

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

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ABSTRACT: The intricate relationship between government expenditure, foreign direct investment, balance of trade, and economic growth in Malaysia is being investigated using the VECM model and annual data from 1961 to 2022. This thorough analysis looks at the subtle complications between these core variables. The results of my investigation demonstrate a complex interrelationship between government expenditure, FDI flows, the balance of trade flow, and economic growth. The VECM framework allows us to capture both short dynamics and long equilibrium relations. In particular, FDI turns out to be an important stimulus of economic growth and there is a positive impact found in the long-term trend. In addition, Government spending is recognized as a strong economic catalyst leading not only to the long-term equilibrium. It is found that the trade balance does not contribute significantly to the economic stability and growth sustainability of the Malaysian economy. This study has emphasized the need for aligned policy initiatives towards ensuring that government expenditure is optimal, there are inflows of FDI, and favorable trade conditions to support Malaysia's economic path. These findings have been beneficial to policymakers, investors, and other stakeholders who want to engage with the Malaysian economy in a challenging global environment.

KEYWORDS: Economic growth, Government expenditure, Foreign direct investment, Balance of trade, Gross domestic product.

1. INTRODUCTION

Following three decades or so of robust economic growth, Malaysia has emerged as one of the leading global players in terms of economy. The economic behavior of the country was influenced by government spending and foreign direct investment. These variables play a crucial role in driving Malaysia's economic performance due to the significant impacts they have on the GDP. Foreign direct investment (FDI) has greatly contributed to economic development because it encourages technology transfer as well as job and employment. Malaysia has proactively focused on attracting FDI by marketing itself as an attractive destination for foreign investors from countries around the world through a range of strategic policies and initiatives (Chin & Tan, 2019).

The other key determinant of the development of Malaysia's economy is government spending. The government's fiscal policies on health, education, and infrastructure have a major role to play in the economic development of any nation. Research has found that government-led concentrative spending can raise the GDP of a country, creating positive wealth and productivity (Abu-Bader & Abu-Qarn, 2008).

Therefore, the contribution of government spending towards Malaysia's economic development must be evaluated in-depth. Thus, the trade balance is an essential measure of economic welfare for a nation in terms of further globalization. Malaysia being a major player in international trade has to have and maintain positive terms of trade to enjoy growth.

The study of how trade balances contribute to the changes in GDP plays a vital role in understanding external factors, which affect economic stability and performance in Malaysia. The purpose of this study is to analyze the complex interrelations between trade balance, government spending foreign direct investment, and the aggregate effects all these factors have on Malaysian GDP. The analysis of such connections will allow obtaining various important conclusions for the decision makers, financiers, and scholars promoting a deeper understanding of these factors.

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

2. LITERATURE REVIEW

Empirical literature

Foreign Direct Investment on GDP

According to the neoclassical growth theory, FDI boosts productivity and capital accumulation, which in turn promotes economic growth. According to Solow (1956), FDI inflows increase the productivity of production factors by facilitating the transfer of technology, knowledge, and managerial abilities. Research such as that conducted by Lim and McAleer (2002) in the Malaysian context finds empirical evidence in favor of FDI's beneficial effects on capital accumulation and, subsequently, economic growth. Romer (1986) and Lucas (1988) are two endogenous growth theorists who highlight the importance of innovation and human capital in promoting sustained economic growth. FDI is viewed as a conduit for the transfer of knowledge and technology, encouraging the growth of human capital. According to Rasiah's (2009) research, foreign direct investment (FDI) in Malaysia has facilitated technological advancement and the development of human capital, which has had a positive impact on economic growth.

Dependency theorists contend that FDI may sustain economic inequality and reliance on developed nations, in opposition to neoclassical and endogenous growth theories. The degree to which Malaysia has become reliant on multinational corporations has been a topic of discussion due to the country's experience with foreign direct investment (FDI), specifically in the manufacturing sector. Critiques like those made by Rodan (1989) cast doubt on FDI's ability to spur overall economic growth because of the unequal distribution of its benefits. FDI effect on economic expansion is shaped by institutions, according to institutional theorists. The effectiveness of institutions, such as legal and governance frameworks, may have an impact on foreign direct investment (FDI). According to research by Woo (2009), Malaysia's institutional quality improvements have been instrumental in drawing in foreign direct investment (FDI) and ensuring that it has a positive effect on economic growth.

