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THE IMPACT OF MONETARY POLICY ON ECONOMIC GROWTH IN DEVELOPING COUNTRIES FOR THE PERIOD 2010-2020 (MALAYSIA AS A MODEL)

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Abstract

Monetary policy is one of the important terms that touched the reality of economics literature, since the nineteenth century, and the development of its path in the twentieth century and the beginning of the twenty-first century, through the economic interest in addressing issues related to monetary policy, resulting from the problems of recurring economic cycles.

In this context, monetary policy is the cornerstone of building macroeconomic policy, just like fiscal policy, as it is one of the basic components of economic policy, and it has a perceptible impact on the macroeconomic situation.

It is worth noting that the monetary policy, which is the procedures adopted by the government, specifically the monetary authorities, to manage the money supply and the interest rate, with the aim of achieving or maintaining full employment without inflation with the aim of achieving a specific economic goal, such as full employment, and in this sense it includes expansion and contraction in Amount of cash in circulation.

This policy differs from one economic system to another. It is different in advanced capitalist economies than in developing countries.

Because of this state of disparity, Malaysia was chosen as one of the emerging developing countries in the study of the impact of monetary policy on economic growth, given that Malaysia has a distinguished experience that was able to make remarkable strides in achieving development and economic growth, after realizing the impact of the development policy based on self-reliance and the provision of the environment. This approach is based on realizing the strong link between the success of monetary policy in using its tools to achieve its goals on the one hand, and the development of economic growth on the other.

In this context, the researcher dealt with (the impact of monetary policy on economic growth), because monetary policy is one of the most important pillars of the work of central banks in general.

Introduction

Monetary policy is an essential part of the general economic policy of any country, and countries, with their various economic doctrines, seek to make the monetary policy tools in them perform their goals in a manner consistent with the general economic policy and to work efficiently for this.

Also, monetary policy is the cornerstone in building macroeconomic policy, just like fiscal policy.

The economic policy contributes to achieving the goals set for it, foremost of which is the treatment of monetary imbalances and the impact on the level of economic activity through its impact on the pivotal variables of this activity such as investment, prices, production and income, in order to achieve economic stability and stimulate economic growth.

Monetary policy, which is a set of measures taken by the state to manage both money and credit and to regulate general liquidity in the economy, helps to control the amount of money available for circulation in a way that guarantees the national economy the appropriate amount of credit and the amount of liquidity to achieve the goals of the state in a certain time.

Monetary policy plays an important role in regulating the performance of the economies of various countries of the world, but it has a significant and remarkable role in the economies of developing countries. It is characterized by low national income growth rate and per capita income growth rate, lack of capital, backwardness of production methods, dominance of the agricultural sector, spread of illiteracy, underdevelopment of the population, high rates of poverty and unemployment, inefficiency of communication systems, low level of technology, backwardness of the banking system, in addition to political instability.

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Which calls for the need to activate the role of monetary policy in the economy, because the lack of foreign capital in the country leads to an imbalance in the productive structure, and causes a decrease in the level of production, productivity and income, and the aggravation of the external debt problem, and consequently a low level of investment and a low level of productivity.

When examining the impact of monetary policy on economic growth in developing countries during the research period, Malaysia is one of the developing countries that adopted an economic approach based on self-reliance with a deliberate openness to foreign investments, and a tangible development was achieved in the economic structure that stemmed from its ability to overcome On the financial crisis that engulfed its economy in 1997, where it was able to achieve economic development and balanced economic growth, by realizing that there is a strong correlation between the success of monetary policy in using its tools to achieve its goals on the one hand, and the development of economic growth on the other.

The experience of Malaysia as one of the Asian tiger countries in economic development and economic growth is a distinct experience that other developing countries can follow in the footsteps when they have the political will and adopt a policy of self-reliance and rooting the national aspect in economic construction, which made the researcher choose Malaysia's experience in development and economic growth A model for research.

Research Importance

The importance of the research is that it deals with two interrelated variables in economic activity, namely monetary policy and economic growth.

Monetary policy is one of the general economic policy tools, used by the state along with other policies to influence the level of economic activity through its impact on the basic variables of this activity such as investment, prices, production and income.

As for economic growth, it shows its importance as a basic indicator of economic activity in the country, and is it in a state of recession or prosperity and prosperity, hence the importance of studying the impact of monetary policy on economic growth.

Search problem

It is a well-known fact that there is an existing relationship between the nature of monetary policy adopted in any country, and the rate of economic growth achieved in it, and that the essence of the research problem is that monetary policy has a direct impact on economic growth, which requires research and analysis.

Research hypothesis

The research stems from the hypothesis that: there is a direct impact of monetary policy on the economic growth achieved in a country, in addition to indirect effects whose effects are evident in some macroeconomic factors such as production, consumption, savings, investment, export, inflation and the level of unemployment.

Research Methodology

The inductive approach was adopted in preparing the research, as well as the standard method with regard to standard equations when studying the Malaysian economy as a model.

The structure of the search:
The topic was covered in three sections:
The first topic: monetary policy, its objectives, tools and factors affecting it, in two demands:
The first requirement: the concept of monetary policy, its objectives and tools.
The second requirement: the supply of money in the light of monetary policy.
The second topic: economic growth and the factors affecting it in developing countries in two demands:
The first requirement: the concept of economic growth and the factors affecting it in developing countries.
The second requirement: the characteristics of developing countries and the nature of external financing in them.
The third topic: the applied aspect of the research, which includes the impact of monetary policy on economic growth, the study sample (Malaysia) from three demands:
The first requirement: the reality of foreign exchange relations between developing and developed countries.

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The second requirement: the relationship between monetary policy and fiscal policy in developing countries (Malaysia as a model).
The third requirement: the economic growth function model in Malaysia.
The research concluded with some conclusions and recommendations related to the subject in addition to the conclusion and the approved sources.

The first topic

Monetary policy, its objectives, tools and factors affecting it
Monetary policy is one of the important terms that appeared in the economics literature during the nineteenth century. It witnessed a tangible development in the twentieth century and the early twenty-first century through the economic and applied interest that economists pursued to address special issues in monetary policy resulting from the problems created by economic cycles. recurring. Thus, it became part of the general economic policy of the state, which aims to influence the course of economic activities and its provisions in a direction that ensures the achievement of the general goals of the economy.

The first requirement: monetary policy, its objectives and tools
Monetary policy is determined in the light of the philosophy of monetary theory, the economic structure and the trends of the political system in the country. It is the link that translates theory into practice.

1- Concept of the Monetary Policy
The concept of monetary policy varies from one economic system to another according to the nature of the economic and political system in which the monetary system operates [1] as monetary policy represents the position of the political authority on the economic system of the society it leads, whatever this position is, and at the same time it is possible to know the degree of economic and social development of a country What by knowing the elements of the monetary system.

Where the monetary system of an economy consists of all kinds of money issued by that economy and circulating in it, and the sum of institutions and rules that have the authority and responsibility for creating and invalidating money, as well as all laws, rules, regulations, instructions, and methods that create money and have the right to nullify it [2].

It is worth noting that the monetary policy in the economies that were planned differs from it in the capitalist and developing economies, in terms of the framework and implementation of those policies that present the objectives related to the fundamental differences in ownership, economic organization and political and economic philosophy.

