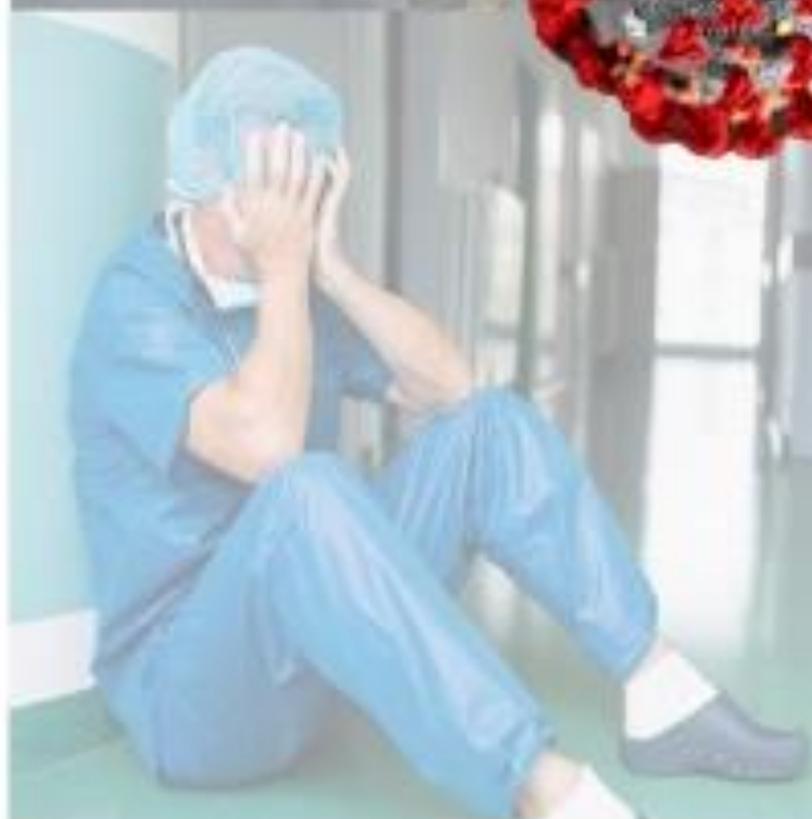




# ***SOCIALIST PERSPECTIVES***

**14**



# Parti Sosialis Malaysia



## Socialist Perspectives

**14**

Parsosma Enterprise

# **Socialist Perspectives 14**

Published May 2020 by  
Parsosma Enterprise  
2A Jalan Sitiawan  
Lim Gardens  
30100 Ipoh, Perak  
Malaysia.

***Online Edition  
May 2020***

## Contents

PSM at 20	1
“Crime” or a Call for Help	7
A Blueprint to Eradicate Poverty	9
Ethnically Targeted Affirmative Action Still Needed	14
No Political Will to Resolve Padang Meiha Ex-Workers Issue	18
Trade and Economic Justice in Malaysia	20
Our Progress towards “Health for All” in Malaysia	25
Union Busting by a Government Linked Company	31
The 2019 Industrial Relations Act Amendments	33
The Papar Dam Makes No Sense!	38
Some Strategic Considerations for the Climate Change Campaign	39
The Roots of Discontent in East Malaysia	42
The Meltdown of Pakatan Harapan	45
The Right Time to Build a Third Force	50
Is the MCO Turning the Tide?	53
Capitalism Has Failed the Coronavirus Test	57
Covid 19: We Need a “New Deal” for the Rakyat!	59
Why Not Just Print the Extra Money?	62
We Must Be Humane in Handling Rohingya Refugees	65
Hands Off Venezuela!	68
The Majority Are Worse Off in Eastern Europe	70
Why the Fuss About Chin Peng’s Ashes?	72
KC Vohrah – A decent Judge passes away	75
Martin Khor: The Global Activist	77
We need to build a better future for working people in times of multiple crises	82

## Foreward

At the time of release of this publication (May 2020), Malaysia is facing a dual crisis, one political and the other an economic one due to the attack of the global pandemic Covid 19.

The political crisis was due a self-inflicted political coup by the then ruling Pakatan Harapan, causing a realignment of political forces resulting in the return of UMNO, MIC, MCA and PAS with its new found ally BERSATU. While the world was bracing itself to face the global Covid 19 pandemic, the ex PKR Deputy Azmin Ali and several other defectors were busy counting the number of MP seats they are able to gather in order to oust the PH government after just 22 months in power.

As discontent was brewing amongst the public rejecting the 'back door government' the new Perikatan Nasional government reacted by hauling in activist for questioning whenever a protest was organized to reject them.

Many more protest would have taken place, if not for the Covid 19 pandemic that resulted in a ban on all social gathering and the implementation of the movement control order. In this edition of our Socialist

Perspective 14, we have compiled various articles written by PSM comrades and other authors on various issues such as poverty, affirmative action, union, the meltdown of Pakatan Harapan and of course Covid 19.

Currently at time of this publication, PSM is putting together key demands to the government to mitigate the impacts of Covid 19 and the downturn of the economy. While the new government under the premiership of Tan Sri Muhiyuddin Yassin has announced various stimulus packages for the rakyat and the business community, but those measures would only soften the impact for short term period. Clearly now, the pandemic has caused a global impact and we have to prepare ourselves for the long haul to provide assistance to those that will loose jobs and the poor.

Post Covid 19 era will not be the same again, and it has given the masses a break to reflect on destructive and extractive economic capitalist system. It is an great opportunity for the left to put forward our new ideas to charter a new path and define development in a more just and equitable manner.

A. Sivarajan  
Secretary General PSM.



## The PSM at 20

It was May 1, 1998. At the front lobby of Selangor Chinese Assembly Hall, Mohd Nasir Hashim, V Selvam and I were excitedly reading an article in *The Star*. It was the news of PSM sending in its application for registration, the previous day, at the Selangor office of the Registrar of Societies. The report questioned whether PSM would survive or fade away like the other socialist parties after the demise of the Socialist Front. It was then the era following the collapse of the Berlin Wall, the increasing influence of neoliberal policies, and the height of Dr Mahathir Mohamad's authoritarian rule. *The Star* report referred to the decline of socialism in local politics after the golden era of the Socialist Front.

It was perhaps referring to Ahmad Boestaman's Parti Marhaen Malaysia, which was formed in 1968 and dissolved years later, when it merged with Parti Keadilan Masyarakat Malaysia (Pekemas) on July 19, 1974. Pekemas, formed by Tan Chee Khoo and Syed Hussein Alatas in 1972, itself dissolved 10 years later. The Social Democratic Party (SDP), which split from DAP, was formed in 1978 and became defunct eight years

later, after the 1986 elections.

Now, two decades since its formation, PSM has lasted longer than all earlier socialist parties. On July 12, PSM celebrated its 21st anniversary with its National Congress in Kajang, home of the Community Development Centre (CDC), which is one of the three fronts that formed PSM – the other two being Suara Warga Pertiwi (SWP) based in Klang-Shah Alam, and Alaigal based in Ipoh-Sungai Siput. PSM's journey has been an roller-coaster ride. It took the party 10 years to be registered, during which time we won two seats on a PKR ticket. In 2011, the state clamped down hard on PSM, making it the scapegoat in its attack on Bersih 2. It detained more than 30 leading PSM activists and used the Emergency Ordinance to put six senior PSM leaders – who came to be known as the EO6 – behind bars.

The PSM has won many grassroots struggles and succeeded in pressuring the government to implement the Minimum Wages Order and the Employment Insurance System (EIS), which are of benefit to

millions of workers. Yet, in the 2018 elections, the party faced its worst election outing, losing deposits for all the seats contested, including Dr Jeyakumar's **Sungai Siput** seat. Still, PSM is very much alive and has the conviction and dynamism to fight on.

The recent 21st party congress saw changes to the top two leadership positions, the addition of the state liaison office, and the adoption of a campaign on the critical issue of climate change. The members, in their closing event, stood up and sang the 'Internationale' spiritedly, followed by loud chants of 'Long live socialism,' and 'Long live PSM'. The new central committee is made up of a mix of old and new faces, with younger members below 40 occupying 50 percent of the positions, and women, for the first time, outnumbering men.

### **New friends and missing old friends**

The PSM congress, as usual, started on a Friday and ended on a Sunday. The streets leading to the hall at Plaza Metro Kajang were decorated with the white clenched fist on red

background of PSM flags. It was the first time the party held its event at a shopping mall, as the price was reasonable. The opening event of the congress was the only event open to the public, while the rest of the congress was held behind closed doors and open to selected observers and supporters of the party. PSM invited political parties, NGOs, unionists, activists and the media for the opening session. The highest dignitary to attend the event was the Venezuelan ambassador Morella Barreto López. Surprisingly – or unsurprisingly to some – none of the Pakatan Harapan parties invited came for the congress.

The congress was attended by three political parties, our old ally PRM represented by Mohd Syafiq, and Benz Ali from Parti Murba, a new left-wing party and ally which is yet to be registered. Gerakan, for the first time, made its debut at our congress. The party was represented by its secretary-general Mah Kah Keong. Also among the guests were Thomas Fann from Bersih, K Soma from the Malaysian Trades Union Congress, A Jayanath from Saya Anak Bangsa Malaysia, Visva from Edict, Dobby Chua from Suaram, lawyer Roger Chan, Yu Ren Chung from the Women's Aid Organisation, Jessie R from Persatuan

Sahabat Wanita, Mohd Ariff Mohd Daud from Institute for Research and Development of Policy, Annuar Mahmood from Idris Institute, Fitri from Padi Rescue, Chee Yoke Ling from Third World Network, and our faithful Chong Ton Sim from Gerakbudaya.

Also present were community leaders from the various struggles PSM has been involved in near Kajang and Hulu Langat. PSM also received solidarity messages from all over the world. Among the organisations sending solidarity messages were Australia's Socialist Alliance, Brazil's Landless Workers Movement, Fourth international, France's New Socialist Party, Egypt's Socialist Popular Alliance Party, Germany's Die Linke, Hong Kong's League of Social Democrats, Communist Party of India (Marxist-Leninist) Red Star, Italy's Power to the People, Pakistan's Awami Workers Party, Partai

Indonesia's Pembebasan Rakyat and the US' Workers World Party.

This gives an idea of PSM's international links. The party values its comradeship with these organisations, with whom many networks have been built and struggles waged in the spirit of the international struggle against capitalism. PSM does not belong to any left tendency in the world, but believes in the spirit of internationalism and the call of 'workers of the world unite'.

### **Goodbye chairperson Nasir**

The highlight of the opening was, of course, Nasir's keynote speech. There was also a surprise video tribute with pictures of him in various struggles. Selvam – Nasir's comrade in arms – also spoke about the defining moments in the struggle and the many breakthroughs both have made.



Nasir was then presented with a portrait of himself by the central committee. As expected, he was very humble. He cautioned members not to hurl praises on him as it was all teamwork, and pledged to continue with the party's struggle.

A standing ovation was given to Nasir when he ended his speech, something which has never happened before in our congress. It was a spontaneous act that showed how much party members loved and respected him. During the debate on the party resolutions, there was a motion to set up an advisory council of PSM veterans, as seen in many parties today. Yet after a debate, this motion was defeated. Some felt that such a motion in creating new structures just to accommodate veterans would be feudal. Nasir himself was happy that the party did not take such a position.

New chairperson Jeyakumar, in his winding-up speech, told Nasir to be always with us. And to ensure his continued participation, members elected Nasir as one of the five disciplinary board members. For the record, Nasir has firmly upheld the ideals of socialism and his principles have never wavered. His leadership has always been based on

consensus and participation. Since it is acknowledged that there is no retiring from the fight against capitalism, Nasir will be around as long as the struggle goes on.

### **Debating the chairperson's address**

This was the first session after the opening session. Here, branch leaders addressed and critiqued the chairperson's policy speech, which was circulated a month before the congress. A total of 18 members spoke in this session. Most of the issues raised were confined to three areas. Since it was Nasir's last address as chairperson, there was much praise of his leadership. One of the main critiques was that PSM must portray itself more like a political party than an NGO.

Some felt that PSM's extension work in certain sectors and the kind of work we do have given people the perception that we are an NGO rather than a political party, and not interested in winning power. Another critique was that PSM has been doing lots of work at the grassroots, but has failed to give proper analysis linking its work to socialism. It was felt that people need to be empowered, which is being done, but they are not liberated ideologically from

the current system. This is where our work and analysis must come hand in hand.

The third critique was that PSM is too serious a party with hardly any *mesra rakyat* programmes, since too much of our time is spent on fighting issues – terminations, evictions, etc. PSM hardly does general programmes to bring people together in a non-crisis environment. Therefore, it was decided that a different kind of approach would be needed.

### **Party elections**

PSM party elections are normally boring and routine. This year, the routine was broken as members were forced to elect a new chairperson and deputy chairperson due to a party resolution in 2007. If nominated, members are given the right to withdraw, then these positions will go uncontested because there is a tradition among party members to not seek positions.

The election of Jeyakumar and myself as chairperson and deputy chairperson was quite expected, given the fact that we received the highest nominations for these positions. The other four positions in the top six posts remained unchanged, except that we have a new deputy treasurer. For the PSM central committee, nine

positions are elected, making it a 15-member body. A total of 32 people were nominated to fill nine positions. Several old faces were re-elected, including M Saras, who was elected as a central committee member.

This election also saw a mix of interesting new faces. Among them were former Tanjung Bungah assembly person Teh Yee Cheu, LGBTQ activist Chong Yee Shan, Jaringan Rakyat Tertindas member Y Kohila and youth activist Sharan Raj. Notably absent from the central committee are Malay members, a situation which the party needs to address by making appointments.

Recent statistics show that Malay membership in the party actually increased to 25 percent. This is significant, as a decade ago, Malay membership was less than five percent. Currently, the Youth wing of the party is led by Nik Aziz Afiq (*photo*), while the Women's desk is led by Nurhayu Zainal.

### **Debates and motions**

Every year, the most interesting though tiring session is the debate on party motions. This is an important session because whatever is passed here has to be implemented by the central committee. This year, a shortlisted total of 18 motions raised by 13 branches were debated. Nik

Aziz and A Cecelia were elected as speaker and deputy speaker to conduct this exacting task. We had estimated that the entire debate would end by midnight, but were proven wrong. The central air-conditioning in the venue stopped at 10pm, but that did not deter the debate from dragging on until 1.40am.

Interestingly, several motions, even those brought by party stalwarts, were democratically dismissed by members. One motion by the Sungai Siput branch that the party should not contest in traditional seats in the next GE if there was going to be three-cornered fights was heavily attacked by other members, and the branch finally decided to withdraw the motion. Another motion to focus on elections in only two states and make the current conditions to contest less stringent, was also rejected by the majority.

One interesting motion was the debate on banning plastic at all PSM events, which was passed after several modifications. A motion to look again at nuclear power as an alternative energy source was also rejected by a simple majority.

Jeyakumar spoke passionately on the need to set standards for PSM

elected representatives. He argued that only a part of their salary can be considered theirs, and that the rest should go to the party. Specifically, the motion his branch proposed stipulated that elected representatives must take home an amount that is not more than 1.5 times the median household income (currently RM 6000 per month). He also proposed that those who wanted to buy assets (cars and houses) after winning elections need to consult a special committee. A huge debate ensued, as some felt that these motions were premature, since PSM was not winning seats anyway. Yet, the call to live a moderate lifestyle and live by socialist principles was put forward strongly and the motions were passed.

One of the toughest motions was the one on setting up the state office. Though there was general consensus to form it, yet the motion saw fierce debate and was adopted after much modification.

Under this, a state office will be set up in all states, and funds need to be raised for the purpose.

### **Climate emergency and right-wing populism**

The congress also approved two campaigns to be considered as national campaigns for the party. One

was on the climate emergency and the other on local elections. PSM also, for the first time, put forward and passed a policy paper titled "Handling Climate Change: A Green Alternative for Malaysia." This topic had been discussed by a committee headed by Sharan and Jeyakumar. There was much debate on the paper, and it was accepted by the delegates with the proviso that the final blueprint needs to be further refined, because there were some minor issues which needed to be ironed out. In line with that, PSM will launch a national campaign to urge the Pakatan Harapan government to declare a climate emergency.

One of the important issues discussed at the congress was the rise of right-wing populism, which is making sweeping inroads in the world, as well as in Malaysia. This phenomenon was discussed in a paper presented by PSM central committee member Choo Chon Kai and special guest Zaid Kamaruddin from Pertubuhan Ikram Malaysia. PSM feels strongly that we need a stronger third voice, since Harapan has regressed on this issue and has retreated to BN standards. PSM needs to build the forces of the left and the centre to create a massive opposition to this right-wing onslaught, which

will be bad for unity as well as humanity.

### **Resolutions**

The 21st party Congress ended with PSM debating and finally putting up 13 resolutions to the Harapan government. One resolution calls on the government to strictly enforce the eight-hour workday and the mandatory rest day for every worker. Currently, forced overtime on rest days has deprived workers of their right to a day off each week. In the same spirit, PSM also calls upon the government to set an example by abolishing the contract system for permanent jobs in government premises, and absorb all related workers into public service.

On the issue of housing, PSM calls upon the government to build at least 200,000 units of rent-to-own houses a year, which is 100,000 more than the target set by the Harapan government. It also calls for the price of affordable housing to be fixed at below RM100,000.

On the question of environmental protection, PSM calls upon the government to declare a climate emergency immediately, and take appropriate measures to address the climate crisis. This includes ways to completely eliminate single-

use plastics nationwide. PSM also calls upon the government to establish an independent special commission to investigate current environmental issues and prepare a report for each issue within three months.

PSM also calls upon the government to restore local elections by 2021, since there is no deadline to implement this. Previously the Selangor government had set a deadline, but they have yet to implement it in the state.

PSM also calls upon the government to improve public transport, including free shuttle services by state governments to ensure bus services penetrate B40 communities and resettlement schemes in urban poor areas. On healthcare, PSM calls upon the government to take serious steps to improve the quality of public healthcare services and increase the number of public hospitals for better access. On education, the government should ensure the teaching of science and mathematics in mother tongue languages in primary schools, and ensure all Malaysians receive education at public educational institutions, regardless of race or religion, with priority for B40 communities.

On the question of food security, the government must provide land for farmers, as well as develop ways to improve agricultural yields and achieve self-sufficiency in food supply in the country. The government must also protect the customary land rights of indigenous peoples, and immediately resolve health problems, poverty and other problems that overwhelmingly affect these communities.

PSM also calls upon the government to enact a Sexual Harassment Act. Clauses on sexual harassment in the existing Employment Act 1955 are not sufficient, as sexual harassment can happen anywhere and anytime. Meanwhile, PSM strongly feels the government must take measures to stop the attacks, threats and discrimination against the LGBT community. On economics, PSM calls upon the Harapan government to review and update the national poverty

line income figure, in order to reflect the reality and take necessary measures to eradicate poverty, as well as implement a universal pension for all senior citizens.

On institutional reform towards a corruption-free nation, the government should establish a system of public funding for all political parties, in order to curtail money politics. While PSM welcomes the recent call for MPs from both sides of the divide to declare their assets, we also call upon all senior officials in all institutions, including the judiciary, the MACC and others, to declare their assets annually.

#### **A world to win**

Socialism in Malaysia and PSM have come a long way since 1998. We understand that we need to fight the right-wing forces, which are bad for unity, and for the fight for an equitable system. We need to fight capitalism, which puts people before profit. Capitalism results in making

a small minority super-rich at the expense of the immense majority.

To deal with all this, PSM cannot be fighting the battle alone. The party needs to grow in membership. It needs to appeal to the middle classes in society as well and champion their issues. The party needs to build allies and build coalitions with civil society and like-minded political parties. We have chains to be broken and a world to win.

We need to engage with and be critical of the new government. In Marxist terms, advancement happens through a dialectical process. In a recent interview with *Free Malaysia Today*, our new chairperson said, *"But we won't be a slavish ally and we won't be an irrational foe either."* I think this sums up PSM's stand on the issue. We are a rational party, but never take us for granted. We will never play the game which enriches a few rich and powerful over the majority.

Long live socialism and PSM!

---

S ARUTCHELVAN  
Deputy Chairperson of PSM.  
22<sup>nd</sup> July 2019



## 'CRIME' OR A CALL FOR HELP?

I was so angry when I read the article, two days ago, about a 25 year old women with a 15 month old baby, convicted on July 15<sup>th</sup>, and given a 10 days jail term for stealing napkins and baby food. The sentence was subsequently reduced by the High Court to 5 days.

The mother is still breastfeeding her child of 15 months and she was destitute at the time she committed the "crime". Who in their right mind will imprison a person as desperate as her? And this is not the first case, there is many more. In each case, I find the authorities involved acted like they are 'moral masters'.



In a similar incident reported in 2015, the magistrate said, *"If you think, you are facing hardship, so are many others, don't go and steal and trouble yourself and your family"* while the prosecutor said, *"the sentence must serve him a good lesson"*. The person is already economically deprived and struggling to support the family. It's already the worst 'trouble' one could get into.

And yet the authorities further humiliate them, by handcuffing them, and the media publishes it!

Most of the similar cases involve parent(s) or unemployed persons imprisoned or fined for stealing milo or baby food. Also, generally, they are not represented. So they admit and get imprisoned, not for stealing millions for a life of luxury but negligible amount for bare basic needs out of desperation. Most of them also don't have previous criminal record. In fact, the stolen items are returned to the owners, the supermarket. So, there is no loss to the supermarkets which make thousands or millions in profit. So, is justice served?

### Rule of Law vs. Humanity

A friend said, "They are just following the law. We don't want people to go around and stealing, it will increase crime rate". Really! Like we don't have sense of social justice, no perspectives and principles of justice are simply being followed and administered as it is in the law book?

I spotted this statement from YB. Mohammed Hanipa Maidin of Amanah (the current Deputy Law Minister) that says the Magistrate could use Section 173A of the Criminal Procedure Code instead of Section 380 of the Penal Code.

He was referring to an incident on 2/3/2016, where a 36 year old mother was fined MYR200 (failing which 5 days imprisonment) and one day in prison for stealing a milo packet to feed her child, aged 2. He further elaborated that 173A of the CPC allows a bond over. Under this section, the Magistrate may release a perpetrator with just a warning on the basis of the age, health, mental state of the offender or the trivial nature of the offense or the extenuating circumstances.



Some government policies and the market system already creating huge gap between the have-mores and have-nots. There are so many factors contributes to inequality including existing law (or should I say, constitution!) practicing discrimination. The number of have-nots is growing, so petty crimes might increase as well if you don't address the fundamentals.

At today's wage rates, a single mother will not be able to support her children

*Letchimi Devi*  
21/7/19

Well, YB Hanipa is now in power. Will he instill a more enlightened perspective and bring some changes in how justice is administered especially when it involves poverty and exploitation that lead to petty crimes? In addition, please redefine crime.

### **Social Protection**

It's a failure of our social protection programme. While poverty is not an excuse for crime, it's also not an excuse for the judicial system to look at the issue as a problem of an individual or family. If people are desperate and end up committing the crime, then the judiciary also must involve the relevant government agencies (e.g. social welfare department, human resource ministry, local municipal) or maybe the Parliament member in

charge of the constituency, to take responsibility. So that, the affected people, can come out of the poverty and lead a better life. Besides responding to the issue in a more ethical way, we also need to look at prevention. In terms of prevention, the government of the day, must increase minimum wage, control price of basic needs including rental of housing, public transport and medicine. When people's cost of living is higher than their income, they go into debt and that creates another cycle of problems including no savings for emergency. Since inequities are unavoidable in the current system, then find different solution to handle crime for survival. I cannot agree that everyone is equal before the law, if the opportunities are not equal.

# A Blueprint to Eradicate Poverty

Paper presented at UUM ALSA Conference 4/10/19

Recently there has been much discussion on the definition of poverty, with the Economic Affairs Minister disputing the UN Rapporteur on Poverty Dr Philip Alston's assertion that Malaysia claimed poverty rate of 0.4% cannot be true and that it is closer to 15%. Most analysts also accept that the current poverty line income of RM980 is clearly outdated and needs to be reviewed. Bank Negara too, back in May, 2018 via its 2017 Annual Report suggested that a living wage for a single adult in Kuala Lumpur should be at least RM2,700. The bank Negara Report further explained that the living wage should provide for meaningful participation in society, the opportunity for personal and family development, and freedom from severe financial stress.

The OECD's guideline defines poverty as an income which is less than half the median household income for the country. Thus for our Malaysian context, DOSM reported that our median household income was RM5,228 in 2016, thus works out to RM2,614 which is not

too far away from Bank Negara's estimates. Selangor has set an household income of RM3000 per month as the poverty line to identify those families needing care from the state agencies.

While academics and analysts grapple with figures in an abstract sense, I would like to express that poverty is real, it's multidimensional (not only income) and has real consequences to the social wellbeing of the rakyat. As stated by the Bank Negara report, besides coming to an agreement on the poverty line income, we have to address poverty for those who are unable to meet their basic necessities for themselves and family, and thus are unable to participate in a meaningful way in society, see no freedom for personal development and are bogged down by financial stress.

In that sense, the severity of the problem is worrying as it was reported by the Khazanah Research Institute in their II report (pg. 26) where percentage of households earning below RM 3000 ( 2014 data ) is 24.3%. Thus, it does not make sense for the government to pride itself as

having eradicated poverty as there is a high prevalence of poverty in our country that needs to be addressed. I would like to elaborate in this paper the issue of why poverty exists amongst working people, the impacts of global pressures and structural problems with the government's current delivery mechanism.

