

# Economic Behavior of Thai Farm Household in Early 1950's: An Approach from Subjective Equilibrium Model of Farm Household

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The objective of this paper is to investigate the economic behavior of the Thai farm households in early 1950's by estimating the production function and the consumption expenditure function using the farm economic survey data in 1952.

The nation-wide average shows that the annual total working days of 451.91 of a typical farm household were divided into 319.91 days of agricultural work and 132.00 days of non-agricultural work. The data also shows 25.50 days of labor work employed from the outside of household. This paper explains such a labor allocation by the subjective equilibrium model of the farm households.

The result from the estimation of the production function implies that the production elasticities of labor, land, capital and current input are 0.53, 0.21, 0.18 and 0.12, respectively.

The evidence that the labor input was determined at the level where the marginal product of labor equals to the wage rate confirms the subjective equilibrium model of labor distribution.

The result from the estimation of the consumption expenditure function implies that the consumption expenditure elasticities of food, clothing, housing and miscellaneous expenses are 0.71, 1.03, 1.47 and 1.92, respectively. These elasticity values do not differ much from those of other countries obtained by Houthakker in his analysis of the world consumption expenditure data. Therefore, the consumption expenditure of the Thai farm households in 1952 was common to those of other countries in the world during the same period.

It is found that the labor and consumption behavior of farm households in Thailand follows the prototypical behavior explained in the economic textbooks, in spite of the fact that 84 % of the labor force were in the agricultural sector in 1952. The results of this study provide the possibility of the existence of the developed market economy in Thai farm village community with rational behavior of the farm households in 1952, which differs from the previous view on the Thai farm village community with immaturely developed market economy.