As for monetary policy in developing countries, it has a special role, due to the presence of requirements, including the objectives of the prevailing economic system in any of these countries, whose financial and monetary composition has not yet been completed sufficiently to meet the requirements of growth and economic stability to achieve rapid and balanced development [3].

The economist (M.B. Brown) defined monetary policy as: (the procedures adopted by the government, specifically the monetary authorities, to manage the money supply and the interest rate, with the aim of achieving or maintaining full employment without inflation)[4]

And monetary policy according to the economist (kent) is (the set of means followed by the monetary administration to monitor the money supply in order to achieve a specific economic goal such as full use, and in this sense it includes the expansion and contraction in the volume of cash in circulation with the intention of achieving specific goals [5].

Accordingly, we can say that monetary policy is a set of procedures and measures taken by the monetary authority in order to control the money supply to influence the macroeconomic variables (production, consumption, investment, saving, prices, employment ... etc.) to reach the general objectives of the economic policy from In order to maintain the stability of the general level of prices [6].

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2- Monetary Policy Goals: Goals of Monetary Policy

Monetary policy derives its objectives from the nature of the problems and bottlenecks that plague the economic entity, as it is one of the arms of general economic policy, which makes it tend to symmetry in terms of achieving employment, economic growth, stability in the general level of prices, and balance in the balance of payments in order to reach economic prosperity.

It is worth noting that the objectives of monetary policy are active and effective in formulating economic policies in the capitalist countries. As for the former socialist countries, the objectives of monetary policy are limited to obligating the various production units to the requirements of achieving production goals established in the central economic plan.

As for the developing countries, the role of the central bank depends on the position of the person who represents the governor's job first.

In general, the objectives of monetary policy are the following:
A- Price level stability:
There is a point in limiting the objectives of the monetary authority to one goal, which is to achieve price stability, but the objectives of the monetary authority in the United States of America are limited to achieving price stability and maximizing employment (Price Stability and Maximum Employment).

Their argument is based on that their federal system is not able to achieve two goals simultaneously with one tool, and in the same context, the Bank of England (England Bank) has identified the economic and political goals that it is working to achieve, which is to maintain the stability of the local and international financial system, and to provide services Finance.

As for the German Central Bank (Bonds Bank), its goal is to achieve price stability. As for Malaysia, the results of quantitative analysis according to the standard perspective on the impact of monetary policy on economic growth in Malaysia have varied in what it was before the financial crisis in the Asian tiger countries, including Malaysia, and what it became after the financial reforms in Malaysia after that crisis. The Malaysian Central Bank aims to achieve a stable initial ratio in prices and price policy [(7).]

b- Achieving balance in the balance of payments:
Monetary policy works to provide the appropriate climate to accelerate the process of economic development, through the implementation of projects and programs for economic and social development in developing countries, and to contribute to achieving the required balance in the balance of payments.

The balance of payments of a country includes its monetary, financial and trade relations with the rest of the world, to detect the deficit in the event that the country pays more than it is currently receiving in foreign currency, which can only be covered by relying on foreign cash reserves, or by selling some of its assets and resorting to borrowing or obtaining On aid (grants + subsidies) from abroad, which has negative effects on the external value of the national currency, which leads to monetary policy intervention to limit the expansion of the volume of bank credit granted to non-bank economic units in an attempt to reduce imports.

But if the reason for the deficit in the balance of payments is related to the large number of short and long-term investments abroad, and the reduction in the volume of bank credit leads to a reduction in the liquidity of these economic units, which leads them to recover their capital employed abroad.

C- Achieving growth in the national economy:
The national economy in any country requires growth in the economic structure to operate the annual additions in the new and previously employed labor, while (Friedman) sees that setting a high rate of economic growth as a specific or desirable goal is not achieved by saying (there is no way in different societies to say in advance There is a specific rate of growth that you want or need.

The growth rate is the total outcome of all the efforts of individuals who have succeeded in achieving their ambitions at the right rate [(8).]

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D- Achieving a high level of use:
One of the most important objectives of monetary policy is to ensure full employment and achieve a high level of employment. Therefore, there is a consensus among economists that ensuring full employment or a high level of employment is among the objectives pursued by monetary policy, and this is done through the keenness of the monetary authorities. To stabilize economic activity at the highest possible level of employment of natural and human resources, and the monetary authorities must take all necessary measures to avoid unemployment and the accompanying deflationary factors in production and income and disturbances in social relations. One of these measures is to raise the volume of aggregate demand to the level necessary to operate the untapped production resources [9].

3- Monetary policy tools
The Central Bank uses many monetary and qualitative tools to achieve the objectives of monetary policy. These tools are divided into two groups:
The first group: quantitative or traditional tools.

It includes the following monetary instruments: A - open market operations
It means that the central bank buys or sells treasury bills, government-guaranteed bonds, and securities in general, short or long-term, either directly or through the money market, through dealing with banks, individuals and companies [10]

As for the objectives envisaged by using this tool, they come in two dimensions: the first, the effect on the volume of surplus reserves (Excesses Reveres) of commercial banks, by increase or decrease, which affects both the volume of credit, the volume of money supply and the demand for investment in a way that is in line with the economic objectives of the state, and the second Attempting to find a stable relationship between the interest rate in both the money market and the capital market so that it is moved independently, whether up or down, because of its impact on the cost of granting bank credit, and thus in the volume of investment in the country. b- Discount rate change policy

This tool represents the interest rate that the Central Bank charges from commercial banks in return for deducting their treasury bills and bills, in return for secured loans or advances [11].

When the central bank lowers the discount rate, this leads to an increase in commercial banks' borrowing from the central bank, so the size of the monetary base increases and the size of the money supply increases (expansionary monetary policy). But if the central bank raises the discount rate, this will lead to a decrease in the volume of commercial banks borrowing from the central bank, and the size of the monetary base will decrease, which will result in a reduction in the size of the money supply (a contractionary monetary policy) [12].

In the event of recession and depression, the adoption of an (expansionary monetary policy) by the Central Bank will motivate commercial banks to grant loans, especially to investors, which leads to a reduction in the interest rate on loans granted to the public, and this in turn leads to the recovery of the economy by supporting the level of aggregate demand.

In the case of inflation, it uses a (deflationary monetary policy) by raising the discount rate on commercial banks, and thus a decrease in the amount of money in the economy, which helps in addressing inflation [13].

C- The legal cash reserve ratio
The Central Bank imposes a percentage of the legal reserve on deposits that commercial banks abide by, and the bank adjusts this percentage from time to time as needed, and this case reflects the authority of the Central Bank. This tool is one of the basic tools that the bank uses to influence the money supply, because the legal reserve ratio has a significant impact on the activity of commercial banks in the field of granting loans to individuals [14] .

In the case of an expansionary policy of mandatory economic recovery, which raises the value of the volume of aggregate demand, and as the wheel of the economy turns, the stagnation gap ends.

In the case of a deflationary policy, the central bank imposes larger mandatory reserve ratios, which reduces the ability of banks to create money and credit, reduces the volume of cash in the country and helps fight inflation [15].

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The second group: qualitative tools
The qualitative tools of monetary policy are the direct tools and methods used by the central bank in order to influence the quality of credit and direct it to achieve certain economic purposes. in developing countries

More than developed countries as a result of the absence of the effectiveness of the market mechanism in those countries due to the complete inability of some economic sectors in them.

