

**AN ANALYSIS OF RELATIONSHIP BETWEEN MALAYSIA ECONOMIC  
GROWTH AND INFLATION IN THE PREVIOUS ECONOMIC POLICY**

**PREPARED BY:**

**TISMAZAMMI BT MUSTAFA  
HAPIZA BT OMAR  
ISKANDAR HASAN TAN ABDULLAH**

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Profesor Dr. Abu Bakar Abdul Majeed  
Penolong Naib Cancellor (Penyelidikan)  
Institut Pengurusan Penyelidikan  
Universiti Teknologi MARA Malaysia  
40450 Shah Alam  
Selangor Darul Ehsan

Tuan,

**LAPORAN AKHIR PENYELIDIKAN “AN ANALYSIS OF RELATIONSHIP BETWEEN MALAYSIA ECONOMIC GROWTH AND INFLATION IN THE PREVIOUS ECONOMIC POLICY”.**

Merujuk kepada perkara diatas, bersama-sama ini disertakan 2 (dua) naskhah Laporan Akhir Penyelidikan bertajuk “An analysis of Relationship between Malaysia Economic Growth and Inflation in the previous Economic Policy” oleh kumpulan Penyelidik dari Fakulti Pengurusan Perniagaan, UiTM Terengganu untuk makluman pihak tuan.

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## ABSTRACT

The most important basic objectives for any countries in this world are to sustain high economic growth with low inflation. Thus, this study attempts to investigate the relationship between economic growth rate and inflation rate in Malaysia based on Previous Policy of Malaysia. Using the annual data for the period 1970-2008, economic root test unit, integration test and Granger Causality test are used. According to this study, the empirical results showed that the data is stationary at level. The finding also shown the results integrate in long run relationship between inflation rate and economic growth rate. The Granger Causality test did not show bidirectional between economic growth rate and inflation rate. But, a uni-directional causality is found from inflation rate to economic growth rate. Hence, there is exist short run causality between variables in uni-directionally.

*Keywords: Economic growth rate, Inflation rate and Previous Economic Policy of Malaysia*