

**CAPITAL AND CONSUMPTION LED GROWTH:
CASE STUDY IN MALAYSIA, SINGAPORE, JAPAN AND ZIMBABWE**



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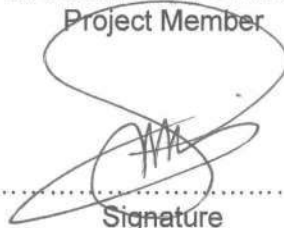
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TABLE OF CONTENTS

	PAGE
TITLE	i
OFFER LETTER	ii
SUBMISSION LETTER	iv
PROJECT MEMBERS	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF FIGURE	x
LIST OF TABLE	xi
LIST OF DIAGRAM	xii
ABSTRACT	xiii
CHAPTER I INTRODUCTION	1
1.1 Introduction	1
1.2 Problem Statement	2
1.3 Research Objective	3
1.4 Hypotheses	4

	1.5 Significant of Research	5
	1.6 Scope and Limitation of Research	5
CHAPTER II	LITERATURE REVIEW	7
	2.1 Introduction	7
	2.2 Discussion of Problem	8
	2.3 Defining the Variables	16
	2.4 Theoretical Framework	17
CHAPTER III	RESEARCH METHODOLOGY	19
	3.1 Introduction	19
	3.2 Modeling	20
	3.3 Unit Roots Test Method	23
	3.4 Johansen Multivariate Cointegration Test Method	31
	3.5 Vector Error Correction Model (VECM) Method	34
	3.6 Granger Causality Test Method	36
	3.7 Earlier Hypotheses	38
CHAPTER IV	EMPIRICAL RESULT	40
	4.1 Introduction	40
	4.2 Unit Root Test Result	44
	4.3 Johansen Cointegration Output	50

ABSTRACT

The purpose of this paper is to examine the impact of capital and consumption on the economic growth especially in Malaysia and compare to other countries like Japan, Singapore and Zimbabwe. Our study will be using a few methods such as Unit Root Test (URT); i. Augmented Dickey-Fuller Method (ADF), ii. Phillip-Perron Test (PP) and iii. Kwiatkowski-Phillip-Schmidt-Shin, Johnson Cointegration Test (JCT), followed by Vector Error Correction Model (UECM) and lastly by using Granger Causality Test (GCT). This paper finds that it's support capital-led growth hypotheses, but for consumption result differs for each tier development which is Malaysia & Singapore are support; Zimbabwe and Japan are partial support. This study is perhaps one of the first to address capital and consumption led growth using the new model / extended model to boost the economic growth of Malaysia.

Keywords: *capital-led growth; consumption-led growth; unit root; cointegration; granger causality*