Qualitative tools take many forms(16):
(a) Consumer credit control
This tool aims to reduce the demand for important strategic materials in times of war on the one hand, and to prevent the successive increase in the purchasing power of consumers on the other hand. It is usually stipulated here that these loans do not exceed a certain percentage of the assets of commercial banks, or a certain number of their capitals (17).

B- Reducing loans used for speculative purposes
Limiting loans used for the purpose of speculation means speculating in the stock and bond market (the stock exchange), and this requires a minimum amount that the borrower must pay for his purchase of shares and bonds, provided that he is left free to borrow from the remaining part of its value from banks and other institutions (18).

C- Regulating credit granted for the purpose of construction
Credit is regulated by fixing the maximum amount of the loan allocated for housing construction and determining the periods of recovery of the borrowed amounts, which means that this regulation represents in its economic effects the credit granted for the purchase of consumer durables.

D - influence or moral persuasion
This tool, which is one of the Central Bank's means through which it can direct advice, guidance and persuasion to commercial banks, by not extending the provision of loans, and this method of advice takes different forms, including sending memos to member banks to persuade them not to accept certain papers, or not to borrow to specific projects.
The second requirement: the money supply in light of monetary policy

1- Money supply:
There has been a wide debate among economists about giving a specific definition of the money supply, and thus the method of calculating it during a certain period of time. There is a dispute about a basic point, which is which elements compose the money supply.

Money means anything that is generally used as a means of payment and is acceptable to pay off debts. Therefore, when money is used without limitation, the term (money supply) refers to the total balance of the local means of payment, which is owned by the (public) in the state. It generally means (individuals, business establishments, companies) and all categories that keep cash. Unlike the central government or the Treasury. Central bank and commercial banks.

In confirmation of this, it can be said that the money supply means (the quantity of money circulating in the overall economy at any time), and in general the money supply consists of (circulated currency + bank deposits), so the size of the money supply varies according to the size and nature of internal bank deposits in money supply.
There are three types of money supply: The second requirement: the money supply in light of monetary policy

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There are three types of money supply([19]):
1- Money supply in the narrow sense / M1
This volume of money is called transaction money, and in economics it is called the money supply (P) or (M1). This definition includes paper or coins that people trade in their daily transactions, i.e. money in circulation and symbolizes it. With the symbol (C), the volume of money kept in banks in the form of current accounts or demand deposits (Demand Deposits) is also added to it and is symbolized by the symbol (DD), and therefore the money supply equation (M1) is:

(1) ________ $M1= DD + C$

The narrow definition of money supply has a double significance, on the one hand it represents the total amount of money used as a medium of exchange and issued by financial institutions, and on the other hand it represents The ability to issue cash at financial institutions, namely the central bank (issuing bank), which issues legal money, and commercial banks that issue deposit money [20].

It is important to consider that there is a difference between the money supply in its narrow sense and the monetary basis, which is usually symbolized by (M0), and the monetary basis, or as it is called by the monetary base, is known as (the currency group in circulation + bank deposits with the central bank) and that Some of them are imposed by law, and the other depends on the behavior of commercial banks in terms of their desire to add cash reserves that are bartered according to the amount required to be kept legally [21].

2- Money supply in the extended sense / M2
And within the framework of this definition or this volume of money the previous equation (1) in addition to accounts or time deposits (Time Deposits) and symbolized by the symbol (TD), as well as savings accounts (Saving) in banks and symbolized by the symbol (S), and money is known in its expanded meaning. The cash offer (P2) or (M2) are:

(2) __________ $M2= M1 + TD + S$

3- Cash offer in the broadest sense / M3
This definition includes money supply in the broad sense, that is, domestic liquidity plus savings deposited outside commercial banks (that is, with savings institutions, mutual savings funds and borrowing societies)[22].

2- Demand for money:
The demand for money in general and in developing countries in particular is affected by the nature of the prevailing economic philosophy. The demand for money in neoclassical analysis (the theory of cash balances) is known as the cash balances equation, which takes the following formula [23]:
(1) ....$MS= KPY$

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whereas:
MS: Offer of criticism.
Y: real nat
P: the general level of prices.
PY: the value of the gross national product.
K: the proportion of money income (PY) that society is willing to keep as cash.

The theory of cash balances explains the demand for money with the desire of individuals to keep part of the income in the form of cash balances, because the increase in cash income generates an increase in the volume of required cash balances, and that the demand for money takes the form of a curve with an upward slope with each increase in total cash income, As in the following diagram (24):

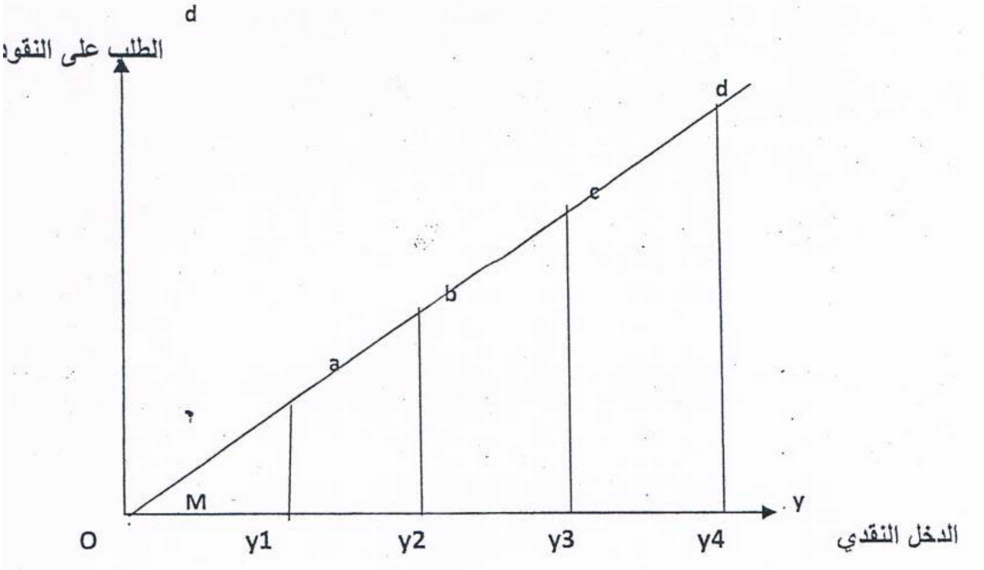

Figure (1) The relationship between the demand for money and total money income

In Figure (1), the vertical axis measures the demand for money and the horizontal axis measures total money income, and the quantity of money required is along the curve (Md), which is equal to a certain percentage of money income.

As for the demand for money from the perspective of Keynesian theory, Keynes divided the motives for demand for money into three sections (25):
A- Demand for money for the purpose of transactions:
It represents the need of non-banking economic units to keep a quantity of money to meet the needs of the current exchange, personal and productivity, and the size of cash balances required for this purpose depends on the size of cash income and the length of time between receiving income and expenditure.

B- Demand for money for the purpose of reserve:
Here, the demand for money by individuals or projects to meet sudden expenses or unexpected emergencies, medical treatment expenses or any other obligations in the future requires making sudden payments, and the demand for money for the purpose of reserve depends on the volume of total cash income and the level of economic activity (26).
As in the following equation: (2) ....Mt= f (py)
whereas:
Mt: The quantity of money required for the purpose of reserve transactions.
Py: total income.