Technology spillover effects, or the benefiting of domestic companies from technological advancements in foreign-owned firms, are frequently linked to foreign direct investment. According to Blomström and Kokko (1998), FDI can increase productivity in the host nation by dispersing knowledge. Jomo and Rasiah's (1995) empirical research in Malaysia lends credence to the notion that foreign direct investment (FDI) has facilitated technology spillovers, resulting in higher economic growth and productivity.

Government Expenditure on Economic Growth

According to the Keynesian viewpoint, government spending can increase economic growth and stimulate aggregate demand, especially during recessions. Keynes (1936) postulated that higher government expenditure on public goods and services—like infrastructure projects—could multiply output as a whole. Studies such as Ali and Ozturk (2010) provide evidence in support of the Keynesian perspective in the context of Malaysia, indicating that government spending has a positive impact on economic growth. According to Wagner's Law, economic growth is typically accompanied by an increase in government spending as a nation advances. According to Rostow (1960), the growth of the economy causes the government to expand its role in providing infrastructure, healthcare, and education. Wagner's Law is supported in the Malaysian context by empirical studies like those conducted by Lee and Gordon (2005), which show a positive correlation between economic development, higher government spending, and overall economic growth.

Theorists of endogenous growth, such as Barro (1990) and Romer (1990), highlight the contribution of government spending to the development of human capital, research, and development, all of which are factors in long-term economic growth. The Malaysian government has made significant investments in research and development as well as education. Yaya et al. (2012) conducted empirical studies that indicate that augmenting government spending in these domains has a favorable impact on human capital and, consequently, on economic growth. Opponents contend that high levels of government spending could push out private investment and impede economic expansion.

The crowding-out effect was first proposed by Barro (1991), who postulated that high government spending could raise interest rates and discourage private investment. According to empirical research by Baharumshah et al. (2006), there is a crowding-out effect in Malaysia, which suggests that sustained economic growth requires a balance between public and private investment. Knoop (1999) discovered that a reduction in government spending would hurt welfare and economic growth. Wahab (2011) discovered that overall government spending has a positive impact on output growth, especially during times when it is growing below trend.

Trade Balance Impact on Economic Growth

The export-led growth hypothesis, often associated with the work of Michaely (1977) and Balassa (1978), suggests that an expansion of exports contributes positively to economic growth. According to this view, a positive trade balance, where exports exceed imports, can lead to increased income, employment, and investment. Studies such as those by Baharumshah and Rashid (2006) provide empirical evidence supporting the export-led growth hypothesis in the context of Malaysia, indicating a

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

favorable correlation between GDP and trade balance. Contrary to the export-led growth hypothesis, the import-led growth hypothesis, as proposed by Bhagwati (1978) and Edwards (1988), argues that a positive trade balance might not necessarily be beneficial for economic growth. Instead, increased imports may lead to the acquisition of capital goods and technologies, stimulating productivity and economic growth. Empirical studies, such as those by Arize et al. (2000), challenge the traditional view and suggest that imports can contribute positively to economic growth in Malaysia.

The J-curve phenomenon, proposed by Marquez (2002), suggests that in the short run, an improvement in the trade balance (such as through currency depreciation) might lead to a deterioration before a subsequent improvement. In the Malaysian context, studies by Ariff and Chung (2006) find evidence of the J-curve effect, indicating that while a positive trade balance is associated with economic growth in the long term, short-term adjustments might initially impact growth adversely. The structuralist perspective, influenced by the works of Prebisch (1950) and Singer (1950), contends that a country's terms of trade can have a significant impact on its economic growth. Structuralists argue that developing countries like Malaysia might face deteriorating terms of trade, leading to a negative impact on growth.