## **Why poverty amongst working people?**

Goal 1 of the SDGs clearly calls for the eradication of poverty. But poverty cannot be eradicated if SDG proponents refuse to address the economic system that causes poverty in the first place. As pointed out Jason Hickel of the JACOBIN, *"Basically, the SDGs want to reduce inequality by ratcheting the poor up, but while leaving the wealth and power of the global 1 percent intact. They want the best of both worlds. They fail to accept that mass impoverishment is the product of extreme wealth accumulation and overconsumption by a few, which entails processes of enclosure, extraction, and exploitation along the way. You can't solve the problem of poverty without*

*challenging the pathologies of accumulation”.*

In Malaysia and the world, we are no more dealing with pockets of poverty amongst society, where certain groups of people are unable to make ends meet due to their disability, geographical location, age, gender etc. Poverty today is widespread amongst the working population. The question we have to ask ourselves is - why a person who is working 8 to 12 hours daily, 6 days a week is still living in poverty? What has happened to the value of his work? This is not an issue about the capability of a worker; it's a systemic problem of the capitalist economic model that extracts labour from workers while paying them peanuts.

### **The Minimum Wage**

Here is where I would like to highlight the role of the government that should use an important tool to alleviate working people from poverty. The tool is the Minimum Wage Act. Before the Minimum Wage Act 2012 was enforced, workers remuneration was left to the market forces. As market failed to provide a decent living wage for workers, with some employers only paying RM400-RM500 per month, the government intervened to set a minimum wage for all employers to comply.

Khazanah Research Institute *State of Malaysian Households II* report, based on the 2014 Household Expenditure Survey by the Department of Statistics, suggests a significant increase in mean household income of the 'bottom 40%' from RM1761 per month in 2012 to RM2296 in 2014!

KRI agrees that this impressive increase was due to implementation of the 2012 Minimum Wage Act, effective from 2013 when the minimum wage was set at RM900 per month. According to the act, the minimum wage will be reviewed by a commission that is advised by a minimum wage technical committee comprising of academicians and analyst. Subsequently the minimum wage was increased from RM900 to RM1000 in 2016. The raising of the minimum wage to RM1,000 in Peninsular Malaysia was a positive measure as it increased **labour's share of GDP by 7.7% to 35.3% in 2016**, according to data from the Department of Statistics.

Unfortunately, in 2019 the new Harapan government failed to use this very important tool that would have transferred direct benefits to the B40 working population. While the minimum wage technical committee recommended a standardized figure of

RM1,250 for Peninsular Malaysia and Sabah/Sarawak, the cabinet only approved RM1,050, a meager RM50 increase from 2016 rate. After much protest, the figure was adjusted to RM1,100 per month.

Poverty line income plays an important role in the formulation of the minimum wage. The Technical committee's recommendations are based on RM980 as the official poverty line income, thus the formula churns out an average figure of RM1,250. We would argue that if a more realistic figure of RM2,614 (50% of the median wage is used) we will arrive at a minimum wage of RM1,800 or so. The PSM and the national unions are pushing for the minimum wage to be set at RM1,800.

Now some might ask whether the employers are capable of paying RM1,800 as a minimum wage. One of the key issues in capital and labour relationship is the disparity in wages leading to the failure to distribute wealth fairly. One good indicator of the lack of economic justice in our workplaces, is the disparity of remuneration received within the same organization. Either in a production factory or in the service sector, the difference of their paychecks between

top management and the floor workers is very obvious.

Everytime there is a call to increase wages for workers, there will be an immediate opposition from the employers accusing that productivity has not increased, thus wages should not be increased.

Job	Monthly Salary
Senior VP Bank	RM 28 – 50K
Plant Manager	RM 25K
CFO – Finance	RM 40 – 60K
Project Director, Construction	RM 20 -30K

*Kelly Salary Guide 2018/2019*

But how do we explain the fact that the hefty salaries paid out to the top management is from the wealth generated by the workers in that same organization? The problem lies with the failure to fairly distribute wealth generated amongst the different layers of the working people.

Here is where the government should play its role to adjust the minimum wage and reduce the wage disparity in the workplace.

**Producing for the Export Market Perpetuates Poverty**  
The model of development accepted by ASEAN countries perpetuates poverty. Unfortunately our model of industrialization has been to

create an export led economy by creating free trade zones in our respective countries and invite factories from developed countries to outsource their production here, where they could benefit from the lower wages. Our local SME's are just small production units feeding into the global production chain and are dependent on the Multi-National Companies (MNC) controlling the whole supply production chain.

If the owner of the Malaysian SME factory demands a higher price for his products, in effect a larger share of the total value created locally, the MNC threatens to shift orders to a more compliant, Vietnamese or Thai SME producing the same product, which pay lower wages to keep costs down. So to keep its business and profits up, the Malaysian businessman has to squeeze his workers, keep wages down and lobby the government to bring even cheaper labour in from Bangladesh and Nepal. This global pressure cannot be ignored and has to be addressed. Malaysia and other ASEAN countries should collectively put their foot down and gradually raise their wages so as to benefit their workers. Thus compelling MNC's to not invest only based on low wages, but on other business friendly measures offered by respective ASEAN nations.

**Social wages**

Until we can break away from the low wage policy demanded by the global economy, the government must compensate the sacrifices made by our working class by providing social wages. Social wages refer to the provision of subsidized basic necessities for the rakyat as their wages are insufficient to make ends meet. This means effective price controls of basic goods, affordable healthcare, education, affordable housing, efficient public transportation, old age pension and others.

But unfortunately, our government often demonizes subsidies as bad thing that will make people lazy. While subsidies to investors and corporations are termed 'incentives' and supposedly boost the economy, subsidies to the rakyat on the other hand are looked down upon and are being gradually withdrawn.

Healthcare is getting more expensive, as only basic treatment is covered at subsidized rates; all additional surgical accessories have to be purchased separately. The rakyat is pushed into an insurance regime to pay for the increasing cost of health care. Education is becoming increasingly expensive, leaving students with hefty loans coupled with worthless

degrees, and difficulty in securing a job with reasonable pay. Housing is absolutely unaffordable today, not only for the B40 of our population but also to the M40 and young working adults.

The government has to seriously review its policies and recognize how these policies are further impoverishing the rakyat. The neoliberal approach of government withdrawing from the responsibility of providing basic services for the rakyat has to be challenged or it will further drive more people into poverty.

#### **Failed Delivery System**

Those who have been working with poor communities realize how inefficient the government aid delivery system really is. As observed by the UN Rapporteur on Poverty, Dr Philip Alston, *“Malaysia social protection system appears to be fragmented, underfunded, and poorly targeted. According to the government, there are at least 110 social protection programs in Malaysia spread across more than 20 ministries and agencies”*. Thus;

\* There is no one database of poor households nationally or even at State or local council level.

\* Each agency, state department, local council has

its own data collection mechanism and program.

\* There is an overlap of programs.

\* Most are done for political patronage, through political parties and their networks.

\* There are no social workers on the ground identifying those really in need, following up on cases, coordinating aid from different agencies etc. Thus most cash transfers, distribution of food, equipment, and medical aid is sent out without a definite understanding of the real needs at the grassroots.

#### **Empowering communities**

Communities need to be roped in as partners to eradicate poverty and not be reduced to mere subjects that wait to receive government aid. Empowering communities ensures that the government efforts reach the targeted groups effectively.

a) We have to empower workers' organizations and unions to fight for better wages and better working conditions. There is a dire need to amend existing labour laws, so that true freedom of association and their right to collective bargaining is realized. This will reduce the abject disparity in wages between upper management and floor workers that I have mentioned earlier.

b) We have to empower the rakyat especially the most vulnerable to organize and demand that the government doesn't privatize essential services and withdraw from its responsibility to provide for the rakyat. There are many issues like housing, healthcare, education, transport etc.

Why do the poor have to take on this struggle? Because poverty is multidimensional.

*“Multidimensional poverty encompasses the various deprivations experienced by poor people in their daily lives – such as poor health, lack of education, inadequate living standards, disempowerment, poor quality of work, the threat of violence, and living in areas that are environmentally hazardous, among others”*. (Source: *Oxford Poverty and Human Development Initiative* - <https://ophi.org.uk/policy/multidimensional-poverty-index>).

Thus, when we say poverty eradication, it is not only to address a situation where people don't have enough money in their pockets. We also have to address their marginalization and disempowerment by enabling them to defend their rights to basic necessities as citizens of a sovereign country.



For example, we are only scrapping the tip of the iceberg, if we only provide cash transfers to a poor families living in a PPR housing (Projek Perumahan Rakyat). A family living in 18 story high-rise, 650 square feet PPR flat faces multiple challenges:

- \* Due to poor maintenance, the common corridors in the PPR are filthy and unhygienic. These communities are more prone to health problems – thus an increase in their medical bill

- \* What happens when the lift doesn't work? How will they get downstairs? Health problems further aggravated especially for the elderly.

- \* Theft is rampant in public housing areas. Recent announcement by PDRM to station police personnel at PPR elaborates the seriousness of the problem.

Theft of motorcycles and cars - more expense for the poor.

- \*Mental health issues. Cases of suicide, domestic violence.

- \* Poor connectivity of public transport. Poor have to spend more to get to hospitals and access basic necessities.

So, it's important to empower poor communities, educate them on their rights, issues of governance, and mechanisms of exploitation that are keeping them poor. Once they realize their predicament and identify the parties responsible for their poverty, they are empowered.

It is the same situation for the Orang Asli, who are pushed into poverty when all of the natural resources, forest, rivers, and land are

alienated from them. They were not poor in their original native customary land, but they become poor when they are relocated outside the forest and left with no real economy to sustain them. Thus the priority of action should be to safeguard their native customary land, forest and rivers from logging, mining and other extractive economic activities.

Eradicating poverty also means ensuring the poor have a roof over their heads. But unfortunately the free market of property developers has failed to provide for the B40 income group. Developers are keen to maximize profits by building high cost properties.

Its utter nonsense to claim that houses sold at RM300,000 are supposed to be

affordable to the poor. Ironically these are called “Rumah Mampu Milik”.

Not only has the government failed to control the price of houses, it also is continually demolishing homes of the urban poor. Urban poor communities over the years have saved according to their ability to build a roof over their heads. But the government, using the excuse that urban pioneers don't own the land, forcefully evict these communities, demolishing their houses. Their loss of homes and their investment in rehabilitating the land they occupied is not compensated. They are only offered the “opportunity” to buy another property where they have to fork out more money, and get into a never-ending debt relationship with a bank! Isn't this making the poor poorer?! Thus we need to empower urban pioneers and urban poor to fight forced evictions.

We need to empower and mobilize single mothers to highlight their plight and demand for realistic cash aid and concrete programs to help them. Single mothers are caught in the spiral of poverty. Being single mothers, they are unable to take up reasonable paying jobs as the care of their children would be compromised. There is a lack of affordable day care

centers. The other key issues would be cash transfers from JKM which is too low, affordable healthcare, housing and transport.

Communities have to be empowered to manage their own budgets. We need to train our grassroots to utilize their resources effectively for the common good. Currently most government departments feel that ‘they know best’ for the targeted communities. This top down approach, which creates the conditions for misappropriation of funds, has to change. A meaningful engagement requires that communities are empowered to decide and manage their operational and development budgets themselves with the guidance from experts. There needs to be a program to develop their capacity towards this.

Empowering communities to combat poverty requires grass root social workers amongst the community. These fulltime social workers should be paid by the government and should be stationed in the community. Such a person who works and communicates constantly with the poor will be the ideal resource person to identify and channel government aid to the most needy. It will also prevent wastages, when multiple government agencies or

private initiatives contribute some form of aid to the community. A proper accurate database on the poor can be developed without any political influences. It will be key to coordinate and optimize resources channeled to help the community.

Poverty eradication requires brave and objective policy makers that are willing to understand the unfair economic system that continues to enrich a few and impoverish the many. Once recognized, than we can formulate concrete policies that can challenge the system to bring about real change. Sanitized and ‘wish-list’ goals will not lead us to real results.

*Sivarajan Arumugam,  
Secretary General  
Parti Sosialis Malaysia.*

## Ethnically Targeted Affirmative Action Still Needed

THE arresting themes of the Shared Prosperity Vision (SPV) and Budget 2020, and popular reactions to them, reveal yearnings for a system that serves everyone and looks out for all underprivileged persons. They also show Malaysian tendencies to deflect or defer honest reckoning with the seemingly complicated and divisive issue of race-based policies.

It need not be so complicated and divisive. Malaysia has a chance to reset the narrative, and perhaps forge a new consensus, by first clarifying precisely where public policy guarantees basic needs and redresses poverty irrespective of ethnicity, and then distinguishing the specific policies targeting population groups as beneficiaries, whether Bumiputra, Indians or Orang Asli. This second set of policies revolves around promoting capability and participation, not providing basic needs, and they must be handled purposefully and effectively instead of the current tendencies to sidestep or switch on autopilot.

Prime Minister Tun Dr Mahathir Mohamad's speech at the launch of the SPV (pic) and Finance Minister Lim Guan Eng's budget speech both commit to providing decent living standards for all. The key thrusts of both the SPV and Budget 2020 are eminently agreeable and assuring – grow the economy and expand opportunity while ensuring equitable outcomes and inclusiveness.

However, the emphasis on bumiputra development in the SPV, and their familiar and rather routine appearance in Budget 2020, continue to polarise society. Advocates declare that the bumiputra community lags in income and wealth, backed by statistics in the SPV. Opponents feel that such policies should have no place in Malaysia Baharu, and trot out the trite line that if we just help the poor regardless of race, we can dispense with these race-based policies. The good thing is many parties show an interest in this new vision. But all sides talk past each other and no one tries to fit the pieces together.

The plain fact is, “pro-B40” policies and pro-bumiputra policies have continually co-

existed in Malaysia, each dealing with a different set of problems. They do not cancel each other out; one cannot be taken away and replaced with the other. Providing aid to the poor and protecting the basic welfare of all are good and necessary but primarily involve delivering basic needs like primary and secondary schooling, healthcare, minimum wage and social grants. These have very little to do with the bumiputra programmes, which concern higher education, high-level employment, business participation and SME development.

Success, especially in broadly grooming a dynamic bumiputra managerial and professional class and competitive SMEs, hinges not on giving preference to the poor but on allocating opportunity to bumiputras with capability and potential, and inducing them to learn and become competitive and self-confident.

We actually have some inkling of this subliminally. Browse the Budget speech and you will notice that every programme targeted at bumiputras deals with promoting participation and upward mobility – NOT

alleviating poverty. There is no Bantuan Sara Bumiputra or bumiputra minimum wage; national primary and secondary schools are open to all. But there are bumiputra SME loans and special access to government contracts.

The SPV presents a generational opportunity to inject desperately needed clarity and coherence. What should it do? First, categorically declare and systematically ensure that policies addressing basic needs and social protection are available to all Malaysians. A country longs for assurance that its citizens belong, and that the system provides for them as equals. The contents of planning documents and annual budgets must be explicit about the wide range of provisions that fundamentally and unequivocally benefit everyone. Among these are primary and secondary schooling, healthcare, minimum wage and social protection.

The principle and application are straightforward: Everyone is entitled to these provisions because they are grounded in basic human needs and the right to a decent standard of living. These programmes emphatically operate on a needs basis because it is morally imperative and

practically viable to ensure that those who do not meet these basic needs are provided commensurate assistance.

Second, coherently explain that policies designating ethnic groups as beneficiaries pursue the distinct objectives of building capability and broadening participation. The SPV must distinguish “race-blind” provision of basic needs and services from the array of other interventions which predominantly benefit bumiputras, although in recent years there has been some attention to the Indian and Orang Asli communities, and Sabah and Sarawak indigenous peoples.

To reiterate, the key areas of these agendas must be specified – tertiary education, upward mobility to professional and managerial positions, ownership and operation of business, and SME upgrading.

If it is a national priority for ethnically equitable participation – that is, for distinct groups to be represented in these arenas – then the key to success is for the opportunities to effectively cultivate capability and competitiveness.

This poses tremendous challenges. A full appraisal will take up too much space

here; suffice it to say that Malaysia’s track record is a chequered one. But like it or not, it is an unfinished business that must be dealt with squarely and robustly.

There is no escaping trade-offs and contestation among bumiputras and between bumiputra and non-bumiputra interests, but these are dilemmas that cannot be resolved by simply invoking “let’s just help the poor”. The situation also calls for balancing preferential treatment with efforts to safeguard fair opportunity for all parties, or setting policy timelines and graduation or “sunset” clauses.

Spreading opportunities more equitably and propelling beneficiaries to the ultimate goal of being capable and competitive call for rigorous selection, effective monitoring, and transition strategies.

Budget 2020 informed us about a reopening of government contracting to new entrants, which was received exuberantly. Within the month of September 2019, 946 new G1 contractors were registered. But the next sentence blandly adds that “existing and new registered contractors will get to bid for government jobs.” We know that three quarters of bumiputra contractors are in

this smallest G1 tier (out of seven) and most remain there. In 2011, less than 0.02% graduated to a higher tier within that year.

The Budget also allocated RM445mil for bumiputra SME development – mostly loans and grants – in a routine, almost nonchalant, manner not befitting the responsibility and potential of these programs. We hear no bold and visionary plans to steer

contractors and bumiputra beneficiaries in general towards higher performance, and to implement policies that spur upgrading, upscaling and graduating out of preferential treatment.

Malaysia needs better policies and a clear formulation of how these will operate in a productive and fair manner. The SPV must start by seeing things clearly and coherently.



**DR LEE HWOK AUN**  
**Senior Fellow at the ISEAS-**  
**Yusof Ishak Institute**  
**Singapore**

(Article carried in Malay Mail 23/10/19)

Ed – The figures quoted below highlight the fact that Bumiputra participation in the SME sector hadn't reached parity with the non-Bumiputra community in 2012.

**Purchase of Buildings in Malaysia in the Year 2012**

Type of Building		Bumiputra Buyers	Non-Bumi Buyers	Other Buyers*	Total
<b>Industrial</b>	Number of Units	237 (2.37%)	4207 (42.13%)	5,540 (55.5%)	9,984 units
	Total value (RM bil)	0.103 (0.85%)	2.23 (18.5%)	9.67 (80.65%)	RM 12.01 bil
<b>Commercial</b>	Number of Units	3,224 (7.85%)	24,579 (59.82%)	13,279 (32.33%)	41,082 units
	Total value	1.475 (5.38%)	11.03 (39.7%)	15.26 (54.92%)	RM 27.79 BIL

\* Other buyers = Local and foreign companies, Foreign individuals, and others

Source: Answer given by Senator Abdul Wahid Omar to a Parliamentary Question posed by the UMNO Member for Jasin.

## No Political Will to Resolve Padang Meiha Ex-Workers Issue



*Padang Meiha ex-workers in front of Kedah MB's Office on 2/10/2020*

Since 25th September 2019, more than 70 families of plantation workers from Padang Meiha estate located near Padang Serai in Kedah have been denied piped water supply. It is shocking that in the 21st century, developers can still resort to denying people basic needs such as water in order to forcefully evict them. The water supply was disconnected through an action by MBf Holdings and its subsidiary, Vintage Developers Sdn Bhd.

After a 3 year court battle, on April 4, 2019, the Court of Appeal ruled that MBf Holdings had to pay compensation amounting to RM 3.3 million to the ex-employees of Padang Meiha Estate. The ruling went on to

add that the workers have to vacate their current houses within 6 months of receiving the compensation. But, the MBf did not pay and instead has gone on to file an appeal in the Federal Court. However on April 8, four days after the court ruling, water supply to the Padang Meiha workers quarters was cut off.

The workers lodged a police report and took other actions but neither the local authorities nor the developers did anything to re-connect the water supply. So the ex-workers finally reconnected the water themselves only to find the developer disconnecting water supply again on 25 September. This is a

malicious act by MBF and Vintage Developers Sdn Bhd which has been bullying and cheating the ex-workers since 1995, that is, more than 20 years ago.

This act of MBF and Vintage is actually a criminal act and can be interpreted as disrupting the peace. Under the law, plantation workers can only be vacated from their current houses if there is a court order. Currently as it stands, the Company still hasn't paid the workers compensation although MBf received a sum of RM 3.3 million from East Asiatic Company, the previous owner of Padang Meiha estate. Despite the fact that East Asiatic had passed a list of all the workers and the

amounts that they were to be given, MBf has held on to the money for the past 23 plus years.

Upon taking over the estate, MBf got its fully owned subsidiary company, Alamanda, to handle the workers. Alamanda promised the workers that every family would be sold a terrace house at half price – RM12,500 per house. Many of the ex-workers still have a copy of the offer letter from Alamanda. However Alamanda underwent voluntary liquidation in 2005 and since then MBf has been saying that the promise of alternative housing has got nothing to do with MBf although it is the parent company.

If one is to think that the company is cruel and inhumane, then the action or rather the inaction of the Kedah MB Mukhriz Mahathir is disappointing. The State Government hardly played any proactive action in resolving the housing issue in spite of the issue being brought up to the State government's attention as early as the next day after the disconnection.

Now water is being supplied by tankers by the State Government company SADA. This is suboptimal! The workers, most of whom are in their late 50's do not have piped water since September 2019. They need to come

daily with buckets to carry water from the tankers. A simple directive to SADA to not disconnect water supply would have solved the issue pending the final outcome of the court. Rather than doing that, the powerful State Government can only meekly supply water tankers, and even this after the ex-workers did sit-in protests twice at the MB's Office. The PH MB, State Government and its Exco just need to call the Company for a discussion and tell them to restore the water. State Governments have considerable influence over developers as the latter need to procure permission from the State Authorities to develop the land. In other states such as Selangor, the State Government would have immediately restored water while negotiating with the Developer. Here it looks like there is too much of respect for corporate interests.

24 years ago on March 12, 1995, 212 workers of Padang Meiha were retrenched without compensation when their former employer, The East Asiatic Co (M) sold the estate to MBF Country Homes & Resort Sdn Bhd (later known as Alamanda Development Company) Sdn Bhd, a company wholly owned by MBf Holdings. For 24 years the workers have been in a limbo.

Although MBf and Vintage Developers Sdn Bhd have made huge profits from the sale of portions of Padang Meiha estate land, the ex-workers who had toiled on the plantations were denied their due rights.

There are many ways to resolve this issue and it is not really rocket science! For a start, the State Government can acquire a small portion (20 acres) of the land to build alternative houses for the estate workers. By the way, there are the promises made by KPKT Minister YB Zuraidah as well as Human Resource Minister YB Kulasegaran that they intend to tackle housing issues faced by the plantation community. Why can't the Kedah State Government be pro-active in acquiring the land for KPKT to develop for workers?

It is now already three weeks since water was disconnected. Will the Kedah PH Government show some political will and stand by the ex-estate workers and resolve the critical issues. Deepavali - the festival of lights - is just round the corner. But the way the MB is handling the issue indicate that it is probably going to be a bleak Deepavali.

*S.Arutchelvan*  
21 October 2019

# Trade and Economic Justice in Malaysia

Paper presented at the APWLD 2019 National Consultation 29/8/19

*“Liberalise the economy, foster international trade and bring in more foreign investment”*. This is the standard advice given to developing countries by institutions such as the World Bank and the International Monetary Fund (IMF). These are held to be the major policies for developing the economy of the country. But should there be caveats to this advice, and are there limitations to these policy prescriptions? Let’s take a closer look at the experience of Malaysia to evaluate this crucial issue.

## **Trade and the Development of Colonial Malaya**

The economic development of Malaya was based on trade – on the export of raw materials to Britain. British firms planted rubber and opened tin mines in Malaya to supply these raw materials to the industries of Britain, then the dominant industrial power in the world. The large scale production of rubber and timber required roads, railways, port and plenty of labour which then required housing, food, health care etc. These requirements spurred the development of towns throughout the west coast of Peninsular Malaysia.

The Federated States of Malaya enjoyed a much faster rate of development under British colonial rule than did Sumatra under the Dutch although Sumatra has a similar climate, was as unpopulated as Malaya, and is much larger in size. This was because Holland did not have as big an industrial sector and only a fraction of the demand for tin and rubber that Britain had.

Up till the 1960s, Malaya remained the biggest exporter of rubber and tin to the West, and Malaya/Malaysia gained quite immensely from this<sup>1</sup>. As a result, at independence Malaysia had a better developed infrastructure than most of the countries in South East Asia and in Africa. We also had a better developed Civil Service and a higher per capita income than many of the former colonies.

## **The limitations of commodity production**

Rubber remained the largest export of Malaysia up till the 1970s when it was superseded by oil palm. Malaysia still is a major producer of rubber – we now lie third, at about 1.2 million

metric tons per year, or 9% of global output (FAO yearbook). Thailand, and Indonesia have overtaken us in rubber production and India is close on our heels.

The problem with rubber and also other agricultural commodities is that their price on the international markets has declined in real terms over the past 60 years. RSS1 is still trading at between RM 4 to RM 7 per kilogram (2019 ringgit). It was RM 2 – 4 per kg in the 1960s (1965 ringgit)<sup>2</sup>. Meanwhile the price of higher end manufactured products has soared. A state of the art Volvo in 1965 cost the princely sum of RM 9000. Now it would cost 40 times more in today’s ringgit. In other words the terms of trade have deteriorated for commodity producers. Our products have depreciated in price (in real terms) while the prices of the machinery and manufactured products have gone up markedly.

