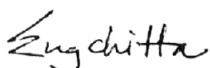


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The effects of the quasi-fiscal policy household savings in Thailand was researched for the purpose of studying Thai government's quasi-fiscal policy during 2002-2005 and the effects of the policy on household savings in Thailand by employing the secondary monthly time series data during January 2002 - December 2005. The data was tested for stationary feature by two methods of assessment: ordinary least square (OLS) and cointegration analysis to show cointegration relationship in long run.

The empirical study shows the following that the quasi-fiscal policy on consumer loans was carried out through the Government Savings Bank and the Government Housing Bank that were sources of funds available both in Bangkok and upcountry. Loan growth in four projects related to households helped improve house and land sectors apparently as the government supported the populist projects. In terms of the quasi-fiscal policy on household savings, the policy under the former Thaksin-led government was diversified into various types of assets. As a result, household savings were dropped as people were ready to expand assets and debt incurred from the quasi-fiscal policy. In addition, the financial pressure on lower household savings derived from installment was evident. Moreover, credit card's overdue debt also lowered household savings as household spending was extravagant.

Furthermore, the empirical study also signified that household savings were most positively affected by the price. The sharp increase in prices however may not occur in Thai economy which aims at stabilizing prices. The government hence needed to apply measures to spur savings based on higher subsidy and provide knowledge about financial management for leaders and family members to plan for long-term savings.



Student's signature

 19, 10, 06

Thesis Advisor's signature