

Government intervention assignment



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The purpose of this report is to exemplify the role of government with the focus on the developing countries by answering the proposed question of Why do we need government Intervention? And Why government Intervention Is necessary for the new economy? The first part of this report illustrates the essential roles of government in social, business, and the future of country aspects. Then, Thailand was chosen as an example of a country entering into the new economy, while using the other countries in East Asia to illustrate the successful government action in transferring the countries to new economy. . To provide social welfare for the whole country Education Environment Health care Basic infrastructure Ideally, the government should bear the cost of high-risk or long- term payback project, or even the project that is difficult to finance as a trade-off for the national interest and benefit of its people and, in a way, attracting private sector to invest in the underdeveloped region later on. 2. To set up fair-games, fair competition, rules, laws and regulations, and trade agreements for business sector 3.

To determine the future direction of the country Provide information and guidelines for firms to follow Develop strategy for the action's economic growth 1 . Social contexts: 1. 1 . Environmental protection Waste management: company cannot hold the idea of “ more production, more pollution” any longer as It creates externalities (social costs which in turns will Impose a negative Impact on the company's reputation. Government must enforce regulations, inspections, and control on environmental aspect. This is for the social interest so that the firms cannot take advantage from the society.

Furthermore, by having regulations, not only the society will benefit from it; it also raises an issue of long-term sustainable development for the business sector to consider upon. Firms of free-enterprise only aimed at generating profit and production, while disregarding the environment as it is considered an “ unnecessary cost for the company. This in turn, the environment would be destroyed (e. G. Waste from production, a vicious cycle, will hurt everyone if there are no regulations enforced.) Environmentalist vs..

Government: for developing countries, the environmentalist plays a minor role in protecting the environment comparing to government Intervention. Although the voices of environmentalist are significant when It comes to making changes, the government regulations are better suited in preventing and solving the problem on the national level. This is because the environmental problems have to be solved simultaneously, since the effects from decaying environment can create chain-reactions affecting the whole country or even the world (e. . Air pollution or destruction of rain forest). The environmentalist is Important, as It Is able to create awareness for the society, at the same time the TTS people. 1. 2. Education Quality of the human resource is the driven force to push economic growth. Without basic education, it limits the opportunity for the entire nation to grow and foster new innovated ideas, while limiting the improvement in quality of life among population. 1. 3. Health care The basic need for life.

There shouldn't be perceived as privilege for someone to obtain. Recent development on Thailand health care: Ministry of Public Health's campaign on the “ 30 Baht-Health for All” demonstrating that equal access to health care is important for the growth of recovering economy. 1. 4. Infrastructure

For a nation to propel into the future, decentralization of development to regional and local levels rather than concentrated on specific territorial areas is significant, as it needs involvement from everyone. 2. Business contexts:

2. 1 .

Laws and Regulations (Thailand) Trade Competition Act 11999): This is to eliminate unfair trade practices, monopolizing, and business collusion. If there were no regulation, monopoly can drive up prices or limits supplies Nile the consumers would have to bear the costs as well as limiting the sense of entrepreneurship. Bankruptcy Act (1999): From the result of the Asian crisis, the past bankruptcy law in Rolland was not efficient enough causing the failure in the loaning agreement, lowering the foreign investor's confidence.

By amending the old 1940 Bankruptcy Act n 1998 and 1999, the new amendment provides a foundation for both creditor and debtor to work cooperatively and be more transparent in order to create a win-win situation, especially for the recovering companies as well as preventing future non-performing loans (NP) for the creditors. Seems Promotion Act (2000): Thai government encourages support for this new legislation by creating a Market for Alternative Investment (MA') designed to Introduce fresh investment opportunities.

The Minister for Finance emphasizes the significant role that MAIM would play in supporting and strengthening Seems in Thailand. 2. 2. Trade agreement The role of trade agreement is to encourage, assist, and advocate the export sector and to ensure that domestic business would have equal access to compete in foreign markets. In addition, the trade

agreement can enforce antiquating and countervailing duty laws providing remedies for unfair trade practices. In order to avoid fierce competition (e. G. Asian Summit Conference, 67 Conference) Nor Trade Organization (WTO): Before a country decides to join the WTO, its government must prepare the readiness of the country whether it is law and regulation aspects or its infrastructure. This is to protect the domestic market and businesses from being exploited by foreign firms. Thailand vs.. China on WTO issue: Thailand officially entered into the WTO in 1995 “ when its laws and regulations on globalization issues were not fully developed. As a result, Thailand inevitably had to endure the consequence of globalization.

