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ECONOMIC DEVELOPMENT

Former PM stuck in the past, says Rahman

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KUALA LUMPUR: Malaysia has moved with economic realities and Tun Dr Mahathir Mohamad has been unable to accept this, said Minister in the Prime Minister's Department Datuk Abdul Rahman Dahlan.

In its aspiration to become a high-income developed country, Malaysia needed to develop the services sector, he said in a statement.

"Dr Mahathir is stuck in the past and is unable to accept that the economic requirements for Malaysia to progress are now different," said Rahman, who is in charge of the Economic Planning Unit.

"Foreign direct investment (FDI) is not just about investment in the manufacturing industry.



Datuk Abdul Rahman Dahlan

To move the nation to the next stage of economic development, we need to develop the services sector."

In developed countries, he said, the services sector contributed as much as 80 per cent of the employment and gross domestic output.

"To break out from the middle-income trap and provide higher-income jobs, particularly knowledge-based jobs for Malaysians, the government has made an effort to develop the services sector and rebalance our economy.

"This effort started in 2009," he said.

In response to Dr Mahathir's criticisms of the Forest City project in Johor, Rahman said the project was an example of such a FDI in the services sector.

He said the low-cost manufacturing-based industry that was competing based on a lowest-cost basis had played its role as Malaysia transitioned from an agriculture-based economy to manufacturing.

"It is telling that Dr Mahathir had written in his blog that foreign manufacturers will be attracted by 'low-cost Malaysians', tax holidays and free land.

"In our situation of full economic employment, Malaysia has to depend on foreign workers to fill such manufacturing jobs," he said.