

Faculty of Economics
Thammasat University
EE361/363 Economies of CLMV

FINAL EXAM

1 June 2021, 09:00-12:00

Student Name : _____

Student ID : _____

e-mail : _____

Please read carefully.

This is a take-home exam which comprises two sections. Section A comprises 10 questions, (with a maximum of 40 points); students are required to provide short responses to the questions. Section B comprises three (3) open-ended essay questions (with a maximum of 60 points), which require responses as well as students' own views of the issues. Typed, written responses are preferred; if not possible, hand-written responses will be accepted.

The student will be given three (3) hours to complete the exam. To account for wrap-up time, a grace period of 10 minutes overtime will be allowed; no submissions will be received thereafter. Please send the exam to Google Classroom.

Section A (maximum of 4 points for each correct answer)

Provide short answers to the following questions: (note: key words are in bold)

1. Why is the environment important to human livelihoods and the economy? **Humans depend directly and indirectly on the environment for their livelihoods;** development needs natural resources; **environment affects and is affected by economic development and its activities**

2. What is the difference between climate change adaptation and mitigation? Provide an example of each.

Climate change adaptation: **adjustments** in ecological, social or economic **systems in response to** climatic effects. Examples: inventory of ecological resources; early warning systems to anticipate natural disasters; providing natural ecosystem barriers.

Climate change mitigation: actions to **reduce long-term risks** of climate change. Examples: use of renewable energy; sustainable transportation; and promoting sustainable uses of land.

3. What are the benefits of investing in women? Please provide brief answers.

Improves **health and welfare** of children; enhances **future earning** capacity, increases **labor market access** and opportunities; **contributes to poverty reduction** by contributing to family income and welfare.

4. Why is poverty and environmental degradation self-perpetuating?

Because **communities destroy the very resources they depend upon** for survival.
Example: slash and burn agriculture

5. What do we mean by gender mainstreaming? What do we mean by gender representation?

Mainstreaming is the **integration of gender perspectives** into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and spending programs.

Gender representation is a numerical **representation of women and men** as policy beneficiaries, in the labor force and in decision making processes

6. What is trade protectionism? Provide some examples.

Government policies that **restrict international trade** in order to help **domestic industries**. Examples: tariffs, non-tariff barriers and quotas

7. Mention several key trade policies pursued by governments in CLMV countries.

Greater **outward orientation; easing of restrictions** on foreign investments; location of **production processes across borders**; cross-border **trade facilitation**; and **development of special economic zones**

8. What do we mean by foreign aid? Mention some of the modalities of foreign aid.

Foreign aid are **financial flows**, technical assistance and commodities given by residents of one country to another country **for development purposes**

9. What is bilateral aid? What is multilateral aid?

Bilateral aid is assistance directly **from one country to another**

Multilateral aid is **assistance from international institutions** which have pooled financial sources provided by their member countries

10. Historically there has been several the stages of foreign direct investments. Please mention these.

Stage 1: focus on **extractive and primary industries**, mainly petroleum, nonfuel minerals, and agribusiness

Stage 2: involvement in **export-oriented agriculture** and local food processing

Stage 3: operations in **manufacturing operations, finance and services**

Section B (maximum of 20 points for each responsive essay)

Students are required to respond to the first essay question and then choose two essay questions of their choices. Thoughtful, structured and focused responses will earn the highest points.

Required:

1. Tell a story of your group presentation to include the following information: (i) the title of the presentation; (ii) the key sector issues and lessons learned; (iii) what could have been improved, based on feedback received; (iv) your role/contribution to the group work.

All the elements above (i-iv) must be specific and stated clearly. Deductions will be applied to responses that are general and unclear.

Please select only two (2) of the following essay questions and provide your responses:

2. Why is there usually a tension between economic growth and environmental sustainability? What should be done to by government to address this issue?
Development needs natural resources; extraction using unsustainable methods causes environmental degradation, e.g., damage to soil, water supplies and forests.; growing consumption needs leads to the destruction of forests, wetlands, and waterways. Emission of greenhouses due to human activity leads to global warming.

Key words: **development, extraction of natural resources, degradation and destruction**

3. Based on what you learned in class, what are the key gender issues in CLMV countries? Please discuss and elaborate each.

Gender representation whereby there are still too few qualified women in elected and career positions; **gender mainstreaming**, wherein progress has been made in integrating gender in economic development strategies and plans but much more needs to be done; **low knowledge of legal rights** among both women and men; and **violence against women**, whereby domestic violence is not discussed publicly, and incidents of spousal abuse are rarely reported

4. In the past, Thailand has been the main trading partner of CLMV countries. However this seems to be changing. Why is this the case? What do you think Thailand should focus on to strengthen the economic relationship with CLMV countries in the future?

Exports from Thailand **used to dominate trade in the GMS**; however, since 2010, Thai exports to CLMV have declined **due to competition from PR China**.

CLMV countries have their own economic development plans; if Thailand wishes to be a part of the economic region, **it will need to understand, absorb, respond** to their needs.

Aside from infrastructure projects, Thailand could assist the CLMV countries with smaller and deliverable projects in the agriculture and energy sectors; Thailand should also cooperate with Japan, PR China and the Republic of Korea, the key Asian development partners, as well as bilateral and multilateral financing institutions.

5. There several conflicting views on foreign aid. Discuss these views. Which view do you agree with and why?

View 1: Although not always successful, on average aid has a positive impact on economic growth and development

View 2: Aid has little or no effect on growth, and could actually undermine growth

View 3: Aid has a conditional relationship with growth, stimulating growth only under certain circumstances

Need your views.

6. Discuss the benefits and disadvantages of free trade. What factors determine the outcome of trade?

Advantages: **Free trade promotes economic efficiencies and optimal resource allocation**; contributes to the overall economic growth; eases access to finance and foreign currency; attracts foreign investments; generates labor and capital.

Disadvantages: **Trade alters the distribution of income and wealth within a country and among different countries**; it may benefit some groups while leaving other groups out. For many developing countries, there is a risk of facing falling prices in the long run and unstable prices in the short run

7. Aside from benefits of foreign direct investment, it also has disadvantages. What are these, and what government policies should be in place to address these? Please elaborate your answer.

FDI crowds out private businesses; reduced foreign exchange earnings in the long run; Less-than-expected contribution to public revenues; Little impact on developing local resources; MNCs use their economic power to influence government policies