

Keynote Speech: Thoughts on Malaysia's most pressing challenges

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Salam perjuangan, (Greetings) and welcome to the 24th PSM Congress. For two years, we have not been able to congregate in person. Online discussions cannot compare to our face-to-face discussions, where we can meet to exchange ideas while sharing a few drinks.

We are meeting at a time that is profoundly challenging for ordinary citizens. They have still not recovered from the Covid-19 pandemic, but are now being threatened by food shortages and the price inflation of basic necessities. I hope we can have a fruitful discussion and debate in these coming two days, to sharpen our analyses and understanding, while organising programs to defend the interests of the common people more effectively.

Please allow me to share a few thoughts on a few important items on an international and national level.

The International Situation:

The Ukraine War that began with the Russian attack on 24th February 2022 has been the most significant international incident of the year. Besides the loss of life (estimated at more than 8,000 to date) and the destruction of buildings, factories, and infrastructure in many regions in Ukraine, this war carries the risk of spreading to countries, particularly NATO member states, and increases the risks of the apocalyptic use of nuclear weapons.

Besides this, the Ukraine War has triggered a food crisis in various countries. Ukraine and Russia are the suppliers of approximately 30% of the total export of wheat in international markets and 19% of the total export of corn. Since the export of these grains has been affected by the war and sanctions against Russia, the supply shortage of grain has caused an alarming rise in food prices in a few countries. The total volume of imported wheat (from Australia, the US, and Canada) to Malaysia was 1.6 million tons in 2021, and 3.8 million tons of corn are imported yearly for livestock feed. A reduction in the export of wheat and corn from Russia and Ukraine will cause an increase not only in the prices of these two grains, but also in the price of rice. There is a high probability that citizens

everywhere will switch from wheat to rice when the price of wheat rises dramatically.

In addition to this, Russia produces 11.5 million barrels of petroleum every day, which is 12% of the total global supply of petroleum. Changes to the export of oil from Russia will inflate the price of oil, simultaneously causing the cost of transport and fertiliser to seriously rise. These issues negatively affect the basic supply of food for citizens, and low income households (B40) in nearly all the countries will face hardship.

United States Aggression

Corporate groups which invent and produce advanced and modern weapons are influencing the United States' foreign policy, particularly towards "enemy" countries like Russia, China, Iran, Cuba, and Venezuela. President Eisenhower once warned US citizens in his retirement speech in 1961 that the cabal of weapons exporters he called the "military-industrial complex" was growing stronger and more influential.

"We annually spend on military security more than the net income of all United States corporations. This conjunction of an immense military establishment and a large arms industry is new in the American experience. ... The total influence — economic, political, even spiritual — is felt in every city, every State house, every office of the Federal government. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society."

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."

- Dwight D Eisenhower, (17 January 1961)

The dangers predicted by Eisenhower have become our reality. The Military-Industrial Complex (MIC) needs markets for their weapons. The MIC profits from wars or tensions between nations of the world. The war in Ukraine is a godsend for the MIC. Not only have their weapons been purchased by the governments of the US and European Union (EU) to supply the armies of Ukraine, but the tensions & anxieties which now envelop the region have motivated other EU nations to increase their weapons capabilities at great expense.

The US has become a nation which enjoys using the military option to resolve foreign problems. This is the reason the US has urged NATO to expand towards the Russian border since the 1990s, though George H.W Bush, the US President at the time, had guaranteed Mikhail Gorbachev in 1990 that NATO would not expand eastwards. The US' attitude which prioritises offensive military options is an obstacle to peace efforts in Ukraine. Sadly thousands of Ukrainian citizens are paying the price.

The Encirclement of China

Another issue on the international stage is the United States' efforts to exert military and economic pressure to "encircle" China. China is assumed by the US to be their largest competitor because of its large population and remarkable economic growth. The economic sanctions implemented by President Trump still continue under President Biden. US Naval ships sail the waters near China and the Taiwan Strait. The creation of the AUKUS (Australia-UK-US) military alliance on 15 September 2021 was another step which advanced the US strategy of intimidating China.

As such, PSM's statement on 27th February 2022 on the Russian-Ukraine conflict criticised Russia, and called for an end to its military action and a withdrawal from Ukraine, as well as the

continuation of negotiating processes. This statement also criticised the aggressive approach of the US and NATO who have intentionally sparked this war.