C- Demand for money for the purpose of speculation:
In this type of request, Keynes has achieved an intellectual originality, as he indicated that there is a quantity of cash required to satisfy the needs of speculation in addition to the needs of transactions and reserves, meaning that the quantity of money required and after covering the requirements of transactions and reserves can be directed

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to satisfy the desires of individuals to keep it. In the form of idle cash balances, and this depends on the preference of individuals for cash liquidity, that is, the preference for keeping cash in relation to the rest of the other forms of wealth.

The motive for the demand for money speculation is the desire of individuals to keep cash in the form of inactive or idle balances in order to achieve capital gains or avoid capital loss by predicting possible changes in the interest rate on financial assets (bonds), and thus the prices of these assets. The demand for money is Demand for liquidity, which Keynes calls a preference for cash, liquidity or a tendency to hoard [(27)].

As for the demand for money in developing countries, it is basically done according to what was referred to, but it is affected by the nature of the means of qualitative monetary policy in developing countries. It is noticeable that these countries find it difficult to rely on quantitative control tools to control credit and influence the money supply. Because of its general nature, all activities are treated alike, that is, they do not distinguish in their effects between productive activities and speculative activities, which may lead to inflationary effects that are not consistent with the nature of the required economic growth [(28)].

The second topic

Economic growth in developing countries and the factors affecting. The first requirement: the concept of economic growth and the factors affecting it in developing couThe concept of economic growth
Economic growth is represented by an increase in the average real per capita income, without linking it to the occurrence of economic and social structural changes, and the opposite of stagnation and depression [(29)], and economic growth is represented by the rate of increase in production and real income in a country, during a certain period of time.

Economic growth reflects quantitative changes in production capacity, and the extent to which this energy is exploited. The more optimal use of production capacity is achieved, the higher the growth rates in national income. On the contrary, the lower the rate of utilization of production capacity, the lower the growth rates in real income, after Reaching the rate of utilization of production capacity 100% [(30)].

Growth is expressed in per capita national income, and even if this income increases, this increase must be faster than the housing increase in order for growth to occur [(31)].ntries
The factors affecting economic growth

The factors affecting economic growth can be mentioned as follows[(32)]:
A- Capital accumulation:
Capital plays a large and influential role in the prosperity and growth of the economy, and it is one of the main determinants in this aspect. Capital is embodied in two types: [(33)].

The first type: It is represented in the physical capital, which consists of the society's stock of machinery, equipment, roads, airports, ports and other basic physical structures that provide the necessary environment for establishing economic projects and increasing the production capacity of the society [(34)].

The second type: is human capital, which is represented in the size of the workforce owned by society [(35)] .

B- Population Density:
Population density is represented by population growth, and thus the final increase in working time.

An increase in working time means a greater increase in the number of productive workers [(36)] , an increase in population means an increase in purchasing power by increasing the size of the local market. There is a dispute as to whether population density has an impact on economic growth, if the state suffers from a surplus in the labor component, as the impact of population growth depends on the ability of the economic system to absorb and employ additional labor. This ability depends largely on the rate and type of capital accumulation, and the availability of related factors such as administrative and organizational skills, and thus has the same effect on production in the event of an increase in the number of individuals. Here, the concept of investing in human resources and creating human capital (Human Capital) is tantamount to improving quality and thus the level of productivity [(37)]

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C- Technological advances

The technological level means the degree of technology, creativity and development in machines and the human element, and that the human element is the basis of the production process, which requires direct attention to education, its quality, training, health and social security. Technological progress is represented in more than just the emergence of inventions, because in its essence it means the invested efforts made by society with the aim of increasing the exploitation of Available economic resources, and the development of the discovery of other new resources through improvements in the levels of education, management, marketing, creation and creativity (38) .

D- Environmental factors:

It is a well-known fact that economic growth does not occur in any country in a vacuum. Economic growth requires the provision of a set of encouraging factors (political, social, cultural and economic), which together constitute environmental factors (39)

This means the necessity of having technical / financial and monetary tools represented by the banking sector that is able to finance the requirements of growth, as well as the need for a legal system that supports the economic system and the developments taking place in it (40).

The second requirement: the characteristics of developing countries and the nature of external financing in them

1- Characteristics of developing countries

Although the economies of developing countries vary in terms of per capita income, in terms of the diversity of their material and human resources, and the nature of their economic and social structures, they are characterized by general characteristics that can be mentioned as follows(41):

A - the low level of the growth rate of national income and the growth rate of per capita income:

Most developing countries are characterized by a low rate of growth of national income and low per capita income, in that the average per capita income in those countries is less than one to fourteen of the per capita income in rich countries, and in addition to the fact that developing countries are characterized by very low levels of annual per capita income, they may It also suffered from low levels of GDP growth rates.

B - underdevelopment of the population:

The limited material capabilities in developing countries, which are the main source for providing the human investment necessary to develop the capabilities and skills of individuals, the population of these countries remains at a low level of ability, skill and productive efficiency, in addition to the spread of illiteracy and the low level of education, training and health of the population, and this has caused a weak ability to The movement of work elements professionally and geographically, in addition to the impact of the prevailing values and traditions system in developing societies, which do not encourage development, leadership and risk-taking.

It is noted here that the nature of economic and social problems differs from one country to another. In developing countries, these problems came as a result of the prevailing factors of underdevelopment, where the problem is embodied in the essence of underdevelopment and dependency, knowing that the population explosion in these countries is the basis of underdevelopment and not the number of population as it is promoted, the economic problem here It is a consequence of backwardness, not a cause of it(42).

C- Shortage of capital and underdevelopment of production methods

Underdeveloped production methods prevail in developing countries, especially the least developed ones. The existence of these methods is not limited to a particular economic sector or activity, but rather includes most sectors and economic activities in most geographical areas in this backward country, while other productive sectors predominate with backward production methods far from Scientific and technological development and leave traces in the decrease in the productivity of labor and the productivity of land and capital.

The shortage of material and human capital leads to a decrease in productivity in general, and the productivity of the labor factor in particular, which leads to the limitation of economic activities, and this results in the continuation of the state of underdevelopment and causes a scarcity of material and human capital, which prevents capital returns from being the largest returns of the factors of production. the other.

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D- The dominance of the agricultural sector over the economies of developing countries:
It is noticeable when analyzing the structure of the economy in developing countries that the agricultural sector is the most important sectors of the economy in the production process. As about two-thirds of the labor force in developing countries is employed in the agricultural sector, and the reason behind this is due to the fact that the priority levels are

The other sectors are low compared to the national income, with the exception of the oil countries, and the priority for any person is to provide the basic needs, foremost of which are foodstuffs, clothing and housing (43) .

The nature of the backward agricultural sector, which is the dominant sector in the developing countries, granted these countries the status of backward agricultural countries, in order to use primitive methods and means in agriculture and that the agricultural cycle in them is incorrect (44) .

E- High level of poverty:
Developing countries in general and less developed countries in particular suffer from the aggravation of the problem of poverty, where what economists call (the vicious circle of poverty) deepens, because the decline in national income leads to a decrease in the level of saving, and also leads to a decrease in the level of investment, and this leads to a continued decline in income .

