



THE RELATIONSHIP BETWEEN ECONOMIC GROWTHS ON
POPULATION GROWTH: CASE STUDY
OF MALAYSIA

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ABSTRACT

This study examines the relationship between economic growth and population in Malaysia. Thus, Malthusian theory of population is relevant to Malaysia as a developing economy. The study used trend analysis of the study with the scope of time series method in 1970 to 2010. The study adopted ordinary least square method of analysis. In examining time series stationary using the Augmented Dicker Fuller (ADF). The analysis showed that GDP, Per Capita and Population are not stationary on the level difference and First difference but it only significance of the second differences both all the variable. The survey revealed that GDP has a positive relationship towards population but has a negative impact on the GDP Per Capita. Thus, these studies later suggest that government should create a policy to implement for better economic development as results of continues population growth.

Key words: population, Economic Growth, Per Capita, Economic Development

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Chapter 1

Introduction

1.1 Background of study

Population growth has a large impact in any theatre in the world. This population growth can bring either advantage or disadvantage. For an example, due to decreasing population growth in many developed countries, it is facing a grave problem of an "aging population". But the population growth also affects the economic performance of the country. The importance of population growth and economic growth has been acknowledged by the economist because it holds a relation both of it. Nonetheless, according to Dawson and Tiffin (1998, 149) has been described that "The relationship between population growth and economic growth has long been thought to be fundamental to our understanding of developing countries (LDCs)". Yet there is no proof either the population growth is brings a good benefit or not to the developing countries.

There is a positive relationship between population growth and economic development particularly in developing country. Because the demographic totals could estimate the economy and affect the living standards either increased or diminished. The other reason is because of rapid growth of population would increase the market size of a particular country. As described by Simon (1996), that "the ultimate resources are people with their skilled, spirited, and hopeful that will exert their wills and imaginations for their own benefit, and without doubt they will benefit not only for themselves but the rest of us as well".

Nonetheless, the relationship between population growth and economic growth can also be described as negative. This due to the fact that rapid growth of population growth could place a burden on the nation that it has faced. For example, the people who are not contributing anything to the production of an economy