

Europe Solidaire Sans Frontières > English > Asia > Malaysia > Health (Malaysia) > Malaysia: Epidemics, pandemics (health, Malaysia) > **Malaysia: Penjana is a deeply flawed stimulus package**

Malaysia: Penjana is a deeply flawed stimulus package

Wednesday 1 July 2020, by [DEVARAJ \(Dr\) Michael Jeyakumar](#) (Date first published: 7 June 2020).

Parti Sosialis Malaysia (PSM) appreciates the fact that the Perikatan Nasional government recognises the need for government intervention in addressing the economic downturn that we are now undergoing.

This indicates that the government realises that the neoliberal dictum that markets are self-correcting is inapplicable in the current situation.

But any government intervention has to be well-conceptualised and appropriate to the needs of our society.

Unfortunately, there are several major flaws in the package announced by Prime Minister Muhyiddin Yassin for the June to December 2020 period.

The poorest 20 percent are not covered

The first major flaw is that the Penjana package does not address the loss of income of approximately 1.5 million daily paid workers in the informal sector.

These include the women who used to serve customers and wash dishes in restaurants, the people who were helping out at numerous bazaars that are now closed down because of the movement control order, the people in the rural areas who do "*kerja kampung*" (odd jobs around the *kampung*), the helpers on lorries and many other daily paid workers.

All these groups of daily paid workers who are part of the poorest 20 percent of our population are now without any work.

There is hardly anything for them in the Penjana package and these families are going to be in serious economic stress this coming month.

Another big group that will not receive much benefit from the Penjana package are the operators of micro-businesses in bazaars all over the country.

These bazaars have not been allowed to reopen yet. Several 100,000 petty traders have been without an income since March 18.

The one-off RM 3,000 per small business announced in the previous stimulus package was of help to a portion of these businesses but how long will that last them? There is no income support for them in the Penjana package.

The above two groups were supported by the Bantuan Prihatin Nasional (BPN) scheme which

deposited a total of RM1,600 into their accounts in April and May.

This has been very useful to these families. But there is no follow-up on the BPN initiative.

And the above two groups will have hardly any income going forward and there will be those among them who will be facing difficulty in putting food on the table.

This has to be reviewed urgently if we are serious about the slogan of “leaving nobody behind”.

PSM has been calling for a modified universal basic income to handle the current downturn.

We propose that a sum of RM1,000 be transferred monthly to the account of the women of families where both she and her husband do not have any income.

We estimate that around two million families will require such a programme. This programme will ensure that the bottom 20 percent do not end up hungry.

We believe that such an income support programme must be an integral part of any emergency economic package for the nation at this point in time.

House rental issue not recognised

The Penjana package has failed to address the issue of house rental.

Around 25 percent of Malaysian families live in rented houses. Most of them are from the B40 group.

Quite a large number among them would experience a drop in household income for the rest of the year and some of them will face the prospect of being evicted by their landlord.

This issue that will affect several tens of thousands of families across the nation has not been even recognised by the drafters of the Penjana package.

The prime minister said in his foreword that the government recognises the challenges faced by individuals and will take proactive action, but clearly, here again, the poorest among us are not adequately protected by this stimulus package.

PSM has proposed that the government sets up Housing Rent Tribunals in all districts to resolve rental issues using a tripartite formula whereby tenants who are genuinely unable to make full rent payments are helped by the government to settle an amount equal to 60 percent of their usual rental payment, while the landlord absorbs the loss of 40 percent of usual rental payment.

Unfortunately, there is no provision in the Penjana package that addresses this problem.

Failure to handle the pressing health needs of our rakyat

Our public health care system is, even in the best of times, very overcrowded with long waiting times.

The need to reduce the risk of Covid-19 transmission led to the postponement of many elective procedures and operations from March 2020 onwards.

As a result, our government health care system has a backlog of approximately 150,000 operations and procedures carried over from the past three months.

In addition to that, many people who normally would have gone to private hospitals for treatment are now coming to government hospitals because of the drop in their income these past three months.

The congestion and delays in government hospitals is going to get worse, and this will adversely affect the health of Malaysians.

PSM has urged the government to increase the budget of the Health Ministry so that, among others, the underutilised operating theatres in district hospitals can be brought into service and where necessary, specialists in the private sector be paid to provide anaesthetic services on a sessional basis.

If required, other specialists from the private sector can be employed part-time to provide treatment in district hospitals.

