

Pat Jirathanakit 2014: The Relationship Between Inflation and Economic Growth.  
Master of Economics, Major Field: Economics, Department of Economics. Thesis  
Advisor: Assistant Professor Arunee Punyasavasut, Ph.D. 152 pages

This study aims to investigate the relationship between the inflation and the economic growth. The data collect form 76 provinces in Thailand between 2007 to 2010. The study use theoretical concepts of inflation, investment and economic growth. Following Gillman and Kejak (2008), we employ Panel Data Analysis in this study.

The results show that Inflation and economic growth are correlated. Their relationships are both positive and negative. It is found that, in case of Thailand, Inflation is mild. It has positive impacts on the economy, particularly in the Bangkok and Metropolitan, North, South and Central regions because mild inflation stimulates the economic growth by increasing in price and the amount of credit. It also increases capital stock. Finally, economy grows. However, in case of North East region, inflation results in more-leisure trade-off. Workers reduce work hours. So, human capital decreases. Thus, economy declines

Following this study, inflation affects increasing in economy. But the government or the Bank of Thailand is keeping optimal inflation. Due to inflation is too high, may be result in reduction on economy.

---

Student's signature

---

Thesis Advisor's signature