The Lao economy has some kinds of characteristics which should be considered when we study the economic development. They are; a)Laos is one of the least developed countries whose per capita GDP is less than 1,000 USD, b)Laos is inland country which does not have seaport, c)Laos is neighbored by advanced countries such as Thailand, and d)Laos is on the process of growing the market economy.

In the first part of this paper, the author describes the Lao economic situation and economic policies comprehensively. It is very useful information package to understand the characteristics of Lao economy mentioned above.

The second part of this paper is the main content with econometrical model analysis. In addition to the lack of the enough data, there was a time of economic turbulence, 'Asian Financial and Economic Crisis'. Even though Asian Crisis dummy is used, the stability of the model is not guaranteed. Another point of this analysis is the exchange rate policy. Two foreign currencies such as USD and Thai Baht are circulating in a big portion of Lao money market. Therefore, to consider the exchange rate policy as an exogenous variable may be controversial. The fact that the official exchange rate is decided with consideration of market exchange rate means that exchange rate policy is difficult to understand to be a policy tool to control the macro economy.

The author concludes that policy package, stimulus in fiscal policy and stabilizing financial policy, is the best combination to sustain the Lao economy. Frankly speaking, I cannot support this conclusion as an advice to policymakers due to some constraints. But I am confident that this paper should be discussed among the Lao authorities to improve the economic policy. At least, this paper is worth being consulted.

In my judgment, this paper makes meaningful contribution to the literature, because it has achieved to provide good suggestions to the Lao economy with well managed analysis.

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