Research by Rasiah and Lin (2004) provides insights into how the structure of trade, particularly in the manufacturing sector, influences Malaysia's economic growth. In the era of globalization, participation in global value chains has become crucial for economic growth. Athukorala and Yamashita (2006) highlight the importance of GVCs in enhancing export competitiveness and economic growth. In the Malaysian context, studies such as those by Sasidharan and Rasiah (2017) emphasize the role of GVCs in determining the impact of trade balance on economic growth. Wagner (2007) asserts that increasing exports leads to increased competition and productivity. Within the export sector, technology and knowledge diffusion can expedite learning-by-doing initiatives. International trade, according to Sun and Heshmati (2010), has a positive impact on China's GDP. According to Bakari's (2017) research, imports and exports are regarded as the main drivers of economic growth in Germany. According to Bakari and Mabrouki (2017), imports and exports have no bearing on the expansion of the Panamanian economy. Keho (2017) affirmed that Ivory Coast's economic growth is positively impacted by foreign trade.

Research Gaps:

- Although individual studies have examined how trade balance, foreign direct investment, and government spending affect GDP, few thorough analyses take into account how these factors interact and depend on one another. This study aims to close this gap by offering a comprehensive analysis of how these factors interact to influence a country's economic performance in Malaysia.
- Extent of government expenditure and FDI influence specific economic sectors in Malaysia. How do these influences translate into sectoral growth and contribute to overall economic development. Discernible causal linkages among government expenditure, FDI, balance of trade, and economic growth in Malaysia. How do changes in one variable affect the others, and the direction and magnitude of these effects.
- Short-term and long-term relationships among government expenditure, FDI, balance of trade, and economic growth in Malaysia. How do these variables interact over time, and what implications do these interactions have for the sustainability of economic growth. How resilient Malaysia's economy is to external shocks, and how government expenditure, FDI, and the balance of trade contribute to its ability to absorb and recover from such shocks as well as the policy implications that arise from this analysis.

3. METHODOLOGY

The objective of this research endeavor was to assess the effects of balance trade, foreign direct investment (FDI), and government expenditure on the gross domestic product (GDP). Malaysia is the subject area of investigation for this inquiry. Secondary aggregation of the data was performed by World Development Indicators. In addition to establishing the correlation between variables, this research also considers the influence of transient and permanent associations. As a consequence, the VECM Model and OLS are chosen as applications. GDP is the dependent variable in this investigation. Concurrently, foreign direct investment, balance of trade, and government spending constitute the independent variable.

Table 1. Operational variables

	Variable Name	Description	Unit	Data Source
Dependent Variable	GDP	Gross Domestic Product	%	World Development Indicators

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

Independent Variable	Gov Epx	Government Expenditure	%	World Development Indicators
	BoT	Balance of Trade	%	World Development Indicators
	FDI	Foreign Direct Investment	%	World Development Indicators

In this study, ECM analysis used the software; EViews 12. The four steps considered in the VECM analysis process for this research include the Unit Root Test, Lag Length Test, Stability test, and Cointegration test; Granger causality test, Vector Error Correction Model (VECM), Impulse Response Analysis Forecast Error Variance Decomposition (FEVD) Analysis. All variables are included in the Stationarity Test or Unit Root Test, both dependent and independent ones. The goal of this test is to determine if data reaches stationarity at level, e-level or 2 E The stationarity test employed in this study is the auto Schwarz Info Criterion Augmented Dickey-Fuller (ADF) test using lag length. ADF test with lag length automatic Schwarz Info Criterion.

