

Assesing The Impact of Government Budget Deficits on Inflation Rates in Thailand

*Komain Jiranyakul**

ABSTRACT: This study assesses the impacts of budget deficits on inflation using the data for Thailand during 1968-1987. The main results are summarized as follows: (1) budget deficits do not significantly affect inflation, (2) trade deficits are not counterinflationary, and (3) lagged money growths play an important part in the inflationary process. Therefore, money supply control should be the necessary measure to curb the rises in the price level.