



**THE EFFECT OF FEDERAL DEBT
TOWARDS MALAYSIA'S
ECONOMY**

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ABSTRACT

This research are about the effect of federal debt towards economic growth in Malaysia. The data collection were in annually which the researcher gain from World Bank Data, Bank Negara Malaysia (BNM), and Census and Economic Information Center (CEIC). The data variable were secondary data which based in Malaysia from the year of 1980 to 2018 which involve 39 years. The data will be regress by Multiple Regression Analysis to gain the result. The regression will be run in the E-views software in order to identify the relationship between dependent and independent variable of this research. The dependent variable is gross domestic product (GDP) per capita, while the independent variable are foreign direct investment, openness, and federal debt. Federal debt was viewed as the main variable which will affect the economic growth in Malaysia. As effect of federal debt towards economic growth is a normal study that have been done by numerous researcher, this study include the openness variable as one of the independent variable which is not very well-known yet among people. The result gain by the researcher was insignificant relationship of federal debt with Malaysian's economy and foreign direct investment as the main variable that affect growth domestic product per capita.