Public Debt: A road to recovery or to the cliff

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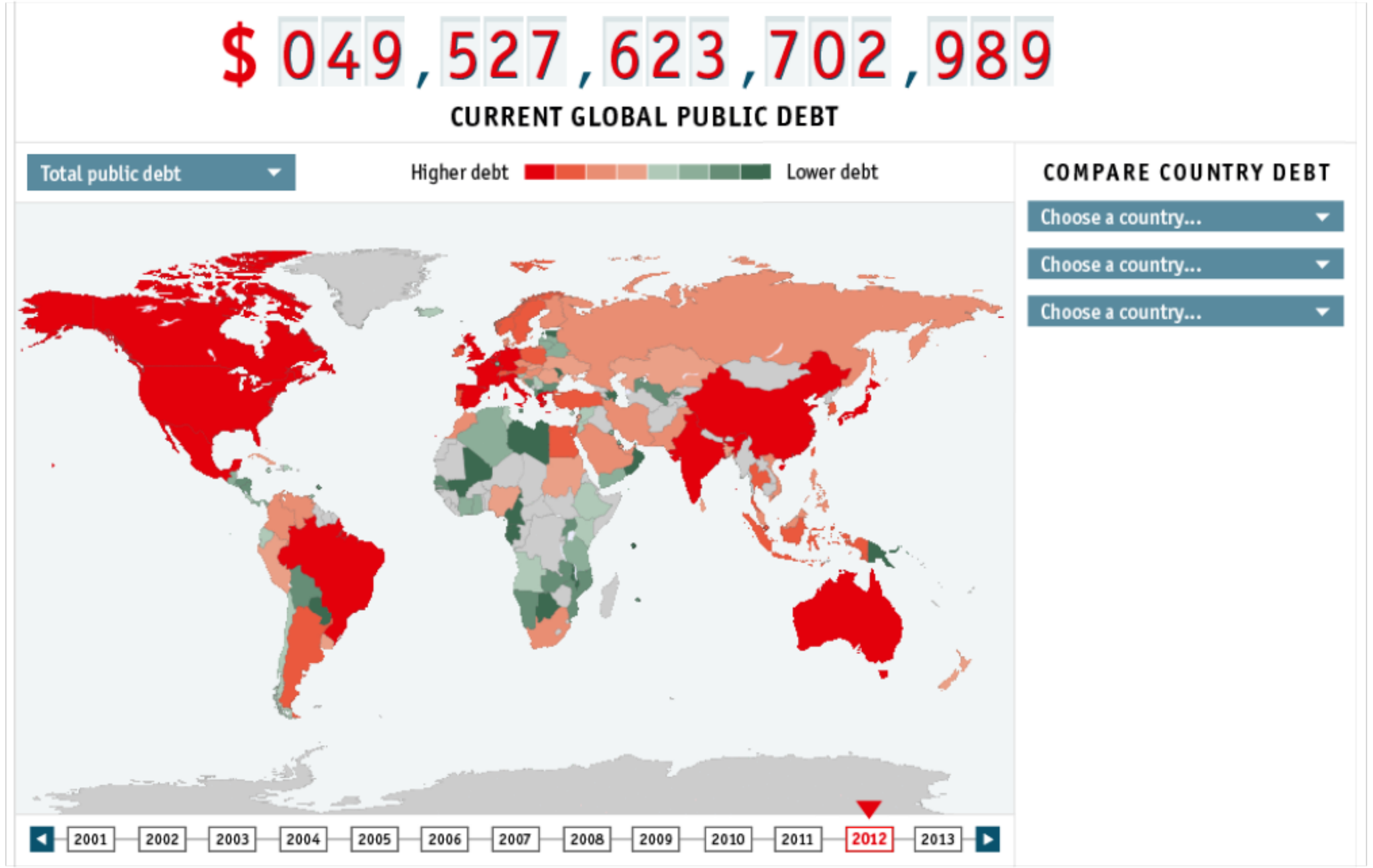
National Debt Clock

Thailand's Debt Clock

	PDMO	The Economist	nationaldebtclocks.org
Public Debt	4.94 Trillion Baht	179 Billion $	3.75 Trillion Baht
Debt/GDP	43.91%	47.8%	37.68%
Citizen's share	71,786	78,795.3	54,079



Source: The Economist

http://www.economist.com/content/global_debt_clock

Government Expenditures

- It's our money
- But..
- what about ..
- Keynesian multiplier

Fiscal Multiplier

- Kevin Murphy (2009) doubted that the multiplier for the US stimulus package would be small, or even negative.