Compared to China, who does not fashionably join the WTO as the other neighboring countries did, China waited and now is able to negotiate other privileges on bilateral agreement with foreign investors. 3. Future direction determination: 3. 1 . To provide information and guidelines for firms to follow. Or be competitive in international level, the government must provide information for the public in order to assist the business sector to establish suitable strategic and decision plans for their businesses accordingly.

DEEP (Department of Export Promotion) ” to assist in matching local manufacturers with overseas buyers or vice-versa by providing quick and cost-effective access to local products through substantial information and overseas organizational facilities. BOI (Board of Investment) ” to assist investors by providing support services in order to reduce risk and cost that associate with investments. . 2. Develop strategy for future economic growth: SMEs (Small-Medium Enterprises): encouraging entrepreneurship

through promoting business start-up spreading and stimulating more nationwide microeconomic growth.

Stimulation on more sense of ownership among the population enabling the spread in development. Because in the past, with lesser government intervention, growth and income were concentrated mainly in heavy industry or big business rather than being distributed more evenly among the people. Satisfaction of local need through the intellectual local-knowledge based transferring into productivity in community level. Microfilming ” being implemented in the Philippines and Thailand to help poor people gain access to credit so that they can finance or start up their own businesses.

As a result, there would be a decrease in poverty as well as an increase entrepreneurship / small businesses. Driven force for IT development.

NEGLECT established new strategic master plan on Electronic, Computer, Telecommunication and Information (SECT) Technologies for Hear 2000-2004. This is because as the world is dominated by global businesses and industries, information and communication technologies play a tremendous role in the issues or long-term recovery and sustainability ” Thailand needs to transform itself from the old economy to the “ New Economy” in order to remain competitive.

IT will gradually replace the old traditional business transaction by offering real time information, reduction in transaction cost and time, opening the market to many more suppliers and buyers, and no need for physical presence; which consequently more productivity would be generated. 1 .

Infrastructure: Revamped of telecommunication monopoly by encouraging

investments from private sectors. The Telephone Organization of Thailand (TOT) granted telephone-wiring licenses to TA and TTT&T and granted wireless phone licenses to ASS and PACT, while the Communication Authority of Thailand (CAT) authorized DACCA to operate in mobile phone industry.

The government granted private sectors to take on the telephone- wiring project because of the urgency of the IT infrastructure expansion (from 300,000 users in 1999 to more than 1,000,000 users in 2000) in a sense that the private sectors are able to install the lines faster than the government sector in certain areas. Installation of fiber optic infrastructure throughout Bangkok and Thailand. Increase the telephone availability from 13 lines per 100 populations to 18 lines per 100 populations. Nation wide local call ISP access Possibility of free internet in the future Lowering cost of PC More mobile phone usage with cheaper rate 2.

IT Education: Increase the number of schools connected to free internet from 1,500 schools to targeted 5,000 schools. Better focus on the optimization of the computer usage in schools, not just computer availability. Teacher's IT training, NEGLECT provided pilot courses and teaching materials for Rajah Institute, which in turn will teach and prepare the future schoolteachers for the Schooling project. 3. Laws and Regulations Electronic Transactions Bills and the Electronic Signature Bills were approved by the cabinet on March 14, 2000. Equal to paper documents, if they are properly handled.

The Act also defines the scope of legal recognition of transmission and reception processes for electronic data records, time and place of occurrences

of such transmission. Electronic Signature Act defines the electronic equivalence of signature as a proof to Identity of the signing party (I. E. Authentication) and that the signer approves the content that is being signed. The law is neutral to the choice of technology used for electronic signature. It recognizes the well-established trusted third-party system of Certification Authority (CA) and public-key infrastructure (PKZIP) based on encryption technology.

