



# PARTI SOSIALIS MALAYSIA

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## **The Covid 19 Recession: A Program That Ensures That Nobody is Left Behind! (Part One) PSM POST COVID19 NATIONAL STRATEGY**

The Covid epidemic has up-ended the global economy. Although several mainstream economists are trying to reassure themselves and others that the economy will bounce back after the various national lockdowns are eased, the fact is that it is not going to be a "V" shaped recovery. There has been too much disruption for that.

International travel will have to be curtailed, for under current circumstances it will lead to transmission of the virus between countries and the creation of new waves of the epidemic. The airlines, airports, tour agencies manufacturers of aero planes and their supply system – all these will have to downsize significantly. Many hotels will have to downsize if not close at least temporarily as they will not have guests.

The manufacturing sector will also be affected. Many Malaysian companies producing for the global chains will be affected if their overseas markets are affected by the Covid epidemic. With job losses mounting to the millions in the US and in Europe, it would foolishly optimistic to expect that there will be no marked reduction in aggregate demand.

### **The Impending Recession**

The world is heading into a serious downturn – some experts are predicting it will be as bad as the Great Depression of the 1930s. It is important that we in Malaysia make plans to handle this eventuality. If a serious recession were to occur, large sections of the Malaysian rakyat would face the following problems

- Retrenchment. And the workers who lose jobs may remain unemployed for months as there will be few new jobs being created in an economy that is spiraling downwards.
- Loss of earning for the small businesses (and there are at least 700,000 of these small family businesses) whose market comprises of the wage earners in society. When the aggregate income of wage earners goes down, these businesses too will find their sales volumes falling.

- Many families would face financial difficulties and be unable to meet the basic needs – food, rent payments, health care, and utilities.
- Families living in rented premises may have trouble paying rent and face the prospect of eviction.
- There will be over-crowding of the government hospitals, and this might lead to unacceptable delays in getting proper treatment.

The business community will also face income and cash-flow problems. But they are well organized into various associations that have already been loudly advocating for business interests. Almost daily we can see statements in the media from Datuk Shamsuddin Bardan, the Executive Director of the Malaysian Employers' Federation (MEF) and from Datuk Michael Kang, the President of the Small and Medium Enterprises Association of Malaysia (SMEAM). The business sector appears to have the ear of government.

However there is a dearth of media coverage on the plight of the ordinary rakyat, except for the occasional statement of the MTUC and some welfare NGOs. There is nothing on the scale of the demands of the business sector which are well coordinated and loudly articulated. There is therefore a huge need that the needs of the ordinary citizens of this country are put forward in a consistent manner such that government intervention can be balanced and not too pro-business.

### **The Government's Responsibility**

The PSM believes that ensuring basic needs are met is the responsibility of government. The government cannot concentrate on saving the big banks and corporations and assuming that these corporations will provide all the jobs and services needed. The market fails when human need is not backed up by purchasing power. In this time of crisis, the people without income will be marginalized if we rely on market based approaches. We are not contesting the need for the government to help out banks and big businesses – the stability of our financial system is important. So too is there a need to preserve the productive capacity embedded in our manufacturing firms. But what we are refuting is the "trickle down" approach. That certainly has no place in the handling of the recession precipitated by the Corona epidemic. The government must be prepared to step in and supply basic needs and services in every instance the market fails to do so.

The PSM has decided to embark on an 8-Point campaign to highlight the needs of the people and to put forward a program that ensures the basic needs of all Malaysians are met during this crisis.

## **Campaign Demand One: Enhancing Food Security**

We imported RM 51 billion worth of foodstuffs in 2017. That was about 28% of the total amount we spent of food that year. Our self-sufficiency level (SSL) for rice is only 70%. Our SSL for some other crucial foodstuffs is even lower.

### **Table: SSL Level for various foods 2018**

Rice – 68.7%	Vegetables – 44.6%
Fruits – 78.4%	Beef – 22.9%
Mutton – 10.9%	Liquid Milk – 61.3%

MOA DATA 2018

We produce all the poultry, eggs and pork that we consume, but we not secure in the provision of these as more than 80% of the feedstock (eg grain corn that is used to feed the livestock) are imported.

