

Butsara Intharit 2008: Effects of Corruption on Economic Growth in Thailand. Master of Economics, Major Field: Economics, Department of Economics. Thesis Advisor: Associate Professor Sumalee Santipollavut, Ph.D. 141 pages.

The objectives of this study are to find out the situation of corruption in Thailand and to analyze the direct and indirect effect of corruption on economic growth. The study utilized time-series data during 1995-2004 from many organizations such as Transparency International, Office of National Economic and Social Development Board, National Counter Corruption Commission. The descriptive analysis used to explain the situation of corruption in Thailand, while path analysis used to analyze the effect of corruption on economic growth.

The study shows that degree of corruption in Thailand has slightly reduced, indicating by the value of Corruption Perception Index (CPI) increased from 2.79 in 1995 to 3.60 in 2005. Causes of corruption include both personal and external factors, resulting to various patterns of corruption behavior in Thailand. The various causes and patterns of corruption lead to various anti-corruption strategies of clear and unambiguous rules and laws, appropriate bureaucratic processes, and weakening link between the politicians and government officers to business sectors in the economy. The result of path analysis reveals that corruption, proxies by Corruption Perception Index (CPI), has negative indirect effects via international trade, education, political stability, and investment on economic growth. The increase in corruption reduced economic growth.

This study recommends that policies and strategies aimed at the corruption reduction should be vigorously pursued together. Moreover, the institutions which in the transmission channel such as Ministry of Commerce, Ministry of Education, Ministry of Interior and Ministry of Industry should be shelter from corruption. This would reduce and eradicate corruption that would eventually benefit to economic growth of the whole country.

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