The goal of the Lag Length Test is to identify the best lag length that will be used in performing other tests and VECM modeling. Should there be multiple optimal lags, the optimums are compared by choosing one that has the highest Adj. R-Squared value. The second pre-estimation test is the Stability test at the chosen lag. The stability Test paves the way for analyzing IRF and FEVD that ensures validity of outcome. This test can be performed in two forms or models – via a tabular and/or polynomial stability testing approach. The Cointegration Test is designed to determine the long-term and short-term interaction between variables in a model. To do a cointegration test for this research the Johansen test technique is used. In this regard, the trace statistic value is none) > critical value and probability ≤5% was determined. This indicates that there is cointegration such as long-term and short-term relationships between variables. In this research, the long-term equation model was created as follows:

$$GDP = \beta_0 + \beta_1 \cdot GE + \beta_2 \cdot FDI + \beta_3 \cdot BOT + \epsilon$$

Where:

- *GDP* represents the dependent variable, Gross Domestic Product.
- *GE* represents government expenditure.
- *FDI* represents Foreign Direct Investment.
- *BOT* represents the balance of trade.
- β_0 is the intercept.
- β_1 , β_2 , and β_3 are the coefficients associated with the respective independent variables.
- ϵ is the error term.

The Granger Causality Test is employed to examine causality or cause-and-effect relationships; in two directions, one direction, or even neither, between the variables used in the research. The Vector Error Correction Model (VECM) contains information related to short-term and long-term changes. The VECM specification restricts the relationship between variables in the long run to cointegration while still allowing for dynamic short-term changes in the relationship.

The next step is Impulse Response Analysis. The goal of this test is to track the response of the dependent variable in the VECM system due to shocks or responses from the independent variables in the equations within a VECM system. Forecast Error Variance Decomposition (FEVD) Analysis is employed to illustrate the relative importance of independent variables in a VECM model due to shocks and explains how strongly a particular variable influences other variables. The period used in this analysis is the next 12 years (2023-2035).

4. ESTIMATION, RESULTS & DISCUSSIONS

Unit Root Test

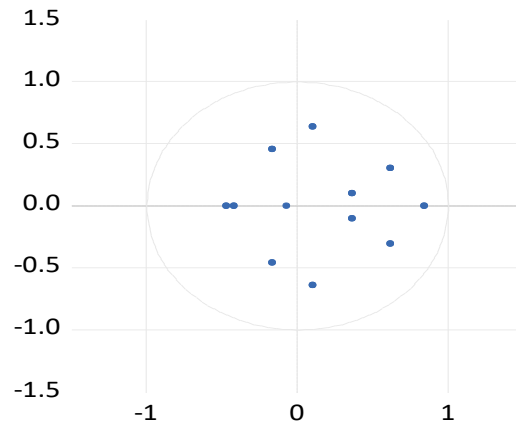
The analysis at hand begins by testing whether the time series variables are stationary, which is a prerequisite for testing cointegration and causality. Causality tests help to identify factors that can assist in policy formulation. The Augmented Dickey-Fuller (ADF) unit root test has been applied to examine the stationarity of the data set. The results of the unit root test are reported in Table 2. The results show that Trade and Population variables series are not stationary at their levels. The null hypothesis of a unit root test cannot be rejected for GDP, Government Expenditure, and Foreign Direct Investment at their levels since the P-values are more than 5% levels of significance. After taking the first difference stationarity for the Balance of Trade, the null

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

hypothesis of a unit root test can be rejected. Thus, it is stationary at the First difference. Therefore, it is established that all the series are stationary at first difference and integrated of order one, $I(1)$.

Table 2. Results of Unit Root Test

Inverse Roots of AR Characteristic Polynomial



Variable	ADF-value	1% Critical Value	5% Critical Value	10% Critical Value	P-value	Conclusions
Gross Domestic Product	-5.895907	-3.571310	-2.922449	-2.599224	0.0000	Stationary
Government Expenditure	-3.827541	-3.827541	-2.926622	-2.601424	0.0051	Stationary
Foreign Direct Investment	-3.972936	-3.571310	-2.922449	-2.599224	0.0033	Stationary
Balance of Trade (BoT)	-2.00973	-3.571310	-2.922449	-2.599224	0.2847	Non-Stationary
D(BoT)	-6.196903	-3.574446	-2.923780	-2.59925	0.0000	Stationary