International Economic Downturn

There is a large possibility that the global economy will face a severe downturn in the coming months. Even before Covid-19, the global economy was showing weakness in terms of gross demand. Because of large income disparities, everyday citizens no longer have enough money to buy the products marketed by the capitalist class. This is referred to as a “fall in aggregate demand” in the marketplace, which is caused by the majority of workers being unable to buy various goods. As such, the capitalists have become more interested in investing their money in financial activities, rather than productive economies. They are more interested in profit gouging through speculation and raising property prices.

The ongoing Movement Control Order in China, the Ukraine War, and the sanctions against Russia have caused supply chain bottlenecks. These will cause many businesses to downsize or cease their operations. As such, when the price of chicken feed rises, poultry companies are caught between rising costs and the cost controls set by the government. Because of this, a few poultry companies have taken the step of reducing the supply of chicken for the time being. This action, in addition to causing the price of chickens to rise in the marketplace, has also reduced the number of employment opportunities in the poultry industry. When the same process happens throughout the supply chain, an economic downturn will ensue.

The world is now facing a “stagflation” situation, where the economy begins to freeze and “stagnate”, because the gross demand and opportunities of work are shrinking; at the same time, “inflation” is happening, raising the prices of basic goods due to supply chain bottlenecks. As usual, the ‘Marhaen’ (working class) those without a stable source of income, will face a severe crisis of “stagflation”. This rise in unemployment will be accompanied by a rise in inflation.

The Situation in Malaysia

The food supply crisis is now hitting Malaysia. The prices of various food items are rising dramatically – cooking oil, chicken, fish, vegetables, and others – and the people are getting angry. The government is trying to handle this situation with three approaches.

The first approach is the setting of price ceilings of selected food items, like chicken and eggs. This method, however, can reduce the profit margins of producers to the extent where they are no longer interested in producing these items due to their falling profits. Take chicken, for example – if the true price of producing a kilogram of chicken (including a 10% profit margin for the factory, the distributor, and the retailer) is RM10.00, while the price ceiling is RM8.90, they are guaranteed to make a loss, and the supply chain of poultry will be obstructed. If they sell their items above the price ceiling, however, they can be targeted by enforcement mechanisms, so they might as well pull back from the poultry business for the time being.

To overcome this problem of the rapid inflation of chicken feed, medicines for chickens and other poultry-producing items, the government has implemented approach number two – the paying of subsidies to poultry producers to help them bear the costs of production. The government has offered a subsidy of as much as RM0.60 per kilogram of chicken in February of 2022. But many poultry producers have complained that this is insufficient for them to bear the full costs of producing poultry.

There are some authorities who are urging the government to raise the price of subsidies for chickens. However, there are also those who have opined that these subsidies are in reality mainly enjoyed by the wealthy, who can afford to eat chicken meat more frequently than low and medium income households. This latter group has suggested that the price ceiling of chickens be raised to RM10.00 per kilogram, while subsidies on chickens will be maintained at RM0.60 per kilogram. In addition, every family receiving Bantuan Keluarga Malaysia should receive an additional payment of RM200 a month for the coming 6 months to bear the daily cost of food. It will then be up to them whether they want to use this payment to buy expensive chicken meat, or to buy other food items.

The third approach is PSM's suggestion which was outlined in PSM's memorandum to the Cabinet Committee On National Food Security Policy, which we submitted on 5th April 2022. Other topics raised in this memorandum include:

- 1. '*Pelan Induk Kebangsaan*' or The National Masterplan on the use of national land. At this stage, of the total 32.865 million hectares of land in Malaysia, 55% has been gazetted as forest land (although two-thirds of this has been logged); 23% or 7.6 million hectares of land is being used for agriculture; while the remaining 22% is used for citizens, housing, roads, water treatment, and others. Of these 7.6 million hectares used for agriculture, only 1.5 million hectares are being used to produce food for our citizens, including 0.7 million hectares for paddy fields. 5 million hectares have been allocated for palm oil production and 1.1 million hectares for rubber production.