- 3 factors

    - Inefficiencies

    - Idle resources

    - Deadweight loss

Inefficiencies

- Murphy (2009) views that government in general is inefficient
  - The need to act quickly will make it more inefficient
  - The desire to spend a lot in a short period of time will make it more inefficient
  - Trying to be both stimulus and investment will make it even more inefficient

Idle resources

- The multiplier effect implies that the government spending effectively increases output
    - Increase in output either comes from idle resources being used, like unemployed workers
    - or from taking away employed resources that private already used (presumably the government can use those resources more efficient than private)

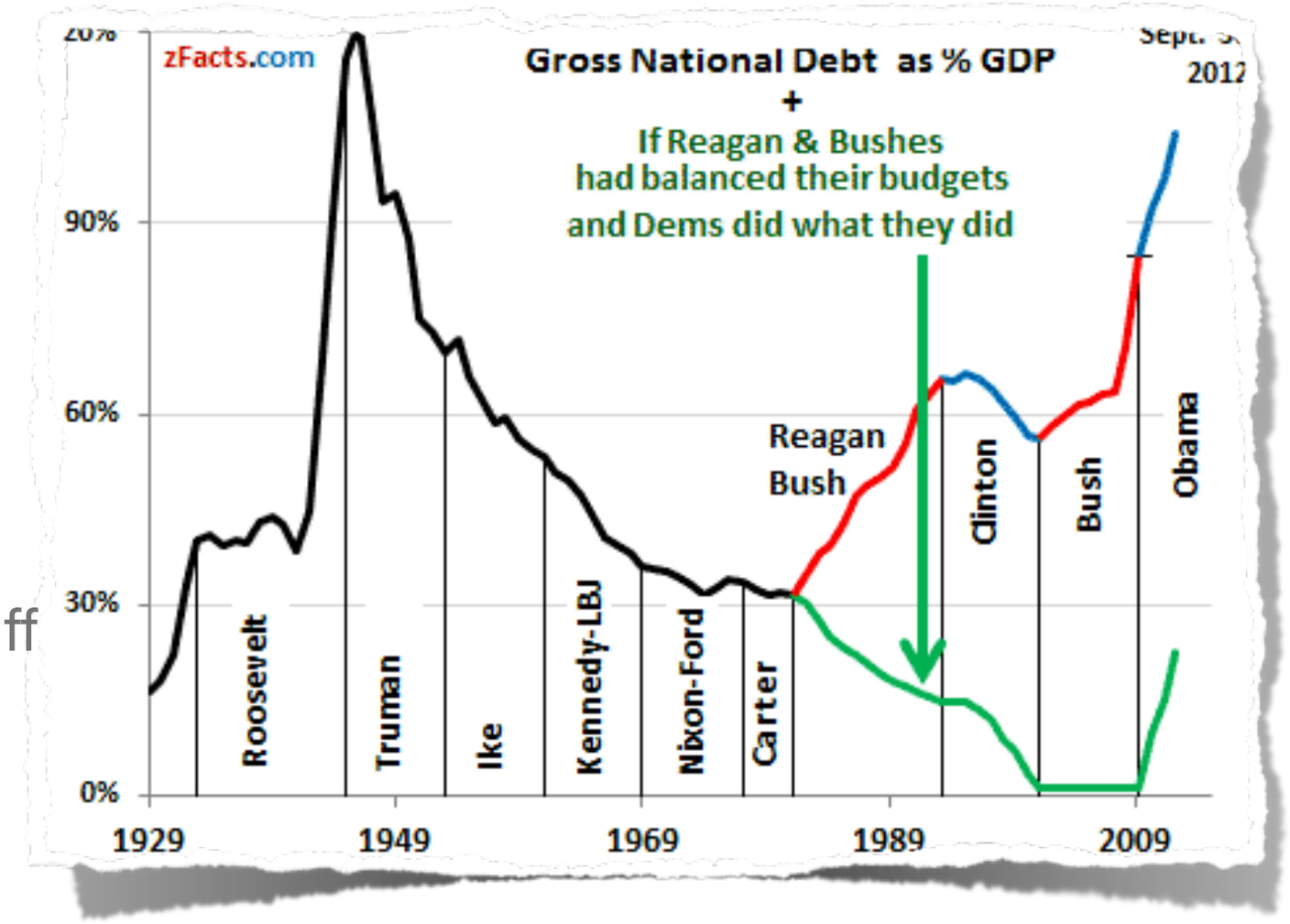
Unemployment rate

Deadweight Loss

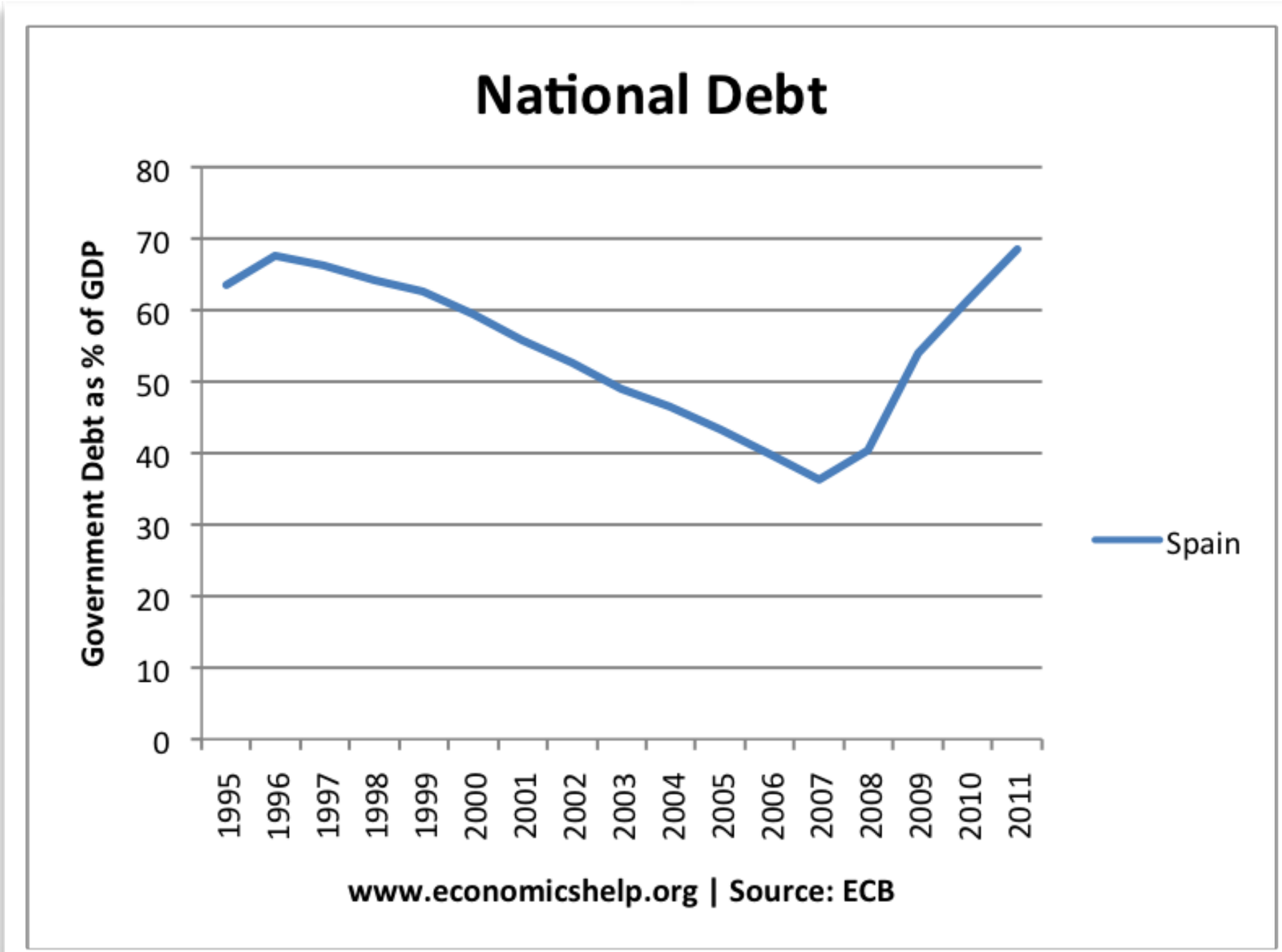
- Expenditures must be balanced by revenues
- Tax collection incurs distortionary effect -- Deadweight Loss