### **Recommendations**

1. 10% of the land of large plantation companies should be utilized for producing rice and grain corn. (At present 8.6 million hectares of land, or 26% of Malaysia's land area is used for agriculture in Malaysia – 7 million of this is under oil palm cultivation and another 1 million hectares is under rubber. Padi is grown in 700,000 ha while the remaining 900,000 is for all other agricultural pursuits.)  
We are against the clearing of still existing forests for agricultural or other purposes.
2. Small vegetable farmers and livestock rearers on government land should be given 20 year leases with the caveat that that land should be used exclusively for the production of food for the Malaysian public. Eviction of these farmers has to be stopped.
3. Rubber and oil palm smallholders should be encouraged to diversify to food production – orchards, vegetable farming, fish rearing, goat and cattle rearing. Commodity prices are going to be sluggish for the next few years. As such it would make economic sense to diversify.
4. Our padi farmers have been producing a crucial basic commodity for us all these years, yet they are among the poorest groups in our society. Their contribution should be recognized by enacting an old age pension scheme for all padi farmers –this could start out at RM 400 per month for padi farmers who are 55 years or older.
- 5.

## **Campaign Demand Two: Unemployment Benefit Scheme**

There are present 2 unemployment schemes in the country. The 1980 Regulations under the Employment Act (1955) mandates that employers pay their workers a one-off compensation

based on the length of service – a worker with more than 5 years of service will be compensated the equivalent of 20 days wages for each year of service while a worker with less than 2 years of service is only eligible for 10 days wage equivalent per year of service as per this legislation. The second unemployment scheme is the Employment Insurance Scheme that is managed by SOCSO. This provides 80% of wages for the first month after retrenchment, tapering down to 30% of wages for the 5<sup>th</sup> and 6<sup>th</sup> months after being laid off.

Both these scheme are not enough to safeguard workers who face the prospect of being jobless for 12 to 18 months. Another defect of these 2 schemes is that it only covers the formal sector workers who make up 6.5 million of the workforce. There are another 2.5 million worker who are daily paid – those working in restaurants, construction sites, as odd job labourers, as contract rubber tappers, as helpers in small businesses and in the gig economy as well. All of these non-formal sector workers are not covered by these two existing schemes.

#### Recommendations

1. The nation needs a scheme that will cover all 9 million workers as well small businessmen whose businesses collapse.
2. This scheme should provide a basic monthly income that will ensure the families affected will be able to procure basic necessities.
3. The unemployment scheme will provide this support until the worker gets a new job.

### **Campaign Demand Three: House Rent Subsidy Scheme**

About 25% of Malaysian families do not own their own houses but live in rented premises with rentals ranging from RM 100 per month for a wooden squatter house to over RM 1500 for accommodation in some of our urban centers. Some of these families will face a problem keeping up with their rental payments may even face eviction.

#### Recommendations

1. The government should forbid the eviction of any family from their residence on account of them not being able to pay rent. Tenancy agreements are a form of contract and therefore to effectively forbid eviction of house tenants (and still stay within legal provisions) the government has to include house tenancy agreements as one of the contracts covered in the law it needs to introduce to cover other forms of contractual obligations as well. (Such a law has already been enacted in Singapore – The Covid 19 Temporary Measures Act 2020). This new Act should also specify that tenants and/or

landlords facing the issue of non-payment of rent should refer their matter to a Tribunal to be settled.

2. House rental Tribunals should be set up at district level to prescribe how each rental case should be settled based on the principle of sharing the burden among three parties – the tenant, the landlord and the government.
  - a. The tenant will have to show that his/her source of income has dropped significantly and thus qualifies for aid under this scheme. The tenant will be required to pay a portion of the rent that he/she contracted to pay when renting the house – the quantum can range from 0% if the tenant is very short on income to 100% if there his/her income is sizable.
  - b. The government will pay a portion of the rent such that the sum of the government's and the tenant's contribution is 60% of rent agreed upon (with a cap set at RM 600 per month).
  - c. The landlord will have to forego 40% of the rent he normally collects for the cases where a government is required.
3. The formula described in "b" above is for a landlord with only one house. For there are people who invest their life savings in a second house to ensure that they have a source of income when they retire. Their legitimate expectations shouldn't be compromised too much. But in the cases where the landlord has more than one house rented out, the total "haircut" required of him will be more – perhaps increased by 5% points for each additional house than he has rented out. (The details of this scheme have to be worked out looking at examples that exist in other countries.)
4. There has to be a built in mechanism where this arrangement is reviewed from time to time and the subsidy withdrawn when the tenant's economic fortunes improve and he/she no longer needs it.

