

Malaysian Economy Should Be More Dependent On Domestic Consumption, Says Tun Dr Mahathir
Bernama
April 16, 2012

KUALA LUMPUR, April 16 (Bernama) -- The government must look at ways to increase the contribution of domestic consumption to Malaysia's Gross Domestic Product (GDP) while ensure the economy is less dependent on the export market, says former Prime Minister Tun Dr Mahathir Mohamad said.

He said to increase the participation of domestic consumption, many local services and products must be absorbed by the local market.

"For that, of course we need the people to have a higher income. But to have higher income, we have to increase our own productivity.

"You cannot just increase the pay when the productivity is at the same level. If that happens, then the economy will not grow and it may even lead to inflation.

"So we need to upgrade the productivity of our people both in terms of producing goods and also supplying services.

"When we do that, the additional income will be spent locally and therefore much of our economy would not be based on export alone but will be more towards domestic consumption," Mahathir told reporters after chairing a Roundtable High Level Strategy Session organised by the National Chamber of Commerce and Industry of Malaysia.

He said the United States' export activities contributed some 34 per cent to the country's GDP while Malaysia's stood at over 70 per cent.

However, he said the export market's importance towards the growth of an economy cannot be denied.

"It (export) should not shrink but must grow but the percentage that it constitutes to the GDP should be smaller because of the growth of domestic consumption," he said.

The former premier also said the government should study the domestic consumption's current contribution to the economy.

In a related development, Mahathir said the projected four to five per cent GDP growth forecast for 2012 is something to be proud of, given the current economic uncertainties.

"The major economies in the Asian region like China and India will continue to expand in a bigger scale, of course.

"But Malaysia's projected growth is far better than countries in the West which are struggling even to grow or sustain at the current level," he said.

---BERNAMA

Copyright © 2012 BERNAMA

Source: <http://www.bernama.com/bernama/v6/bm/newsindex.php?id=659313>