## **Why have commodity prices remained low?**

The simple answer is over-production. Newly independent countries in Asia and Africa needed foreign exchange to fund the

import of machinery and manufactured goods to develop their countries. Producing aircraft carriers for the US or nuclear reactors for France was a bit beyond their capacity, so they opted for intensifying production of agricultural commodities for the West and Japan. When you have millions of smallholders producing an agricultural commodity for the world market dominated by a handful of large firms (for each commodity), you have a severe imbalance in market power. The buyers have the capacity to create stockpiles and thwart any effort to withhold exports in a bid to shore up the international price. The producers were unable to form a similarly strong cartel to shore up prices. Malaysia tried intervening in the tin market in the 1980s and got its fingers badly burnt!.

So in this instance, producing agricultural commodities and trading in the global market is not a very successful strategy to generate wealth for the poor in developing countries. Malaysia has roughly 1.5 million people working in the agricultural sector – rubber, palm oil, padi, coconut, pepper and cocoa smallholders. These groups remain among the poorest in our society despite the various subsidies that the government extends to them.

### **Manufacturing for export as the engine of development**

Manufacturing for the export market was a strategy that was pioneered by Tun Dato Seri Dr Lim Chong Eu in the early 1970's when he was the Chief Minister of Penang. Free Trade Zones were set up, land and electricity supply were made available, corporate and export taxes were waived and foreign firms were invited in to produce for the export market. Many large electronic firms from the US, Western Europe and Japan shifted production to Penang as labour costs were much lower and draconian Malaysian labour laws could be relied on to obstruct trade union activism. Malaysia thus became and remains to this day the largest exporter of electronic components in the world. In 2018, RM 381 billion worth of electrical and electronic products were exported, making up 38.2%% of our total exports. (Martrade)

But unfortunately, the workers in our electronic factories are not doing very well on their wages of RM 1500 or so per month. Bank Negara Malaysia in its 2017 Annual report mentioned that the median wage of Malaysians was RM 1703 in 2016. The same report also said that for a family with 2 children residing in Kuala Lumpur to live “free of financial stress” they would

need a monthly income of RM6,500. So a wage of RM 1500 isn't quite enough!

### **Why are wages low in Malaysia?**

The World Bank and the IMF keep telling us that wages in the developing world are low because our productivity is low. Therefore, according to the WB and IMF we have to educate our work force better and also open up our economy to big foreign companies so that they can bring in the latest technology and boost our productivity.

But the productivity argument does not explain why a worker in Bayan Lepas Penang gets only RM 1500/month when a worker in California who does the same job is paid USD 3750/month (RM 15000). Similar machines, almost the same technology, and similar output in terms of components produced in a day, but a 10 fold difference in wage. Or take the case of a school cleaner. In Malaysia they are paid the minimum wage of RM1100 per month. In the US, a school cleaner would also get the minimum wage – USD 15 per hour – works out to RM 10,000 per month. Clearly it is not a difference in productivity. Something else is at work.

### **Global chains and Outsourcing**

The manufacture of many products is now divided and

spread out to different geographic locations. Research and development may take place in the US, the production of electronic components in a few other countries, the assembly of the product (eg hand-phone) in yet another country, and finally the product is shipped back to be sold in the US or EU market. The large multinational that oversees the entire production chain is the dominant player as it has the brand name, the R&D capacity, patents to protect its technology (intellectual property rights) and most importantly, access to the consumer markets of the affluent West.

In this set up, the production of the semi-conductor which cost X ringgit when produced in the factory in California, is outsourced to the Malaysian company (MCo) that is provided the machines and equipment by the Multinational Company (MNC) to produce the same component. But that component is bought by the MNC at perhaps 0.12 ringgit i.e. one eighth of the price it would have fetched in the US. If MCo makes too much of an objection, then MNC will shift its orders to another Malaysian Company that is less demanding or to a similar company in Vietnam or Thailand. MCo is thus pressured to “behave” and not ask for too much as it is dependent on orders from

MNC for its business. In this manner the large MNC uses its dominant position in the production chain to squeeze the companies in Malaysia, Thailand and in Vietnam and these ASEAN companies keep wages down so as to make some profits themselves.<sup>3</sup>

This predatory behavior on the part of MNC is what the World Bank and IMF are trying to cover up when they give us the drivel regarding productivity. Both in the case of trade in commodities and in the export of manufactured components, the dominant position of the multinational companies have depressed the prices of the products being exported. A lopsided international trading system that favours the largest companies, and not low productivity on the part of workers is the main cause of low wages in Malaysia and other Third World countries. And every month, the developing countries are being shortchanged by the trading system in place and are losing billions of ringgit to the big MNCs – billions that could have been used to address poverty issues, mitigate climate change, etc.

#### **Free Trade Agreements consolidate the dominance of MNCs**

The World Bank and the IMF keep encouraging developing countries to sign up on “Free Trade” agreements. They are

held up as the best way to increase our exports and to attract new direct investments. But the problem with these “Free Trade” agreements is that they cover a lot more than trade. The TPPA (Trans Pacific Partnership Agreement) for example devotes a lot of space to -

#### **- *Protecting the rights of the foreign investors.***

\* They should have the right to invest in any sector of the economy that is open to local businessmen (“National Treatment”)

\* They must be free to repatriate their profits without any restrictions.

\* There should be no requirement for them to employ locals, transfer technology or source local inputs.

#### **- *Enhancing Intellectual Property Rights***

\* Laws regarding patents are strengthened to benefit the patent applicants.

\*Criteria of “patentability” are made more lax

\*Penalties for patent infringement are augmented.

- ***Giving MNCs the right to avoid the local court process*** and refer their dispute with the host government to International Tribunals.

\* “Expropriation” is loosely defined to cover all actions that lower the profits of the investor

\* Investor profits is given precedence over health and environment issues

We were saved from this lopsided agreement by the election of Trump. But the other Trade Agreements that are being negotiated around the world have many of the toxic clauses mentioned. It is frightening to note that several key leaders within the current government in Malaysia believe that we need to sign up on these sort of agreements to demonstrate to the foreign investors that we are “business friendly”.

#### **Limitations on using the “social wage” to transfer wealth to the B40 population?**

There are people who argue that if the wages of workers cannot be raised to a reasonable level, strengthening the safety net and expanding the provision of basic necessities to the people at greatly subsidized prices would be another modality of sharing the wealth of the nation with the poorest 2 quintiles of the population. Universal old age pension, subsidized public transport, subsidized housing, better funding for public health care, free education at tertiary level, cash transfers for the B20 (bottom 20%) families are all ideas that will greatly reduce the financial stress on the B40 population. But structure of the global

economy makes this idea quite difficult to attain.

It’s a question of adequacy of funds. The Malaysian government already provides a “social wage” at present – primary and secondary school education and health care are virtually free; management of emergencies (fire, flood, etc), provision of welfare payments to the very poor and security services – are all largely paid for by the Federal Government. But even at this modest level of expenditure on the social wage, the government is running a deficit of RM50 billion, or about 17% of the total budget for 2019. This has to be met by borrowing.

Federal Government debt is already RM 750 billion, or 54% of the GDP, quite close to the 55% ceiling that the Malaysian Government has set for itself. Interest payments on this debt takes up some RM 50 billion annually. And we need to float new securities of about RM 75 billion in 2019 to roll over the bonds that are maturing this year. That is on top of the RM 50 billion of bonds that we need to float to cover our budget deficit for 2019 – a total of RM 125 billion has to be borrowed in 2019.

Of course we could borrow more and increase overall debt. But that would lead to a downgrading of our credit

status by the international evaluators and to a higher cost of future borrowings – as we will need to offer a higher coupon rate for the bonds we float in the future.

Increasing corporate taxes in an environment where other ASEAN countries are lowering theirs would be seen by most governments as too risky. It might cause the transfer of the headquarters of big companies to locations with lower tax rates. Then profits made in Malaysia could be channeled to the new HQ through transfer pricing. Our corporate taxes might actually go down.

#### **Unfair terms of Trade obstructs Economic Justice**

The rules governing the global economy greatly favour the richest corporations and the richest 0.1% of the human population. These rules enable the richest corporations to grossly underpay our workers and our small farmers and thus amass huge fortunes. But Malaysia is deeply integrated into the world economy. In 2018 our exports totaled RM 998 billion. This is 70% of the value of Malaysia’s GDP. So even if the international trading system is lopsided and it favours the richest MNCs, Malaysia is not in a position to disengage from the world economy.

However, Malaysia and other developing countries which are also similarly affected need to work on challenging and reducing the imbalances in the global economy. We need to identify the mechanisms that siphon away wealth from our countries and devise policies to counter these. For example, could ASEAN countries get together to stop the race to the bottom with respect to wages? Most ASEAN countries wish to attract foreign investment. Keeping wages down is one of the strategies all these countries use. Could we negotiate an agreement that sees all ASEAN countries increasing their minimum wage by 10% per year for the next 5 years?<sup>4</sup> This is do-able as it will not undermine the comparative advantage of any of the ASEAN member states vis-à-vis one another. Such a policy would not only alleviate poverty in all ASEAN countries, it would also grow aggregate demand in the ASEAN region and create new opportunities for businesses to invest. This in turn will generate jobs. So it truly a win-win-win kind of situation. But it needs to be worked on.

Another issue we need to look at collectively is the issue of tax avoidance. The big companies use transfer pricing and other accounting tricks to siphon out the profits earned in developing

countries to tax havens. So not only do they make huge profits from paying our workers a fraction of the value of their labour, these companies then have the audacity to escape paying taxes on these profits. We need to see how this particular modality can be stopped.

And we need to remember that we have the ordinary people in the USA and the EU on our side in this endeavor to reign in the super-rich. For just as they escape paying taxes in the developing countries, the super-rich individuals and corporations also manage to avoid paying taxes in their home countries. This is one reason why sovereign debt in many Western countries exceeds 70% of their GDP and why the social security net is being reduced through an endless series of austerity measures. The ordinary people in the advanced countries are also getting disenchanted with an economic system that favours the super-rich.

We have a world to win. But we really have to work hard and work smart!

*Jeyakumar Devaraj  
Parti Sosialis Malaysia.*

#### **Notes**

1. Bengal, also a British colony had a completely different

*experience. There, the British destroyed manufacturing – textiles and shipbuilding – so as to remove competitors to British industry. And Bengal being quite densely populated was amenable to large scale plantation development. Colonialism actually caused the economy of Bengal to regress.*

2. *The cumulative inflation rate from 1965 up till 2018 is about 450%.*

3. *An excellent exposition of this analysis with many empirical examples can be found in Imperialism in the 21<sup>st</sup> Century. By John Smith. Monthly review Press.*

4. *Could also incorporate this in the ASEAN Free Trade Agreement and even add provisions for penalties in the form of tariffs if any member country did not keep to the agreed schedule to increase minimum wage.*

# Our Progress towards “Health for All” in Malaysia

Paper Presented at Roundtable on Health. 11/6/19

*Health, which is a state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity, is a fundamental human right. The attainment of the highest possible level of health is a most important world-wide social goal. There is a need for urgent action by all governments, all health and development workers, and the world community to protect and promote the health of all the people of the world.*

The Declaration of Alma-Ata, September 1978.

## Health Care in Malaysia

Malaysia has a fairly well developed health care delivery system<sup>1</sup>. There are approximately 2860 government run Health Clinics distributed throughout the nation (Health Facts 2014. MOH). 1039 are Health Clinics which have the post for a doctor, while 1821 are Community Clinics which are manned by paramedics. Over 86.2% of the population are within 5 km of a Health Clinic (Household Income and Basic Amenities Survey 2016). In addition there are 6800 private General Practitioner (GP) Clinics in small and big towns providing primary care. (Health Facts 2014) The Ministry of Health (MOH) maintains 141 hospitals<sup>2</sup> that provide in-patient treatment. (Health Facts 2014. MOH.) In 2017, there were a total of 2.37 million admissions to government hospitals compared to 1.05 million admissions to private hospitals (Health Facts 2018.

MOH) The smaller District Hospitals do not have high tech facilities for investigation or treatment – eg no CT scanners, and most do not have the capacity to conduct operations under general anesthesia. However the larger government hospitals are quite well equipped with diagnostic modalities and a number of specialist departments.

And then we have the private hospitals which in 2016 provided 14,620 out of the total of 60,300 hospital beds in the country<sup>3</sup>. These private hospitals are concentrated in the larger towns mainly in the West Coast of Peninsular Malaysia and they have the services of more than 70% of the specialists aged above 50 years.

Childhood immunization is nearly universal. BCG, DPT and Polio immunization was administered to between 98 – 99% of infants born in 2017 (Mins of Health. Health facts 2018)

## Current Shortcomings of Malaysia’s Health Delivery System

Most Malaysians will agree that we have a fairly good public health care system. Any Malaysian who needs medical treatment can access care at a government clinic or hospital at very affordable rates. However there are several shortcomings as listed below –

### 1. Incompetence on the part of the “gate-keepers”.

There is a wide variation in the competency of the junior doctors manning the Health Clinics and the Out-Patient Departments of the District Hospitals. Some senior specialists in the government sector have confided that up to 30% of the junior doctors in service are dangerously incompetent! This leads to misdiagnoses and delays in diagnosis. It also contributes to the phenomenon of patients by-passing the Health Clinic and the District Hospital to go directly to the General Hospitals for assessment and treatment.

Those who can afford it go directly to the private hospitals.

## **2. Breakdown of the system based on Primary Health Care.**

The government hospitals still require screening by the out-patient department before patients can access specialist clinics thus keeping to the Primary Health Care approach. However this is not observed in the Private Hospitals where patients can choose which specialist to see for initial assessment of their symptoms. Most Malaysians do not have a primary care physician but “shop” around going to government OPD clinics, private GPs as well as the private specialists. Continuity of care is affected, and this inhibits interventions to promote health and prevent disease. Our system is too treatment oriented and this results in poorer outcomes for Non Communicable Diseases (NCDs)<sup>4</sup> in addition to being less cost effective.

## **3. Overcrowding of Government Clinics and Hospitals**

The General Hospitals are terribly over-crowded. Wards routinely have more than double the number of patients that they were built for; patients sometimes have to wait in the A&E Department for over a day for a bed in the ward; sometimes patients have to

be discharged before they are quite ready. The overcrowding not only stresses the medical personnel and adds to the discomfort of patients but also predisposes to nosocomial (hospital acquired) infections.

## **4. Shortage of Specialists in Government Sector**

There is a shortage of specialists in the government sector. In 2013, 40% of the specialists in the country aged between 50 to 60 years were in public hospitals<sup>5</sup> but they were managing 70% of the in-patient load, as well as the training of the new generation of doctors.

The development of sub-specialty services in the government sector is continually undermined by the tendency of the trained sub-specialty doctor to migrate to the private sector within a few years of sub-specialty training.

This lack of specialists has several adverse consequences including

- delays in specialist assessment
- delays in diagnosis and misdiagnoses
- inadequate supervision of junior doctors
- treatment errors
- loss of faith in the government hospitals

## **5. Long waiting times**

The waiting time to get certain investigations done eg MRI, CT scan, Stress Tests, Echo, cardiac angiograms etc can be months. This sometimes puts the patient at risk of suffering a further deterioration of their condition before they are fully investigated.

## **6. A Two-Tier System of Health Care**

There is a de-facto two-tier system of health care in Malaysia. Those who can afford go directly to the private sector where they are assessed and treated quite promptly<sup>6</sup>. Those who cannot afford the charges in the private sector go to the government hospitals where sometimes, delays in investigation, diagnosis and treatment lead to poorer outcomes.

## **7. Rising costs of “co-payments”.**

The newer devices and treatment modalities are not provided free by the government hospitals; they have to be bought by the patient – for example cataract lenses, plates and screws for fractures, coronary artery stents, esophageal stents, surgical staplers for colon anastomoses etc. Some of these devices are expensive e.g. RM 7000 for a drug eluting stent. The number of implants and devices that now have to be paid for by

the patient is large and is expanding.

### **8. Catastrophic expenditure**

The families of patients with critical illnesses such as a heart attack, stroke, cancer and several others are often under severe financial stress as they struggle to obtain the best treatment for their loved ones.

### **The main Causes of the Shortcomings in the Malaysian Health Care System**

#### **A. Insufficient Funds given the Increasing Sophistication of Modern Medicine**

Federal allocation for the Ministry of Health has gone up in tandem with the GDP from RM14.76 billion in 2010 to RM26.53 billion in 2018. (Federal Budget Estimates, MOF). This represents a 49% increase in real terms (i.e. after discounting for inflation<sup>7</sup>) between 2010 and 2018. However the advancements in the modalities of investigation and treatment have inflated the costs of treatment at an even faster pace. As a result the Ministry of Health has not had sufficient funds to expand its services to provide the newer modalities of treatment in a comprehensive manner despite the fact that the 9.47% of the Federal Budget was allocated to the Ministry of Health in 2018.

#### **B. The replacement of the Welfarist Ideology by the Neoliberal Approach**

The Malaysian Health Care system was developed in the 1950s and 1960s at a time when the governments of Britain and Malaya subscribed to the social-democratic goals of expanding the welfare net for the population. The Cold War was at its height and there was a real need to win over the “hearts and minds” of ordinary people both in Europe and in the newly independent nation of Malaya.

However the victory of Western Capitalism over USSR and the Warsaw Pact led to a realignment of priorities, and a new ideology – neoliberalism – began to gain credence from the 1980s onwards. The major tenets of neoliberalism<sup>8</sup> include

- The market is a much better allocator of scarce resources than any bureaucracy.
- Governments should withdraw from the provision of goods and services. These should be left to the private sector as then, the competition between the different companies will result in more efficiency and in cheaper services.
- Even social goods such as education, health care, public transport etc. can be provided more efficiently by the private sector.
- The government should reduce its role in the

economy to that of a regulator and not a major player.

- Inequality in society is beneficial for it drives people to improve themselves so as to move up the ladder. Too much welfare provision inhibits human initiative and makes the population lazy.

- Charging people for health care is also a good thing as it will encourage them to follow a healthier lifestyle.

#### **C. Privatization**

The interplay of the above 2 factors led to the policies that have greatly augmented the role of commercial interests in health care delivery in Malaysia as is set out in the table below.

Privatization has not proven to be the panacea it was touted to be. Initially promoted as an approach to give better value for our tax dollar, privatization has not led to any appreciable savings but has exacerbated problems like the brain drain from government hospitals and worsened the plight of the bottom level of workers in the health care sector.

**Table: Impact of Privatization on Health Care in Malaysia**

<b>Policy</b>	<b>Benefit to the Malaysian People</b>	<b>Adverse effects</b>
<b>Allowing for-profit private hospitals</b>	Has reduced the emigration of Malaysian Specialists to other countries	<p>Is a major cause of the Brain Drain that has decimated the number of specialists in government service.</p> <p>The involvement of GLCs in private hospitals has created a conflict of interest between the Mins of Health and the Mins of Finance.</p>
<b>Privatisation of procurement of medicines in 1993</b>	?	<p>Increase in the costs of medicines.</p> <p>Loss of technical expertise in assessing the efficacy of generic drugs</p>
<b>Privatisation of 5 support services in 1997</b>	Helped provide an “incubator” for developing Bumiputra entrepreneurs	<p>Increase in costs for the Ministry of Health</p> <p>Pushed the lowest level of staff in the Mins of Health deeper into poverty</p> <ul style="list-style-type: none"> <li>- Precarious employment</li> <li>- Perpetually at minimum wage</li> <li>- No pension benefits etc</li> </ul>
<b>Privatisation of Hospital Construction</b>	?	<p>Increase in costs</p> <p>Poor quality of work. Many technical problems. Delays in completion of projects.</p>
<b>Full Paying Patients Scheme</b>	Might have played a role in retaining some specialists in government sector	<p>Creates conflict of interest in senior specialists</p> <p>Distracts government specialists from caring for the normal non-paying patients.</p>

#### **D. Liberalization of the Global Economy**

The liberalization of the financial sector has made it much more difficult for government to collect taxes from the top 0.01% of society. These gentlemen are able to, with the help of their lawyers and accountants, avoid paying taxes by employing a slew of tactics that have been made “legal” by changes in the financial regulations. These include transfer pricing so that profits made in a particular country are repatriated to a tax haven through grossly exaggerated fees, royalty payments, payments for technical services and the like.

The fear that governments that their wealthiest business people might shift their operations (or at least their headquarters) has led to a race to the bottom in corporate tax rates. Malaysia had a corporate tax rate of 40% up till 1988<sup>9</sup>. It has plummeted to 24% now and the government has already indicated that it will be brought down further. (Singapore’s corporate tax rate is at 18%!)

But this is not a problem that is peculiar to Malaysia. The majority of nations are facing budgetary constraints because they too, are unable to get their super-rich to pay reasonable taxes. Consequently many

countries have chalked up huge sovereign debts ranging in 2017 from 87% in the case of UK to 224% for Japan<sup>10</sup>. There is therefore a worldwide trend to keep budget deficits to below 3% of the GDP. Governments try to compensate for their inability to deal with their super-rich by instituting consumption taxes (like the GST) and/or by reducing social spending for the population.

Only recently are we hearing calls among civil society groups in the West that the loopholes that allow the super-rich to avoid paying taxes have to be closed. The issue is being framed by some as a discussion of how the wealth generated in our societies needs to be distributed. This discourse is still in its infancy in Malaysia!

#### **Concluding remarks**

Malaysia developed, in the first 3 decades after Independence, a fairly comprehensive public health care system that provides health care that is virtually free at the point of delivery to all Malaysian citizens. Apart from responding to the health needs of the Malaysian population, the system has played an important role in sharing the wealth of the country with the poorer sectors of the population, thus reinforcing social solidarity, building a sense of inclusivity and

making our society more harmonious and stable.

However, rising costs engendered by technological advances and new modalities of treatment have put our health care system under serious financial stress. One of the responses of the BN government has been to involve the private sector in the provision of health care services. But this has had unwanted consequences such as the out-migration of government specialists and the creation of a two-tier health care system. Another response of the BN government was to look to alternative sources of funds – a National Health Fund deriving its funds from insurance premiums paid for by the public has long been on the drawing board.

Health system “experts” from agencies such as the World Bank are happy to provide advice – and they generally recommend neoliberal solutions. The recently concluded Harvard Study recommends that our government should devolve more of its health care functions to market players and concentrate mainly on regulation. None of these external “experts” advise how developing countries could strategize to retain a larger share of the wealth that we are producing, but which is expropriated by the huge MNCs that dominate

the global supply chains. The current distribution of wealth is treated as a natural (God given) phenomenon by the learned men from World Bank and Harvard – something that we all have to accept and live with. Unfortunately for us, a significant portion of our current Ministers are enamored with the learned men from Western Institutions!

It would thus be apt to conclude by quoting Dr Julian Tudor Hart's (1927 – 2018) "Inverse Care Law".

*The availability of good medical care tends to vary inversely with the need for it in the population served. This inverse care law operates more completely where medical care is most exposed to market forces, and less so when such exposure is reduced.*  
(Lancet. 1971)

*Dr.Jeyakumar Devaraj*

## Notes

1. I am not detailing the improvements in Infant Mortality Rates, maternal Mortality Rates or Life Expectancy to support this assertion as one cannot conclude that the improvement in Malaysia's health indices is due primarily to the quality of health care our citizens enjoyed.

There are other factors such as improving income, better nutrition, sanitation, clean water supply and others that have played a role as well.

2. The Ministries of Education and Defence also maintain hospitals.

3. [www.statista.com/statistics/.../number-of-beds-in-public-and-private-hospitals-mal](http://www.statista.com/statistics/.../number-of-beds-in-public-and-private-hospitals-mal).

4. This is reflected in the not so impressive figures for life expectancy at 30 years.

5. Human Resources for Health, Country Profiles 2015 Malaysia, MOH Malaysia.

6. There is evidence that sometimes patients with third party payers tend to get over admitted, over investigated and over treated. The fee-for-service system predisposes towards this.

7. The inflation rate from 2010 - 2017 was 1.7% (2010), 3.2%, 1.7%, 2.1%, 3.1%, 2.1%, 2.1% and 3.1% (2017) respectively. <https://knoema.com/atlas/Malaysia/Inflation-rate>  
Therefore the cumulative inflation rate 2010 to 2018 was 20.76%

8. Liberalism was the ideology of the European bourgeoisie of the 19<sup>th</sup> century which had to enlist the support of the masses to fight against the privileges of the feudal lords and aristocracy that obstructed the further development of the market economy that the bourgeoisie depended on. It was overall a progressive ideology as it freed the masses from the yoke of

feudalism, introduced the concepts of political democracy, universal suffrage including for women, rule of law, the universality of human right etc. Neo-liberalism is quite different. It has roots in the critique of the totalitarian states that developed in Germany and Eastern Europe in the mid 20<sup>th</sup> century. But it was coopted by the bourgeoisie to push back against the social democratic state that sought to curb the power of the capitalist class and redistribute the wealth of the nation more equitably through taxing the rich and creating a welfare net for all.

