

Chapter 5

Conclusion and Discussion

In this chapter the conclusion, discussion and further study are presented from the preceding chapters. The results are concluded and discussed in the following components.

Conclusion

The pattern of economic indicators in Thailand and Malaysia were similar, with the same trend. The following conclusions were made.

We see clearly that the trends in both exports and imports were increasing in Thailand and in Malaysia. Furthermore, in Thailand the levels of imports were higher than the level of exports. While in Malaysia imports and exports were close. The international trade in Malaysia was healthier than in Thailand. While the trade balance in Malaysia was greater than Thailand.

The international reserves in Thailand for the early year in the period of study were less than in Malaysia. Until 1990, international reserves in Thailand were markedly higher than in Malaysia. But after 1994, the international reserves in Malaysia decreased then rose above the level for Thailand, and finally dropped.

The money supply in the two countries in the first two years was similar. Afterwards, the money supply in Thailand was greater than in Malaysia. However, the trend of money supply in both countries increased substantially.

The economic growth rate in Thailand was less than Malaysia in 1984, but in 1985 the economic growth rate in Malaysia dropped rapidly below the level for Thailand. In 1995 the growth rate in Malaysia was constant, while in Thailand the growth in the same year was small.

The objective of this studies which there were not different in economic indicators between Thailand and Malaysia. Because of Thailand and Malaysia located in the same region, the economic system should be the same direction also the value of economic indicators. The two-sample t-test showed Thailand and Malaysia to be different in economic growth, money supply, exports, and trade balance. Whereas for international reserves, and imports no differences were observed.

The results from the signals fitted to the various economic time series showed that, most of economic indicators in Thailand fitted a linear trend. The exception is the trade balance fitted signal is quadratic the same as Malaysia. While in Malaysia fitted a linear only economic growth and international reserves but the money supply, exports, imports and trade balance were fitted quadratic. This means that during the period of observation in Malaysia were increasing, not at a constant rate, but an increasing rate. However, the trend of economic growth rate differs from that seen in Chapter 3 because the straight line was fitted in the time series model. The result shows that the growth rate in Thailand increased slightly and was higher than in Malaysia, while in Malaysia is increased substantially.

Discussion

This study found that the economic system in Malaysia healthier than Thailand. Although Thailand and Malaysia are located in Southeast Asia and whenever events occur such as financial crisis in this region the effect will expand to other members. Furthermore, the internal factor such as government policy is the main factor affecting the economic system in these countries.

Thailand has had many governments, including seven Prime ministers in the 15 years from 1983 to 1996, while Malaysia has had only one Prime minister during the same period. Government policy, monetary and fiscal policy influences the financial and economic system.

Whereas the external factor such as foreign exchange rate effected on the economic system, this effect should investigate for further study.

Limitation

There were another economic indicators (consumer price index, etc.) which were not considered in this study.

From this study the amount of money supply did not adjusted by inflation rate and other factors.

Further Study

Further study should select other countries or economic indicators to compare the economic indicators by the same method as this study. And the money supply should adjust by inflation rate and other factors.

Furthermore, such further study should collect more data than this study. In particular, the currency rates in both countries should be investigated more thoroughly in the periods after the economic policies changed, to better understand what happened to the economies during these period and look at other countries in the region (Philippines, Singapore, Indonesia, etc.).