Lag Length Test/ Lag selection criteria

Symmetric lags are frequently employed when estimating VAR or VECM functions. This implies that all variables in the model's equations are subject to the identical latency length. To ascertain the optimal latency length to conduct testing and VECM modeling, a latency Length Test must be performed. When multiple optimal latency lengths exist, the lag with the highest Adjusted R-squared value should be chosen for comparison. Statistical criterion selection for lag length typically involves the utilization of the Final Prediction Error (PFE), Akaike Information Criterion (AIC), Schwarz Information Criterion (SC), or Hannan-Quinn information criterion (HQ). AIC was utilized in this investigation to ascertain the latency length. Table 2 presents the statistics for lag-order selection. The outcome indicates a delayed order of one.

Table 3: Results of Lag Length Criteria

Lag	LR	FPE	AIC	SC	HQ
0	NA	58727.87	22.33215	22.49116	22.39172
1	100.1690*	10266.04*	20.58466*	21.37972*	20.88249*
2	15.56805	13745.75	20.85955	22.29066	21.39565
3	12.19083	19881.09	21.18578	23.25294	21.96015
4	19.00485	22503.38	21.22610	23.92930	22.23873

Stability Test

To ensure the adequacy of the VECM, a stability test was conducted. This establishes the foundation for analyzing the Impulse Response Function (IRF) and Forecast Error Variance Decomposition (FEVD), ensuring the validity of the results. The results of the Roots of Characteristic Polynomial stability condition test (Figure 3) indicate that the VECM model satisfies stability conditions. This is because all the roots lie inside the unit circle.

Cointegration Test

Following that the four variables series are integrated of order one, cointegration test is conducted by comparing trace statistics or Eigenvalue statistics. The role of the cointegration test in GDP, Government Expenditure, Balance of Trade, and Foreign Direct

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

Investment is to deal with the economic model using non-stationary time series data and the idea is that if there is a long-run relationship between the four variables series, then no matter the changes of the variable over time, there will be a common trend to link them together. In this study, we utilized the Johansen methodology to conduct the co-integration test. Johansen's approach provides two likelihood estimators for the co-integration - a trace test and a maximum Eigenvalue test. To formally test the cointegration, both the Trace and Maximum Eigenvalue statistics were used, with critical values at a 5% confidence. Table 3 shows the result of the Johansen Cointegration Test of the model. The Trace and Max-Eigen indicate 4 cointegration vectors of cointegration which means a long-term relationship among the variable's series within the period 1961-2022.

Table 4: Cointegration Test Results

H ₀	Eigen-value	Trace		
		Stat.	5% CV	P-Value
None	0.53412	66.63940	47.85613	0.0004
At most 1	0.242933	29.92499	29.79707	0.0483
At most 2	0.207336	16.56644	15.49471	0.0344
At most 3	0.106651	5.413366	3.841465	0.0200

Both Trace statistic and Maximum Eigenvalue reject the null hypothesis of no cointegration among variables i.e. Trace Statistic and Maximum Eigenvalue values are more than Critical Value at 5% and are significant. Since the variables are cointegrated and stationary at the first difference, the restricted VAR Model (VECM) is used in modeling the selected variables.

Granger Causality Test

After determining the model for the variable series, a Granger Causality Test is necessary to determine if there is a cause-and-effect relationship among the variables within a model. The results of the analysis of causality between the variables (if any) and the direction of the causality of the systems are determined (Table 4).

Table 5. Results of the Granger Causality Test

Null Hypothesis	F-Stat	Prob.	Decision
FDI does not granger cause GDP	1.275	0.024	Reject
GDP does not granger cause FDI	0.400	0.042	Reject
BOT does not granger cause GDP	5.454	0.713	Do not reject
GDP does not granger cause BOT	1.093	0.040	Reject
Gov_Exp does not granger cause GDP	17.738	0.021	Reject
GDP does not granger cause Gov_Exp	4.444	0.0620	Do not reject

