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Notations used

1. A small triangle on the left of a variable indicates a first differencing operation. For example, $\Delta \text{GDP} = \text{GDP} - \text{GDP}(t-1)$, and $\Delta L/L$ is the labour force growth rate.

2. (t-1) attached to a variable indicates a lagged value (by one period).

3. When reporting regression results, $t$ statistic(s) is always given in brackets, underneath the relevant explanatory variable(s).

4. The notation $\partial Y/\partial X$, where $Y$ is any explained variable and $X$ is any explanatory, indicates a partial derivative. It shows the effects of a change in $Y$ brought about by a change in $X$ with other explanatory variables remained unchanged.
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>2SLS</td>
<td>two stage least squares</td>
</tr>
<tr>
<td>AID</td>
<td>grants and concessional loans</td>
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<td>APS</td>
<td>average propensity to save</td>
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<tr>
<td>BNM</td>
<td>Bank Negara Malaysia</td>
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<tr>
<td>CX</td>
<td>exports</td>
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<tr>
<td>DC</td>
<td>developed country</td>
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<tr>
<td>DEBT</td>
<td>external borrowings</td>
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<tr>
<td>FCI</td>
<td>foreign capital inflows</td>
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<tr>
<td>FDI</td>
<td>foreign direct investment</td>
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<tr>
<td>GDP</td>
<td>gross domestic product</td>
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<tr>
<td>GNP</td>
<td>gross national product</td>
</tr>
<tr>
<td>GNS</td>
<td>gross national saving</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>LDC</td>
<td>less developed country</td>
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<tr>
<td>M3</td>
<td>broad money</td>
</tr>
<tr>
<td>MITI</td>
<td>Ministry of International Trade and Industry</td>
</tr>
<tr>
<td>MPS</td>
<td>marginal propensity to save</td>
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<tr>
<td>NEP</td>
<td>New Economic Policy</td>
</tr>
<tr>
<td>OLS</td>
<td>ordinary least square</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
</tr>
<tr>
<td>TT</td>
<td>terms of trade</td>
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