9. B9 TAX RATES – COMPANIES AND UNINCORPORATED BUSINESS  
[www.mia.org.my/v2/downloads/resources/publications/budget/2017/B/B9.pdf](http://www.mia.org.my/v2/downloads/resources/publications/budget/2017/B/B9.pdf)

10.. The World Factbook. US-CIA.  
Incidentally, Malaysian government debt as a percentage of GDP in 2017 was recorded in the CIA Factbook as 52.5%

# Union Busting by a Government Linked Company

Press Statement 1/12/19

The Human Resource Minister has declared that he wants to see union membership in the nation rise above the 1 million mark in our country of 15 million workers. Yet a company under the Malaysian government's top GLIC (Government Linked Investment Company), Khazanah Nasional, is having a field day trying to bust a still fragile newly-operational union. This is the union of support services workers at the government hospitals throughout Peninsular Malaysia.

As part of the Malaysian government's privatization efforts, the staff providing support services such as laundry, cleaning services, security, maintenance of building and equipment in

government hospitals and clinics were rehired as workers under private companies which were given 15 year contracts to provide these services in 1997. Khazanah's Syarikat Edgenta MediServe, contract to provide these support services to government hospital in Perak, Penang, Kedah and Perlis was extended another 10 years in 2015. For past 10 years Edgenta has been using intermediary companies to employ the cleaning and security workers, and under this system NSMedik has been given three-year contracts to provide workers for cleaning and security.

The Peninsular Malaysia Government Hospitals Support Services Private Workers Union (*Kesatuan*

*Pekerja-Pekerja Swasta Perkhidmatan Sokongan Di Hospital-Hospital Kerajaan Semenanjung Malaysia*) was registered in 1997 but began functioning only in November 2018. It is a union of one of the most heavily exploited sections of the Malaysian workforce. Its first collective agreement was concluded with the employer, NSMedik Sdn Bhd in October 2019. NSMedik agreed to 38 out of the union's 43 demands.

But Syarikat Edgenta MediServe, has decided to not renew NSMediks contract which is due to expire at the end of 2019, but to pass the contract to its fully owned subsidiary Edgenta UEMS Sdn Bhd (UEMS).



UEMS officials have been going into hospitals in Perak and Penang and pressuring workers to apply for jobs under UEMS as new workers. Workers have been told that if they fail to apply, they will be without a job in January 2020. The catch is that UEMS might choose to deny employment to workers who have been active in the union thus dealing a death blow to the union. In contravention of the provisions of the Industrial Relations Act, Egenda UEMS has refused to recognize the Collective Agreement that the Union had negotiated with NSMedic and has reduced annual leave, medical leaves as well as other benefits.

This is a vicious trick that has been regularly used by employers to bust unions but one would have expected better from the subsidiary of a reputable GLC with serious research work on poverty and its social impact. Khazanah's companies however have been behaving like typical private companies fighting tooth and nail, and resorting to dirty tactics to weaken and kill off any initiative that will mean a reduction in their profits.

The Union has mobilised workers and complained to the Minister of Health YB Dao Seri Dr Dzulkfli. The Ministry has organized meeting between the union

and UEMS however it still remains to be seen whether there will be a cessation of union-busting efforts by UEMS.

Privatization, the government claimed, was to cut costs and improve efficiency, but did it really reduce costs? Or did it contribute to the super-enrichment of a small Bumiputera business elite through positions in government linked companies that were awarded the contracts for these services?

What is certain though is that the rehiring of workers under the contract system has impoverished tens of thousands of hospital workers in 149 hospitals and 2865 government clinics nationwide. This is because the contract system took away all the benefits of employment under the superior JPA scheme (annual increments, housing loans, pensions and healthcare benefits). Further, as contract workers with a fixed term of three years, every three years they are reemployed as new workers minus all the years of service. There is no job security, and so no guarantee the worker will have a job at the end of the three years.

Why the contract system for a job that is not temporary in nature? And why is the

government using a system of employment that breeds poverty and insecurity? The workers need to be organized into a union that will fight these injustices and protect their rights. They have to lobby for higher wages, yearly wage increments, and job security, among others.

Union busting by UEMS has to stop! Employers have to respect the right of workers to negotiate, and learn to negotiate instead of intimidate and bully by using cowardly tactics. If the HR Minister is serious about wanting an increase in union membership, he has to protect unions by taking action against these bullies. The government must terminate the concession agreement with Edgenta MediServe if it is unable to direct its fully owned subsidiary to stop union busting.

*Mohananani Rasiah*  
*PSM CC Member*

# The 2019 Industrial Relations Act Amendments

In the past week, we have been hearing exchanges between the Minister and the MTUC (Malaysian Trade Union Congress) on the recently passed Industrial Relations Act (IRA) Amendments. Both the Worker's Union and Bosses' Union seem to be united against these reforms. We in the PSM who have been in the forefront of workers' struggle, understand the concerns raised by the Unions but think that there are many things which are beneficial to workers in the recent amendments.

Let me put some matters in proper context. Today the Trade union movement comprises less than 7% of the total labour force and of this, a smaller percentage of unions actually participate in collective agreements (CA). The Unions of today are a far cry from the Unions in the early post WW2 years. The Unions have, over the years, been strangled by the Colonial, and later the Alliance/BN Governments which have passed many laws and put Unions in a very difficult position. Influx of migrant labour both documented and undocumented also undermines Union ability to negotiate. Besides that,

other major structural changes such as flexi work, contract work and now the gig economy, have made it almost impossible to organize the new sectors.

With their hands, legs and mouth tied, the Union movement is asked to perform. Union busting has ensured that strong unions are deregistered and militant unionists sacked. Based on this background, we can understand the concern of the Unions. Having said that, there are also many hopeless Unions – Yellow Unions and those career unionists who run their Union like their family business - not allowing Union leadership change, no internal reforms nor democracy. The PSM has helped many workers who besides having problems with the employers, are also unhappy with their Union leadership.

The big question is whether the current Amendment in the Industrial Relation Act (IRA) will bring progress to the workers' movement or restrict it even further. The Minister has assured all parties that the amendments were part of a holistic review of the act moving towards conformity to international labour standards. ILO

standards are good and we are not sure if all of these standards have been incorporated into our Laws. It will be good if we can actually see some actual implementation of these newly amended laws.

## **Previous Amendments to Labour Laws**

The height of labour movement in Malaysia was the 1945-1948 era when the PMFTU, the Pan Malayan Federation of Trade Unions represented two thirds of the total workforce. This was the era of GLU –General Labour Unions where workers' power was at its height. Workers from different sectors belonged to the same Union. Naturally the Colonial British rulers had to curb these Unions to protect their business interests. In August 1946, Laws were enacted to register all Unions in order for the Government to monitor these unions. Large Unions were denied registration and unregistered unions were deemed illegal secret societies whose office bearers were harassed. Pro-British Unions were of course encouraged. In 1948, The British used the Emergency to crush the Union movement and 95% of all progressive unions were

banned, their members arrested, deported and some were even killed.

In 1949, The British enacted the Industrial Disputes Ordinance. It forced Unions to resolve issues through negotiations. It also banned May Day – the Worker’s Day celebration. During this time, the Government gave full backing to employers to call on the police to break the Unions as well as break picket lines.

Post Merdeka, the UMNO led alliance Government enacted the Trade Union Ordinance 1959. This marked the second wave to weaken the union movement. Under this new ordinance, Union unity was further broken when membership was further circumscribed rendering unions even smaller and less effective. For example the electrical & electronic industries were separated and forbidden to form a common Union. The Registrar of Trade Union (RTU) was also given absolute powers to, cancel or deny registration of Trade Unions.

In 1967, the Industrial Relation Act (IRA) was enacted. This is when the Minister was given full powers to decide on industrial disputes. The new act also has laws against strikes, go slow and even the boycotting of overtime. The

IRA also denied Government sector workers the right to bring their disputes to the Industrial Court. In addition the Government and Semi Government sector unions were disallowed from forming a federation with the unions in the private sector. This forced 56 unions representing Government sector workers to leave the MTUC.

Every Emergency also witnessed new laws to curb Trade Unions. During the 1969 emergency, new regulations were enacted specifying that only workers who have worked for three years could hold office in Trade unions. Political party members were banned from holding positions in Trade Unions. This law was to stop people like V.David, Zainal Rampak and Karam Singh from being active in unions. During this time unions were also prohibited from negotiating with employers on issues of promotion, termination, employment scope and transfers.

After the MAS Strike in 1978, the BN Government made further amendments to the Trade Unions Ordinance to stop Unions from organizing industrial action. The RTU was given wider powers to curb freedom of association while the Human Resource Minister was given powers to cancel the registration of any Union which “threatened

National interest”. Every uprising of the workers has been dealt with new laws to curb unions and the workers’ struggle.

The Employment Act 1955 was amended in 1980 to allow migrant labour to be brought in as well as to increase OT hours from 32 hours a month to 64 hours. Mahathir’s Look East Policy ensured that in the Electronic Sector, national unions could not be formed. Only in-house Union were allowed. This is the fourth wave of anti-unions actions.

In 2007, after workers won a huge compensation in the famous 1990 Harris Solid State workers Union case, the Government went on to amend the Industrial Relation Act where payment of backdated arrears was limited to 24 months and deductible by another 30% if the employee contributes to the employer's action and another 30% if the employee had found a job during the case duration. Victimized union leaders was made less expensive for the employers!

In 2011, the Government amended the Employment Act 1955 to legalize the “Contractor for Labour”. Now the bosses’ responsibility to his workers is transferred to the 'contractor'. Workers now have to deal with contractors.

Every amendment to date has repressed the trade union movement to appease the business class. However despite all these additional hurdles, workers have made gains due to ongoing struggle like May Day being declared a public holiday, the Minimum Wage Act, Retrenchment Benefits and now very recently the increase of maternity leave to 90 days.

### **2019 IRA amendments = Good or bad?**

Lots of arguments have gone on the question of whether or not MTUC was consulted. Our experience dealing with the present government and the previous one appears about the same. There are meetings but these cannot be equated with consultation.

There are however some very good amendments which one cannot dismiss and credit needs to be given the Ministry of Human Resources for these.

For a start, the Minister has relinquished his powers in almost all areas of law and now the powers are in the hands of the DG. This was one of the major demands during BN times, when we used to argue that the Minister had too much power. With the current amendments, the Minister's power to refer representations on dismissal

cases to the Industrial Court is now transferred to the director-general. This will cut down the red tape.

Another amendment which activists see as very helpful is to allow employees to be represented by the person of their choice in Labour Court and Industrial Relations Department. Currently bosses have their managers or consultants representing them whereas workers with unions will be represented by Unions. But 93% of workers are not unionized and though today MTUC helps such workers, the process is not straight forward. It depends who the leadership of MTUC is and if they will issue a letter for another unionist to represent the workers.

With this amendments, civil society, NGO and workers friendly NGOs can represent workers. This would definitely benefit workers who are not in any trade unions. Another improvement is employees with mental disabilities can be represented by their next of kin at conciliation proceedings.

Another worthwhile victory is, the cap of 24 months of backdated wages has been removed for cases involving dismissal due to union busting. This means Industrial Court can make an award without being

confined to the restrictions in the Second Schedule of the IRA. This means employers will think twice before going on a Union Busting agenda.

The current amendment has also decriminalized strike action where previously a worker could be jailed for organizing or participating in a strike. Now this has been changed to a fine. This is important and may help Unions be braver to organize strikes though there are other laws to curb this fundamental right of workers. Another amendment allows dismissed employees from any statutory authority to file a claim for unfair dismissal at the IR department.

Another good amendment is new paragraph 32(1)(e) which specifies that any award made by the Industrial Court will devolve to the next-of-kin if the workmen happens to pass away. Currently once the worker dies, all his claims end there.

A big technical defect has been addressed in this amendment. Currently there are cases not referred due to a question regarding the date of dismissal. Now with the amendments to section 29 of the Act, the Industrial Court is empowered to hear and determine the matter before it notwithstanding the date of dismissal as stated in

the Director General's referral.

New section 33c enables any person not satisfied with the Industrial Court award to appeal to the High Court within 14 days of the decision. This previously was not there.

### **Multiple Unions - The Thorn**

Allowing more than one Union to exist in a workplace and giving the union with the biggest support the mandate to conduct collective bargaining is seen as a threat by existing unions because an alternate union sponsored by the bosses can be formed to undermine the existing union. This maybe will be new form of union busting.

PSM has mixed views on this particular amendment. We have witnessed how the Government set up the MLO (Malaysian Labour Organization) to undermine MTUC. On the other hand, we have seen genuine worker leaders unable to take control of existing unions because the existing union leadership have set up undemocratic internal practices to ensure that they can continue to hold on to power. This amendment will allow such genuine worker leaders to form alternative unions to represent the workers. If the newly formed alternative union is popular and can obtain the

trust of the workers, then it will be authorized to negotiate the collective agreement.

Today, the current membership in Trade Union is less than 7% of the work force and there are already many ways union can be busted. Therefore even though this amendment may have its short falls, it may serve as a wake-up call to current unions who will now be forced to service their members better so as to not allow space for another union to come into that sector and entice their workers away from them. This might lead to a healthier trade union movement.

### **Conclusion**

Some of the amendments in the IRA do address some of the issues that have been raised over the years. The current amendment brings down bureaucracy and gives more benefits to workers. It also allows the court to play a more important role than the executive.

It will also allow for more unions to be formed and has addressed some issues related to union busting. The Amended Act says that the establishment of trade unions will no longer be confined to trade, industry or occupation. This is something to be tested out. The Amendment also is more inclusive and friendlier. It

also uses fines and higher penalties to address issues of noncompliance.

Yet as Verriah from Penang MTUC division commented, it will be good if we could see the full package of amendments including those to the Trade Union Act and the Employment Act.

Currently with expansion of the contract system and the gig economy, it is going to be even harder to form unions. Hopefully this amendment will allow more unions to be formed and collectively decide their future. It is something worth trying since currently most Trade Unions are not expanding and some are winding up.

We believe it is our role to continue to empower workers and work with MTUC and other unions to build the workers movement. Laws can be changed and amended. What is needed is a strong Workers Movement to safeguard their interest as well as build a genuine Trade Union movement to safeguard the well-being of workers in Malaysia.

The Struggle goes on!

*S. Arutchelvan  
Deputy Chairperson  
Parti Sosialis Malaysia  
23/10/2019*

# The Papar Dam Makes No Sense!

Press Statement 6/9/19



The Parti Sosialis Malaysia has been closely monitoring the developments of the Papar Dam. The Sabah Chief Minister YAB Shafie Apdal claimed that Papar dam was necessary for generation of electricity and the provision of clean drinking water. PSM welcomes the intention to provide clean drinking water and reliable electricity for the people of Sabah but the RM 3 billion Papar Dam does not make sense.

According to SPAN, Sabah's non-revenue water (NRW) stood at 52.5% in 2018. In other words, more than half the treated water did not reach the people due to leakages and poor management. The Water, Land and Natural Resources Minister Dr. Xavier Jayakumar mentioned that it would cost about RM170 million to reduce Sabah's NRW from 52% to 20%. This is only 6% of the cost of building the Papar Dam. Sabah should focus on increasing water efficiency

and promoting rainwater harvesting.

And as for the generation of electricity, in 2018, Sabah had an excess of electricity supply capacity. Sabah's reserve margin was 32%, much in excess of the recommended reserve margin of 20%. Maintaining a higher than necessary reserve margin will increase the electricity tariffs and burden the users. In January 2019, the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) confirmed that Sabah's unreliable electricity system is due to poor transmission infrastructure and not inadequate generation of electricity.

Large electricity users should be encouraged to reduce their electricity demand through energy efficiency and installation of rooftop solar panels. This policy will create "green jobs" and help address youth unemployment. Bio-methane should be captured from landfills and agriculture waste and used to generate electricity. Purchasing organic waste from the agricultural sector will improve Sabah's rural economy.

One must not forget that the Papar Dam comes with significant negative social implications. The dam will uproot 3,000 villagers from 12 villages. These communities face the serious risk of becoming "vulnerable communities" if the relocation programmes fail and working adults are forced to move away to look for jobs. This is what happened to the population displaced by the Bakun Dam in Sarawak. The Dam will also lead to the loss of natural biodiversity in the UNESCO Crocker Range Biosphere Reserve.

It is clear that the costs of Papar Dam greatly outweigh its benefits! The Sabah Chief Minister, YAB Shafie Apdal should focus on the real issues affecting the Sabah people and avoid creating more problems for them by bulldozing the Papar Dam.

*Sharan Raj  
Biro Alam Sekitar & Krisis  
Iklim, PSM*

## Some Strategic Considerations for the Climate Change Campaign

*The 2019 PSM Congress decided that PSM should mount a campaign to highlight Climate Change and the steps that should be taken to reduce Greenhouse Gas Emissions. In line with this, the PSM has come out with a Position Paper on the issue of GHG Reduction. The final section of that position paper is reproduced here. Ed*

If we are serious about bringing Malaysia's Greenhouse Gas Emissions down we need to consider the following 5 aspects of the problem.

A. **Combustion of fossil fuels** contributes about 79% of total greenhouse gases emission in Malaysia. The major sectors involved in fossil fuel combustion are Electricity generation (53.6%), Road transport (25.4%), certain Industries (9.2%) and Households (cooking). Obviously to reduce emissions the following three steps would be the most crucial

- a/ Transitioning to renewable energy in a big way
- b/ Promoting bus-based public transport and reducing car based private transport.
- c/ Switching to electricity powered vehicles.

B. Of the sectors burning fossil fuels, the largest, the **electricity generation sector**, is the only one which is not the end user of the electricity produced. The main end users of electricity from the National Grid are Industry

government is included here). Households are a distant third (23.3%). So increasing efficient utilization of electricity in industry and in commercial buildings should be an important thrust of our mitigation program.

C. About a fifth of greenhouse gas emissions is not from combustion of fossil fuels but involves **emissions of methane and other organic gases** from the Oil and Gas sector (41% of total), methane emission from anaerobic degradation of palm oil effluent (28%), methane from land-fills (18%) and sewage. The best solution to this aspect of the problem would be to capture all the methane produced and burn it to generate electricity (especially at night when the solar panels are dormant.) However that might be difficult to implement in the short run. However, given that a molecule of methane is 13 times more potent as a greenhouse gas (GHG) compared to a molecule of carbon dioxide, oxidising the methane to CO<sub>2</sub> (by aerating

effective interim measure to reduce GHG emission quickly.

D. **Our forests**, the sinks that should absorb CO<sub>2</sub>, are at risk. State governments and their Forestry Departments, which are supposed to be the custodians of our forests have become too cosy with logging and plantation interests. The institution of a Forest Grant to be paid to State Governments based on hectareage of unlogged forest in that State will not have much impact, as the main driver of logging is not the desire to augment State revenue. The main push factor leading to on-going logging is the rather voluminous under-table transactions between the loggers and State level politicians, the Forestry Department and other State parties. We need to empower civil society to monitor the issuance of logging licences. Legislation that create a larger role for civil society and that mandate greater transparency regarding the issue of logging are crucial to efforts to save our forests.

E. Many senior leaders in the Federal Government are sympathetic to **the views of corporations** – the automobile industry, importers of vehicles, highway concessionaires, retailers of petroleum, highway (and fly-over and tunnel) constructors, the petroleum industry - whose business interests might be jeopardized by the policy changes required to bring down our GHG emissions quickly. Therefore the Federal Government will tend to give lip service to these issues, but drag its feet when it comes to actual legislation and enforcement.

The above considerations highlight the importance of building a national network of concerned groups and individuals to collectively hold government accountable and to push the Climate Agenda forward. This network has to be inclusive and democratic if it is to grow into a force that can bring about the scale of changes we need. One of the most important tasks of this network is to highlight to the people of Malaysia just how serious the problem of global warming has become and to convince them of the major changes that we need to implement in Malaysia.

The actual list of major changes can be finalised through further discussion

but could include the following ten proposals



**Ten Key Proposals for Mobilizing People**

1. ***Moratorium on new coal,*** natural gas and oil fuelled generation plants and the promotion of electricity generation from renewable sources including large scale and roof-top solar.
2. Setting a definite datelines to ***phase out electricity generation plants that are running on coal.*** Their contracts should not be renewed.
3. Develop an efficient ***network of bus routes*** to serve our major towns. The development of Bus Mass

Transport (BMT) should be devolved to the respective States. At this point in time, too much administrative power is concentrated in Putrajaya. Organizing bus routes with bus companies should be done at local council level, as they have the first hand information on upcoming city development plans.

4. **Buses for use within towns should be electricity powered buses.** This will improve air quality in our cities. We would need buses of different sizes to serve busy as well as less busy routes. If these buses and

their spare parts could be produced locally, that would serve as a boost to our manufacturing sector as well as provide jobs for our youth.

5. Introduce an **AP requirement to buy new cars with an engine size of more than 1500 cc**. We suggest RM 5000 per AP for the 1500 – 2000 range and RM10,000 per AP for the above 2000 cc cars. At present around 600,000 new cars are purchased every year. The collection from the APs will be in the range of RM 2.5 billion and it should be used entirely for the BMT project.

6. Currently, out of a total **167 operational landfills** in Malaysia only 10 were classified as “sanitary landfills”. The decomposition of organic waste in landfills produces landfill gas (LFG) containing approximately 50-60% methane (CH<sub>4</sub>) and 30-40% carbon dioxide (CO<sub>2</sub>) by volume. A molecule of CH<sub>4</sub> is 13 times more potent as a GHG compared to a molecule of CO<sub>2</sub>! Properly set up landfills can collect most of the LFG emitted and use it to generate electricity.

7. Although our Government claims that 56% of Malaysia is covered by forests, only about a fifth of our forests (3.8 million hectares) are Primary Forests which have never been logged. The remainder of our “forests” have been logged but are still

designated as forests! We must insist that **logging of primary forests is stopped completely**.

8. An annual grant of RM 350 per hectare of undisturbed primary forest should be paid by the Federal Government to the State Governments with the proviso that there should be no logging activities in primary forests in that State for that year in order to qualify for this payment.

9. The **Forestry Act should be modified to**

- **create a committee at State level** with representatives from the Water, Land & Natural Resources Ministry, environmental groups and the Orang Asli community. This committee will have to be notified before any logging licence is approved.

- In addition the Forestry Act should require that the site and size of logging concessions approved be put in the public domain.

10. Many of the sectors that generate GHGs – road transport, landfills, sewage, biomass from oil palm and forestry - are outside the purview of the Ministry for Energy, Science, Technology, Environment and Climate Change (MESTECC). As such, the Malaysian Government needs to set up **a high powered supra-ministerial committee to oversee** and

evaluate GHG mitigation in all sectors. This committee should be chaired by the Prime Minister, and must table an annual progress report in Parliament regarding all the steps that are being implemented to reduce GHG emission.

Time isn't on our side. In fact it's 11.59 now. Let's all get together and do the best we can to avert a catastrophe.

*Environmental Bureau  
Parti Sosialis Malaysia  
October 2019*



## The Roots of Discontent in East Malaysia

As part of its electoral strategy during the campaigning for the Malaysian 14th General Elections last year, the Pakatan Harapan (PH) coalition devoted attention to the Sabahan and Sarawakian electorate. Hence, a core priority of their electoral manifesto included restoring the terms of the Malaysia Agreement 1963 (MA63).

MA63 recognized Sabah and Sarawak's status as equal partners to then-Malaya and Singapore, which formed the constituent units of Malaysia. However, in 1976, an amendment was passed in Parliament that shifted the status of Sabah and Sarawak to under the Malaysian federation, together with the states in Peninsular Malaysia. This change in status, coupled with other issues like the exploitation of natural resources and the lack of support from the federal government, has contributed to grievances felt by certain quarters in Sabah and Sarawak.

Almost a year after its surprise electoral victory, the PH government is finding it difficult to implement its reform promises, and its

pledged restoration of MA63 remains to be fulfilled. However, it has taken the first step with the formation of an MA63 steering committee on the rights and autonomy of Sabah and Sarawak.

Below are some of the key challenges facing the state of Sabah.

### **The Oil Royalty Issue and Exploitation of Natural Resources**

One of the significant areas of contention between the federal government and Sabah is over the use of natural resources, including oil royalties. Sabah and Sarawak contribute roughly 60 percent of Malaysia's total petroleum output. However, each state government received a mere 5 percent of the oil royalties. PH had pledged to increase these oil royalties to 20 percent for both states and return 50 percent of all tax revenue. This has yet to materialize, which is not surprising given the huge amounts involved and the current fiscal predicament faced by the federal government.

Beyond oil, there have been longstanding concerns that

the natural resources of the two states are being exploited. Most recently, Prime Minister Mahathir bin Mohamad spoke about exploiting coal reserves in Malaysia, including in Sabah and Sarawak, to generate power in Peninsular Malaysia. Sabah Chief Minister Shafie Apdal welcomed the proposal. This has been received negatively by the state opposition, which suggested that there were ulterior motives behind this proposal. There were also warnings about the environmental ramifications of using coal to produce electricity. Some quarters argued that this was not a good idea given the lack of infrastructure, including water and electrical supply, in rural areas.

Reflecting this suspicion, eyebrows were raised when Mahathir's political party, Parti Pribumi Bersatu Malaysia (PPBM), expanded into Sabah in February 2019. This is a political U-turn as Mahathir had promised pre-election that he would not grow his party on Sabahan soil. While Mahathir is likely driven by the need to increase PPBM's share of seats in parliament, this move has increased cynicism in Sabah over Mahathir's true intentions.

The situation is compounded by the perceived lack of push-back from Warisan. For some, the expansion of PPBM into Sabah is a confirmation of a covert agenda by the federal government to control the state agenda, including the exploitation of its natural resources.

