

Government should help private sector to revive economy, say experts

Published on July 20, 2020

The Sun Daily

PETALING JAYA: The government can relax business regulations and create more partnerships with the private sector instead of encouraging impoverished consumers to spend.

Asli Centre of Public Policy Studies chairman Tan Sri Ramon Navaratnam said this in response to Prime Minister Tan Sri Muhyiddin Yassin's call on Saturday to "spend for Malaysia", and to buy value-for-money products, including quality local products.

Ramon said that depending on consumers could be detrimental as they are already cash-strapped and spending more will cause them to incur debt.

"Those who have the money can spend more. But the problem now is lower income, and with unemployment, many even have no income.

"So to spend could mean you have to live beyond your means and become a debtor. That's bad economics," he told theSun yesterday.

On whether or not the government should be spending more instead of the public, Ramon said the government is facing a budget deficit, so it should work with the private sector instead.

"The problem is that the government is facing serious budget constraints. It cannot spend much more on government-funded projects to increase local spending.

"However, it (the government) should partner with the private sector," he said.

Ramon said the government will then only need to fund a portion of projects, while the private sector, which still has large reserves, can share the rest of the costs.

"This will allow the government, the private sector and the public to earn in the long run. Such projects would also increase employment opportunities.

"The government can also provide incentives, such as tax relief, to encourage the private sector to spend more," he added.

Ramon also said that business and foreign investment regulations should be relaxed to enable more newcomers to contribute to the economy.

"For example in agriculture, if more land is opened up to minority races, more of them would be able to contribute in the production of necessary supplies," he said.

Ramon said Malaysia should also rethink its strategies and propagate policies that will help the nation in the long term.

“What is Malaysia’s economic plan for the future? We need to rethink this and advocate qualities like competition and meritocracy,” he said.

Meanwhile, Federation of Malaysian Manufacturers president Tan Sri Soh Thian Lai welcomed Muihyiddin’s call to increase consumer spending.

“Encouraging consumers to spend will help revive the many struggling micro businesses. The Buy Malaysian Products Campaign is also good, although this is not a new initiative, he told theSun.

Soh also said that government procurements would play an integral part in reviving local businesses.

“Government procurement also plays a critical role in enhancing buyback of Malaysian products.

“There are also many government-linked corporations that can play a role in buying locally manufactured products.

“But the most important thing is that every ministry and the private sector need to cooperate fully to revive the economy,” he said.