The ratio of agricultural land allocation needs to be re-examined, given the threat to the food supply for our citizens, not only due to the Ukraine War but also because of climate change. PSM's suggestion is that the land gazetted as forest reserves needs to be maintained as-is. But the portion of land allocated for palm oil and rubber production needs to be converted to the production of paddy, corn, soybean, and other food sources. An act needs to be tabled to compel plantation companies to use at least 10% of their land to produce paddy, corn, vegetables, and other food items. If they fail to do so in a set period of time, the government must confiscate a portion of suitable plantation land for the purpose of planting food items and lease it to farmers.

- 2. The problems faced by local food producers need to be identified and resolved.

Paddy producers have complained that the subsidy aid allocated to them has been stolen by Bernas and fertiliser companies.

Vegetable producers are being pressured and evicted by state governments who want to sell their land to developers, for a quick profit. At this stage, PSM is helping farmers in 12 farming areas in Perak, involving more than 400 small-scale farmers and 3000 acres of vegetable growing land. In Perak, UMNO political elites are selling land to large developers, and a large portion of the sales prices is not appearing in the state funds!

Fishermen in Penang and other regions are facing the threat of sand mining and land reclamation. These efforts are destroying fish breeding grounds and affecting the supply of food for our citizens.

Cattle farmers are being threatened by the growth of our cities and facing problems finding grazing land for their cattle. Sime Darby is trying to evict cattle farmers from their farms, with the excuse that their Roundtable on Sustainable Palm Oil (RSPO) Certification is being affected by the presence of cows.

Strict steps need to be taken to ensure that all categories of local food producers can continue in their livelihoods, producing foodstuffs for our citizens without any interruption. The forceful eviction of food producers must be stopped altogether. Economic "development" activities which have a

negative impact on the production of food have to be identified and stopped.

- 3. This memorandum also recommends that the government work with NGOs and religious groups in opening soup kitchens to prepare cooked meals to those who need them in every city in Malaysia. We must make sure that no one goes to bed hungry in our country.

This memorandum was endorsed by 37 NGOs and associations. 4 of these NGOs accompanied PSM when we visited the Ministry of Agriculture and Food Industries (which is the Secretariat for the Cabinet Committee On National Food Security Policy) on 5th April 2022 to submit this memorandum. We applied for a dialogue date with this Cabinet committee, and we are currently awaiting their response.

The deterioration of inter-ethnic relations

The reform movement sponsored by Pakatan Harapan (PH) is a political movement with progressive characteristics because it is not based on ethnic agendas, with a mission to build a fair, harmonious society, while curbing corruption and the abuse of power. This populist reform movement is a positive development in the Malaysian political landscape.

After its defeat in GE-14, UMNO fought back by playing racial politics, and inciting fears among the Malay community that their needs are/will be neglected by PH. A few mistakes by the PH government have seemingly confirmed these statements by UMNO-PAS, for instance the cancelling of subsidies for fishermen and small-scale rubber farmers, the reduction in subsidies for farmers, and the stopping of BR1M payments for single mothers and small business owners. The loss of Malay social support for PH was the main reason the PH government fell 22 months after taking power in May 2018.

The PH leadership is now aware of their mistake in cutting these subsidies. But they have still not become aware of the contradiction in terms about the “character” of Malaysia as a nation that has separate Malay supporters from PH. For the non-Malay communities, the slogan “Malaysian Malaysia” touted by DAP is a progressive phrase. For them, it brings with it a concept of a multiracial citizenry that has & will work together to build Malaysia. But the hidden meaning in this phrase brings about the narrative that “we are all immigrants, because you (Malays) come from Sumatera, whereas I come from India/China. Only the Orang Asli alone are the indigenous community of Malaysia”.

The implicit meaning in “we are all immigrants” will surely not sit well with Malay people, because it contradicts with the concept that this geographical region, from Patani to Timor-Leste, is Malay Nusantara, with Malay as an official language, Islam as the Federal religion, with royal institutions enshrined in the Malaysian Constitution.

As such, the issue of cancelling/reducing subsidies and the contradictory narrative with the concept of Malaysia has caused nearly 70% of Malay voters who previously supported PH in May 2018 to withdraw their support. This can clearly be seen in the State Elections for Melaka and Johor.