And other factors
These factors are represented in many aspects, including the efficiency of the communication system, the low level of technology, the backwardness of the banking system, the low level of services, the high level of illiteracy, the low level of social security, the increase in the unemployment rate of all kinds, and political instability.

Together, these factors affect the economic structures in developing countries and lead to an imbalance in the production structure, which causes a decrease in the level of production, productivity, income and investment level (45).

2- Characteristics of external financing in developing countries
The characteristics of external financing in developing countries are generally reflected in the structure and composition of the Malaysian economy, which emerged from a severe financial crisis, the crisis of the Asian tiger countries, including Malaysia in 1997, where the economic structures collapsed, and the characteristics of external financing sources were clearly manifested in the structure of the Malaysian economy, as is the case in The structure of most emerging developing countries, which are characterized by the conditions for funding sources in developing countries as follows: (46) .

A- The severe conditionality practiced by the international financial institutions (the International Monetary Fund and the World Bank), which is represented in obligating the beneficiary countries to implement certain procedures as a condition for approval of lending and financing, including reducing the currency of the concerned country and lowering its interest rates to facilitate foreign investments.

B - Exerting pressures by private lending institutions on developing countries, and these pressures are represented by raising loan interest rates, reducing repayment periods and giving priority to the lending country in obtaining investments in the developing country. In addition, some financial institutions for private lending form committees that visit the borrowing country from time to time, to ascertain its economic reality and financial condition.

C- Linking aid to time ceilings with economic goals linked to the policy of foreign financing institutions to follow up on the level of economic performance in projects funded by international institutions.

D- The emergence of the problem of imbalance between private and official financing after the private lending institutions transformed and since the eighties and nineties of the last century into major financial institutions (the international banking industry), which led to the difficulty of receding the competitive atmosphere that created the problem of imbalance between private and official financing. .

E- Intermediaries play a major role in loan recycling operations. Although deficit countries are the main borrowers, whether this was done by the desire of these countries or through the policy of offering money by surplus countries, the movement of external financing since the beginning of the nineties of the last century has

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been characterized by the emergence of A remarkable role for intermediaries in the mechanisms of recycling these loans, and great gains have been made for intermediaries from these operations.

F- The transnational companies deal with two standards in investment operations in developing countries. They establish their projects in emerging and developing developing countries with remarkable resources and guaranteed raw materials, because they find in this a guarantee for their projects, while poor developing countries remain deprived of the right to attract and settle direct foreign investment in it.

The third topic

The impact of monetary policy on economic growth in developing countries (Malaysia as a model)

It is a well-known fact that Malaysia's experience as one of the Asian tiger countries in economic development and economic growth is a distinct experience with positive results that contributed to building the Malaysian economy a vital and coherent building, creating a development experience that can be emulated and other developing countries follow suit when they have the independent political will, as happened in Malaysia in the time of its Prime Minister (Mahathir Mohamad), who adopted a policy of self-reliance in and deepening the national aspect in economic construction.

It can be said that the economic and industrial policies in particular adopted by the new Asian tiger countries (Malaysia, Thailand, Indonesia), which constitute the second wave of astonishing Asian growth, have developed in a similar way to what happened in Japan, South Korea and Taiwan. After a period of import substitution, the three countries in the forefront Malaysia has gradually shifted to a policy of export orientation and economic openness in the economic and monetary policy, which led to a noticeable increase in manufactured exports and imports, as well as an increase in growth rates in the gross domestic product (GDP)[(47)].

The first requirement: the reality of external exchange relations between developing and developed countries

Perhaps the unequal exchange is the dominant feature of the existing relations between the developing countries exporting raw materials and the advanced capitalist countries, and this stage produced two basic forms of relations. The first figure: It is represented in the case of unequal export and import currents between these two groups of countries [(48)].

The second figure:

It is represented in the unequal exchange relations that are reflected in the terms of trade for the group of developing countries, which are witnessing many fluctuations and deterioration in their favour. This deterioration has exacerbated the deficit in their balance of payments [(49)] .

In fact, the deterioration in the rates of trade exchange for a group of developing countries means a deterioration in the purchasing power of their exports and a decrease in their national income, and there is an insurmountable fact in this aspect, which is that the decline that occurred in the purchasing power of exports in these countries was not due to a drop in export prices only, but rather Because of the deterioration in the strength of the foreign currency that it obtains from the export of its products.

In the sense that the purchasing power of these currencies has deteriorated under the influence of inflation that prevailed in the industrial capitalist countries that possessed these currencies in the last nineties and the beginning of the current decade, which made the developing countries in most of them suffer from great losses in their foreign trade [(50)].

The magnitude of the loss due to the deterioration of the purchasing power of exports in developing countries as a percentage of development aid during the period 2010-2020 can be seen from Table 1.

Table (1) The loss caused by the deterioration of the purchasing power of exports in developing countries

Selected years (1995-2015) ($ billion)

Loss ratio to total development aid	Development aid provided by industrial capitalist countries	The loss caused by the deterioration of the terms of trade	Years
36.5	**4996**	**1824-**	**2010**
40.0	**5390**	**2158-**	**2012**

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35.7	**5914**	**2109-**	**2015**
34.1	**5974**	**2026-**	**2017**
40.1	**6203**	**2519-**	**2019**
42.8	**6430**	**2752-**	**2020**

Source: Dr. Ali Al-Husseini, Foreign Trade Relations in Developing Countries, 1st Edition, Dar Al-Salaam Press, Baghdad, 2020, p. 52.

It is clear from Table (1) that there is a noticeable loss represented in the deterioration of the purchasing power of annual exports in developing countries of development aid in 2015 compared to 2010, where it is noted that this percentage increased from 36.5 in 2010 to 42.8 in 2015 due to unequal exchange relations, which Prompt the industrialized countries to increase their development aid to these countries.

The second requirement: the relationship between monetary policy and fiscal policy in developing countries (Malaysia as a model)

The government's approach in formulating the policy of the economic system in geneThe government's approach in formulating the policy of the economic system in general takes one of the following forms(51) :

1- The government can affect individual incomes directly through measures that work through changes in tax and spending policy, that is, through pure fiscal policy.
2- It affects the level of income through monetary measures that it takes, and works through changes in the availability and cost of credit, thus affecting the ability and willingness of the private sector to spend. This type of government policy has an important impact, albeit indirectly, on the level of economic activity.
3- The government can impose direct and multiple controls to regulate specific and not general aspects of economic activity, and because financial and monetary operations are effective means in general economic control, coordination between them becomes an urgent necessity, because they may conflict with each other in a way that weakens them together, and the authorities prevent government from achieving its set goals, and this necessity is stressed by the overlap between these two types of operations.

On the other hand, coordination between financial and monetary measures is necessary, due to the difference between the nature of each of them for the following reasons: (52).

Ral takes one of the following forms:

A- Financial operations tend to be wide-ranging in terms of size and scope, while monetary operations tend to be limited because they are mainly confined to the financial and banking sector. If coordination is made between these two types of operations, monetary measures may have an effective impact as a means of the government's general economic policy.

B- Financial procedures, on the other hand, tend to be slow and rigid for legal reasons, while monetary procedures are relatively quick and flexible and can be changed in a very short time, for example through changes in the legal reserve ratio and interest or discount rates.