The Granger Causality Test Results (Table 4) show that there is cause and effect relationship between GDP and FDI; FDI can promote Indonesian GDP, and so does GDP can affect FDI. An increase in Foreign direct investment will lead to an increase in the GDP of Malaysia and on the other hand, an increase in GDP will stimulate FDI. A one-way causality was detected between Government expenditure and GDP. If the Malaysian government increases expenditure, aggregate demand will increase which will lead to an increase in production thereby increasing GDP. But if GDP is high, the government will reduce spending to avoid inflation. This test reveals that the probability value of the balance of trade is $0.713 > 0.05$, indicating that the balance of trade does not affect the level of GDP. In contrast, the probability value of GDP is 0.040 , indicating that GDP influences the balance of trade. Thus, the relationship between GDP and the balance of trade is unidirectional.

Vector Error Correction Model (VECM)

The VECM model incorporates information concerning short-term and long-term changes. The results of the long-run model estimation are displayed in Table 5. The T-table value of the data with a level of significance of 5% is **2.009575**. Table 5 shows that the T-statistic of FDI, BoT, and Gov_Exp are more than the T-table value. This means Foreign Direct Investment and Government Expenditure are significantly influencing GDP in the long term. But on the other hand, the Balance of trade is not significant and has an inverse relationship with the GDP of Malaysia.

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

Table 6: VECM Long Run Estimation Results

Cointegrating Eq	Coefficients	Standard of Error	T-statistics
LGDP (-1)	1.00000		
FDI (-1)	-0.870935	0.26382	-3.30129
Gov-Exp (-1)	-0.277574	0.10790	-2.57244
BoT (-1)	0.092720	0.04685	1.97915
C	-1.446039		

Table 6: VECM Short Run Estimation Results

Error Correction	Value	D(GDP)
CointEq1	<i>Coefficient</i>	-1.077334
	<i>Std Error</i>	0.24415
	<i>T-Stat</i>	-4.41254
D(GDP (-1))	<i>Coefficient</i>	0.203752
	<i>Std Error</i>	0.18163
	<i>T-Stat</i>	1.12177
D(FDI (-1))	<i>Coefficient</i>	-0.595224
	<i>Std Error</i>	0.42264
	<i>T-Stat</i>	-1.40835
D(BoT (-1))	<i>Coefficient</i>	0.206701
	<i>Std Error</i>	0.12586
	<i>T-Stat</i>	1.64235
D(GOV_EXP (-1))	<i>Coefficient</i>	-0.090687
	<i>Std Error</i>	0.08441
	<i>T-Stat</i>	-1.07436
C	<i>Coefficient</i>	0.078540
	<i>Std Error</i>	0.57320
	<i>T-Stat</i>	0.13702

The finding (Table 6) implies Foreign Direct Investment, Balance of Trade, and Government expenditure are not significant to the Malaysian Gross Domestic Product in the short run since their T-statistics values are less than 2.009.

Impulse Response Function (IRF)

The Impulse Response Function (IRF) analysis is used to track the response of the dependent variables in a VECM system, due to shocks or responses from the independent variables in the equations within the system. For instance, if an independent variable experiences an increase of x, it will affect the dependent variable either immediately or in the future. This analysis aims to examine the dynamic behavior of a variable in response to a random shock or innovation in other variables. In this study, the Impulse Response Function analysis was used to verify the co-integration test results. It provided information about the long-term relationship among the variable series, showing the effects on current and future values of the endogenous variables due to one standard deviation shock to a variable. The result of the IRF analysis is shown on Figure 2

