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MALINEE PANDITAKULA : A MULTINOMIAL LOGIT MODEL OF BALANCE-OF-PAYMENTS STAGES. THESIS ADVISOR : ASSO.PROF. TEERANA BHONGMAKAPAT, Ph.D. 83 pp. ISBN 974-583-440-8

The first purpose of this study is to test the hypothesis that the balance-of-payments stages (BOP) pass through a sequential order with economic development. In addition, its aim is also to identify significant explanatory variables possibly affecting for BOP stages.

A multinomial logit model is constructed. Balance-of-payments patterns or stages are classified into 4 stages, i.e. those of (1) immature debtor (2) mature debtor (3) immature creditor and (4) mature creditor. Explanatory variables include (1) gross national products (GNP) per capita (2) saving ratio (3) credit rating and (4) crude petroleum production per gross domestic products (OIL/GDP). The observations are five-year average data for 109 countries.

The results show that, for stages 2 and 3, the higher the GNP per capita, the higher the saving ratio, and the higher the credit rating, the more likely a country is to be in a higher stages. However, it has perverse effect on the last two stages. If a country is being an immature creditor, then it becomes more likely to move to a higher stages (say, mature creditor) as its GNP per capita, its saving ratio, or its credit rating increases. Another explanatory variable, OIL/GDP, has an positive effect on moving up from stages 1 to stage 4 only. In conclusion, the study found a statistically significant relationship between the balance-of-payments stages and economic development. It also found certain variables strong affecting the stages.