C- Financial measures tend to have a specific value, especially in encouraging economic expansion, but they may be less able to stop inflation. As for monetary operations, they may have a small effect in encouraging expansion, but they may effectively limit inflationary trends, and that by themselves of the public's access to bank credit.

For all these reasons and the different nature of both financial and monetary measures, coordination between them in terms of direction and timing becomes a necessary matter that the economic authorities cannot condone, because condoning that means missing the opportunity for the authority to achieve the goals it seeks (53).

Malaysia's experience as one of the Asian tiger countries in economic development and economic growth is a distinct experience, and other developing countries can follow suit when they have the political will, and adopt a policy of self-reliance and rooting the national aspect in economic construction.

In general, it can be said that the economic and industrial policies in particular of the economies of the new Asian tiger countries (Malaysia, Thailand, Indonesia), which constitute the second wave of amazing Asian growth, have developed in a similar manner to what happened in Japan, South Korea and Taiwan.

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The three countries gradually shifted to a policy of export orientation and trade openness, and this change in economic and monetary policy led to a noticeable increase in manufactured exports and imports, as well as an increase in growth rates in GDP (54).

In Malaysia, the import substitution strategy dominated significantly, as the new economic policy of Malaysia was announced with a new package of policies aimed at restructuring the Malaysian economy, eradicating poverty and encouraging growth with equitable distribution. Industrialization through the substitution of imports and the priority of the public sector in exercising a central role in driving export operations (55).

On the monetary policy side, Malaysia has developed the banking system and taken economic measures, foremost of which is revitalizing the performance of the banking administration, activating the supervision in it and decreasing the exchange rate of the Malaysian currency, which led to improving the competitiveness of production and wages in the Malaysian economy and improving the system of financial incentives for direct foreign investments.

In addition, state-owned enterprises were gradually privatized under the privatization program, which was accompanied by a significant acceleration in the process of trade liberalization, and annual growth rates in GDP achieved high levels, approaching 10% annually, and this contributed to addressing the persistent deficit in current account (56).

With the beginning of the new century decade, the focus began to focus on industries with advanced technical content, in order for the Malaysian economy to become more competitive in the global market, and interest appeared to be increasing in financial and banking activity and in research and development activity, as the performance was weak in this field.

Despite the great export success of Malaysian industries during the past eighties and nineties, a number of structural weaknesses have required the composition of Malaysian exports through the control of international companies on nearly three quarters of the value of industrial exports, as well as the weakness of the local component of Malaysian exports, which led to a rise The import intensity increased and the growth rate of imports of intermediate goods increased, which was growing at a rate of 19.4%, with weak technical and productive interdependence between the branches of export industries on the one hand, and the rest of the national economy on the other hand.

This, in turn, led to a rise in the trade balance deficit starting in 1994, and was also accompanied by a rise in the deficit in the balance of services as a result of the rise in shipping and insurance expenses, given Malaysia's weakness in that, as is the case in most developing countries.

During that period, this deficit was covered by short-term foreign capital flows, which began to flow into Malaysia strongly since the mid-nineties of the last century, and took the form of financial portfolio investments, as well as reliance on foreign savings benefiting from high interest rates in addition to expectations The possibility of a rise in the exchange rate of the Malaysian currency, and this, despite the high rates of GDP growth, constituted one of the main weaknesses, which

It played its role in the exacerbation of the crisis that befell East Asian countries in 1997, and the economic and social losses that accompanied it during the subsequent years (57).

During the last nineties of the last century, and after it became clear that Malaysia could not depend permanently on importing technology from abroad, technological policy and technological development became the main feature of industrial policy in Malaysia. Malaysia has financial markets that have the characteristics of emerging financial markets and that hard currencies in The Central Bank feeds the national income with the requirements and in a manner that enhances the position of Malaysia's balance of payments. It is noted that Malaysia is witnessing a growth in the gross domestic product at an average annual rate of not less than 7%, and Malaysia will increase it until 2020, and thus these developing and developing countries were able to create a distinguished experience in economic construction from By creating a global reception environment in the field of multimedia technology, mixing the philosophy of self-reliance and deepening the national curriculum, and a balanced openness to the outside to attract and settle foreign investments (58).
The third requirement: the economic growth function model in Malaysia.

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Description of the standard model used in the estimation

The field of application of econometrics in studies and research has become wide, as it is the main tool that evaluates the components of economic theory by estimating numerical values that will bring it closer to reality to be more logical and acceptable. Econometrics relies on economic theory, mathematical methods, and statistical methods to obtain such quantitative estimates, which can be used to help in decision-making, forecasting, and studying structural changes(59).

Econometrics has a close relationship with the sciences of economic theory, economic mathematics and statistics, and this relationship can be determined as follows(60):

A- Economic theory studies the relationship between the dependent variable that expresses the studied phenomenon and the factors affecting it, that is, economic theory provides us with the nature and direction of the relationship between variables, and econometrics measures this relationship quantitatively.

B - Mathematical Economics, and its role is limited to formulating the relationship that was determined based on economic theory in the form of mathematical symbols and equations. The issue of measuring the variables of these equations and proving their suitability for the studied phenomenon is one of the tasks of econometrics.

C- Statistics, whose role is to collect the statistical data related to the studied variables that are necessary for the study, and to apply various statistical tests on the parameters of the models to show the significance of the effect of each factor on the phenomenon studied, and the significance of the relationship and its expression of the phenomenon and the treatment of estimation errors in preparation for adopting this relationship.

In light of the foregoing, the standard, mathematical, and statistical models are among the most important quantitative tools in econometrics used in describing the studied economic phenomena. Therefore, the concept of the standard model must be clarified.

Standard Model: It is a relationship (equation) or a system of mathematical relationships that link economic variables and facilitate the description of the nature of the relationship between them in an abstract form of details and complexity and representative of reality, and in addition to the variables of the model the random variable (Random Variable), which represents the influence of factors that are not measurable and estimated On the studied phenomenon, the effect of this group of factors is included under the name of the random variable.

The relationship between economic variables is based on causation, as some of them exert an influence on others, which makes some of them, under certain circumstances, a cause for the occurrence of another phenomenon called (result) (61).

And that the goal of most economic studies and research, is to determine whether a change in a variable (X), which is the independent variable, has an effect on the dependent variable (Y) and an estimate of the amount of this effect through one of the most widely used econometric tools, which is (regression analysis), Which is used to measure the effect of a group of variables on another variable (62) .

The estimate used in describing the research model is the function of economic growth, which shows the relationship or the impact of monetary policy on economic growth in the Malaysian economy for the period 2010-

2020, and in this model, the economic growth function in Malaysia (expressed by the economic growth rate during the mentioned period) is the dependent variable (Yi), which is a function of a number of independent economic variables such as money supply in the narrow sense referred to as (X1), which means paper money in circulation. And the minerals that people trade in their daily dealings, in addition to the volume of money kept in banks in the form of current accounts or demand deposits, which is directly proportional to the rate of economic growth.

The second variable in this model is the money supply in the broad sense (X2), which is relatively wider than the money supply in the narrow sense, as it includes the total means of payment in addition to time deposits and special savings deposits with commercial banks.