**The Project IC 2.0 Controversy**

The possibility of another round of Project IC – granting citizenship, and thus identity cards (ICs), to immigrants — is also generating concern in Sabah. From the 1960s to the early 2000s, Sabah’s population grew by 300 percent — an anomaly when compared to other states. And as the net population grew, the demographic composition markedly changed, with a significant increase in the Muslim population within Sabah.

**Population Increase**

	1970 – 2000
Sabah	285%
Sarawak	106%
Peninsular Msia	113%

As registered in the 1960 census, the percentage of Muslims in Sabah was at 37.9 percent, with non-Muslims being the majority at 62.1 percent; these figures inverted in 2010 when Muslims had become the majority at 65.4 percent.

Through investigations by the Royal Commission of Inquiry (RCI), it was found that Malaysian ICs, birth certificates, and other documents were issued by syndicates and individuals assisted by allegedly corrupt officials to undocumented illegal immigrants since the 1970s. This facilitated their access to most rights of Malaysian citizenship.

Muslim immigrants from Mindanao, in the southern Philippines, are examples of groups that entered Sabah illicitly due to the cultural proximity.

The political party that gained the most from this was UMNO, the previous ruling party of Malaysia. As Sabah became a Muslim-majority state the electoral voting patterns became tilted in favor of a Muslim-majority government as the Muslim community had the largest number of seats in Sabah. The mass granting of this citizenship took place during Mahathir’s first tenure as prime minister. In 2015, Mahathir hinted at another round, when he explained that it was the government’s policy to recognize people who were loyal to the country, adding that it was not fair to disallow their children from attending Malaysian schools.

There is renewed skepticism in Sabah that the population

re-engineering agenda is once again being executed. A recent proposal by the federal government to legalize the status of “stateless” children has led to criticism against the state government. Jeffrey Kitingan, the Sabah opposition leader, also raised concerns about the recent arrests of 13 terror suspects in Tambunan and Semporna, wondering whether the influx of terrorists was because of the state giving legal documents to those of Filipino ancestries. Martin Tommy, who is Warisan’s legal advisor-cum-Supreme Council member and who also serves as political secretary in the Prime Minister’s Department, responded to this by saying that Shafie had never announced the government was giving out documents to Filipinos. He said that Shafie was merely calling for more compassion toward stateless people, especially those who were denied citizenship because one of their parents was not Malaysian. He added that Shafie also said that “stateless people should not be denied their rights merely due to concern over the possibility of another round of Projek IC.”

To add further confusion to the situation, there were recent debates, which also garnered heavy attention, over whether Javanese and Bugis people, who are also

Muslims, should be considered as natives in Sabah. That would entitle them to become voters among having several other special rights. This proposal was put forth by Warisan's law and native affairs minister, Aidi Moktar — thus this further increased the suspicions and raised questions over the need for such a proposal.

### **The Call for Independence**

There are more issues than just those stated above — contentions over healthcare, education, and religion also feature on the extensive list, explaining why some Sabahans are frustrated and have called for independence. While the federal government should not dismiss such calls as sheer grandiloquence, it is also important to note that the secessionist sentiment stems from an urbanized fraction of civil society. The reality is that the vast majority of East Malaysians live in rural areas where education is inaccessible, thus there is a severe lack of political maturity, so even conceptualizing referendums and sovereign governance are likely alien to them.

Giving further nuance are anecdotes of how patronage politics are deployed in these rural areas, where most of the inhabitants are so poverty-stricken that clean water and proper food are

unattainable to them. Politicians have capitalized on this — during the election season, bags of rice and household amenities, with modest sums of money (allegedly ranging between 300-500 Malaysian ringgits), are distributed to these people. Voters in poverty will support candidates or parties that provide them with assistance. Thus, one can argue that the lack of development is strategically beneficial for the incumbent as it reinforces their leverage over rural areas and maintains their strong support base, enabling them to secure their seats with ease.

Hypothetically, even if civil society in Sabah attempted to organize for independence, the federal government would not simply accept it, considering that Sabah is a massive resource pool. It will not be surprising if the federal government moves to defuse any such attempts. At the same time, some state politicians may want to use these attempts to put constant pressure on the federal government.

However, there remains some optimism. *De facto* Law Minister Liew Vui Keong, who is a Sabahan, has announced that a bill will be tabled in Parliament regarding the re-establishment of Sabah and Sarawak's status as well as

the special grants disbursed to them by the federal center. A prerequisite for an amendment of the constitution demands the support of a two-thirds majority in Parliament — can the PH government secure this? Will the passing of the bill lead to a positive outcome for Sabah and Sarawak? The devil, as it is said, is always in the details. If the bill is not passed, there will be greater cynicism from those who have advocated for change. How will this play out in Sabah remains to be seen.

*By Piya Sukhani*

*April 03, 2019*

*Piya is a Research Analyst at the S. Rajaratnam School of International Studies, Nanyang Technological University. This article appeared in The Diplomat, an On-line News Portal.*

## The Meltdown of Pakatan Harapan

The events of the past ten days might be quite bewildering to many Malaysians. Alliances have been forming and dissolving within hours and contradictory statements have been issued by various players. But it starts making more sense when we look at the interests and intentions of the main players - Mahathir, Azmin, Anwar and Muhiyuddin. Here's my take on it.



### **Mahathir**

Mahathir is at the centre of the latest developments though I do not think that he wanted it to unfold at this point in time. Since the 1960's, Mahathir has made no secret of his belief that for an ethnic group to succeed in the modern era it needed its share of scientists, bankers, professionals, business people and millionaires – a modern bourgeoisie! In Mahathir's assessment, merely preserving the old Malay elite comprising the Feudal Aristocracy, landlords

and the Royalty wouldn't be enough for the Malays to hold their own in the modern world. There needed to be a Malay Bourgeoisie! And he has spent the major portion of his life in developing this

Malay bourgeoisie by hook or by crook! And to be fair to him, he has succeeded to a certain extent. There are now many Malay professionals, academicians, scientists, businessmen and millionaires.

However Mahathir feels that there is still a need for the Malaysian State to continue playing an active role in promoting and building the Malay Bourgeoisie given the vigour of the Malaysian Chinese business community, the rise of China and the predatory Multinationals from the US, Europe and Japan. And he is apprehensive that the Pakatan Harapan leaders – Lim Guan Eng and Anwar Ibrahim - will not do what is necessary to protect and promote the nascent Malay Bourgeoisie. The former believes too much in the free market and is too cozy with Chinese capital, while the latter is too friendly with foreign interests and might agree to compromise the Malaysian State's capacity to

nurture the Malay bourgeoisie – for example by agreeing to the "Investor State Dispute" and "Government Procurement" clauses in the TPPA and other similar trade deals.

So Mahathir, I think, was ambivalent about the Pakatan Harapan remaining in power for more than one term from the very start. For him the Pakatan Harapan represented the only way for him to remove the kleptocrats within UMNO. He felt that UMNO could not reformed from within as those in power were too entrenched, so he needed to join up with DAP and PKR to cleanse UMNO of the "crooks". But from the beginning Mahathir felt that he could not depend on the Pakatan Harapan to safeguard and complete his lifetime project of creating and nurturing the Malay Bourgeoisie. He needed to pass the government to a Malay majority government which would be committed to continuing the "Malay Agenda". This is why he brought in MPs from UMNO to bolster Bersatu, and why he cozied up with UMNO and PAS.

It might also be the reason he promoted Azmin to

become a Federal Minister – so as to weaken PKR by exacerbating the friction between Anwar and Azmin, so that if Bersatu could not be bolstered enough to play a defining role in the Pakatan Harapan, the weakened PH would lose to UMNO (cleansed of the worst kleptocrats) in PRU 15.

This could also be the reason he didn't countermand Lim Guan Eng's decision in May-June 2018 to stop subsidy payments of RM 300 per month to more than 70,000 traditional fishermen, and the rubber price support system that kicked in and supported 200,000 rubber smallholders each time the price of cup lump (scrap rubber) dipped below RM 2.20 per kilogram. Cabinet meetings take place weekly. It would have been a simple thing for Mahathir to highlight to Guan Eng the political folly of cutting these subsidies given that the PH had only garnered less than 20% of the rural Malay vote and UMNO and PAS were going around canvassing the point that the government had passed to non-Malay control and that the well-being of Malays would be undermined. However Mahathir kept quiet on this issue.

I see Mahathir as a master politician with very clear aims – clean up UMNO, and then ensure the

administration of the country is in hands of those who genuinely support the agenda to protect and develop the Malay Bourgeoisie. And he has been transparent in his position with regard to creating a modern Malay Bourgeoisie ever since the 1960s.



#### **Azmin**

Mahathir's plans were thrown into disarray by Azmin's initiation of the coup on Saturday 22/2/2020. Azmin is now seen as the villain of the piece by many Malaysians as he set into motion the events that led to the unraveling of the Pakatan Harapan government. But let's take a look at the situation from Azmin's vantage point.

Azmin was Anwar's trusted lieutenant since the reformasi days (1998). He did prison time because of his association with Anwar. He stayed faithful to the cause even when the PKR did badly in 2004 and was cut down to a single seat in Parliament. Azmin was there through the bleakest periods. But when the wind changed and Pakatan Rakyat took 5 states

in 2008, Anwar put Khalid Ibrahim, a former UMNO man who had just crossed over to the PKR a few months earlier, into the post of Chief Minister of Selangor, a post that Azmin really wanted.

Why did Anwar do this? Azmin is intelligent, articulate and capable. He can run a State efficiently as his stint as MB from after the "Kajang Move" clearly demonstrates. Why wasn't he given the post of Chief Minister in 2008? I think it is because Anwar was paranoid about the growing popularity of Azmin within the PKR. Anwar feared that Azmin would emerge as a challenger to him if allowed to assume the powerful position of Chief Minister of the richest state in the Federation. So Anwar put Khalid – a new comer without the extensive networks that Azmin possessed within the party - in the CM post.

Anwar's attempt to "contain" Azmin did not end there. At every PKR election - 2010, 2014 and in 2018 – Azmin went for the Deputy President position. He never challenged Anwar or Wan Azizah for the post of President. But Anwar always kept backing challengers to Azmin – Zaid Ibrahim in 2010, Saifuddin Nasution in 2014 and Rafizi in 2018 – but tellingly, they all lost. When

the Kajang move backfired in 2014 and Anwar was not able to take the position of Chief Minister, again Anwar attempted to block Azmin ascent to the post of Chief Minister, but this time Azmin managed to outfox Anwar.

The elevation of Azmin to the powerful portfolio of Minister for Economic Affairs after PRU14 further exacerbated the tension between him and Anwar. Was this an innocent appointment or was the master tactician setting the scene for the weakening of the PKR? For Azmin, the outcome of the meeting of the PH Presidential Council on 21/2/2020 was a disaster. It meant that Anwar would probably become the Prime Minister within a year. Given Anwar's vindictiveness towards Azmin, Zuraida and team, Azmin felt he had a lot to lose when that happened. So he launched a pre-emptive strike.

However Azmin had seriously misread Mahathir's game plan. Azmin could see that Mahathir was working to increase Malay dominance in the government. But he didn't realize that for Mahathir, cleansing UMNO by removing the kleptocrats was a non-negotiable issue. It had to be done before power could be passed back to UMNO. So of course Mahathir was upset – both with Azmin and with Bersatu.

The coup had come too soon. The ascension of UMNO to ruling position might lead to the watering down of charges against the very people he came out of retirement and worked so hard to excise from UMNO! Mahathir's flip-flops in the week after the coup are quite understandable if viewed from this perspective.



#### **Anwar**

Another leading if tragic figure in the current saga! Anwar has made huge contributions to Malaysian politics. In 1998, after his expulsion from government, he combatted Mahathir not by using the race card or religion (which he could have, as he was recognized as leader of the ABIM movement), but by focusing on governance, fighting corruption, asking for justice for all and welfare for the poor. He is well read and his views on Islam are much more inclusive of non-Muslims. After 50 years of Independence he brought a new discourse to the political scene, and it had wide resonance with both Malays and non-Malays. This discourse still remains a viable foundation of a

“Malaysia Baru” that many Malaysians hope for.

Anwar has also paid a huge personal price for challenging the UMNO political establishment. He was stripped of his Deputy Prime Ministership, charged for sodomy and humiliated publicly, jailed twice after trials that did not seem quite fair. He has sacrificed quite a bit.

But he has his serious flaws. He has had a lot of difficulty in keeping his friends and allies with him. Apart from Azmin there are several other political leaders who, after working closely with Anwar for a period, parted company most acrimoniously – Khalid Ibrahim, Chandra Muzaffar, Nallakaruppan, Zuraidah, and many others. So it is not just Azmin – only he stayed on much longer than the others! It is no secret that many PKR leaders, including a score of PKR MPs, who were formerly loyal to Anwar took Azmin's side in the power tussle between the two. I do not believe that it was because monetary considerations. I think many of them had issues with Anwar's leadership style – making unilateral decisions, undermining democratic institutions within the party, using henchmen to bend or even break the rules – all driven by a certain degree of

paranoia (which has now become self-fulfilling).

Mahathir never recanted his statements in 1998-1999 that Anwar is not a fit person to be the Prime Minister of Malaysia, though he has always said that he would keep to the promise he made in 2018 to hand over power because a promise is a promise. The events of the past one week indicate that apart from DAP, PKR and Amanah, the leaders of Bersatu, Warisan and GPS are unwilling to support an Anwar Prime Ministership.



### **Muhiyiddin**

Muhiyuddin's role in this coup attempt is intriguing. Here is a man who was sacked from the post of Deputy Prime Minister and from UMNO because of his opposition to the misuse of public funds by the then PM. He teams up with Mahathir and contests the elections as part of the Pakatan Harapan and his party is rewarded quite richly in terms of Cabinet positions. Yet he breaks from Pakatan Harapan and teams up with UMNO leaders including those who played a role in sacking him.

What is driving Muhiyuddin and the Bersatu team to re-join a coalition that includes the very people they rebelled against not so long ago? Assuming that Muhiyuddin and Bersatu team are acting rationally on the basis of their perception of the situation what could be the main elements of their collective perception? I can offer two – the first is that the PH is a losing wicket as far as building Malay political support is concerned. Staying on as part of the PH would be political suicide for a party contesting in Malay majority constituencies. The second, linked to the first, is the perception that the PH is undermining the “Malay Agenda” as it is committed to “meritocracy”, trimming subsidies to poorer sectors, promoting market based solutions and downsizing the public sector. Unease with Anwar's leadership style might be yet another reason.

### **In Retrospect**

In retrospect it is clear that the PH has lost the propaganda battle for the hearts and minds of the Malay population. None of the PH parties had grassroots level networks that could rival PAS and UMNO so they were not able to effectively counter UMNO propaganda that the PH was “anti Malay”.

It would have been possible for the PH to have canvassed

more actively for Malay B40 support. For example, PH could have kept the allocations for the rural B40 constant but ensured full transparency – the amount budgeted for each type of aid for the rural population put up in the internet so that the local community can monitor the implementation of the various projects – repairing houses, building PPR houses, repairing suraus and community halls, etc. This process remains opaque up till now and the local population is unable to check whether a percentage of the allocation is siphoned out by the local elite.

Ensuring transparency and mobilizing the local communities to monitor the implementation of the projects for them would have been a huge eye-opener. Especially if after a year the party extension workers compared the number of projects completed with the previous year's and point out that the total allocation remained the same. That would have immediately drawn attention to the fact that under the previous administration there must have been a lot of leakages.

Similarly, in urban areas, PH workers could have had meetings with low-cost flat residents documented the maintenance work and repairs needed and applied

to the local government for the funds to do these necessary repairs. A huge percentage of our urban B40 live in these high rise slums. Efforts to clean up these flats and make them more inhabitable would have won a lot of support for the PH government. The amounts that would have been needed would have been quite affordable for the Federal Government.

Our elderly are struggling with depleted savings. An Universal Pension Scheme of RM 300 per month to all those above the age of 70 and without pension of any sort and assets of less than RM100,000 would have touched a whole lot of families and won the PH much support. It will only cost about RM 3 billion per year, but would bring much relief to the elderly.

If the above strategies had been followed, the PH would now be in a position to challenge the usurpers to dissolve parliament and have a re-election. The PH daren't do that now as there is a high possibility that the PH would lose the vast majority of its Malay majority seats to UMNO-PAS.

There was a lack of sensitivity in the PH that they only had obtained about 25 – 30% of the total Malay vote cast in PRU14 – a case of living in denial? That they

would have to work hard to counter the propaganda that UMNO would throw at them. There were insufficient attempts to forge a consensus within the PH as to how best to assuage Malay anxieties and win their support. There were some in the PH who acted on the assumption of the lazy Malay who had been spoilt rotten by subsidies thrown to them (“dedak”) by the BN – such that they had developed a “subsidy mentality” and an “entitlement syndrome” from which they needed to be weaned! It was a very costly oversight!

This entire episode underlines the fact that Malaysians are still stuck in their ethnic silos. The political process that has been powered by ethnic based parties has shaped the narrative of “us against them” that many Malaysians subscribe to. Can Malaysia ever get the reforms that we need if we do not reach out to the “other”? A good way of starting down the road of inclusive politics is to find out more about poverty groups among the “other” and lobby for the resolution of their problems.

The PH could have adopted the so-called “Malay Agenda” and continued with the twin objectives of eradicating poverty irrespective of race and addressing ethnic imbalances

in the modern sectors of the economy – aren't these policy objectives we all agree to? But the PH could have done it more efficiently by closing off the loopholes that allowed certain among the elite to plunder these allocations for their own benefit. These twin objectives are important for the creation of a more equitable and stable society and the PH should have taken ownership of that project, tweaking it a little to make inclusive of the non-Malay poor as well. They would then have been in a much better position to weather the current political storm.

In the final analysis, we, the ordinary citizens, are also to blame for being too complacent and for failing to address the anxieties and insecurities fanned by decades of ethnic based politicking. For not liberating ourselves from the stereotypes we hold about other ethnic groups. For not being more sensitive to the problems faced by others. For not doing more to reach out across the ethnic divide. We need to learn from this debacle and continue working towards a more inclusive and equitable Malaysia. We should never give up! And we should take heart from the fact that there are people of goodwill in all ethnic groups – people who would like to see justice

and harmony prevail in the country. Let's identify each other and work together for the long-term project of building a better Malaysia.

*Jeyakumar Devaraj*  
Chairperson, PSM  
2<sup>nd</sup> March 2020



## APPEAL FOR MONETARY DONATIONS

Help Parti Sosialis Malaysia build a more equitable nation! It should be clear by now how much Malaysia needs a strong opposition that will ensure the government keeps its promises to the people.

The current two-party system is not working because the current administration has no clue about how democracy works and its role as the opposition to check the government. Malaysia needs an alternative narrative to the 'Coke or Pepsi' choice that we have today. PSM offers a different, people-centred narrative of what Malaysia can be.

From going to the grassroots to addressing the macro systemic concerns underpinning the problems in the former, PSM has done it consistently since its formation. Today, it has acquired a reputation of being the go-to political party for those facing systemic injustice to seek redress from the powers that be.

However, PSM need funds to continue its important work, which is done largely by volunteers. The party's main source of funding—its membership fees—is not enough to support the urgent work that needs to be done. If you want to help Malaysia become a strong democracy and a more equitable society, please donate to PSM.

### Your donation will go towards:

- Meetings with stakeholders, from the grassroots to government, on pressing issues such as universal health care, economic inequality, transport, labour, energy, affordable housing, education for all, environment and international trade.
- Seminars and roadshows to raise awareness about the issues.
- Communication materials such as pamphlets and banners.
- Operation costs of the party, which has 21 branches across the country.

If you share the same vision, please deposit your contributions to:

### Parti Sosialis Malaysia

**Maybank: 512080337313 Branch: Subang Perdana, Subang, Selangor, Malaysia**

**Please contact : 016-229 0460 for any information.**

## This is the Right Time to Build a Third Force

Ten years ago, I raised the urgent need for a Third Force in Malaysian politics when it was clear that the PH “profits before people” and race/religion agenda was no different from that of BN’s. The last two years have finally shown the pressing need for such a Third Force if we are not to be disappointed with the return to BN rule in GE15 again...

### **Revolving door of UMNO/Parti Pribumi/PKR**

On May 9th 2018, the Malaysian people chose to cast their votes for the Pakatan Harapan (PH) Coalition because their GE14 Manifesto had promised to implement wide ranging reforms that made them appear radically different from the governance experienced under the BN. As events have unfolded, PH seems to have become more and more like BN 2.0 especially with the latest assimilation of UMNO MPs into Parti Pribumi. Even Anwar Ibrahim is considering accepting the former BN minister Salleh Keruak into his party. The most distressing of all was the so-called “Malay Dignity Congress” with its racist



resolutions which the Prime Minister patronised.

Was this the change we voted for in GE14? PH is now willing to work with the man who, during his 22 years in office, was responsible for privatizing practically all of Malaysian industry and destroying whatever semblance of democracy we had. More seriously, PH has driven PAS into a closer alliance with UMNO.

### **No commitment to GE14 manifesto**

‘Manifesto’ is derived from the Latin *manifestum*, meaning “clear or conspicuous”. The PH GE14 manifesto was supposed to be a clear and conspicuous declaration of their commitment to a reform agenda they had promised voters in GE14. What is disappointing is the apparent lack of commitment and

urgency regarding the implementation of some of their manifesto promises. Their justification for renegeing on these promises is that they “did not expect to win the general election in 2018”!

Thus, we have witnessed flip flops over their promise to abolish toxic institutions and laws, such as SOSMA and other detention-without-trial laws in the country. Nor do their promises focus on the most urgent and comprehensive reforms that civil society has long argued are of high priority. On top of all that, we have witnessed a disturbing trend of autocratic decision making and policies symptomatic of the old Mahathir 1.0 era.

While the PH manifesto prohibits the PM from also taking on the Finance portfolio, Dr Mahathir has in the first 100 days taken over the choicest companies, namely Khazanah, PNB & Petronas under his PMO. It is the return to the old Mahathirist autocracy. Was the Cabinet consulted on the decision to start Proton 2, privatise Khazanah, Malaysia Incorporated and the revival of the failed F1 circuit? The appointment of Prime Minister Dr Mahathir

Mohamad and Economic Affairs Minister Azmin Ali to the board of Khazanah Nasional Berhad also goes against the PH manifesto promise of keeping politicians out of publicly-funded investments since it leads to poor accountability. Only by insisting that boards be comprised of professionals and on rigorous parliamentary checks and balances for bodies such as Khazanah can we ensure a high level of transparency and accountability.

#### **PH has morphed into BN 2.0**

So far, the new PH government has not spelled out their fundamental difference in economic policy from the old BN regime. After the fiasco of Proton 1.0 with its huge cost to Malaysian taxpayers, our public transport system and Malaysian consumers, it is unbelievable that such a failed enterprise could be supported by a PH leadership full of former critics of the first Proton project. Another national car project will surely fail with further losses to the national coffers and we will have to underwrite the losses.

The new PH government had pledged to wipe out kleptocracy and this promise was key to the victory at GE14. They have disappointed the people of Malaysia and especially Sarawakians who have seen

the wealth of their state sucked dry by the rapacious greed of the kleptocrats there. The PH government has not yet acted to make the former Chief Minister Taib Mahmud declare all his assets and those of his spouse and family's. By letting off his long-time ally in Sarawak, Taib Mahmud, arguably the richest man in Malaysia, the Prime Minister makes his campaign against the former PM Najib look like a personal vendetta.

Using the excuse of the government debt to delay local government elections which have been suspended in our country since 1965 is not acceptable. It is a simple matter of abolishing a provision under the Local Government Act 1976 and reviving the Local Government Election Act in order to introduce local government elections. If our income per capita in 1957 was only US\$800 and we could afford local council elections, don't tell us we can't afford local elections when our income per capita is now US\$10,000.

It is equally absurd to tell Malaysian Independent Chinese Secondary School graduates that their UEC certificate can only be recognised in five years' time. This is a serious breach of promise in the PH GE14 manifesto since more than 80 per cent of Chinese voters voted for PH because of this promised reform.

#### **Time to build a Third Progressive Force for the 99%**

Having gone through the "Two Front System", we have ended up with the same autocrat who is trying to implement the same policies he introduced in 1981. Furthermore, PH has succeeded in forcing PAS to ally more closely to UMNO especially after GE14. It is time for all who have hoped for real reforms in Malaysia to build a 'Third Progressive Force' for a truly just, democratic and sustainable future that BN and PH have failed to provide. These include:

#### **End to Racism & Racial Discrimination in Malaysia -**

Perhaps the strongest reason for going beyond the Two Front System is the fact that both BN and PH are dominated by race-based political parties to gain votes and popularity. The new component of PH is the race-pure "Parti Pribumi" party which considers itself the "real" champion of the "Bumiputera Agenda" in contrast to UMNO. Consequently, none of the political parties in either of the two coalitions have raised the question of when the racially discriminatory New Economic Policy, that was scheduled to end in 1990, will end.

The Progressive Alliance calls for needs-based and not

race-based policies. An Equality Act will make racially discriminatory policies a thing of the past and equality will become an intrinsic part of the Human Rights Commission. The Progressive Alternative that we are trying to build takes human rights seriously and respects all Malaysian citizens irrespective of ethnicity, religious beliefs, gender or sexuality so that we can march forward as a nation.

