

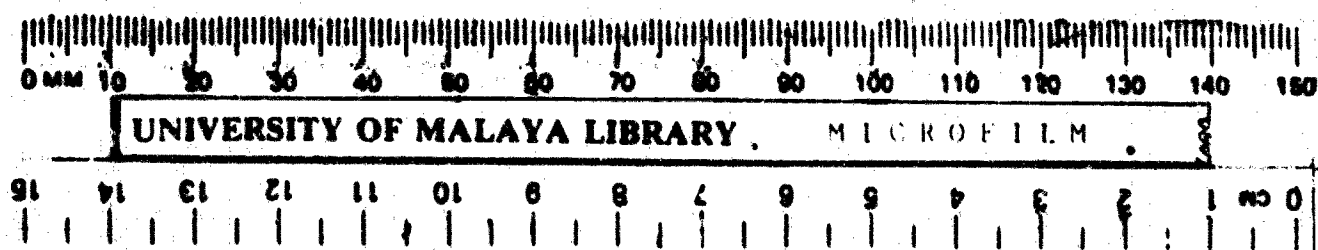


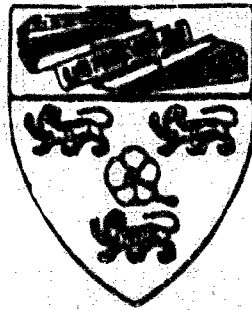
PERPUSTAKAAN UNIVERSITI MALAYA

PERKHIDMATAN REPROGRAFI

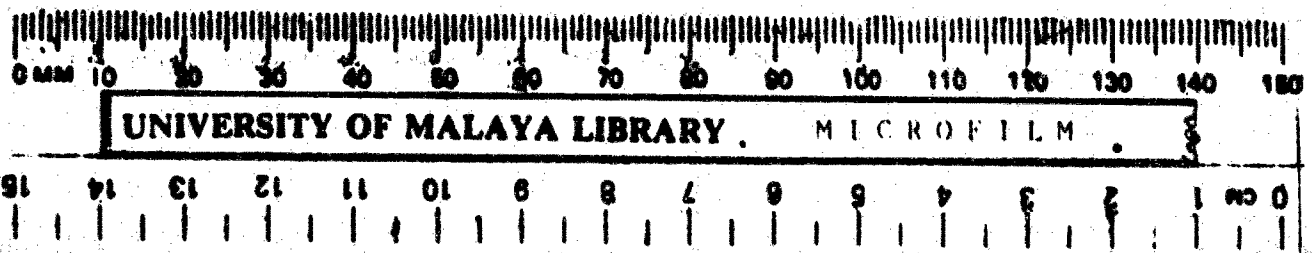
UNIVERSITY OF MALAYA LIBRARY

REPROGRAPHIC SERVICE





MULA





OPEN MARKET OPERATIONS

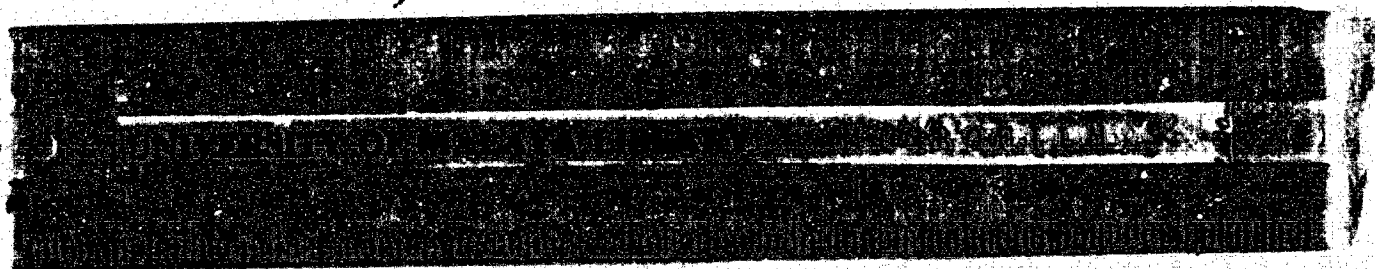
AS AN

INSTRUMENT OF CREDIT CONTROL

by

WONG PAK SUN

[App. 15]



A Graduation Exercise presented to the
University of Malaya in part fulfilment
towards the Degree of Bachelor of Arts
with Honours in Economics.

LIBRARY
FACULTY OF ECONOMICS & ADMINISTRATION
UNIVERSITY OF MALAYA

1965/66

000154

	Page
LIST OF TABLES.....	111
Chapter	
1 INTRODUCTION.....	1
The Nature of the Problem Stated.....	1
The Purposes of this Paper.....	3
II MODUS OPERANDI OF OPEN MARKET OPERATIONS.....	4
Some Definitions and Assumptions.....	4
A Sale of Securities by Central Bank.....	5
A Theoretical Account.....	5
A Mathematical Example.....	6
A Purchase of Securities by Central Bank.....	8
A Theoretical Account.....	8
A Mathematical Example.....	10
Some Remarks.....	11
III EFFICACY OF OPEN MARKET OPERATIONS.....	13
Requirements of an Effective Policy.....	13
The Efficacy of Open Market Operations.....	14
IV OPEN MARKET OPERATIONS AS A FULL-FLAGGED, DEPOSIT POLICY INSTRUMENT.....	17
A Suitable Framework?.....	17
Open Market Policy in Great Britain.....	18
Open Market Policy in the United States.....	21
V OPEN MARKET POLICY IN UNDERDEVELOPED COUNTRIES.....	27
The Difficulties.....	27
Open Market Policy in Ceylon.....	29
Open Market Policy in Pakistan.....	30
Open Market Policy in Malaysia.....	31

Chapter

VI CONCLUSION.....32

The growing importance of Open	32
Market Relations.....	32
Obstacles can be overcome.....	32

APPENDIX

I THE IMPORTANCE OF OPEN MARKET CONDITIONS.....34

Development prior 1914.....	34
Why not Important prior to 1914.....	36
Development between 1914-1919.....	36
Development since 1919.....	37
Some reasons for Increased Importance.....	33

SELECTED REFERENCES.....33

LIST OF TABLES

TABLE		PAGES
1	The Effect of a Sale of Securities by the Central Bank.....1.....	9
2	The Effect of a Purchase of Securities by the Central Bank.....	12

