AN EMPIRICAL STUDY ON EXPORTS AND ECONOMIC GROWTH: THE MALAYSIAN EXPERIENCE 1971-90

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# Table of Contents

Acknowledgements

List of Tables and Figures

Chapter One: Introduction

1.1 Exports and Economic Growth
1.2 Malaysian Economic Scenario
1.3 Objectives of the Study

Chapter Two: Literature Review

2.1 Strategies for Industrial Development
   2.2.1 Inward-Looking Strategies *(ISI)*
   2.2.2 Outward-Looking Strategies *(EOI)*

2.2 Malaysian Industrial Development
   2.2.1 The First Phase of Industrialisation
   2.2.2 The Second and the Third Phase of Industrialisation
      2.2.2.1 Free Trade Zones *(FTZs)*
      2.2.2.2 Heavy Industrialisation
      2.2.2.3 Resource-Based Industries

Chapter Three: Research Methodology

3.1 Model Specification
3.2 Theoretical Model
3.3 Theoretical Assumptions
3.4 Hypothesis
3.5 Data Collection

Chapter Four: Analysis

4.1 Tests of OLS Assumptions
   4.1.1 Multicollinearity
   4.1.2 Heteroscedasticity
   4.1.3 Autocorrelation
4.2 Estimation of the Results
   4.2.1 Statistical Analysis
   4.2.2 Hypothesis Testing
       4.2.2.1 The t-test
       4.2.2.2 The F-test and R-square
       4.2.2.3 The Chow-test

Chapter Five: Conclusion

Notes

Appendix

References
List of Tables

<table>
<thead>
<tr>
<th>Table Number</th>
<th>Table Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Phases of Industrialisation in Malaysia</td>
<td>10</td>
</tr>
<tr>
<td>2.2</td>
<td>GDP by Industrial Origin (Percentage)</td>
<td>11</td>
</tr>
<tr>
<td>2.3</td>
<td>Exports by Sectors (Percentage)</td>
<td>11</td>
</tr>
<tr>
<td>2.4</td>
<td>Employment by Industrial Origin (Percentage)</td>
<td>12</td>
</tr>
<tr>
<td>2.5</td>
<td>Empirical Studies on the Relationship between Exports and Economic Growth in LDCs</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section Number</th>
<th>Section Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Results from Regression Analysis</td>
<td>34</td>
</tr>
<tr>
<td>4.2</td>
<td>Partial Correlation Coefficients</td>
<td>35</td>
</tr>
<tr>
<td>4.3</td>
<td>The Minimum and Maximum Value of Eigenvalues</td>
<td>35</td>
</tr>
<tr>
<td>4.4</td>
<td>Spearman Correlation Coefficient</td>
<td>36</td>
</tr>
<tr>
<td>4.5</td>
<td>Mean and Standard Deviation of the Variables</td>
<td>39</td>
</tr>
</tbody>
</table>

List of Figures

<table>
<thead>
<tr>
<th>Figure Number</th>
<th>Figure Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Export and GDP (Growth Rate) in Malaysia 1971-90</td>
<td>39</td>
</tr>
<tr>
<td>4.2</td>
<td>The Regression Equations</td>
<td>40</td>
</tr>
</tbody>
</table>
Chapter One

Introduction

1.1 Exports and Economic Growth

Industrialisation has become an important role in generating economic growth in many countries. However, most of the Less Developing Countries (LDCs), mainly South Asia and Sub-Saharan Africa, are still highly dependent on agricultural production and primary commodity for their export earnings as well as national income. As a result, they have experienced poor economic growth. Therefore they need to diversify their economic activities and also promote industrialisation.

On the other hand, the East Asian countries have experienced rapid economic growth as they have promoted industrial development. The World Bank categorises Taiwan, Hong Kong, South Korea and Singapore as the “Four Tigers”. Malaysia, Indonesia and Thailand are categorised as the Newly Industrialising Economies (NIEs). These two groups together with Japan is known as High Performance Asian Economies (HPAEs) have attributed a remarkable economic growth to the East Asian economies (World Bank, 1993: 2). The common thing among HPAEs is that they are export-oriented economies, mainly manufacturing exports, however they differ from each other in terms of practising their industrial policy. The government intervention through industrial policy in HPAEs also have a significant impact on industrial development.

1.2 Malaysian Economic Scenario

Malaysian economy has gone through rapid structural changes since independence in 1957. From a basic primary commodities and agricultural producing economy, Malaysia has emerged
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References