**Wealth redistribution for the 99%** - Both BN & PH are competing to see which coalition can outdo the other in neo-liberal policies that offer investors attractive opportunities that they can't refuse, implementing 'development' projects that involve carving out forests, reclaiming land and colonising other assets in our public commons. We do not see these coalitions putting forward sound policies to redistribute wealth in this country. Do they propose progressive fiscal policies to tax the top 1% who own more wealth than the bottom 40% and the middle 40% in our country such as higher marginal tax rates on income, capital gains, inheritance and luxuries? The wealth of the richest 50 Malaysians (top 0.00017%) amounts to nearly RM300 billion which is a quarter of the country's total GDP of RM1 trillion!

**Affordable public housing, health, transport & education** - A just,

democratic and progressive alternative calls for a living wage and rights for all workers; a reasonable pension at retirement, for all; affordable and liveable public housing; affordable and efficient public health and transport; free tertiary education (means tested for the well-off), etc. We want to reclaim our public assets from privatization, halt any further privatization of public assets, nationalise public utilities such as water and energy and democratize the GLCs; apportion more revenue from oil and gas resources to the oil and gas-producing states and ensure Petronas' oil and gas production and investment records are transparent and accountable to parliament and the public.

PH's attempts at resolving housing and health issues have invariably involved private crony companies which were privy to the plans just like BN when our housing and health issues need to be solved through public sector involvement.

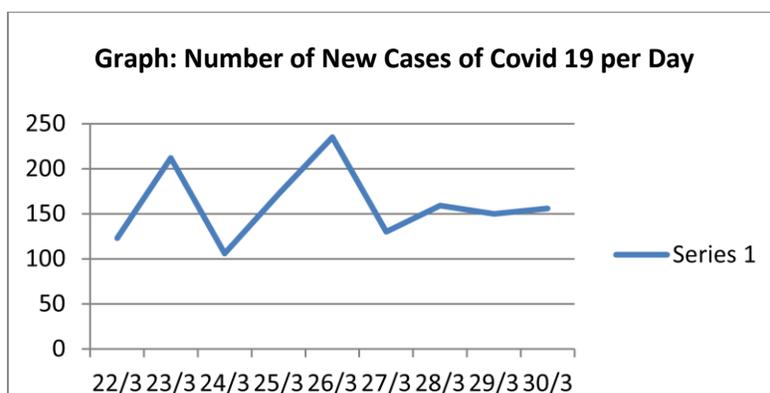
Thus, with the new PH government becoming a BN 2.0 version, it is time for all Malaysians, especially young dynamic Malaysians to step forward to build a Third Progressive Force so that we can take our country into a brighter future based on

equality, justice, environmental sustainability, democracy and human rights.

*Kua Kia Soong, SUARAM  
Adviser 29 October 2019*

## Is the Covid 19, Movement Control Order Turning the Tide?

This is an opportune time to assess the impact of the Movement Control Order (MCO) on the Covid 19 epidemic as we are now at the end of the first MCO period announced on 16/3/2020 by the Prime Minister. The Graph below which charts the number of new cases of Covid 19 over the past 9 days suggests that the number of new Covid cases per day has plateaued. This is quite different from the trajectory of the epidemic in Spain and in the USA where the numbers of new cases are still increasing. The graph suggests that for the period between 16/3 and 23/3/20, each new case was, on the average, passing the infection to one other person before being diagnosed and isolated – a transmission ratio of 1.0. This is better than the 2.6 figure transmission ratio quoted by epidemiologists. (Epidemiologists have worked out that in the absence of control measures, each Covid 19 patient will, on the average, infect 2.6 other persons before being diagnosed and isolated. This results in the doubling of the number of new cases every 4 days and the generation of an exponential rate of increase in Covid 19 cases.)



But it is not sufficient to bring the transmission rate down to 1.0. We need to bring it down further if we want to reduce the number of new cases. If the average transmission rate could be pushed down to say, 0.8, this would result in the reduction of new cases by 20% every six days (the average incubation period for Covid 19) and the impact will be cumulative – 0.8 at day six, 0.64 at day 12, 0.54 at day 18, 0.44 at day 24 and 0.35 at day 30 (of the number of new cases on day zero). If we attain the 0.8 transmission ratio we will reduce our new cases to about 53 per day in a month's time ( $150 \times 0.35$ ).

But the MCO strategy alone may not be enough to accomplish this. The MCO keeps people confined in their homes and guards against the transmission of the infection to 10, 20 or

more people attending the same mass function. The MCO has played a major role in bringing out transmission rate down to 1.0. We now need to figure out how to push the transmission rate even lower. It appears that the National Security Council (NSC) hasn't thought this through properly yet. For their recent statements are focused on tightening the restrictions and using more punitive measures to enforce this. This is making life more difficult for ordinary citizens. You do not need to do this.

The NSC has to change tack and identify more smart and effective measures to bring the transmission rate down. A good place to start is to ask how people still manage to get infected despite there being a MCO. There are, I think 2 main ways people are now getting infected. One is from contaminated surfaces in shops, groceries, banks

and markets that they visit to obtain essentials. The other is from an infected family member who resides in the same house. We need to address both of these to be able to drive down the transmission ratio to below 1.0. The following additional measures should be seriously considered by the NSC -

### **1. Masks for everyone who ventures out of the house**

Some of the people now catching the Covid bug are getting their hands contaminated with the virus when they go out to the bank, the groceries or the wet market. The problem is that, when a person gets infected with Covid, he or she might not realize that he/she is infected for the first few days. He/She might feel quite normal but may have already started shedding the virus especially in the later part of the incubation period. When such a person goes out for groceries or the market he/she can contaminate surfaces without realizing it and this might lead to the infection of other people using the same facilities.

The incidence of this can be reduced quite markedly by requiring everyone to wear a mask when they enter a bank, a grocery or a supermarket. The purpose of the mask in this instance is not to protect the wearer, but to trap the infected droplets he/she might be

emitting – it is to protect others. As the purpose is to prevent droplet contamination of surfaces, a simple homemade reusable cloth mask will suffice. That would be much cheaper and will not exacerbate the shortage of the proper N95 masks that the health personnel require. These cloth masks can be cleaned by soaking in warm soapy water for 30 minutes before washing and reusing it. We believe it will be a game changer.

### **2. Better quarantine of contacts**

At present all the household contacts of a confirmed Covid case are required to self-quarantine – that means they are supposed to stay in for 14 days, strictly. But is this being done adequately? Proper self-quarantine requires that each person of that household has his/her own room with an attached bathroom. Most homes in Malaysia do not have such facilities. So there is a high risk that the contacts will infect each other. The index case for the family might have just passed the infection to one person in the household. But because of the cramped living area, eventually most household members might turn positive.

Is the MOH and the NSC looking into this? Quite a number of hostels were identified for the purpose of

quarantining contacts. Are they being used? Perhaps we need to leave the mother and the children below the age of 18 in their own home and provide them provisions regularly. But the other members of the household should be required to move to the quarantine hostels for the 14 day long quarantine period and their meals and other basic needs be provided by the government. The MOH and the NSC should continuously assess the adequacy of the quarantine effort. How many identified contacts are there for each diagnosed case? How many of them are under a proper quarantine? What is the rate of infection among contacts? Are some States or Districts performing more poorly on these scores? The available data has to be broken up to district level and utilized to spot the “outliers” so that remedial action can be taken. If necessary more staff should be deployed for this important effort of quarantining the contacts effectively so that we cut further transmission of the virus.

### **3. Earlier testing of symptomatic cases.**

The PCR-RNA test that detects Covid RNA should be done on all those who have any 2 out of the following 5 symptoms – fever, cough, sore throat, body aches and loss of smell. Unfortunately,

even now, government hospitals outpatient departments withhold this test from patients who despite having these symptoms have no history of travel to certain countries or contact with a known Covid cluster because there is a shortage of the reagents in the government sector. This leads to delays in the diagnosis and isolation of positive cases. But at the same time, doing the swab test seems to have become a bit of a fad for the well-heeled who do not have any symptoms - and it is being promoted by some private hospitals, some of which have organized drive-ins (and charge around RM 550 per person). This is a waste of a scarce resource, and should be discouraged. People should be told that testing negative for Covid today in no way protects one from getting Covid tomorrow or the day after. Early testing has an important role to play, but it must be driven by clinical criteria, and not by the ability to pay or by commercial considerations. The government must put more money into doing the PCR-RNA tests for all patients with suspicious symptoms. Earlier diagnosis will enable earlier isolation and lessen the chances of virus transmission.

#### **4. Winning the trust of the migrant worker population.**

As argued in the above sections, the key to controlling the Covid epidemic is a combination of early diagnosis, efficient contact tracing and effective quarantining. Given the fact that two thirds of the approximately six million migrant workers in our country do not have documents and they live in fear of the authorities, can the above control measures be implemented for them. If we fail to get their support and cooperation the migrant workers community might well turn out to be the “Achilles Heel” of Malaysia’s Covid Control Programme.

This is a serious issue, but it appears that the NSC is reluctant to address it holistically. There is a MOH circular dated 29<sup>th</sup> January 2020 says that all migrant workers will be treated for free if they are diagnosed as Covid cases. But the same circular says that if they are not Covid cases they would need to pay the charges as specified in the *Garis Panduan Perlaksanaan Caj Baru (2014)*. These charges are several times higher than fees paid by Malaysian citizens. Delay in seeking treatment because of the fear of the high charges will lead to rapid transmission of Covid 19 once it spreads to the migrant worker population (as it is likely to do sometime in the future).

The People’s Health Forum submitted a Memorandum to the National Security Council on 19<sup>th</sup> March 2020 which proposed 2 main measures to handle the issue of Covid control among the migrant worker population –

- a/ A suspension of the 2014 Fee Schedule for Migrants, and
- b/ A moratorium on arrest and imprisonment for immigration offences for the next one year.

These two initiatives together with approaching the migrant worker population through their informal associations and NGOs might help our health department gain their trust and cooperation with regards to self-referral, testing, contact tracing and quarantining. Incidentally quarantining will require their placement is quarantine hostels as they generally live in extremely cramped conditions. If we fail to develop this trust, there is a danger of explosive spread through this stratum of our society necessitating yet another (economically debilitating) MCO in the future. It would be in our “enlightened self-interest” to implement the two measures suggested by the People’s Health Forum. We hope the NSC will take this issue seriously. It would be extremely silly to be “penny wise but pound foolish”. So to answer the question posed in the title of this

article – yes, we have markedly slowed the transmission of Covid 19 in Malaysia. And the MOH, the NSC as well as the general public should be given the credit for this. But we need to do more – the rate of transmission must be brought down to 0.8 or less so that the number of new cases start going down. And it is important that this be done as soon as possible for the MCO is painful to many. We need to restart our economy so that goods and services can be produced for our people, and families have the opportunity to work and earn the money necessary to meet their needs.

**Families going hungry.**

The PSM has one final request for the National Security Council – you need to urgently address the fact that some families have run out of food. The daily rated workers, the rubber smallholders, the micro-business owners in the Pasar Malams and casual workers are facing problems as they cannot work, and they didn't have much savings to start with. PSM branches throughout the country are being approached by families asking where they can get help. It is good that the Economic Stimulus Package announced by the Prime Minister on the 27<sup>th</sup> of March 2020 includes a cash transfer of RM 1600 to 4 million poor

families, but that's only to be rolled out in late April. That is far too late for the families which are facing a cash crunch now. Can the NSC look into this urgently as quite a large number of families are affected? Surely the particulars of the BRIM and BSH recipients are already in the government database. Why can't the cash transfer be initiated in the first week of April itself? It would make a great difference to these families! We are half way through the MCO period, and we are making some progress. Let's stay the course, cooperate with the authorities, stay indoors as much as possible but also reach out to families in need of food and other basic supplies. There are many challenges ahead - reviving the economy in the midst of a global recession is going to be another huge problem after we emerge from the MCO. But nothing is insurmountable if we address it on the basis of solidarity and science! Hang in there!

*Jeyakumar Devaraj*  
*PSM Chairperson*  
*31/3/2020*

# Capitalism Has Failed the Coronavirus Test

As economies reel from the meltdown triggered by the novel coronavirus pandemic, governments scramble to build the system back up. But it's the system that brought about the fall, and if we keep reviving it, will do so again.

The desperate policies of panic-driven governments involve throwing huge amounts of money at collapsed economies in response to the coronavirus threat. Monetary authorities create money and lend it at extremely low interest rates to the major corporations and especially big banks: *"to get them through the crisis."* Government treasuries borrow vast sums to spend the collapsed economy back into what they imagine is *"the normal, pre-virus economy."* Capitalism's leaders are rushing into policy failures because of their ideological blinders.

The problem of policies aimed at returning the economy to what it was before the virus hit is this: global capitalism by 2019 was itself a major cause of the collapse in 2020.

Capitalism's scars from the crashes of 2000 and 2008/09 have not healed. Years of low

interest rates had enabled corporations and governments to *"solve"* all their problems by borrowing limitlessly at almost zero interest rate cost. All the new money pumped into economies by central banks had indeed caused the feared inflation but chiefly in stock markets whose prices thus spiraled dangerously far away from underlying economic values and realities. Inequalities of income and wealth reached historic highs.

In short, capitalism had built up vulnerabilities to another crash that any number of possible triggers could unleash. The trigger this time was not the dot.com meltdown of 2000 nor the sub-prime meltdown of 2008/09; it was the virus. And of course, mainstream ideology requires focusing on the trigger, not the vulnerability. Thus mainstream policies aim to re-establish pre-virus capitalism. Even if they 'succeed', that will return us to a capitalist system whose accumulated vulnerabilities will soon collapse again from yet another trigger.

In light of the coronavirus pandemic, I focus criticism at capitalism and the

vulnerabilities it has accumulated for several reasons. Viruses are part of nature. They have attacked human beings – sometimes dangerously – in both distant and recent history. In 1918, the so-called 'Spanish flu' killed nearly 700,000 in the US and millions elsewhere. Recent viruses include SARS, MERS, Ebola, etc. What matters to public health is each society's preparedness: stockpiled tests, masks, ventilators, hospital beds, trained personnel, etc. to manage dangerous viruses. In the US, such objects are produced by private capitalist enterprises whose goal is profit. It was not profitable to produce and stockpile such products, which was not and still is not being done.

Nor did the US government produce or stockpile those medical products. Top US government personnel privilege private capitalism; it is their primary object to protect and strengthen it. Result: neither private capitalism nor the US government performed a most basic duty of any economic system: to protect and maintain public health and safety. US capitalism's

response to the coronavirus continues to be what it has been since December 2019: too little, too late. It failed. It is the problem.

The second reason I focus on capitalism is because the responses to today's economic collapse by Trump, GOP, and most Democrats carefully avoid any criticism of capitalism. They all debate the virus, China, foreigners, other politicians... just never the system they all serve. When Trump and others press people to return to churches and jobs despite thereby risking their lives and those of others, they place reviving a collapsed capitalism ahead of public health.

The third reason capitalism gets the blame here is because alternative systems – not driven by a profit-first logic – could manage viruses better. While not profitable to produce and stockpile everything needed for a viral pandemic, it is efficient. The wealth already lost in this pandemic far exceeds the cost to have produced and stockpiled the now missing tests, ventilators, etc. that contribute so much to today's disaster. Capitalism often pursues profit at the expense of more urgent social needs and values. In this, capitalism is grossly inefficient. This pandemic is now bringing that truth home to people.

A worker-coop based economy – where workers democratically run enterprises, deciding what, how, and where to produce and what to do with any profits – could and likely would put social needs and goals (like proper preparation for pandemics) ahead of profits.

Workers are the majority in all capitalist societies; their interests are those of the majority. Employers are always a small minority; theirs are the 'special interests' of that minority. Capitalism gives that minority the position, profits, and power to determine how the society as a whole lives or dies.

That's why all employees now wonder and worry how long our jobs, incomes, homes, bank accounts, etc. will last if we still have them. A minority (employers) decides all those questions and excludes the majority (employees) from making those decisions even though that majority must live with their results.

Of course, the top priority now is to put public health and safety first. To that end, employees across the country are now thinking about refusing to obey orders to work in unsafe job conditions. US capitalism has thus placed a general strike on today's social agenda.

A close second priority is to learn from capitalism's failure in the face of coronavirus. We must not suffer such a dangerous and unnecessary social breakdown again. Thus, system change is now also moving onto today's social agenda.

*Richard D. Wolff,  
Professor of Economics  
University of Massachusetts,  
Amherst.*

## Covid 19: We Need a “New Deal” for the Rakyat!

The PSM is appreciative of the fact that the Supplementary Stimulus Package (Langkah Tambahan Pakej Prihatin) has addressed some of the criticisms leveled against the initial Stimulus Package announced by the Prime Minister on 27<sup>th</sup> March 2020. Many voices emanating from the business sector criticized the 27/3 package for not giving enough support to SMEs (Small and medium sized enterprises). The SMEs are businesses with less than 150 employees and/or gross sales of less than RM 25 million per year. The SMEs form the backbone of the Malaysian economy, collectively employing about two thirds of Malaysian workers.

### **Assistance for SMEs**

The RM 10 billion Supplementary Stimulus Package announced by the Prime Minister on 6/4/20 has allocated RM 7.9 billion to enhance the wage subsidy programme that was announced on 27/3/20. The subsidy per worker had been increased to RM 1200 per month for a period of three months for companies with less than 75 workers (for workers with a monthly wage of less than RM 4000).

The wage subsidy is smaller (RM 600 to RM 800 per month) for companies with more than 75 workers. The Supplementary Stimulus has also allocated RM 2.1 billion to be paid out as grants of RM 3000 each to 700,000 micro businesses.

Apart from these fiscal outlays, the Supplementary Scheme also reduces the interest rates for Bank Simpanan loans for micro businesses, rent reductions for SMEs utilising government buildings and a 25% reduction in levy charges for foreign workers.

We are also appreciative of the fact that there was no “politicking” in the presentation of this Supplementary Stimulus. Malaysians are used to seeing the incumbent Minister (both the BN and the PH) passing snide comments attacking the opposition in the course of budget presentations. There was no hint of this in Tan Sri Muhiyiddin’s delivery on 6/4, and that was refreshingly professional.

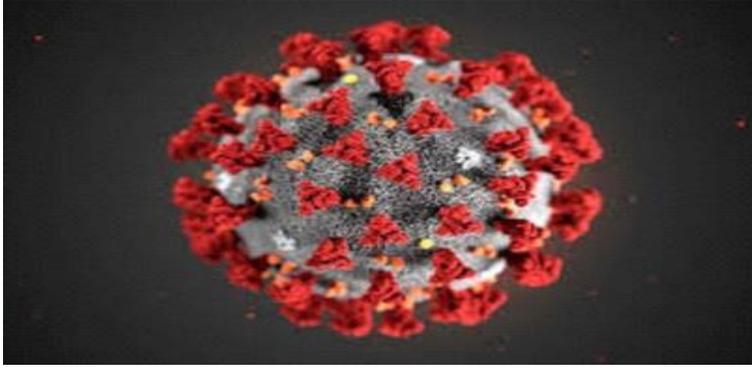
### **Will bosses bully workers?**

However there are a couple of issues that the PSM is concerned about. The first is

granting employers the flexibility to renegotiate the employment contract with regards to pay cuts and unpaid leave during the Movement Control Order (MCO) period. The PSM is concerned that unscrupulous bosses might use this “flexibility” to bully their workers to forego wages for the period of the MCO. The government needs to specify clearly that any alteration in the terms of employment has to be with the agreement of the worker concerned. Otherwise it should be categorized as “Constructive Dismissal” and the worker paid compensation as specified under the Employment Act.

### **Things will not return to “normal”**

The second is a larger issue – this stimulus package is not nearly enough! The thinking now appears to be that the government just needs to keep the existing businesses solvent so that when the Covid epidemic “blows over” they will be able to resume their economic activities. But it is not going to be as simple as that. Certain sectors are not going to bounce back soon – aviation for example. It is almost certain that most countries will slap a 2 week



The disruption to the Global Economy is going to last at least to the end of the year.

quarantine for overseas visitors for the rest of the year. Airlines will have to downsize and lay off workers as it might take more than a year for international travel to return to 50% of the pre Covid volume. The collapse of the tourism sector means that the businesses that catered to foreign tourists – hotels, tourist shopping spots, tour companies and certain restaurants - will have to downsize and lay off workers. They cannot keep thousands of workers on their payroll for months on end if business remains suppressed.

Malaysian factories that are part of the global chains will also be affected. The recession that is engulfing the world economy will reduce the demand for the products or the components that some of these factories are now supplying for the international market. These factories will have to lay off workers. Retrenchment and long term unemployment

will emerge as big problems in Malaysia over the next few months as it is unlikely that the private sector can establish new industries that will absorb the retrenched workers.

#### **Government intervention crucial**

It is crucial that government planners appreciate that the global free market economy will not be able to recover from this crisis on its own. There has to be significant government intervention to employ people, pay wages and thus create consumer demand – somewhat akin to the “New Deal” rolled out by President Roosevelt in the US in the 1930’s - such that it again becomes profitable for businesses to produce goods and services for the people.

This (Keynesian) approach requires a huge paradigm shift on the part of the economic planners and politicians whose thinking has been conditioned by the neo-liberal tradition that

asserts that governments must remain small, that markets are self-correcting and the proper way of dealing with downturns is to inject liquidity into the system by buying back bonds from the private sector (Quantitative Easing - QE).

We have seen over the past 12 years how the QE approach creates financial bubbles, sky-rocketing real property prices and increasing inequality in society but without creating enough jobs especially for the younger generation. Easy credit for the richest 0.1% hasn’t solved the problem of unemployment and sluggish consumer demand. Neither has it led to a more equitable society.

#### **What should be the function of the economy?**

We need to go back to basics and ask ourselves – how should one evaluate the economy of any nation? By how big the GDP (Gross Domestic Product) is? Or how fast GDP is growing? Or how well the stock market is doing? Or how much FDI is coming into the country? Or the marks given to us by Credit Rating Agencies?

We in the PSM believe that the following three criteria are the most important in assessing the performance of the economy of a country -  
- does the economy produce the goods and services that

the people of the country need? Food, housing, transport, health care, education, cultural products, etc

- does it provide the people of the country the means to earn the income necessary to acquire these essential goods and services?

- does it do the above two in a sustainable way, without aggravating the climate crisis?

### **A “New Deal” for Malaysia**

The PSM believes that the solution for the current crisis is to create jobs for all who wish to work. When people can work and get their pay, they will have the income they need to procure the essentials for their families. The consumer demand arising from the aggregate pay of all these workers will create business opportunities for our SMEs and they will start employing more workers so as to produce and sell goods to the people. It will be a virtuous upward spiral.

But which party will take the responsibility of creating jobs in a time of shrinking consumer demand? The private sector will not risk their capital in producing more goods when the market is sluggish. The richest 1% will just sit back and use their huge financial reserves to buy up stocks as the stock market collapses. Of course the wealth of the

richest 1% will go down in nominal terms as the values of their shares go down. But the volume of shares they own will increase dramatically and they will emerge as the owners of an even larger share of the wealth of society at the end of the recession! It’s not of immediate concern to them if the unemployment rate is 5% or 20%, or if there is widespread hunger in the society.

It is therefore only the government that can take the decisive steps required to halt the downward spiral. We need government intervention in the economy in the form of job creation – preferably on projects for the public good such as expanding the cultivation of grains, vegetable and fruit, housing for lower income people, building a proper system for household waste management, rebuilding the public transport system, rehabilitating our ravaged forests, expanding the use of solar panels and other modalities of renewable energy, better care of our elderly, etc. The household income generated by these additional jobs will expand domestic consumer demand and this will make it profitable for businesses to provide the goods and services that people need.

But as we said, this will need a big paradigm shift on the

part of our policy makers, planners as well as the general public. There are downsides to having a big government bureaucracy – it can be inimical to democracy and the freedom to think differently. But there are ways of dealing with this by creating checks and balances as well as by devolving power to local structures. We need to get more people involved in the discussion as the problem of a severe economic downturn is already looming over us and we need to rapidly develop more clarity on the measures required to lessen its effects on the economically weaker members of our society so that we can all weather this storm together!

*Jeyakumar Devaraj  
Chairperson PSM  
7/4/2020*

# Why Not Just Print the Extra Money?

## Policy Paper I, Biro Kajian Dasar PSM. December 2019

**Modern Monetary Theory (MMT)** is a concept that is being hotly discussed by some of the progressives in US. But it isn't particularly new and has been talked about for several decades. The concept is that a sovereign government cannot be compared to a household when it comes to formulating budgets. This is because a sovereign state is itself the guarantor of the value of its currency and does in any case, print its own money. So the suggestion is – print the extra money you need to cover the cost of your social programmes – free education, old age pension, doubling the health budget, housing for the poor, etc. The government does not need to borrow and then be bogged down by debt payments.

### **The Overall Picture for Malaysia**

Malaysia's GDP 2019 = RM 1.45 trillion (RM 1,450 billion)  
Estimated Federal Government Revenue 2020 = RM 244 billion (16.8% of GDP)  
Total Federal Budget 2020 = RM 296 billion;  
Deficit = RM 52 billion

i.e. we will need to borrow RM 52 billion this year to cover deficit

But remember, total Federal Government Debt is now about RM 750 billion without taking "contingent liabilities" into account. Debt Servicing in 2019 was about RM 35 billion (Overall interest rate of about 4.7%) Debt servicing is taken from the operating budget. (Note Federal Health Budget 2019 = RM 28.6 billion – to give some perspective to the sum). This is a big drain on our finances.