### **Campaign Demand Four: Enhancing the Capacity of the Health Services.**

For the past 2 months, government hospitals have been postponing certain treatment modalities for non-Covid cases as the General Hospitals have been on a "war-footing" to handle the Covid epidemic and there are legitimate fears that the outcome of operations will be distinctly poorer both for the patient as well as for the medical team if one inadvertently operates on a asymptomatic Covid case! So we now have a backlog of cases of renal stones, gall stones, cardiac stent procedures, cataract surgery and many others.

In addition to this, the drop in income caused by the prolonged Movement Control Order would mean that the number of patients who can afford treatment in private hospitals will drop, and

the numbers turning to government hospitals will increase. Government hospitals which even in the best of times were crowded and packed will be even more crowded going forward.

#### Recommendations

1. The Ministry of Health has to come out with a protocol that ensures safety of both the patient and the medical team in the invasive treatment of non-emergency conditions. This protocol could include the following features
  - a. Limiting non-emergency surgery and procedures to patients who come from Districts that have not had any new cases of Covid 19 in the prior 3 weeks.
  - b. Full screening tests – both for Covid RNA and for anti-Covid antibodies – in all those being worked up for non-emergency procedures or surgery.
  - c. Higher level of PPE than normal for the medical teams doing these procedures or surgery
2. The utilization of District Hospitals for Procedures and Surgery  
At present the Operating Theatres of many District Hospitals are not being utilized because the government sector does not have enough anesthetists to station there. Well, at this point in time, anesthetists in the Private Sector will be relatively under-employed. The government should have a scheme to tap upon the anesthetists and perhaps even surgeons in the Private Sector to provide operative services in the District Hospitals to help reduce the backlog of cases in the government hospitals.
3. There should be a greater degree of financial support for the medical appliances that patients are required to buy, eg lens for cataract cases, plates and screws for orthopedic operations, etc.
4. These recommendations will require an increase in the budget of the Ministry of Health from its current RM 31.5 billion to at least RM 36 billion.

#### **Campaign Demand Five: Ensuring the Safety of the General Public.**

With the relaxing of the Movement Control Order, people will go out to public spaces more often. The Local Councils should play a role in making sure that health guidelines are adhered to including

- Physical distancing among the patrons of businesses
- Wearing of Masks
- Isolating oneself when having fever or cough or sore throat.

#### Recommendations

1. The degree of movement permitted in a District should depend on its colour code. Green districts which have had no new cases of Covid 19 in the previous 3 weeks should have

the least restrictions. Whereas red districts which have had more than a certain number of cases in the same time period should have much tighter restrictions. (The actual numbers of cases to classify districts into 3 or 4 categories needs to be worked out by a technical committee.) We do need to open up the economy – but this has to be done in safe manner.

2. Local Council officers should be deployed to monitor crowds at the market, the night markets and supermarkets and to ensure physical distancing is adhered to. These officers should be equipped with infra-red thermometers to monitor the temperature of people attending markets. It would be even better if they could be fitted with infra-red visors which will enable them to screen without having to disrupt the movement of people too much.
3. The control of Covid in Malaysia requires the cooperation and trust of the 6 million migrant workers in the country. They must be willing to come forward for screening when they have symptoms. They must be prepared to divulge details about where they live so that the Ministry of health officials can do contact tracing. The contacts must be prepared to stay at government quarantine centres for 2 weeks. This degree of cooperation requires a Moratorium on the arrest, detention and punishment/deportation for immigration offences. Taking a harsh stance with regard to foreign workers will make them try to avoid contact with government agencies including the Health Officers and that will definitely impair our Covid control program. In addition, the short sighted policy of charging them exorbitant fees for treatment in government facilities has to be set aside for now. The health and safety of Malaysians depends on us handling our foreign worker population right!

### **Campaign Demand Six: Taking over factories that have decided to close.**

Imperial Garment, a big textiles factory in Tasek, Ipoh, which has 1400 workers, has informed that the factory is going to close. The owner, TAL Group which is based in Hong Kong, cited falling orders and competition from lower cost sites. This factory should be taken over by the government and used to produce PPE gowns and masks for the country. If it has the capacity, we could even provide these PPE items to neighbouring countries at a subsidized price (or even to poorer nations in Africa).

#### Recommendations

1. Factories that produce essential goods or can be repurposed to make products that are useful in the fight against Covid (eg infra-red thermometers and visors, rapid tests for

Covid), should be taken over by government such that they can be utilized to produce these useful goods.

