

## ABSTRACT

Thesis Title : Public Capital and Output Growth in Thailand

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Both private and public investments are the most important factors affecting economic development. The sharply decline in private investment in 1997 was followed by one of the worst recession in Thailand.

Because private investment is uncertain and difficult to control, public investment could be used as one of the measures to stabilize and induce economic growth.

The objective of this research is to study and analyze the relationship between public investment and economic growth in Thailand. Cobb-Douglas production function is used as model and multiple regression is the method of analyses. Period under study was from 1983-1997, when growth rate of both public and private investment were very high, especially during the Sixth National Economic and Social Development Plan (1992-1996).

The study found that high level of private investment is the main reason for the above-target economic growth during the period under study. In 1997, however, economic growth rate was lowest as a result of sharp decline in private investment. Although public investment was still growing, its growth rate was lower than the previous years.

Multiple regression analysis, using Cobb-Douglas model revealed that economic growth is positively related to growth in public investment, growth in private investment, and growth in employment with statistically 99 % level of significance.