US Public Debt

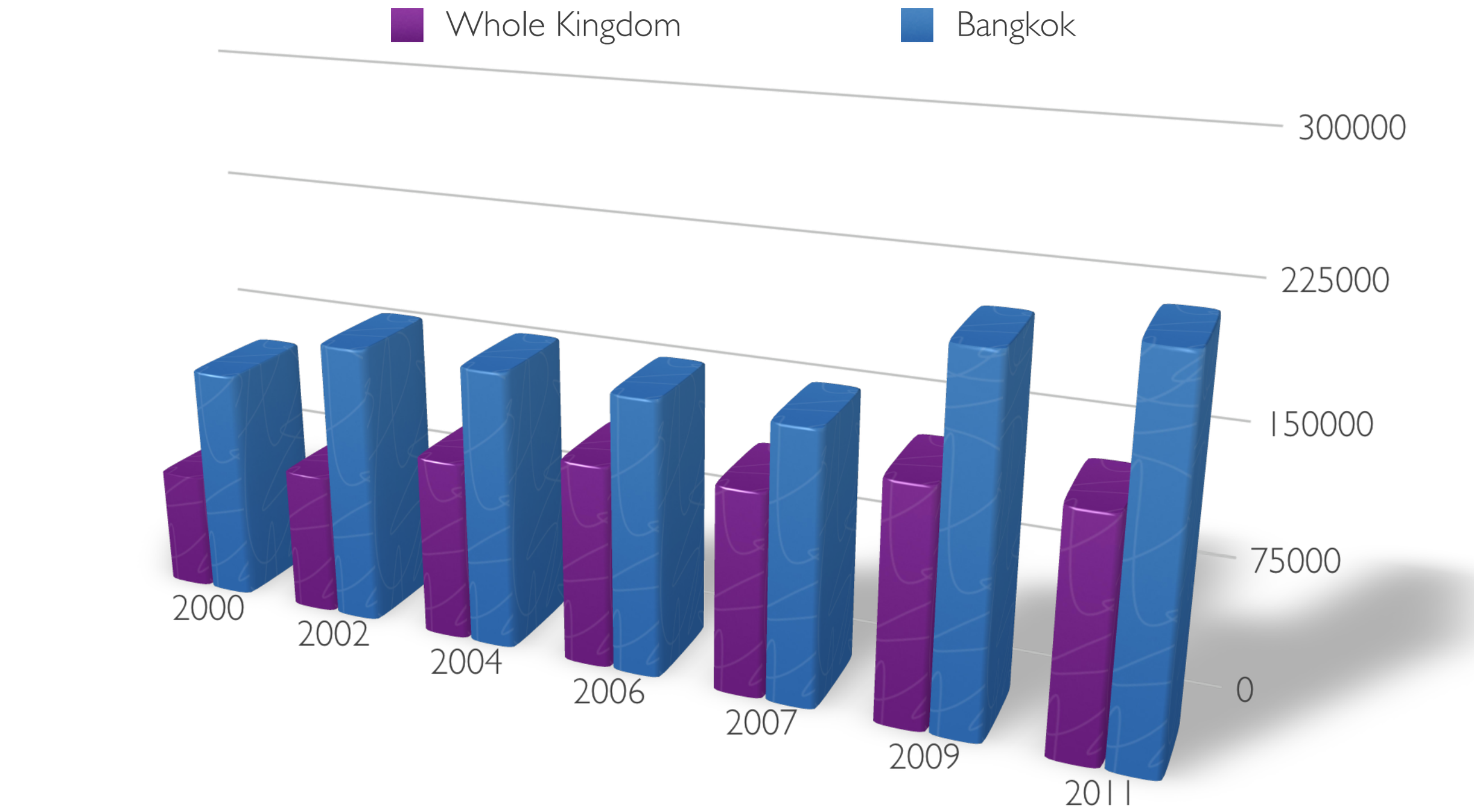
- Long-running deficits
- Accumulating debts
- lead to an imminent fiscal cliff



Pain in Spain



Household Debt



Household Debt

	2004	2006	2009	2011
Whole Kingdom	104,571	116,585	134,699	134,900
Bangkok	160,776	158,059	207,665	218,741