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THE MALAYSIAN ECONOMY AND FINANCE

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PREFACE

This book contains a collection of articles about the Malaysian economy and finance written by scholars in Malaysia and abroad. The articles consist of some which have been already published in the **South East Asian Economic Review** and others commissioned recently.

This collection is divided into five parts. Part I consists of articles dealing with national economic policy and industrialization strategy. Here Jomo K. Sundaram examines Malaysia's New Economic Policy (NEP) in relation to income distribution and national unity and suggests a new interpretation of the official New Economic Policy. He also makes broad suggestion for an alternative Malaysian national economic strategy. Ozay Mehmet then critically examines current Malaysian industrialization strategy with particular reference to the NEP's poverty redressal objective.

Part II deals with monetary analysis of the Malaysian economy. Sritua Arief tests the nearness of time deposits to money and examines the monetary policy implications of his findings. Bernhard Fischer then proposes a "demand for money" model for Malaysia, while Muthi Semudram examines to what extent the monetary approach to the balance of payments is applicable to the Malaysian economy.

Analysis of taxation and external trade are provided in Part III. Here Ismail Muhd. Salleh discusses the performance of various taxes in Malaysia by source and the distribution of the burdens of these taxes to various income groups. He examines whether taxation has been an effective redistributive instrument. Then, John Hutton specifically examines the relationship between income tax elasticity and income distribution. Sritua Arief's rigorous analysis of Malaysia's external trade contrasts with previous studies on Malaysia's external trade which have largely been descriptive; the pattern of Malaysia's trade preferences is statistically analyzed by applying Savage-Deutsch's probabilistic model.

Part IV of this collection of papers deals with studies of Malaysia's agricultural sector and related industries. Raymond Wells examines to what extent some of Malaysia's agricultural products are nominally and effectively protected in order to detect the effects of agricultural price distortions that may have taken place. Zulkifly Hj. Mustapha discusses land development schemes in Malaysia and analyzes their impact on agricultural production, income distribution and poverty alleviation. The