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

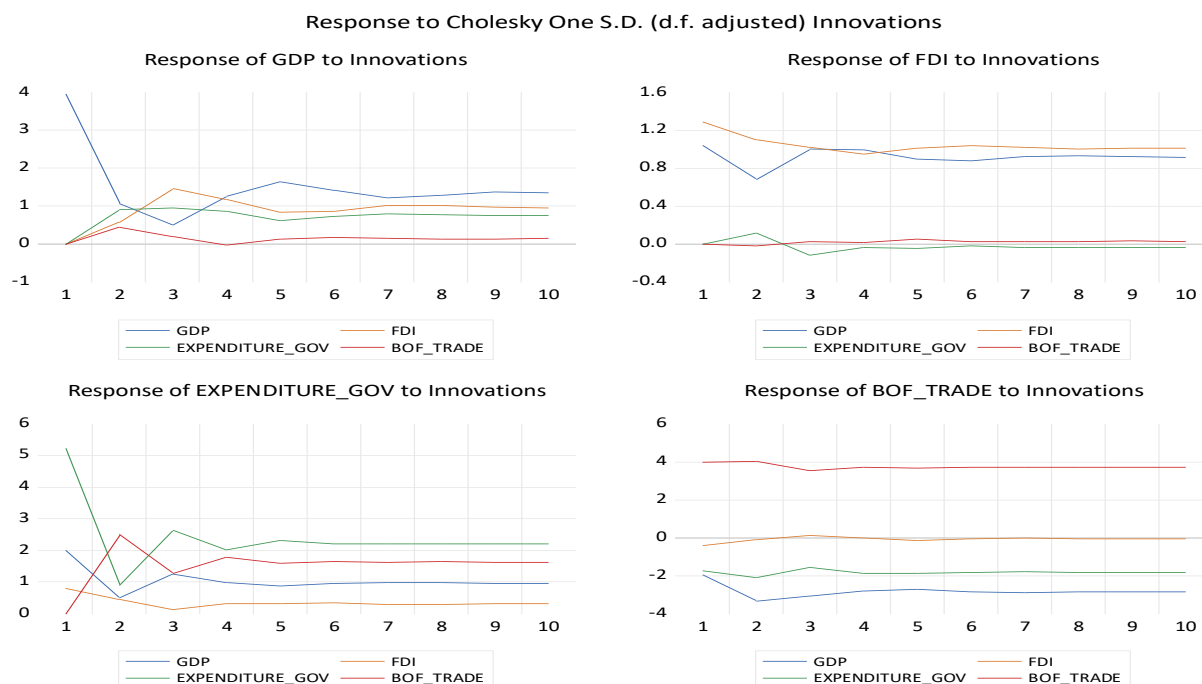


Figure 2: Result of Impulse Response Analysis

GDP began to decrease due to a decrease in government expenditure as well as FDI up until period 6.5 when all variables remained constant along variations of 1 and 1.5. An increase in FDI caused an increase in GDP despite other variables being constant. A decrease in GDP forced the government to increase expenditure as a contractionary fiscal policy but the balance of trade was not affected. An increase in BOT has nothing to do with GDP, government expenditure as well as FDI.

Forecast Error Variance Decomposition (FEVD)

Forecast Error Variance Decomposition (FEVD) Analysis is used to illustrate the relative importance of independent variables in a VECM model due to shocks and explains how strongly a particular variable influences other variables. The result of variance decomposition analysis in this study can be seen in 3.