The third variable is the size of inflation (X3). Economic inflation goes through two stages. It is at its beginning and when it is controlled by the state, it is an accelerating factor for economic growth, but when it is in the advanced stages, it will be a factor with a negative impact on economic growth.

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On the other hand, money supply came in the broadest sense (X4) as a fourth variable in the economic growth function model in Malaysia. It includes domestic liquidity in addition to savings deposited outside commercial banks.

The fifth independent variable in the model is the interest rate, which is inversely related to the rate of economic growth.

Finally, the estimate, unless it contains the limit of perturbation (Ui), it does not express the reality of the relationship between the independent variables and the dependent variable, so the formula expressing the reality of the relationship became as follows: [63].

Research sample and data

Regarding the research sample, Malaysia was chosen as a model and the reason for choosing the Malaysian economy is due to the economic data available about it, and Malaysia is one of the few countries among the developing countries that have been able to achieve long-term development rates with low inflation rates, the average annual growth has reached 6 % of average per capita income growth for the period

2010-2020, Malaysia has also succeeded, despite the high rates of population growth and the diversity of its ethnic and religious backgrounds, in achieving a stable social structure.

The main reason behind all these achievements in Malaysia is the political and economic stability and the flexibility of the planning, monetary and financial institutions, which are the mainstay in promoting long-term economic growth.

On the other hand, the Malaysian economy relapsed in the last eighties due to the deterioration of world prices, because Malaysian exports, especially (oil and palm oil) are affected by the movement of these prices, which made the Malaysian economy heading towards stagnation and decline, as the national product deteriorated during the period 1985-1999.

On the other hand, the deterioration of the Malaysian foreign trade terms (prices of state exports compared to the prices of its imports), due to the decrease in the nominal value of the gross national product from (2000) dollars in 2000 to (600) dollars in 2015.

Because of the Asian currency crisis in the last decade of the nineties, Malaysia lost more than 40% of the value of its currencies in 1997-1998 and became in a recession. But thanks to the general economic policy and the financial and monetary policies adopted by Malaysia during that crisis, it was able to avoid its effects due to the optimal use of the material and human resources available in it, its ability to localize foreign investments and its interest in education and training, which enabled it to have productive human resources, in addition to the relative stability and political environment The convenience was able to overcome the effects of the financial crisis in it, and to achieve a significant increase in national savings [64].

2- The economic growth function model in Malaysia

The linear model was used in estimating the function of the impact of monetary policy on economic growth in Malaysia, and in order to obtain the best fit for the model, two independent non-significant variables were deleted, and thus the model was limited to three independent variables, and as follows (the figures were taken from tabular sample)

$$Y= 8.875- 0.00000000038263X1+ 1.38X3-0.5228X5$$

(5.15) (2.83) (3.78) (2.94)

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Table (2) Estimated economic growth function in Malaysia for the period (2010-2020)

Variable names	Variables
(Economic growth in Malaysia for the period (2010-2020	Y
Presentation of criticism in the narrow sense	X1
(Offer money in the extended sense (excluded	X2
inflation	X3
(Width of criticism in the broadest sense (excluded	X4
interest rate	X5

Capacity	Transactions	(test (t	degree of freedom	the exams	correlation matrix
Constant	8.875	5.15	3	R2= 66.3%	X1 X3
X1	-3.8263E-11	2.83	14	R2= 59.1%	X3-0.270
X3	1.38	3.78	17	F=9.20	X5-0.391 0.298
X5	-0.5228	2.94		DW= 1.58	

It is clear from the results of the estimation of this model that (66.3%) of the variables occurring in the function of economic growth in Malaysia are due to the influence of a group of independent variables included in this model, while the remaining percentage, which is (33.7%), is due to the influence of factors not included in the measurement, Which is usually called a random variable.

While the calculated value of the (F) test indicates the significance of the model at the level of significance (0.05) and degrees of freedom (3.14). As for the (D.W) test, it neither confirms nor negates the existence of the autocorrelation problem, because the calculated value of the test falls in the uncertainty area.

On the other hand, the (Klein) test indicates that the model is free from the problem of linear correlation between the independent variables. And the calculated t-test value indicates the significance of all the independent variables included in this model at the level of significance (0.05) and degrees of freedom (3.14).

Regarding the nature of the Malaysian economy, in 2017, the Asian economic tigers, including (Malaysia) were subjected to a major economic and financial crisis, which affected their economic performance and will continue for a significant period, and these countries have suffered from the effects of economic stagnation in subsequent years. In 2018, the economic recession in Malaysia reached record levels, exceeding the 7% barrier (65).

As for the year 2018, it cast a shadow over the standard analysis in this model, as political, economic and social instability prevailed, and the indicator data varied. Which made the researcher exclude it from the measurement in order to exclude its shady effects on the results of the economic assessment, according to the residual analysis test based on the exclusion of abnormal values from the measurement.

The results of the estimation indicate the existence of an inverse relationship with a significant effect between the supply of money in its narrow sense and the rate of economic growth in Malaysia, and that this relationship is not consistent with the logic of economic theory, it means a change in the money supply that will lead to a change in economic growth by (3.8) units with All factors remain constant.

The interpretation of this inverse relationship is due to the fact that the Malaysian economy has gone through several crises, including the crisis of the decline in world prices for the most important Malaysian exports (oil and palm oil) in the last eighties, which made the Malaysian economy heading into recession, as the per capita GDP decreased from 2000 dollars in 1980 to 600 dollars in 1986. There was also the Asian financial crisis from 1997 to 1998, in which Malaysia lost 40% of the value of its currency, and the Malaysian economy became in a period of stagnation.

On the other hand, the monetary policy pursued by the Malaysian government in dealing with the financial and monetary effects arising from the financial crisis mentioned in it, has helped to gradually reduce economic

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inflation while it is in its infancy, and it is known that economic inflation is in the beginning and when it is controlled by the state, it is An accelerating factor for economic growth, but when it is in advanced stages, it will be a factor with a negative impact on economic growth. Thus, the monetary policy pursued by the Malaysian government was correct in maintaining a low level of inflation, and this is illustrated by the results of the estimation in this model, which indicate the existence of a direct relationship with a significant effect between the interest rate and the rate of economic growth in Malaysia. It means that a change in the inflation rate by one unit while other factors remain constant will lead to a corresponding change in economic growth by (1.38) units [(66)].
Returning to the estimation results for this model, we find that there is an inverse relationship with a significant effect between the interest rate variable and the economic growth rate in Malaysia. It means that a change in the interest rate by one unit will lead to an opposite change in the economic growth rate by 0.5228 units, provided All other factors remain.