2. The management of these factories should be entrusted to a competent and professional management team with provision for some participation from the ordinary workers.
3. There should be a requirement that at least 80% of the workers at all levels must be Malaysian.
4. An independent agency should be set up to monitor the factories taken over by this scheme and quarterly results of their performance should be made available to the public. Factories which are under-performing need to have a revamp of their management.

### **Campaign Demand Seven: Reallocate society's resources to attain Socially Just and Green Targets.**

Recessions lead to gross under-utilization of industrial and human capacity. For example, the construction sector and its supply chains will face lower demand and thus will have a lot of excess capacity. Can we use this excess capacity to address the issue of inadequate supply of social housing by building 200 terrace houses or low cost flats in all the districts in our nation? These units can be rented at low prices to young families as well as to those who do not own their own houses. (200 x 221 parliamentary constituencies = 44,200 units in all. Not too daunting a figure to start with.) In a similar fashion, can we utilize a part of the excess capacity to clean up and repair the low cost flats in our urban centres that have deteriorated into high rise slums – repair the lifts, the railings, and their playgrounds, and give them a coat of paint?

Only 10 out of the 170 landfills that we use for domestic waste disposal are classified as "sanitary". Can we use the excess capacity we have in these recessionary times to build proper integrated waste recycling and sanitary disposal systems in all districts in Malaysia? How about replanting our logged forests and cleaning up polluted rivers? Another possibility is the introduction of a scheme where an agency set up by the government rents the roof tops of low cost houses to install solar panels? This scheme would augment the income of these families while boosting the production of Renewable Energy in our country.

The idea behind these programs is to provide goods and services that are really needed by our society - better housing for our people and the rehabilitation of our environment. In addition, this program will provide employment for the tens of thousands of Malaysians who are going to lose their jobs over the next 6 months. These programs will also boost aggregate demand in Malaysia by paying salaries to the workers employed as well as by increasing the sales of the



supply chains for these activities, and thus help arrest the downward recessionary spiral and start the economy on the path to recovery.

The government needs to sit down with the specialists in these fields and also get ideas from civil society to define all these schemes more clearly so they result in the provision of the social goods that we envisage. Transparency in the awarding of contracts and a proper system of monitoring have to be put in place given the kleptocratic tendencies in some of our leaders. But this idea of using idle productive capacity to achieve social goals is eminently do-able but needs to be discussed in greater detail before implementation.

### **Campaign Demand Eight: Promoting Human Right and Democratic Participation.**

There is a tendency among some in the current leadership to veer towards authoritarianism. This has resulted in the arrest and jailing of people for non-compliance of the MCO, and in the current fiasco where 147 foreign workers fled from the quarantine centre after their swabs were collected (because they had heard that the immigrations department was on the way to check their documents). So what are we going to do now if some of these swabs come back as positive? We need the cooperation of both Malaysians and the 6 million foreigners to overcome the Covid challenge.

#### Recommendations

1. The government should set up an ombudsmen system where people can complain if they feel the actions of the police, the courts or any other authority is excessive. This ombudsmen system must have the necessary power to summon the enforcement agencies for a hearing to decide the veracity of the complaints.
2. Steps need to be taken to build in safeguards to ensure that the tracking apps being promoted by the government are only a temporary measure that will be discontinued after the Covid epidemic is brought under control. It should not lead to a repressive surveillance regime that is used on opposition politicians or on activists or journalists who have a difference of opinion with the government.
3. The system of check and balance that has been mentioned several times in this paper requires consultation and involvement of local leaders in the implementation and evaluation of the various programs described. Participation from the people is one of the more effective ways of ensuring there isn't too much wastage due to nepotism, cronyism and corruption.

### **Handling the Covid Crisis on the Basis of Solidarity**

There can be no doubt that we are facing a huge crisis that has already disrupted the way our society and economy has been functioning, and will continue to do so for the year ahead. PSM's call is that we marshal the resources of our country – and these are quite formidable – to ensure that no one is left behind; that every family gets the basic goods and services they need; and that everybody is as safe from Covid as we can be, and that we use the under-utilized .capacity of our economy to make Malaysia a better and greener place. Handling the Covid crisis on the basis of solidarity will help bring our people together and we will emerge from this crisis as a more united and harmonious nation.

We believe that the eight ideas/programs sketched out above are realistic. But they need to be discussed and fleshed out. We hope that the Malaysian people will contribute ideas to further define the pro-people program we have put forward and work together to bring this program to fruition.

**Dr.Jeyakumar Devaraj**

Chairperson PSM.

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(Part Two of this Paper will focus on the Financing Mechanisms for this Solidarity Program)