

Prachya Sirinaphaphan 2007: The Test of the Relation between Saving, Investment, Foreign Capital Inflows and Economic Growth in Thailand.

Master of Economics, Major Field: Economics, Department of Economics.

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In many countries, there have been interests and studies in Savings, Investment and Foreign Capital Inflows which leads to their economic growths. The outcome from the studies has been utilized to properly set plans and policies, to stabilize and enhance the economic growths. Thus the objectives of this study are to study the source of capital and investment of Thailand, and to test the relation between saving, investment, foreign capital inflows and economic growth in Thailand in the possible form. There were the considered variables as follows: Gross Domestic Product (GDP) was proxy of economic growth, Household Saving (HHS), Private Corporate Saving (PRS), Public Saving (PUS), Private Investment (PRI), Public Investment (PI), and Net Foreign Capital Inflows (FCI) was proxy of capital movement. Every variable were in per worker terms. This study used the annual secondary data since 1967 until 2005. The descriptive analysis studied the source of capital and investment of Thailand. The quantitative analysis was used to test the relation between saving, investment, net foreign capital inflows and economic growth in Thailand.

The results of this study revealed that sources of domestic capital were important for economic growth in Thailand, especially, not only household savings which had decreasing trend, but also private investment. The results of the quantitative analysis found that household savings, private investment and public investment affected economic growth in the same direction. Nevertheless, it has been observed that foreign capital inflows imparted an opposite direction to the economic growth, which could be caused from the short run capital inflows and resulting in disadvantages to the economy.

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