This will help clear the existing backlog of cases and lead to a more efficient and timely provision of medical services to our population.

But here again, a pressing basic need has been overlooked. Apart from the RM50 million allocated to the Peka programme, there is nothing else for the Health Ministry.

Misconceived targets

Not only are some very basic needs of the rakyat such as food, shelter and healthcare not given sufficient priority, but some of the thrusts of the Penjana package are also poorly conceived.

In the introduction to the section on rejuvenating businesses (page 22 in the English version of the Penjana document) the planners write "targeted assistance will be put in place to regenerate the most affected economic sectors".

Further on page 28, the document mentions a RM 1 billion fund to finance SMEs in the tourism sector so that they "remain competitive in the new normal".

This indicates rather muddled thinking on the part of the planners. The core problem is not "consumer confidence" or "business confidence". The problem is the risk of infection.

The government has to understand and accept that certain sectors of the economy - aviation, hotel, tourism - cannot be rejuvenated until a medical solution - an effective vaccine or a good treatment protocol - is found for Covid-19.

Until then, public health requirements will thwart attempts to grow these sectors.

PSM agrees that these sectors need funds, not to rejuvenate them and get them to function as before, but instead to enable them to downsize in a controlled and socially just manner, while safeguarding their assets so as to survive to "fight another day".

These firms will need funds to pay proper retrenchment benefits to their workers and to deal with outstanding financial commitments - payments due to suppliers, rents and loans.

These firms will also need funds to maintain their fixed capital such as security and maintenance of buildings, storage of aeroplanes, other vehicles and machinery.

The pandemic will pass, eventually. At that time these firms should be in a position to re-start their

businesses.

It would be in the interest of the nation that they can do so then as they would generate employment, bring in foreign exchange and contribute to government revenue by paying taxes.

So we need to help them manage these difficult times. But we need to be clear as to the nature of the help that they need.

Misplaced priorities

Why is there a need to help housing developers sell their overpriced luxury properties? This initiative is projected to cost the government RM 1 billion (page 44 of the Penjana document). We think that this is the wrong way to proceed.

PSM has suggested that the government should stimulate the construction industry by embarking on an ambitious programme of providing social housing to the people of Malaysia.

We could start with building 200 housing units in each district to be rented out to young families and to families without their own houses.

Such an approach would provide jobs for people in the construction sector and in the industries supplying the construction sector.

At the same time, such an initiative would be socially just as it would be meeting a real need of the people.

There are a few other initiatives of dubious benefit in the Penjana package

Back to the drawing board

The programmes to handle the Covid-19 induced recession have to be based on a clear analysis of the nature of the problem.

Certain sectors of the economy cannot be resuscitated to their previous levels because of the physical distancing required to bring the pandemic under control.

The pandemic has yet to peak in Europe, the US and in Latin America.

So travel from these regions has to be restricted for the next several months at least and this will impact airlines, hotels and the tourism sector.

In addition, many Malaysian firms produce for the export market. Many of the countries we are exporting to are in a recession.

Our export market will shrink in the near term. No amount of pump-priming will overcome these two major causes of our downturn.

Resuscitating the Malaysian economy to its former growth path is not feasible at this point. We need to have more realistic goals.

PSM's suggestion is that we ensure:

a) Every person in the country gets the following basic items - food, shelter and medical care. There should be no compromise on this.

b) The productive assets of our economy – the SMEs in particular – must be given enough support so that they can ride the economic storm. They should not be permitted to close down because of cash-flow problems.

Based on all of this, PSM respectfully urges the government to improve on the Penjana package.

While some of the items of the announced package have merit, there are many flawed aspects that should be altered.

We have outlined some of these in this article. The government should obtain input from various sources - other political parties, unions, civil society groups, NGOs and academicians to improve on the Penjana package.

The prime minister began his foreword of the Penjana package saying, “We are now living in unprecedented times”.

He is right in saying that. We are in uncharted waters right now.

That’s all the more reason the government should invite and consider input from multiple sources to craft the best policy response for our nation.

PSM would be quite willing to take part in such discussions.

Dr. Jeyakumar Devaraj is the chairperson of Parti Sosialis Malaysia (PSM). He is also the former Sungai Siput MP.

[Click here](#) to subscribe to our weekly newsletters in English and or French. You will receive one email every Monday containing links to all articles published in the last 7 days.

P.S.

Malaysiakini

<https://www.malaysiakini.com/columns/529142>