

**Title:** An Estimation of Marshall-Lerner Condition and A Test on J-curve Effect After Currency Crisis in Thailand

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**Abstract:** In this paper we analyze Thai economy focusing on the aspect of International trade. Thai economy experienced an economic crisis, so-called currency crisis, since 1997. Mainly, the shift to the flexible exchange rate system from the fixed on in July 1997 triggered off such a great economic confusion in Thailand. Our concern is to consider the structure of export and import in macro economy.

After deriving export and import functions theoretically from a cost minimization problem in production, we estimate those functions of Thailand in two periods, one is the period before crisis and another is the period after crisis. With coefficient obtained by regressions, we test for Marshall-Lerner Condition in both periods. It is concluded that Marshall-Lerner condition is still held even after crisis in Thai economy. Furthermore, it becomes clear that, in Thai economy, J-curve effect which sometimes appears after depreciation of exchange rate especially in advanced economy did not occur after the shift to the flexible exchange rate system in 1997.