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ABSRACT

This study examine the relationship between economy performance that are measured by Gross Domestic Product (GDP) towards its independent variable which is government debt (GVDEBT), foreign direct investment (FDI) and Trade Openness (TO) with 30 years annual time series observation starting in 1987 until 2016. This paper examines the relationship by using Autoregressive Distributed Lad (ARDL) test, this study also used Augmented Dickey-Fuller (ADF) and Philips-Perron (PP) test in order to have a better outcome in identifying the relationship between the variables.

In the ADF and PP test shows that government debt have negative and insignificant relationship towards economy growth for long run however a short run result a negative but significant relationship between the variables in the country. Foreign direct investment are found to have a negative and significant relationship to economy performance in Malaysia on long-term. A negative and insignificant relationship appears when there is a short-term relationship between FDI and the economy performance. The last variable indicate that there os a positive relationship between trade openness and economy performance measured by gross domestics product significantly for both short run and long run.

Keywords: Economy performance, gross domestic product, government debt, foreign direct investment, trade openness.

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