

Stimulus packages boost cash flow, but wage subsidies fail to help employees keep jobs

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PETALING JAYA: The various stimulus packages to address the economic impact of the Covid-19 pandemic have been less successful than anticipated.

According to stakeholders, some of the initiatives, such as the moratorium on bank loans, have helped to improve cash flow, but the wage subsidies have failed to help employees keep their jobs.

To ensure that the money is going to the right places, an economist has proposed that a study be conducted to find out where things have gone wrong.

On March 27, Prime Minister Tan Sri Muhyiddin Yassin announced the introduction of the RM250 billion Prihatin stimulus package to deal with the economic fallout of the pandemic. This was followed by several other smaller initiatives, one of which is the National Economic Revitalisation Plan (Penjana) worth RM35 billion.

The Malaysian Employers Federation (MEF) hailed the introduction of the moratorium on loans, saying it has been a lifeline for businesses and individuals affected by pay cuts and other austerity measures.

However, its executive director Datuk Shamsuddin Bardan told theSun that unless it is extended beyond September, it could be “very destructive to both employers and individual borrowers”.

He claimed that of RM250 billion under the stimulus package, only RM40 billion went to the private sector, “which is actually insufficient”.

"The wage subsidy of RM14.9 billion is supposed to last us six months, which means it's only RM2.48 billion a month," Shamsuddin said.

On the other hand, he added, the total wage bill for the private sector came up to RM27.5 billion a month. "This is just 9% of the wages in the private sector," he added.

He said this was not enough of an incentive to keep employers from retrenching their workers.

Malaysian Trades Union Congress (MTUC) secretary-general J. Solomon said that despite the "massive injection of funds" almost 800,000 workers have already lost their jobs by April.

"One flaw of the stimulus packages is that there is little oversight to ensure employers use the aid to retain their workers and protect their welfare," he told *theSun*.

"There have also been complaints that employers who received the aid, which is taxpayers' money, still went ahead to reduce salaries and force workers to take unpaid leave," he claimed.

Solomon said MTUC would push for the introduction of emergency employment regulations to bar companies from laying off workers for a specific period of time.

"This will help protect jobs," he said.

He also criticised the government for its initiative to allow workers to withdraw from their Employees Provident Fund savings to sustain themselves during this lean period.

Asli Centre for Public Policy Studies chairman Tan Sri Ramon Navaratnam said a quick survey is needed to measure the impact of the stimulus packages.

"We must know for sure who has benefited and who are still suffering. A survey can be done within a day or two with a small or sample size of 200 to 300," he told *theSun*.