker currencies can get benefit because foreigner see that the price of product are less expensive. So, they will buy more.
- Any decision make by central bank, it can be perform in a short time.

Extra:

Expansionary monetary policy is good for borrower because it make low interest then money will be cheap respectively.

Briefly explain 2 cons:

- It can hurt import because the policy can reduce national currency. It will happen when international trade become more expensive for consumer who use the currency from the policy.
- In recession, decrease interest rates may not increase aggregate demand because bank may be unwilling to loan, they fear that borrower will not have power to pay them back.

Extra:

Sometime expansionary monetary policy can make high inflation because of increasing in money supply

Supply-Side Policy

Definition:

Supply-side policies is a policies that create for reduce cost, improve efficiency, productivity and international competitive so that economy can stimulate without inflation.

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

It stimulate the higher level of production and economic growth and employment rates.

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

Pros: A commitment to a minimum wage to improve work incentives and productivity in labor market

Cons: The policies will make higher taxes.

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

Policies to encourage competition, Labor market reform, Incentive-related policies

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

Stimulating economy by encouraging production and consumption by free market without government intervention.

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

Pros : The policies focus on reducing the size of the state and stimulate the role of market forces in designate scarce resource . Lower business taxes to stimulate investment.

Cons : Some of the policies from market-based can make an investment costly.