Constituency	Malay voters	Votes received in 2018 (%) BN PH PAS	Votes received in 2021 (%) BN PH PN	Difference in votes to PH
N2. Tanjung Bidara	93.9%	58.2 23.9 17.9	49.1 6.75 44.111	- 17.15
N3. Ayer Limau	91.3%	51.6 35.4 13.0	51.9 10.8 37.31	- 24.6
N11. Sungai Udang	79.7%	56.2 43.8 -	40.2 13.1 43.71	- 30.7

Constituency	Malay voters	Votes received in 2018 (%) BN PH PAS	Votes received in 2021 (%) BN PH PN	Difference in votes to PH
N20. Kota Laksamana	16.9%	16.2 81.7 -	12.12 80.8 7.13	- 0.9
N22. Bandar Hilir	12.8%	16.1 83.1 -	11.72 81.2 5.73	- 1.9

The vote received by PH in the 2021 Melaka State Election fell between 17 - 30% in Malay majority areas, compared to General Election (GE) in 2018. Meanwhile, in non-Malay areas, PH's share of votes fell only 1 - 2%. This provides clear evidence supporting the statement that Malay support for PH has drastically fallen since GE-14.

PH, although it has a few progressive characteristics, collapsed because it could not handle ethnic issues well. It is important for the left to understand this issue if we truly wish to take over national administration in the future.

Entrenched social divisions along ethnic sentiments are not something which naturally exist among the Malaysian masses. Instead, they were historically developed when the class political power held by the Left was destroyed by the colonial British and Malayan/Malaysian government formed of mono-ethnic parties after Merdeka. In the 1960s, although governments were formed by ethnic parties (UMNO, MCA, and MIC), these racial sentiments were still successfully challenged by the Left. Socialist Front (SF), which was an alliance of the Labour Party (Parti Buruh) and the Citizen's Party (Parti Rakyat). SF brought with it analysis based on socio-economic class, successfully bringing about anti-racial politics as an antidote for the toxic racial politics practised by BN/Perikatan.

Unfortunately, SF was destroyed by ISA arrests, until the anti-racial political narrative was extinguished. After that, the developments presided over by parties like DAP and PAS, which only reflected the political struggles of single races / religions, reflected those of the ruling political bloc. Since then, Malaysian citizens have only been exposed to chauvinist racial narratives for 50 years, until today.

The need for PSM to build a Marhaen (working class) movement in Bumiputera society

If we want to establish a progressive movement that can win power on a Federal level in the future, we need to build a multiracial citizen's movement. PSM cannot wait for other parties to build a Marhaen movement in Malay society. It seems that the present opposition parties are uninterested in or unwilling to do this work.

The objective conditions for mobilising Bumiputera Marhaens already exist - national economic development has brought about class contradictions in Malay society. The programs launched to help the poor Malays have been hijacked by layers of Malay contractors who have close political-business ties to UMNO or PAS representatives.

The contractors tasked with implementing the PPR housing program, rubber tree replanting, the supplying of fertiliser subsidies to paddy planters, the managing of FELDA schemes and many others fail to provide satisfactory service, because the profit motive takes precedence over all else.

The T5 rich Malays also control private hospitals through GLCs. Their efforts to promote health tourism and build more private hospitals has accelerated the flight of specialist doctors from

government to private sector hospitals. The shortage of specialist doctors affects the health of B40 and M40 citizens who greatly depend on government hospitals, regardless of race.

Thus, there are many opportunities for progressive activists to mobilise Malay Marhaen citizens to question policies that divide the corporate groups and the ongoing embezzlement. PSM activists have to conduct field work and identify the issues faced by common citizens in traditional kampungs and low-cost urban housing areas.

To conduct these tasks effectively, progressive activists have to be aware that nearly all Malaysian citizens, including within progressive circles, have been affected by racial analysis & thinking a la DAP for the past 50 years. We very much need to reconsider our perspective on these ethnic issues if we wish to work on approaching the Malay Marhaen. If we approach them with the perspective that they have a subsidy mentality, are lazy, and are only waiting for government handouts, then we will certainly fail in the effort to organise them to join the class struggle carried out by the citizen's Marhaen movement.