Our Federal Government debt is mainly in the form of bonds and government securities. Bonds/Securities are papers that the issuer will pay the investor a specified interest every year for an agreed number of years at the end of which the full amount invested is returned to the investor. Bonds are for varying periods from 3 years to 20 years. Taking the average bond period to be 10 years, we will need to pay back around RM 75 billion to investors whose bonds will be maturing in 2020. This amount (RM75 billion) is not included in our total 2020 budget of RM 296 billion.

So, the total amount the Federal Government need to borrow in 2020 (through issuing new bonds and securities) will be RM 52 billion (deficit for 2020) plus RM 75 billion (to roll-over existing debt). This come to a grand total of RM 127 billion.

### **Thinking Things Through**

1. Our Government can sell "bonds/securities" bearing zero rates of interest to the Malaysian Central Bank. i.e. we borrow from Bank Negara and not from external sources. That would finance Budget Deficits without incurring the cost of debt servicing and would allow us to run up a higher budget deficit.

We could for example increase our current budget deficit from RM 52 billion to RM 104 billion thus doubling it and use the extra money to

- increase health budget for 2020 by RM 8 billion,
- implement old age pension for above 70 year old (about RM 3 billion to cover the approximately 1 million individuals above this age),
- Allocate an extra RM 8 billion to subsidize Tertiary education
- Another RM 8 billion for subsidized housing, etc.

(There is still another RM25 billion to be allocated to other socially useful programs.)

This would mean a total of RM 104 billion of bonds sold to our Central Bank. What impact would this have on our economy?

**2. The impact of government spending on employment and investment** depends on how the money is spent as well as how the money is sourced. Let's compare expenditure on a capital intensive project like the MRT with expenditure on an Universal Pension Scheme. The former will go more to

there will not be any domestic supply side inflation. It is only if demand outstrips capacity to supply that there will be domestic supply induced inflation. ie prices will go up because there are shortages. eg If ordinary people buy fish more frequently because now they have more money, the prices of fish can go up

b/ Imported inflation is a real danger of MMT fueled deficit spending - Increasing consumer purchases within Malaysia will tend to make our balance of payment situation deteriorate. More cash in hand means more

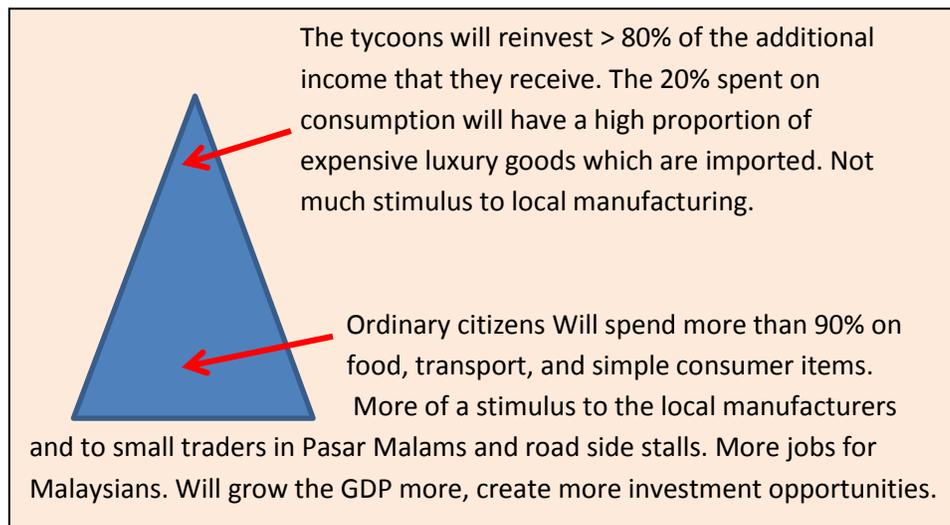
likely to increase exports that much.

(Nb: Exports of Goods and Services 2019 = RM 996.5 billion

Import of goods and services = RM 886.6 billion) ie we now have a healthy trade surplus.

If our exports stay constant but our imports increase, that will put a downward pressure on the Malaysian ringgit. If the ringgit deteriorates in value vis-à-vis other currencies, the cost of our imports will go up, and this will cause a rise in price of some consumer goods, including food – as about 30 – 40% of our food is imported. That will affect the B40 the worst!

A rise in import prices would have the beneficial impact of promoting import substitution as Malaysian made goods will become cheaper compared to similar imports and therefore more marketable.)



the rich corporations and tycoons as well as to foreign labour. The latter will go to ordinary cash-strapped elderly Malaysians.

**3. Impact on prices:**

a/ If the demand generated by deficit spending can be met by mobilizing idle capacity in the economy,

purchases. A percentage of consumer purchases (perhaps about 40%) comprises imported products. So our volume of imports will go up. This increase in total imports will reduce our balance of payment surplus. MMT sourced expenditure is not

**4. Further downward pressure on the ringgit**

Most government bonds (about 95% or more) are denominated in ringgit. However a large portion of them are bought by foreign investors. This has the effect of bringing foreign currency into the country thus improving our currency

exchange, and shoring up the relative value of the ringgit. If we stop or reduce our bond issues, then that amount foreign exchange inflow will be reduced further worsening the balance of payment situation (created by an increase in imports). Another aspect to consider is what the domestic buyers of Malaysian Government Securities will do if we float less securities. They might buy government bonds of other countries. This will release Malaysian ringgit into the international market worsening our currency exchange position and pushing the value of our ringgit downwards. (ie Issuance of ringgit denominated government bonds has the effect of soaking up excess ringgit in the international financial market, thus maintaining the exchange rate.)

5. Consequences of a deterioration in the exchange rate of the ringgit include the following negative effects -

- increase in cost of living for Malaysians (Because to prices of imported goods will go up)
- higher costs for families who have children studying overseas
- higher costs of servicing foreign loans taken by some businesses
- increase in the cost of borrowing for the Federal Government. For investors

will factor in the possibility of a deterioration in the ringgit value over time and therefore will expect a higher coupon rate (annual interest – it's about 4.6% now) to make up for that loss in value of their investment in our bonds.

But there are also some positive effects –

- the rise in prices of imported goods will make Malaysian manufactured products more competitive and lead to some import substitution;
- the lower ringgit means that our exports too will be priced a little lower and thus can compete better with similar exports from other countries.
- Both these tendencies will increase local production and lead to job creation.

#### **Some Tentative Conclusions.**

Given all the above considerations, we can make the following conclusions –

- a. It will be imprudent to do too much of MMT-based interventions at one go. eg print RM 750 billion and settle all our outstanding Federal Debt. That will flood the money market with ringgits and put severe pressure on the ringgit leading to sudden devaluation of the ringgit.
- b. So we will need to keep floating bonds to roll-over a

major portion of existing federal government debt.

c. We would recommend that MMT be used judiciously – maybe to meet the deficit and to increase social spending moderately, such that the total volume of bonds sold to the Central Bank each year does not exceed 7% of GDP or about RM 100 billion currently. We should then monitor the macro-economic impact (on consumption, imports, balance of payment, exchange rate of the ringgit) and then tweak our MMT regime accordingly.

**In Summary:** MMT can provide the government some extra funds to strengthen programmes to help the poorer sectors. But it has to be used judiciously as there are downsides to it.

# We Must Be Humane in Handling Rohingya Refugees

Press Statement 25/4/2020

The steps that were taken by our government to lessen the burden of the rakyat who are suffering a loss of income as a result of the movement control order – the credit transfers of RM1,600 to four million families and the moratorium on personal and small business loans till the end of the year – made me proud to be a Malaysian. This is what a civilised society will do – extend help to those in need.

However, that positive feeling was deflated a few days later by the news that a boatload of 200 desperate Rohingya had been turned away from our territorial waters off Langkawi island on April 19.

On that same day, the Bangladesh Coast Guard rescued another refugee boat that had left Bangladesh two months ago but was not able to make it to Malaysia.

When the 396 famished and emaciated refugees were brought ashore in Bangladesh, they recounted their two-month

Furthermore, Parti Sosialis Malaysia (PSM) is disturbed that some netizens have taken onto social media to launch a series of xenophobic racist attacks on the Rohingya refugee community.

In times of stress caused by the Covid pandemic, some short-sighted Malaysians are turning their guns towards the Rohingya and foreigners, accusing them of spreading the virus through their unhygienic lifestyles.

recognise refugees and grant them legal working status. If they were accepted and allowed to work legally, they too, could find proper accommodation and provide for themselves with dignity.

Unfortunately, they have to live in cramped conditions, hiding in fear of arrest.

We condemn such attacks as the pandemic infects all beyond race, religion and nationality.



But it was also heartwarming to see many Malaysians coming out in full force to raise funds and distribute food and groceries to the Rohingya and other refugee communities who are affected by the lockdown.

The 2.5 million Rohingya population are the most marginalised and impoverished group of people in our part of the world.

While several other ethnic minorities in Myanmar also have serious problems with the Myanmar state, the Rohingya are in the worst possible situation as Myanmar does not consider them citizens but claims that they are immigrants from Bangladesh. Bangladesh, meanwhile, denies that they are or were Bangladeshi citizens.



now in Cox Bazaar, Bangladesh.

There are now almost a million Rohingya refugees cramped in the refugee camps of Cox's Bazar in southeast Bangladesh.

The conditions in these camps are quite severe and the majority of the refugees are unable to find work. They rely almost entirely on aid from international agencies. Because of this, some of them are prepared to risk their lives in the perilous sea voyage to Thailand and Malaysia where they think conditions will be better.

The Covid-19 pandemic poses an immense threat to all the countries in the world. But that is no excuse for turning a blind eye to the predicament that the Rohingya are in.

**The Malaysian government should do the following:**

1. Stop pushing refugee boats back to sea. That is inhumane and leads to loss of lives! The Covid-19 pandemic should not be used as an excuse for this callous policy.
2. Speed up the registration of Rohingya refugees in Malaysia. At present, the UNHCR is processing their applications but as the process takes so long, many of the Rohingya in Malaysia do not yet have UNHCR refugee certification.

The government should work with the UNHCR to complete the process so that the Rohingya in Malaysia have

the documents that they need to normalise their stay in Malaysia.

3. Provide the Rohingya in Malaysia work permits so that they can work. At present, they are not supposed to work but as no one – the UNHCR or our government – is giving them money to buy food or procure shelter, they are forced to work “illegally”.

This leads to instances where they are cheated of their wages or are abused in other ways. We need not worry about them robbing Malaysians of jobs.

We have 5.5 million migrant workers in Malaysia. The Rohingya in Malaysia only number about 200,000 and only about 60 percent of them are of working age. 120,000 Rohingya make up less than 2 percent of the migrant worker population in Malaysia.

Giving them the right to work and avail protection from our labour laws will do a great deal for their welfare and will not disadvantage Malaysians in any way.

4. At this juncture, it is crucial that Malaysia works together with other Asean countries to provide funds to the authorities in Cox's Bazar so that they can screen for and isolate Covid-19 cases and contacts.

That should be done now, urgently, to prevent the pandemic from reaching the crowded refugee camps.

There are already reports of sporadic Covid-19 cases in the Bangladeshi population of Cox's Bazar. Asean needs to act quickly on this to forestall a carnage.

5. The United Nations has been trying to persuade Myanmar to accept the Rohingya refugees back into Myanmar. But the refugees are apprehensive to return unless their citizenship status is resolved and their safety assured.

At present, many of the 600,000 Rohingya still in Myanmar have been driven from their villages and are interned in camps.

Asean member states may be able to help improve the situation by participating in the economic development of the Rakhine province paired with diplomacy that draws in China as well.

Resolving the problem in the Rakhine province is the key to the long-term resolution of the Rohingya issue.

It is said that the moral fibre of a society is revealed in the way it treats the weakest and most marginalised groups within it. The Rohingya represent such a group.

We need to urge our government to do more to alleviate their suffering and work for a resolution to their predicament.

*Jeyakumar Devaraj*  
*Chairperson, PSM*

## Hands Off Venezuela!

The Parti Sosialis Malaysia is very disturbed by the escalation of efforts by the United State Government to destabilize the Government of Venezuela. The Secretary General of the United Nation recently called on all nations to cease hostilities so that all countries can focus on overcoming the Corona virus pandemic. Unfortunately, the US, instead of heeding this call and suspending the crippling sanctions imposed on Venezuela, has further ramped up its campaign against Venezuela.

On 27<sup>th</sup> March 2020, the US Department of Justice accused the Venezuelan Government of Narco Terrorism. They allege that Venezuela is aiding and enabling Colombian drug cartels to send huge amounts of cocaine to other countries in Central America so that these drugs can be sent to the United States to aggravate the drug epidemic in the US. Mr William Barr, the US Attorney General indicted Nicolas Maduro, the President of Venezuela as well as 14 other senior leaders of the Venezuelan government for supporting the Colombian Drug Cartels. The US has announced a reward of USD 15 million for information leading to the

capture of Nicolas Maduro. On the 1st of April, President Trump announced that a US Naval task force will be sent to the Carribean to counter this so-called Narco terrorism. This will be the largest naval force in the Carribean for the past 30 years.

Venezuela has earned the wrath of the US because it dared suggest an alternative to neo-liberal capitalism. It attempted to distribute the wealth of the country to the ordinary people of the country. Venezuela used public funds to set up thousands of clinics in the poorer regions of the country and embarked on an ambitious adult education campaign. Venezuela developed local democracy by setting up community councils so that ordinary people could have a say in how their communities were run, how services were provided.

Venezuela also lobbied against the Free Trade Agreement that the US was trying to set up in Latin America. Venezuela instead attempted to build an alternative regional block that focused solidarity among the people and programmes for the 99

percent and not for the corporate class.

From the vantage point of Corporate America, Venezuela is a bad example to other countries. It is giving substance to the notion that a better world is possible. That a society based on the principle of human solidarity is possible. Venezuela is proving that the dictum enunciated by Margaret Thatcher that There is No Alternative to neoliberal policies is wrong. There are alternatives, but the Corporate Elite do not like those alternatives. Venezuela's attempts to develop an alternative to neo-liberal capitalism have infuriated the corporate elite in the United States.

As a result the US has been trying for the past 20 years to bring about regime change in Venezuela. The PSM's position is simple – the allegations of Narco Terrorism are serious, and can be construed as a crime against humanity. If the US really has evidence that Nicolas Maduro and his regime are aiding and abetting the drug cartels to flood the US with illegal drugs, the US authorities should lay this out at the United Nation or press

formal charges at the International Court of Justice. Present your evidence there and let the Venezuelan government answer to the charges.

The US should not act as if it is still the colonial era and send in gun boats. This is the 21<sup>st</sup> Century. People across the world are not going to respect the US if it tries to push its way using military might. The US has to respect multi-national institutions and attempt to resolve its difference of opinion there.

We in the PSM understand that it is impossible to present rational arguments to the current US President and his team. They are beyond science and rationality and seem to believe that falsehoods if repeated often and loudly enough will somehow transform into the truth. But there is a price to pay for that kind of foolishness. Unfortunately this price is disproportionately borne by the poorer sectors of society. It is the ordinary people of America who are now paying the price of their President ignoring and downplaying the seriousness of the Covid 19 epidemic.

The PSM would like to address the people of the US. We would like you to think back to 1990 when the US leadership claimed that Iraqi soldiers were ripping babies from their incubators in a

Kuwaiti hospital and throwing them on the floor to die. That argument swayed US public opinion towards supporting the 1991 invasion of Iraq. Remember Mr Colin Powell's disclosure to the UN Security Council in February 2003 that Saddam Hussin had WMD armed and ready for launch within 40 minutes – that served as the reason for the second Iraq war.

You, the ordinary citizens of the United States have to stop your President from committing yet another act of aggression against another Third World country. You have to speak out and say – not in my name. Not in the name of the American people. The current sanctions severely limit the capacity of the Venezuelan State to combat the Covid 19 pandemic, and constitutes a crime against humanity.

The PSM salutes the ordinary people of Venezuela who have stood with their government despite the fact that economic sanctions by the US have caused tremendous hardships to the entire population. We wish the people of Venezuela all the best in your effort to control the Covid epidemic, withstand US attempts to engineer a coup, stabilize your economy, and resume the work of building a society based on solidarity.

We too believe that a better world is within our reach. We are the many. They are the few. Let us all work together for a better future for our people.

*PSM Central Committee  
5/4/2020*



## The Majority Are Worse Off in Eastern Europe

*“No one will be worse off than before, but it will be much better for many,”* German Chancellor Helmut Kohl assured East Germans after the fall of the Berlin Wall on November 9, 1989. His words helped fuel rapid political and economic changes throughout post-communist Europe. Thirty years later, it’s worth asking how well Kohl and other Western leaders kept this promise.

Travel to Prague, Kyiv, or Bucharest today and you will find glittering shopping malls filled with imported consumer goods: perfumes from France, fashion from Italy, and wristwatches from Switzerland. At the local Cineplex, urbane young citizens queue for the latest Marvel blockbuster movie. They stare at sleek iPhones, perhaps planning their next holiday to Paris, Goa, or Buenos Aires. The city center hums with cafés and bars catering to foreigners and local elites who buy gourmet groceries at massive hypermarkets. Compared to the scarcity and insularity of the communist past, Central and Eastern Europe today is brimming with new opportunities.

In these same cities, however, pensioners and the poor struggle to afford the most basic amenities. Older citizens choose between heat, medicine, and food. In rural areas, some families have returned to subsistence agriculture. Young people flee in droves, seeking better opportunities abroad. Economic suffering and political nihilism fuel social distrust as nostalgia for the security and stability of the authoritarian past grows. Populist leaders seize on public discontent to dismantle democratic institutions and steer the economy to the benefit of their friends, family members, and supporters.

These two worlds exist side by side, both born after the revolutions of 1989. While the last 30 years wrought positive change for a significant minority, the majority of former socialist citizens in Central and Eastern Europe and Central Asia suffered an economic calamity that left deep scars on the collective psyche of the post-communist world.

When these countries liberalized their economies in the 1990s, economists and policymakers knew there

would be recessions, but they could not guess the devastating depth and length of the downturns.

Using data from the United States Department of Agriculture, the World Bank, and the European Bank for Reconstruction and Development (EBRD), we calculated the size of the transitional recessions, and compared their depth in Europe and Eurasia (starting in 1989) to the US Great Depression (starting in 1929).

We divided the post-communist countries into three groups in terms of the average length and depth of their transitional economic slumps. In the most successful countries, the transitional recession was comparable to the US Great Depression (a 30% drop in *GDP per capita*). For the median countries, the transition recession devastated the economy, exceeding the magnitude of the Great Depression in depth (a 40% decline in *GDP per capita*) and length (17 years versus ten). The hardest-hit countries never recovered: 30 years later, *GDP per capita* remains below its level in the late socialist period.

Moldova best represents the countries where economic transition has failed most people. After the breakup of the Soviet Union, Moldova's GDP *per capita* plummeted and bottomed out in 1999, when it was 66% below its 1989 level. In 2007, GDP *per capita* was still 42% lower than in 1989. Although Moldova grew substantially after 2010, it remained 12% below its 1989 level in 2016.

Moldova is not alone. GDP *per capita* in five other post-communist countries – Georgia, Kosovo, Serbia, Tajikistan, and Ukraine – remained below 1989 levels in 2016. For these countries, transition brought unprecedented levels of economic pain and little gain, except for an elite few. Post-communist economic catastrophes precipitated millions of excess deaths, mass emigration, and a variety of social ills mostly unknown under communism: poverty, organized crime, and growing inequality. And in most post-communist countries, aggregate GDP figures mask massive growth in income polarization since 1989.

These countries include the world's fastest-shrinking, owing to demographic death spirals fueled by higher mortality, lower fertility, and increased emigration. A 2016 EBRD study noted that

children born around the time of the onset of transition in their countries were about one centimeter shorter, on average, than their peers in the cohorts immediately preceding or following them. That is a difference found in war zones and other environments where babies suffer both micronutrient deficiencies and psychosocial stress.

As liberal elites both East and West commemorate the peaceful end of the Cold War and celebrate the real successes of the last three decades, it is important to remember that not everyone has benefited from the advent of capitalism. Public opinion surveys reveal tanking levels of social trust, falling confidence in public institutions, and growing anger at income inequality. This has created fertile ground for populist parties and leaders, even in some of the most successful countries, like Hungary and Poland. The deep misery caused by the transitional recessions remains a fresh memory for many citizens and will influence political and economic choices in the region for decades to come, just as the experience of the Great Depression still animates public policy in the US.

Thirty years after the fall of the Berlin Wall, reality has

inverted Kohl's famous promise: many are worse off than before, but it is much better for a few. Until prosperity is broadened to the many, the revolutions that began in 1989 will remain unfinished.

*Kristen R. Ghodsee, Mitchell A. Orenstein*  
Nov 1, 2019

*Ed – This article appeared in Sunday Star on 10<sup>th</sup> November 2019. The writers teach East European Studies in Pennsylvania University.*

## Why the Fuss About Chin Peng's Ashes?

Comment in Malaysiakini

*Ed – In November 2019 some former colleagues Chin Peng, the former Secretary General of the Communist Party of Malaya announced that his ashes had been brought back to Malaysia in September and scattered in the sea off Lumut and in the forests. This announcement created a furore with some groups arguing that this act construed an insult to the Malaysian soldiers and policemen who lost their lives in fighting the communists. The Police then said that they would investigate the act.*

I am back from a few months of slumber and hiatus. Perhaps the nausea of the state of Malaysian politics made me take a break. I was also completing my latest book on neo-Mahathirism, on Pakatan Harapan and its promises.

Then I read about yet another manufactured crisis, an unfounded fear. What is this smokescreen about Chin Peng's ashes? I asked as I read yet another distraction for the rakyat; at the time of the fierce internal struggle within Harapan, on the question of a "peaceful transition of power".

I understand the big deal on Chin Peng's ashes. There were no objections with Shamsiah Fakeh's and Rashid Maidin's remains, were there? Then I started thinking about the real fright of those who feared the ashes. It is the fear of something bigger, I hypothesise, fueled and turbo-charged by ignorance – about ideology and what has been ailing us since independence.

Fear of a Marxist critique of society, I presume. I have an antidote for such an imagined disorder. It is called knowledge and the willingness to get out of one's glass coconut shell.

The willingness to explore alternative ideas of economic and social development that promise us a better way to see what is possibly better for Malaysia, a country that still needs to get out of the shackle of one-dimensionality of development – from economic to theological to social, leading to the realisation of each citizen's individual potential. The will to imagine counter-narratives of history and the march of "progress".

But what has Chin Peng's ashes got to do with human liberation? After 60 years of independence, we still cannot tell the difference between communism, Marxism, socialism or anarchism.

We are well versed in the foundations of crypto-corporate-cybernetic-crony

capitalism, of the inner workings of the capital market, and on how to get cheap labour and squeeze profits out of modern-day indentured serfs from countries such as Bangladesh, impoverished by the policies of the International Monetary Fund and the World Bank.

We are good at talking about "global economics" and the "glocalisation" of Wall Street and Silicon Valley industries, and the so-called 4.0 industries. What is profitable at the global market, we import into our local economies, and what we see profitable in our country, we force our farmers and labourers to produce for the global economies.

We then complain about the evils of globalisation without realising that the big capitalists among us are the new globalists of our own labour.

At a time when we are exploring the possibilities of becoming a "flying-car nation" (whatever that means), we still have not



*Former colleagues fulfilling Chin Peng's request that his ashes be scattered in the land of his birth.*

explored the meaning of ideas we "fear".

We still equate communism with armed struggle, just like some Western media conglomerate's tendency of equating Islam with terrorism, and many other concept/word associations that are not accurate and dangerously misleading.

We need to explore the story behind the armed struggle to understand the ideology behind the movement. We might denounce the atrocities of the communist insurgents/Malayan co-freedom fighters. However, we must also recognise the intellectual value and power of the Marxist critiques of society as a legitimate, systematic, liberating, humanising and praxical (the translation of theory to practice) body of knowledge that has evolved into an organic discipline itself.

One must engage in a systematic study of Marxism in order to be well-equipped with the understanding of what "national development" means. Without this knowledge, we will forever colonise ourselves by importing more and more members to the international advisory panel of any national project we blindly embark upon.

Respect the man, Chin Peng, as a freedom fighter, too. We can have our varied opinions, but society is wise in its ability to appreciate history and its dialectical and historical marches. I would ask these questions regarding the Communist Party of Malaya and its fight against the British imperialists whose sole goal was to plunder and suck the blood, sweat and tears out of its slaves in its colonies in places such as Burma, Malaya, Egypt, and India.

Had the communists won in Malaya, what kind of power-sharing would there have been?

How might the character of neo-colonialism have turned out had Malaysian political-economic arrangement been based on non-communalism?

Would there be conspicuously rich and - at the other end of the spectrum - silenced underclass poor Malaysians?

Would there be a BN? Would there be Harapan?

What would have been the fate of the monarchy?

What would have been the nature of the distribution of wealth in society and what might the "digital divide" mean?

How might the reformasi movement learn from the theoretical foundations of Marxism, as a radical critique and restructuring tool of society?

What themes in Islam do Marxism share in the areas of social justice and the social control of greed?

How might ancient Chinese philosophy be a powerful and non-oppositional force to Marxism?

How might the concept of Marxist-metaphysical-ism emerge from the synthesis of foundational tenets of the Western and Eastern societies?