Conclusions and recommendations

First: the conclusions

1- From the realities, the concept of monetary policy varies from one economic system to another (monetary and financial) according to the nature of the political and economic system in which the monetary system operates, because monetary policy represents the position of the political authority on the monetary system in the society it leads, and it can be known The degree of economic and social development in a country through knowledge of the elements of the monetary system.
2- It turns out that there is a consensus among economists who are specialists in monetary theory confirming that ensuring full employment and achieving a high level of employment is one of the most important goals that monetary policy seeks in addressing the problems of cash exchange and external transfer and influencing the money supply, and then addressing the problem of unemployment and what Accompanied by deflationary factors that affect production and income. The role of monetary policy here is to raise the volume of aggregate demand to the level necessary to operate the untapped productive resources.
3- It is noticeable that developing countries use qualitative tools in monetary policy more than developed countries, as a result of the absence of the effectiveness of the market mechanism in those countries due to the large deficit of some economic sectors.
4- One of the main features of economic backwardness is reflected in the composition of the money supply in a particular country, and this is related to the use of (cash deposits) compared to the use of currency as a means of payment and as a store of value. This conclusion stems from the monetary fact that paper currency and coins represent in developing countries the center that It is occupied by cash deposits in the more developed countries as means of payment and savings.
5- Central banks in most developing countries face several difficulties that affect the effectiveness of their monetary and banking policy and make controlling the monetary and banking system more difficult than in other countries such as the United States and England, for example. The narrowness of the monetary market in developing countries creates a problem for the central bank, as the sale or purchase of bonds on a large scale in the open market may make maintaining the prices of securities and influencing the monetary situation of the banking system in conflict with one another. In a narrow market, selling securities on a large scale adversely affects their prices. Which incurs the banks and the rest of the holders of these papers great losses that impede the development of the mentioned market itself.
6- The economies of developing countries are mostly non-independent and dependent in nature. Its balance of payments is the most important thing that determines its income, and most of the fluctuations in it come from changes in the volume or value of its exports. For this reason and in this sense, the flexibility of the money supply is large, and this flexibility is increased by two factors that usually play a role in developing countries, namely the high liquidity of the banking system and the ineffectiveness of monetary policy of central banks to a large extent, which makes the central bank able to accurately adopt an effective policy to confront Economic cycle.
7- The international financial institutions are not neutral in their financial and monetary dealings, and that they adopt the method of double standards in dealing with developing and developed countries, and that the International Monetary Fund and then the Central Bank are at the forefront of these international institutions. The role of local private enterprises and transnational investments is very important. The role of the state is seen as restricting and encouraging the loose forces of the local and global market. One of the most important indicators of double standards in financial transactions by international

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financial and monetary institutions is the deepening of conditionality in lending, especially the mutual conditionality towards developing countries, as it intends to tighten it with these countries on the one hand and reduce it with the major industrial countries on the other hand.

8- Since the research has dealt with Malaysia as a model in analyzing monetary policy and economic growth in developing countries, the results of quantitative analysis according to the standard perspective in showing the impact of monetary policy on economic growth in Malaysia in the period investigated, especially after the financial crisis in 2017-2018, indicate There is an inverse relationship with a significant effect between the money supply in its narrow sense and the rate of economic growth in Malaysia, and that this relationship is inconsistent with the logic of economic theory, as the quantitative interpretation of it shows that the Malaysian economy has gone through crises, including the drop in world prices for the most important Malaysian exports such as oil and palm oil, Where the tendency of the Malaysian economy to stagnation and a decrease in per capita GDP, but the Malaysian experience in economic development in general, especially in the years following the financial crisis in it, and until the present time has had positive results.
9- Finally, the (financial problem) facing developing countries is mainly focused on the scarcity of (financial resources) necessary to dominate the real productive resources required by the economic development process. high population growth. These savings are not only small, but what is available from them is not invested in productive purposes, thus impeding the accumulation of capital, which is an essential element of rapid and effective development.

On the other hand, and in a presentation of the monetary problem in developing countries, these countries are characterized by the weakness of their banking systems, their small number and their small size, and parts of their economic sectors use cash only in an easy way, and the companies contributing to them are still limited in number and financial capabilities. As for the financial and monetary markets In it, they are between non-existent, incomplete, or limited in size, and interest rates are generally high.

Second Recommendations

1- Given the dialectical relationship between the country's general economic policy and monetary policy, experts and decision-makers should pay attention to the country's general policy to be positive, integrated and applicable and to advance the economic reality in the country, and work to provide information, data and economic, financial and monetary statistics, this helps in drawing up Correct monetary policy, because monetary policy is one of the components of general economic policy in any country.
2- The necessity of paying attention to the monetary circulation markets represented by the money market (the central bank and commercial banks) and drawing a clear and non-volatile price policy and paying attention to the external financing policy and working to activate it to achieve external savings added to the national income and attention to liquidity and cash balance in the central bank, and that the country fulfill its monetary obligations To the International Monetary Fund to maintain the value of the national currency.
3- The monetary control means, which is one of the means of qualitative monetary policy, should be within the framework of the development plan in accordance with the balanced regulation of economic growth, because it prevents the occurrence of differences and discrepancies between the sectors and productive branches of the economy through the correct distribution of credit.
4- Given the financial and monetary problems that developing countries suffer from in general, work should be done to exploit all available resources in these countries, to increase the proportion of hard currency reserves in them. With the need to develop the role of the private sector in economic development and reduce the problems facing its activities, including the lack of sufficient capital by activating the role of commercial banks in financing and lending.
5- The need to work on expanding local markets and the volume of local demand, instead of relying on the volume of demand in global markets alone, and allowing real wage levels to rise is one of the main areas for this to happen.
6- In the field of banking and finance, the problem of mobilizing available savings and opening financial institutions for this purpose requires the monetary authorities in developing countries to seek to achieve three closely related goals, namely, developing credit means, expanding banking, and coordinating between monetary and financial markets and between sectors that lack To financial regulation, especially in rural areas, and finally the need to properly direct banking policies and operations to achieve positive results in work and performance.

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7- In light of the nature and implications of the current stage and the changes in it, and the new challenges it poses, the development of relations of cooperation and economic integration between developing countries in general, and the countries involved in the region in particular, the increase of economic blocs in them, and the developing oil countries investing part of their oil revenues in developing countries Others are very important, to meet the challenges of the current political and economic stage and future changes.

Conclusion

One of the basic issues that require consideration when studying the impact of monetary policy on economic growth is the need to realize that the concept of monetary policy, which varies from one economic system to another according to the nature of the political and economic system in which the monetary system operates, because monetary policy represents the position of the political authority towards The monetary system in the society you lead, and the degree of economic and social development in a country can be known by knowing the elements of the monetary system. The monetary policy that seeks to address the problems of monetary exchange and external financing and the impact on the money supply.

It was also noted through this research that one of the main features of economic backwardness is reflected in the composition of the money supply in a particular country, and this is related to the use of (cash deposits) compared to the use of currency as a means of payment and as a store of value.

In this aspect, it has become clear that the Malaysian economy has suffered from the problem of external financing, especially by international monetary and financial institutions such as the International Monetary Fund and the World Bank, as these large financial institutions adopt a policy of double standards in international financial transactions, on the other hand, the (financial problem) that

The developing countries faced since the mid-nineties, including Malaysia, which mainly focused on the scarcity of (financial resources), which exacerbated during the financial crisis that hit the Asian tiger countries in the mid-nineties and Malaysia in 1997 and after, in addition to the repercussions of the global financial crisis in 2008 on Various developed and developing countries of the world.

The results of the analysis and conclusions in this research and related to the nature and implications of the stage in the period 1990-2015, require the need to address the challenges and risks facing the global economy in general and the economies of developing countries in particular, which require the need to develop international cooperation relations and economic integration between developing countries and countries participating regionally In particular, the increase in economic blocs in them, and the developing oil countries investing part of their oil revenues in other developing countries, and this trend is very important, to meet the challenges of the current and future stage, with its political and economic frameworks and the expected changes in it.

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