Intellectual Property Laws: Thai government recognizes that an effective intellectual and industrial property system is vital to the development of new economy especially on the innovations and technology transfer aspects. Thus, to encourage such originates, the government has established laws and regulations to protect and secure the exclusive rights of scientists, inventors, artists and other gifted citizens to heir intellectual property and creations, particularly when beneficial to people and its nation.

When the IP laws are being violated, the offender will be inflicted with fine or imprisonment or both. Currently, there are three major IP laws in Thailand: aardvark Act (2nd revision in 2000) Patent Act (3rd revision in 1999) Copyright Act lamented in 1994) Other drafts in the pipeline are the Computer Crime Act, the Electronic Funds Transfer Act, and the Data Protection Act. 4. Electronic Commerce The Electronic Commerce Resource Center was set up by the cabinet resolution in December 1998 as a unit within NEGLECT where drafting of the Electronic Commerce Policy Framework is being planned.

E-commerce infrastructure project has been carried out by Nester's sister organization " Internet Thailand Company, which started a neutral yet highly diverse portal site called THAI-DOT. COM ([http://www. Thai. Com](http://www.Thai.Com)) with free commerce hosting provision to all business partners (merchants, banks, and application service providers). 5. Software Park Software Park is the first and unique infrastructure Thailand ever built for this new software industry. Local software developers in Thailand can enjoy professional support for international marketing.

It also provides a one-stop meeting point for potential customers both locally and from abroad as well as providing high- speed networking. In addition, world-leading companies like Intel, Informing, MOM, etc. Have invested in R&D infrastructure for local software companies to use at very low cost. 5. BIO incentive on IT related industry Electronic Industry: This is to promote specific government offered tax-based incentives to stimulate such investment, such as Corporate income tax exemption for 8 years, regardless of location. Exemption on import duty on machinery relevant to production process.

Additional privileges according to zone" further tax and duty reduction as well as allowances for infrastructure investment. Singapore o Well-connected IT infrastructure facilities such as the science-park ranging from biotechnology to robot researches) and information superhighway Inch enable Singapore to become IT hub for exportable services, for Instance" consulting or engineering advises, in East Asia. Focusing on R&D, the fastest growing activities in Singapore, since Singapore has competitive advantages

on superior infrastructure and manpower capabilities to explore this possibility.

Implementation of “ E-Government Services” “ people saved time through complete overspent-related transactions (e. G. Tax, registration and licensing fees). As a result, this action has saved cost for government on transaction filings, while saving cost and time for the business sector. Malaysia o Due to the aspiration of becoming a fully developed country by 2020, the Malaysian government has developed a path that has been strategically mapped out to ensure that the objectives of 2020 visions are achievable.

With the focus on welcoming the information technology age phenomenon, the government has created the “ Multimedia Super Corridor’ (MASC.) in which is a world- iris, world class place to help companies of the world test the limits of technology and prepare themselves for the future. Creation of the perfect global multimedia climate. Cybercaf??: a conceptualized model intelligent city with multimedia industries, R centers, a Multimedia University and operational headquarters for multinational firms wishing to direct their worldwide manufacturing and trading activities using multimedia technology.

Pituitary: a concept of electronic government and administration will be implemented. These two cities are the nucleus of Malaysia strategic vision for the new economy. No en knows whether it would turn out as successful as the Malaysian government has envisioned or not, but at least its government has took a tremendous step by economy and information technology and, hopefully, benefit from it.

Transforming Thailand to “ New Economy” needs a very strong foundation and cooperation in every level starting from redesigning infrastructure, IT education, HER development, and IT laws and regulations. These four factors needed to be organized by the government, not only because the whole country needs to be involved in this transforming stage, but the government needs to also provide assurance for the seines sector on security issues as well as providing a sense of borderless marketing condition for the company to excel in the global competition.

In addition, the government involvement is very crucial; this is to prevent the concentration of IT development in certain sectors or business fields as if would have done by the private sector. And ensuring that the country would explore into the New Economy era together, and that there should be no discrimination in IT development in which, as a result, the country and everyone involved will mutually benefit from this New Economy endeavor.