These and many more might help us explore the

possibilities of emergent ideas and make our graduate/Masters/PhD students smarter and our politicians more learned. Imagine the quality of dissertation topics we will have in the archives of our public universities.

These topics should generate interest in looking at the possibilities of newer and better arrangement of the base and superstructure of the Malaysian society as we develop newer commanding heights, and as we continue to profess our status as an independent nation that is slowly suffocating in the haze of globalisation.

I have a few suggestions to put a halt to this argument over the independence fighter's ashes. I suggest we have our undergraduate students read the variety of "isms" and have them construct their own understanding of what these "nebulous ideas" mean.

We must give our students the message that these "truths" must be explored and not be shied away from. We cannot continue to have a passion for ignorance.

We must even have courses on Marxism, socialism, capitalism and anarchism and encourage our teaching faculty to teach their favourite thinkers such as Karl Marx, Ibnu Sina, Al

Farabi, Ali Shariati, Che Guevara, Socrates, Krishnamurthi, Radhakrishna, the French existentialists, Einstein, Malcolm X, Plato, Habermas, Bourdieu, Foucault, Syed Hussein Al-Alattas, Sukarno, Raden Adjeng Kartini, Jose Rizal, Lee Kuan Yew, Gandhi, Kung Fu Tze, Lao Tzi, and Mao Ze Dong.

One could even develop a course around the life and times of American poet-musician Bob Dylan.

I believe we will create better thinkers amongst our students and lecturers. Campus authorities will not need to use scare tactics during student elections, nor need university lecturers be fired by vice-chancellors and, by extension, the Higher Education Ministry, who are bankrupt of intelligent arguments.

"The simplest questions are the most profound," said Socrates.

Our education system and the way we teach history have not produced enough leaders well-read enough of the history of ideas. It has, since independence, created better "little brown brothers and sisters" and those who fear the act of looking into the mirror of history.

In fact, what has the education system produced

thus far? It has perhaps produced billionaire leaders from the old paradigm, and now those who are aspiring to become like the old. This was made possible by the way we drown ourselves in an ideology called capitalism/free enterprise we cannot fully understand, yet we vulgarize and idolise.

Chin Peng's ashes have been scattered. It is our role now to think of the man beyond what he and the Malayan communists did, but ask why the world today is rising up against the power-elite and oligopolies.

What are we seeing now in Malaysia? What lens do we use in analysing the interplay between culture, capitalism, and human liberation? What do we teach in our universities so that we will stop producing mediocrity and this fanaticism of race and religiosity?

May Chin Peng rest in peace. He is part of Malaysian history, an important part, whose struggle was perhaps misunderstood.

*AZLY RAHMAN is an educator, academic, international columnist, and author of seven books. He grew up in Johor Baru and holds a doctorate in international education*

## KC Vohrah – A decent Judge passes away

I heard with sadness the death of KC Vohrah, who was a Former Court of Appeal judge as well as a Former SUHAKAM Commissioner (2002 till 2008). It is sad because one would not be able to pay respect to a decent judge who was an exceptional defender of justice and truth, during this period of Covid-19 MCO. Condolences to his friends and family members

The first time I heard of him was when he was the High Court Judge deciding of the sentence against 2 policemen charged for the death in custody case of Lee Quat Leong, a 42 year old mechanic.

In 1995, there was this big time robbery in a Maybank in Taman Cheras. Everyone was baffled on how the robbers managed to rob such a huge sum. The police suspected the Aircon mechanic Lee Quat Leong as he knew the layout of the bank as he had done some work in the bank recently. He was arrested on 28 April and died 2 weeks later on 12 May 1995.

The death certificate stated the cause of death as 'haemorrhage consistent with blunt trauma to most parts of the body'. The late

Karpal Singh was the lawyer and said that there were numerous injuries and fractures on the victim body- a person who was healthy when arrested and someone with no previous police records. There was a huge public outcry on his death resulting in the police conducting an internal investigation which was unable to identify Lee's assaulters.

Due to continuous public outcry, the Attorney-General Mohtar Abdullah on 10 October 1995 ordered a judicial inquiry after the police failed four times to identify the perpetrators. This was my first exposure to police abuse and death in detention

The inquest found eleven policemen responsible for his death including some of higher ranks, but only two of the lower rank policemen were charged and under the charge of 'causing hurt' though an innocent man had been murdered in police custody. Both the policemen pleaded guilty before the Sessions Court for the charge under Section 330 of the Penal Code for "voluntarily causing hurt". The "blunt objects or weapons" mentioned in the post-

mortem report was not tendered as an exhibit in the trial. The duo were sentenced to just eighteen months jail.

Once again, people were not happy with the verdict and called for the Government to appeal this decision. This was rejected by the AG. Lee's family and Karpal Singh did not give up. The brother of the victim applied for the sentence to be reviewed and the matter was brought up to the High Court.

This was during Mahathir first PM period and post the judicial crisis which saw Judges being sacked by kangaroo tribunals. So I did not expect much from the appeal and lost much interest knowing that the whole matter was a farce.

At the review stage at the High Court, the public prosecutor argued against an increased sentence. That is when I heard about this brave judge KC Vohrah who subsequently doubled the sentence against the two policeman.

Passing the sentence he said, *"Police officers are custodians of the law and, they have to uphold, not breach, the law. By*

*subjecting members of the public to acts of violence, they in fact infract the very law that prohibits the inflicting of violence by any person on another person and they incalculably undermine and subvert the confidence and trust placed in the public on the police force. Over-zealousness which involves such blatant breaching of the law with the use of violence can never be a mitigating factor. Clearly, the courts are under a duty, and in the larger interest of substantial justice, to show their abhorrence of this type of crime.'*

At the end of that same year, when some organisations including SUARAM where I worked then, organised APCET on the issue of East Timor, a crowd of UMNO Youth members invaded the premises and this was taken as a pretext for the police to arrest and detain many participants. Once again Vohrah's judgement liberated the 10 activist from further remand and has become a precedent in future cases.

In those days, once a person is remanded by the Magistrate Court, it is a norm for lawyers not to make an appeal to a higher court because it is time consuming, lots of work and by the time, they make the application, the case might become academic.

But this changed in APCET because among those arrested was R.Sivarasa and several other well-known activists. Many lawyers including Puravalen, Sulaiman, Ragu Kesavan and Imtiaz worked hard to secure their release. This was an important moment in Mahathir's first period of tyranny.

KC Vohrah dismissed the Magistrate's Order and set the detainees free. It was the first time we learnt of the importance of the Lockup Diary. In his Judgement, he mentioned, that Section 117 requires *"a copy of the entries in the diary relating to the case to be transmitted to the Magistrate when producing a suspect before him. In this case no copy of the entries in the diary was transmitted to the Magistrate. The failure to transmit to the Magistrate a copy of the entries was fatal to the application before the Magistrate as it meant that the Magistrate did not have the prescribed material to make the order of remand"*

Vohrah said it was tantamount to an unlawful remand. He also said that Magistrate should not think that their function is merely routine and cursory. *"I think it is apposite to set out what the learned Judge had to further state in order to prevent a lapse in performing a judicial duty arising from*

*the thinking that the Magistrate's function is merely routine and cursory. The liberty of an individual after arrest is at stake and Article 5(4) of the Federal Constitution reposes an onerous judicial duty on a Magistrate to decide whether a person should be detained or detained further"*



I had also the opportunity on many occasion seeing him handling matter as a Commissioner with SUHAKAM. Thinking ahead. In the absence of good judges, and with the increased powers given to the police during MCO, I just hope IPCMC will be tabled in the coming Parliament sitting. KC Vohrah was one strong advocate for Justice he gave Judgement that matters.

Rest in Peace.

S.Arutchelvan  
12 April 2020 (9.35pm)

## Martin Khor: The Global Activist

When future students of North-South relations look back to the history of the last 35 years or so, among the key figures they will mark as one of the most decisive in shaping the course of events is one who did not owe his power to a position in government or business. Martin Khor, who passed away recently in Penang, Malaysia, at the age of 68, was present in almost every arena of North-South confrontation, from intellectual property rights to the role of multilateral institutions, trade, biodiversity, finance, and climate change. He represented the re-emergence of an actor that had last been seen during the glory days of the Communist International in the 1920s: the borderless activist.

Martin the phenomenon was, in a very real sense, produced by globalization, and he emerged as the antithesis to it. His rise to prominence began in the mid-1980s, when transnational capital moved its focus from restructuring domestic economies along neoliberal lines through the World Bank and the International Monetary

Fund, to reshaping the rules of international trade via the World Trade Organization. Martin caught the drift of events early on and realized that opposing corporate-driven globalization would necessitate a resistance that also needed to be global.

Martin began his work from his twin organizational bases in Penang, the Consumer Association of Penang and the Third World Network (TWN). I first met him, in fact, when he invited me to attend several of the gatherings the TWN hosted in the late 1980s, meetings that tackled issues ranging from the monopolistic practices of the pharmaceutical monopoly to “structural adjustment” of developing country economies by the World Bank to the ravaging of tropical forests. These meetings, which saw intellectual exchange result in concrete agreements to work together, led to the development of an informal global network that brought together intellectuals, activists, and sympathetic government officials from both the global North and the global South. Even before thinkers like Michael Hardt and Antonio Negri theorized the decentralized, non-hierarchical network as

the response to global capital, Martin was putting its elements in place. Of course, it was not only him that was building international networks during this period, but he was a vital nodal point of this activity.



Martin Khor

### **Striking at the Enemy's Weak Points**

Martin was clear about the enemy, and this was corporate-driven globalization. He was also clear about his fundamental goal: to ensure that the developing world, or global South, was protected from the corporate assault. *“Martin consistently brought the Third World perspective to all global issues, from trade to climate,”* observes Vandana Shiva, the Indian ecofeminist and recipient of the Right Livelihood Award. The aim of his strategy of networking was to create a defense in depth linking developing country governments to international civil society while striking at

the weak points of the enemy.

These points of vulnerability were the multilateral institutions — the World Bank, IMF, and WTO — that served as the political canopy of global capital. These institutions were tasked with rewriting international economic rules in favor of capital and obtaining the global “consensus,” to use Gramsci’s term, to make them legitimate and effective. The niche that he forged for himself was to bring the pressure of international civil society and developing country governments to bear on multilateral institutions and feed information on what these agencies were concocting to the former. This pivotal position showed its value in the struggle against the Multilateral Agreement on Investment (MAI) in the late nineties. The MAI was a corporate attempt via the Organization for Economic Cooperation and Development (OECD), also known as the “club of rich countries,” to knock down restrictions to investment not only among its members but also in developing countries they had relations with.

Shortly before news of the secret agreement leaked out, Martin, along with a number of other prominent activists — among them the anti-

capitalist author Jerry Mander, Right Livelihood Award recipient Maude Barlow of the Council of Canadians, indigenous leader Victoria Tauli Corpuz, and Chilean environmentalist Sara Larrain — had formed the International Forum on Globalization (IFG). It was in this transnational formation that Martin revealed the drastic implications of the secret accord for the global South and, acting on his urgent warning, the IFG led what became a global campaign to sink the MAI. This global mobilization stunned technocrats in the North and killed the agreement. The surprising victory, which generated wind in the sails of the rising anti-globalization movement, *“would not have happened but for Martin’s early warning, constant guidance, and relentless direct advocacy,”* says Public Citizen’s Wallach.

### **Seattle**

The fight over the MAI turned out, in fact, to be a dress rehearsal for a bigger battle, one provoked by the push of the powerful countries behind the World Trade Organization, which was formed in 1995, to expand its powers to control areas beyond trade like investment and competition policy and override environmental and labor laws in the name of free trade. Developing country

governments gasped at the ambition of the TNC (Transnational Companies)-controlled trade body since they had barely begun implementing the changes in their trade laws mandated by the “Uruguay Round” of Trade Negotiations that had set up the WTO. The Third Ministerial Meeting of the WTO in Seattle in late November 1999 turned out to be the perfect storm bringing together the disparate sectors negatively impacted on by the corporate push for a new trade round, and at the center of that storm was Martin.

It was in Seattle that Martin perfected the so-called “inside-outside” strategy, which involved him and others participating in the official discussions to help block pro-corporate initiatives while also assisting in the mobilization of activists outside the convention center by holding teach-ins to inform people about what was at stake. In a 20-minute speech at an IFG teach-in attended by hundreds that was laced with humor and interrupted by frequent applause, he stripped neutrally worded issues such as “trade-related intellectual property rights,” “trade related investment measures,” and “special and differential treatment” to their essence. He condemned the lack of

transparency and democratic decision-making in the official negotiations, saying, *“The kind of transparency and participation which is being offered are, more information and more symposiums, but no real participation not only for us. Not only that the parliamentarians are not really invited, but even the ministers and the senior officials themselves — the majority of them — are not invited to the real negotiations.”*

Then, with an uncanny sense of what was emerging as a possibility, he told his audience: *“So we have before us, in the next few days, a historic event. Either they will cook up a consensus in four days...Or, there really will be no new round and turnaround. We the citizens may have some influence on that. It depends on the messages we are going to put forward when we go on the streets and when we talk to the media. A lot of it will depend on what happens inside there irrespective of us... But let us spend the next four or five days exchanging information and analysis among ourselves, trying to influence as much as possible, showing the world that we care and because we care we are protesting. And then spend the next few years really fighting. Either fighting the WTO or for a*

*better WTO if that is possible.”*

The Seattle Ministerial collapsed owing to the synergy between the mass mobilization of some 50,000 people in the streets and the resistance to further liberalization of their economies by the delegates from developing countries in the negotiations, and Martin was central to making that synergy happen. That debacle was one from which the WTO never really recovered.

#### **Leadership Style**

Martin’s leadership style would merit a study by itself. Leadership via influence and informal authority, was his currency, and it was informal authority that was accumulated through his unique combination of analytical acuity and detailed mastery of the issues, an ability to translate superficially complex texts into understandable terms, a style of gently encouraging people to deliver their best — and, at all times, not taking one’s eyes away from the ball. As his speech at the IFG Seattle teach-in demonstrated, Martin had a unique ability to fire up a crowd. His IFG colleague Victor Menotti recalled how at the organization’s teach-in before the 2002 World Summit on Sustainable Development in Johannesburg, *“he had folks*

*from the townships in a call-and-response cadence within twelve seconds of starting his short speech... I actually clocked it.”*

Developing country officials and negotiators meeting him, according to Aileen Kwa, a colleague at the South Center, were *“not always the easiest audiences to sway, yet without fail, he was able to win them over”* with his technical command of the issues, his ability to break them down into simple terms, and his congenial personality. Anuradha Mittal, executive director of the Oakland Institute observed, *“He had this ability to make you feel special — so you were ready to take on the world, like him.”*

One of Martin’s strengths, according to Pablo Solon, former ambassador of Bolivia to the United Nations, was not only his ability to *“ferret out the devil that was in the detail of climate, trade, and finance texts that were being discussed in the UN,”* but his grasp of what Michel Foucault called the power of discourse — that is, that discourse is structured by power relations *and* structures power relations. The more technical and technocratic the language, the more it veiled power relations. Martin saw as his task deconstructing the text of multilateral agreements and unveiling the real

relations they concealed. This made people like Pascal Lamy of France and Mike Moore of New Zealand, two former directors general of the WTO, extremely uneasy in face to face combat with him. While they droned on loftily about the need for rules to create “an even playing field” for developed and developing countries, Martin would bring them back to earth with his witty repartee, “Yes, you want an even playing field where you have a basketball team of six footers playing against one of four footers.”

### **Climate Politics**

The climate became Martin’s principal battlefield after the WTO became an increasingly unworkable instrument for global trade liberalization in the mid-2000s owing to civil society and developing country resistance. In this area, his influence was just as great as in trade. One of Martin’s contributions to the climate debate was to popularize what came to be called “negative emissions.” “He personally turned climate politics on its head at the 2007 Bali COP (Conference of Parties),” IFG’s Menotti recounts. Developing countries “were almost ready to accept developed nations’ commitment to cut emissions by only 80 percent. It still sounds like a lot but he explained to everyone from campaigners to ministers

*that this was not nearly enough when historical emissions and other often-ignored factors were included. The world now thinks in terms of the North having to do ‘negative emissions,’ and that’s only part of how he helped to align everyone’s thinking on environment and development agendas, which was also a pretty painful process for some people especially in the North.”*

Martin moved his base of operations from Penang to Geneva in 2009, when he accepted an offer to head up the South Centre, an intergovernmental organization of developing countries focusing on North-South trade and development issues, especially as they related to multilateral negotiations. While he led in expanding the Centre’s engagements in multiple fronts, his primary concern was making sure the global South was not short-changed in the climate negotiations that increasingly dominated North-South relations.

According to his Geneva-based colleagues Yilmaz Akyuz and Richard Kozul-Wright, “Martin was a strong critic of tighter intellectual property rights, particularly through trade agreements, that restricted the transfer of the technologies developing countries needed to help in

*the fight against rising global temperatures and to mitigate the climate damage they were already experiencing.”* His voice was also an important one in discrediting “a naïve belief in market-friendly solutions to the climate challenge.” Another former colleague at the Centre, Vice Yu, added that Martin stood for “a development and environmental equity-oriented approach to the climate change *problematique*,” and that he fought to have as much of this as possible reflected in the historic 2015 Paris Climate Declaration.

### **Tensions among Friends**

As with all activists with strong convictions, Martin was not without disagreements with some of his allies. Climate strategy was one area of tension. His perspective on how to approach the climate crisis was summed up by Institute for Policy Studies director John Cavanagh: “*The Global South, Martin argued, should have space to ‘develop’ using more emissions as the world overall cut back on emissions, while the North should adopt more rapid measures to end emissions.*”

While his intent was most likely different, to many climate activists in the North as well as to some in the South, this came across as a plea for leniency for some

notorious developing country climate polluters, namely India and China. Also, there were those who thought he invested great importance on supporting developing country governments while paying insufficient attention to conflicts between these governments and their citizens. These were, however, differences among comrades. As Shalmali Guttal, executive director of Focus on the Global South, put it in her eulogy to Martin, *“Martin may not have seen eye to eye with some of his allies on some tactical issues, but there was never any doubt in the minds of the latter that their strategic objectives were the same and they appreciated his role as a pivotal leader in this common struggle.”*

### **Broader Vision**

While defense of developing country interests on various fronts was Martin’s abiding objective, what was his vision for a better world and how was one to get there? IPS’s Cavanagh discerned Martin operating with two paradigms: *“The first paradigm involves the choice to work in the system of globalization in which we feel we are trapped. If we do work within that system, we begin by asking: ‘Are the rules of the game fair?’ In this paradigm, we ‘fight for the reform of the rules of the game.’ But, Martin argued,*

*we need to simultaneously fight for a second paradigm ‘because in 20 to 30 years the whole system will blow up anyway. So, in the second paradigm, we work for Gandhian-style, community-based, self-reliant family units of production, trading mainly with the community and the region and only making occasional exchanges with the rest of the world.’”*

At the peak of his influence from his vantage point at the South Centre, Martin was diagnosed with colon cancer in 2015. The next few years, according to his partner and comrade in arms Meena Raman of Friends of the Earth International, were marked by ups and downs as he went from one seemingly successful surgery to another. He did not cease working until 2018, when he was too ill to continue to direct the South Centre and moved from Geneva to his original activist base in Penang. There the global activist par excellence passed away peacefully on April 1.

With the current global havoc wreaked by COVID-19, Martin’s prediction of the global system blowing up was remarkably prescient. But the pandemic also underlines what the people lost with the passing of Martin. As Rob Davies, former Trade Minister of South Africa put it, *“As the world grapples to find a*

*better future after COVID-19, we need more of the likes of Martin Khor.”*

*By Walden Bello,  
April 6, 2020.*

*Walden Bello is senior analyst at the Bangkok-based Focus on the Global South and a former member of the Philippines’ House of Representatives. He is the author or co-author of 25 books. He received the Right Livelihood Award, also known as the Alternative Nobel Prize, in 2003.*

# **2020 May Day Joint Statement by Southeast Asian Left and Labour Organizations**

## **We need to build a better future for working people in times of multiple crises**

In recent months, the world is severely affected and paralyzed by the spread of the coronavirus pandemic, including countries in the Southeast Asia. The health crisis affecting the masses arisen from the pandemic, is part and parcel of the deeper crisis of global capitalism which breeds social inequalities and injustices. The pandemic is coupling with the climate crisis as well as unleashing another economic crisis which possibly the worst recession in our time.

The working class and the poor are the most impacted by the current coronavirus pandemic and its fallout. Besides threatening the health and lives of the the ordinary people, the working class and the poor around the region are also facing problems of reduced income to sustain their lives during this crisis, with the risk of being retrenched or laid-off

economy, cleaners etc.) also are required to work without proper protections from the pandemic. Migrant workers, refugees, informal workers, daily-waged workers and many other are among the groups suffered by the incapacity of the ruling class in dealing with this crisis. Various social assistance programs being introduced by governments in countries affected by the pandemic, are far from enough in alleviating the plight and suffering of the working people and the poor.

The neoliberal policies that facilitated the privatization and commercialization of public goods as well deregulation of finance capital, have largely weakened our societal immunization against social crisis. The erosion of our public services including healthcare system, has reduced our capacity to deal

with the current crisis effectively.

During this pandemic crisis, we have witnessed governments in a number of countries have made use of the crisis to increase their repressions against the working people and the vulnerables, by enhancing power given to the army and police. We shall not allow the pandemic crisis being used as an excuse by the repressive governments to curtail our democratic rights and freedom.

As the multiple crises unfold at the international level, there shall not be “business as usual” for the savage capitalist economy. It’s time for us to rethink and challenge the current economic model, which has created massive gap between the rich and the poor all this while as well as produced worsened impacts on the working masses during the times of crisis. It’s time for us to build solidarity

among the working people across the national boundaries to push for a meaningful change in socio-economic direction to ensure and improve the quality of lives of everyone.

This year May Day, taking place in the midst of a global crisis, reminds the working class across the world that the fight for a just, safer and better world for all is impossible without the solidarity, organization and mobilization of working people to demand for social change.

We, the undersigned organizations, call for the following:

1. The governments of ASEAN must put in use all public and private resources in healthcare sector effectively to control and alleviate the effect of the coronavirus pandemic, with focus of attention to the working people and the poor. Ensure the access of free universal healthcare for all, including migrants and refugees. The governments must also ensure proper protection for health workers and support workers who are at the frontline of this battle against the coronavirus pandemic.

2. Strengthen the public services, including public health system, education, social housing, power supply, clean water, public transport and other social infrastructures, through progressive taxation of big corporations and the super-rich. Ensure free education for all. The ASEAN governments must work towards a progressive taxation regime for the region. These public services to be nationalised and democratised under public control.

3. Guarantee of jobs and working people's income, through government investment in productive sectors, like building and maintenance of social infrastructure, sustainable agriculture and food production, generation of renewable energy, provision of social housing etc. We need job and income guarantee for millions of working people in the region. The profit-oriented capitalist system is not able to do this. We need a meaningful government intervention. The governments of ASEAN must work together for a "New Deal" for Southeast Asia to build an economy that works for the

improvement of people's lives not the corporate profits.

4. The governments of ASEAN countries must establish a regional decent wage mechanism to stop cheap labour policies and suppression of wages, in order to allow the working people across the region to enjoy their fair share of labour.

5. Develop a comprehensive plan to enhance food security, in order to deal with shortages of basic food in the times of crisis and protect the livelihood of small farmers.

6. Repudiate all odious debts imposed on governments, in order to enable more funds to be allocated for the implementation of social programs for the people in the times of crisis.

7. Stop all evictions. Governments must ensure the basic right to adequate housing for all. Freeze rent and mortgage payment for the poor to ensure the security of tenancy and reduce the burden of the people. Build more social housing.

8. Release all political prisoners. Other prisoners not convicted of violent crime or who do not pose a threat to society should be released or paroled because overcrowded jails are contributing to the spread of the pandemic.

9. Recognise that measures of quarantine, distancing and lockdown can only be effective in combating the pandemic with public cooperation. Governments should not use the necessity of lockdowns, tracking of infected persons, etc, as a cover to bring in repressive laws or strengthen state coercion. Implementation of measures against the pandemic should be directed by health authorities under democratic oversight, not by the military and police. There shall be no military intervention in politics and governance under the pretext of containing the pandemic.

10. ASEAN governments must pay special attention to the increase in domestic violence against women and girls as a consequence of the lockdown and provide adequate funding and necessary backing to the support services to monitor

and assist the victims of domestic violence.

11. Oppose the unilateral criminal sanctions that imposed by the imperialist forces (especially the United States) on countries not in line with their interests, including Cuba, Venezuela and Iran.

Our resistance and struggle for our immediate demands must be linked to providing an alternative to the capitalist system - a socialist alternative - based on prioritizing human survival and the protection of the environment, instead of capitalist profits. The core of our socialist vision must be based on solidarity, a necessity for surviving catastrophe, which is a challenge to the existing order.

In the spirit of working class internationalism, we call for solidarity and mutual support among the working people of the region and the world, in our effort to build a better world.

*Signed by,*

*1. Partai Rakyat Pekerja (PRP), Indonesia*

*2. Sedane Labour Resource Centre (LIPS), Indonesia*

*3. Parti Sosialis Malaysia (PSM), Malaysia*

*4. Partido Lakas ng Masa (PLM), Philippines*

*5. Socialist Workers Thailand Group, Thailand*