Figure 3: Results of Variance Decomposition of GDP

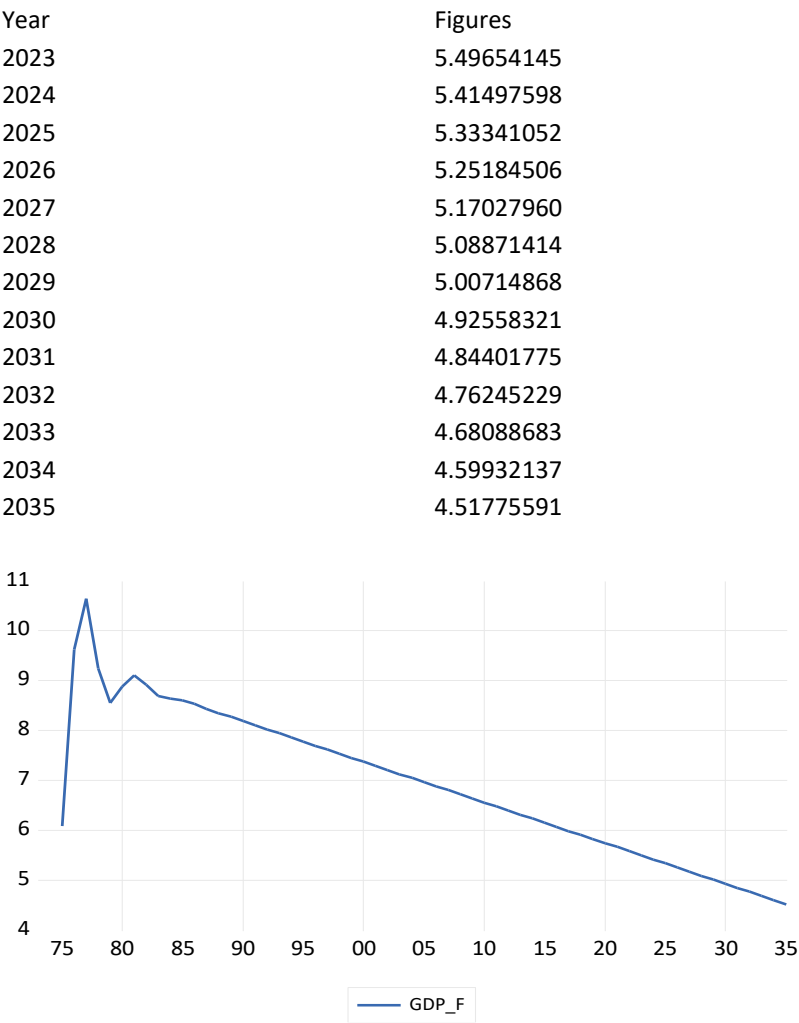
Period	S. E	GDP	FDI	Gvt-Exp	BoT
1	3.953484	100.0000	0.000000	0.000000	0.000000
2	4.248576	92.77316	1.749552	4.484477	0.992807
3	4.618918	79.69139	11.30684	8.012532	0.989243
4	5.003583	74.26885	15.14322	9.742484	0.845442
5	5.366637	73.88703	15.54844	9.774423	0.790102
6	5.662665	72.55051	16.25552	10.39503	0.798941
7	5.932906	70.28148	17.70883	11.21953	0.790165
8	6.202857	68.51177	18.90910	11.82271	0.756420
9	6.466586	67.47134	19.61744	12.17987	0.731349
10	6.716506	66.60187	20.17804	12.50202	0.718070

FDI, government expenditure, or the balance of trade did not affect GDP simultaneously in the initial period. In the second period, GDP is the primary one affecting the variation of observed values around the trend line; FDI provides about 1.74 percent, government expenditure gives some -4.08 percent, and balance of trade accounts for -99%. It can be noted that in the long run government expenditure and FDI effect on GDP is showing an increasing trend. Similarly, the effect of balance trade on GDP has declined with time covering both short-run and long-term variables.

Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

Economic growth outlook for Malaysia from 2023 to 2035.

A VECM forecast was formulated to assess the performance of Malaysian economic growth in the subsequent twelve years. Figure 4 shows the projections for GDP, Gov-Exp, FDI, and BoT in Malaysia between 2023 to 2035. The graph shows that the Malaysian GDP will continue to fall every year.



5. CONCLUSION AND RECOMMENDATIONS

In conclusion, my study utilizing the Vector Error Correction Model (VECM) sheds light on the complex dynamics driving economic growth in Malaysia. Government expenditure, foreign direct investment (FDI), and the balance of trade have been identified as crucial factors influencing economic performance in the long run.

Based on my findings, policymakers should focus on optimizing government expenditure to stimulate short-term economic growth while simultaneously implementing measures to attract and retain foreign direct investment. Additionally, efforts to maintain a positive balance of trade should be prioritized to ensure long-term economic stability and sustainability in Malaysia. Collaboration between government agencies, private sector stakeholders, and international partners is essential in implementing effective policies aimed at fostering a conducive environment for economic growth.

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Unveiling the Dynamics: A Comprehensive Analysis of Government Expenditure, Foreign Direct Investment and Balance of Trade Effects on Economic Growth in Malaysia Through a Vector Error Correction Model

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