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UNIVERSITI SAINS MALAYSIA

First Semester Examination
Academic Session 2004/2005

October 2004

SEA302 – Economic Transformation in Southeast Asia

Duration: 3 hours

Please check that this examination paper consists of TWO pages of printed material before you begin the examination.

Answer **THREE** (3) of the following questions.

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1.
 - (a) What is the supposed rationale for subsidizing higher education as practiced in many Southeast Asian countries (Malaysia as an example)? Is this a legitimate rationale from the economic point of view? Please explain your answer using appropriate examples.
 - (b) Using any country in Southeast Asia as an example, explain in what way does poverty lead to environmental degradation? What types of environmental problems do the rural and urban poor share?

2. Please explain the following concepts and discuss why each of these concepts is a relevant and an important issue in Southeast Asia:
 - (a) Brain drain
 - (b) Opportunity costs of education
 - (c) Rent seeking activities
 - (d) Literacy rate
 - (e) Sustainable development
 - (f) Rural and urban poverty

3.
 - (a) "The world population problem is not just a matter of expanding numbers but also one of rising affluence and limited resources. It is as much a problem caused by developed nations as it is one deriving from developing countries." Comment on this statement.
 - (b) List and briefly describe the principal causes of high population growth in Southeast Asia and their possible consequences.

4.
 - (a) Explain some of the arguments in support of the use of tariffs, quotas, and other trade barriers in developing countries like Southeast Asian countries.
 - (b) What factors do you think are the most important in implementing a successful outward-looking industrialization strategy in Southeast Asia?
 - (c) What is meant by structural economic transformation? Use Southeast Asia as an example to explain the meaning.

5.
 - (a) Briefly, explain why most of the ASEAN countries switched from import-substitution policy to export oriented policy?
 - (b) What are the major factors that contribute to the rapid growth in inter-regional trade of ASEAN countries?
 - (c) Discuss the competition faced by the ASEAN countries.