PSM activists have to increase our kampung, taman, and low income housing visits to meet and engage in dialogue with B40 Malaysia. Identify the problems they're facing. Analyse their situation using socialist analytical systems. Then, engage in dialogue with them and raise action to overcome the problems they're facing. Grassroots citizens will only understand who their friends and foes are when we move to address their issues.

PSM has discussed the issue of elections many times. The common understanding we've achieved is:

- It is unrealistic to hope for a big success in GE-15 because we've still been unable to spread to the whole country, and the PSM "brand" has not reached a majority of Malaysians.
- We cannot avoid competing in GE-15.
- The best opportunity for PSM to succeed in GE-15 is if we can have an electoral understanding with Pakatan Harapan.
- Winning a few Parliament and DUN (State Assembly) seats will help us in promoting the PSM brand. But if we fail to win any seats, we have a few alternatives to continue the work of PSM and build the citizen's struggle.
- We need to build the party's profile and capacity so that in the coming 10 years, we can contend in a progressive alliance as a "third power".

The Trolak Declaration has set a target of 100 Parliament and DUN seats in GE-17. To achieve this target, PSM needs to attract many individuals who are spirited and ready to fight for the good of the people. We need to increase the number of active members if we want to expand to the whole country in the coming 10 years by creating 50 - 100 new PSM branches.

To attract more idealistic and high calibre members, we need to do 4 important things:

1. Use mass-media and social media to showcase the activities and analyses of PSM to Malaysian citizens. But we cannot rely on the iconography of a few photogenic leaders and marketing tactics that are innovative and "cute". The key foundation in the "media and mind war" is content. In the past years, a few PSM activists have attracted the attention of the people and expanded the image of PSM as a party sensitive to the problems of the ordinary people, bravely organising the struggle to defend the interests of the people, including:

2. The motorcycle campaign that was conducted by the Organisation of Hospital Contract Workers
3. Demonstration in support of a woman threatened by CIMB Bank that was held in 5 cities
4. The “sit – in” protest action by school contract workers in front of the Prime Minister’s Office;
5. Mobilising to free farmers & PSM activists held when they attempted to stop the eviction of small farmers

The machinery to prepare and spread media materials is incredibly important. But the most important thing is involvement in grassroots work that will generate content issues, socialist analysis, and substantive demands & struggles to fill our media content.

- 2. More PSM members need to engage in field work amongst communities “turun padang”. We can only identify various problems faced by grassroot citizens when we engage and mingle with them. Among PSM SOPs in handling citizen’s issues is discussing with those who are affected to know their problems & learn their detailed suggestions regarding the issues they face. After this, PSM activists have to obtain relevant letters & documents, and discuss these issues in party branch meetings. Then, we have to discuss with involved parties and decide on the necessary next actions.

In our involvement with ordinary citizens, we need to prioritise solving their problems and not only focus on the work of promoting PSM’s image in mass media. This will happen “organically”. This is because, normally, the struggle for justice for citizens will, at times, require press coverage. Or oppressing authorities will take harsh action. At that moment, the involvement & stance of PSM will emerge in mass media and be spread to the masses.

- 3. The work of analysing national issues and enacting policies to handle them is not as attractive as grassroots work. But the enacting of policies and national campaigns by PSM is important to our efforts to attract new members. Those who are impressed after witnessing PSM’s grassroots struggle will browse the internet to learn more about PSM – our principles, activities, and analyses. If they find analyses which are accurate and clear, along with innovative campaigns and policies, their perception towards PSM will improve, and a few among them may even become PSM members.

- 4. We must, consciously and in an organised way, involve new members in PSM activities. New members that take part in PSM activities will learn socialist analyses and grow as progressive activists and may even become PSM candidates in the future.

Saudara-saudari, Comrades, we have been unable to move freely for the past 2 years due to the Covid-19 pandemic. Now, restrictions on movements and meetings have been loosened. The time has come for us to execute our ideas and suggestions which we’ve discussed in Trolak in January 2020. As Marx said, “we have a world to win”.

I hope we can hold discussions that are fruitful in the coming two days so we can refine PSM’s programme.

Have a great congress! Salam perjuangan!

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National Chairperson

Parti Sosialis Malaysia (PSM)

P.S.

- THINK LEFT PSM JULY 18, 2022:

<https://thinkleft.net/2022/07/18/thoughts-on-malaysias-most-pressing-challenges/>