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The checks and balances — the institutional structural framework — is not in place, not strong enough. Therefore, you see a constant, steady deterioration in the quality of our political environment, says Tan (pic TMR)

Tuesday, October 25th, 2022 at [Economy](#)

For the next few years, Tan believes the economy will be in a tough spot

by M JAY SHEILA & HABHAJAN SINGH / pic TMR

THE major ruling parties in Malaysia lack leaders with the depth to steer the nation as it moves into a troubling global economy. And the general election slated for Nov 19 is not expected to resolve the leadership vacuum so apparent in the nation's politics today.

the 15th General Election (GE15) providing succour to the political bickering and instability that have mired the nation for some years now.

Asked what will be the outcome of GE15, Capital Dynamics Group MD/CEO Tan Teng Boo said: "Not so good. We will still muddle along, you know. We are far from the stage like Sri Lanka but that doesn't mean you can't get there if you're not careful."

One of the major pain points of the nation is the lack of institutions to ensure that democracy is able to work at its best. Malaysia is a young democracy, but not with the best of features of democracy since vital institutions have been compromised over the years.

"If you are an established democracy, like the US, it's okay. Whether it's (Joe) Biden or (Donald) Trump, the economy still runs. Here, it is different. Voters are not mature, politicians equally immature.

"The checks and balances — the institutional structural framework — is not in place, not strong enough. Therefore, you see a constant, steady deterioration in the quality of our political environment," he told *The Malaysian Reserve* in a recent interview.

On Oct 10, Prime Minister (PM) Datuk Seri Ismail Sabri Yaakob announced the dissolution of the Parliament, ending weeks of speculation that the nation would be

going to the polls soon. The election will see three major coalitions — Barisan Nasional (BN), Perikatan Nasional (PN) and Pakatan Harapan (PH) — leading the charge to form the next government. *NAHARUL/TMR*



Tan is not impressed with the govt's

performance in the last 3 years,

especially on economic management (pic: MUHD AMIN)

What will be the likely outcome?

"This election will result in a very fractious political environment. We must have leaders who are strong enough to command at least a simple majority. Are we going to get there after the election? I don't think so. Unfortunately," he said.

Tough Spot

For the next few years, Tan believes the economy will be in a tough spot, with the US expected to experience a serious recession in 2023. Europe is also almost in recession, even before the energy sector embargo kicked in following the Russia-Ukraine conflict.

"The question is not whether the US is going to experience a recession, but how serious, how deep will it be? And how will the recovery be? So, next year, we're going to see a big part of the world economy in recession," he said.

Together, he said the global and local factors have set the stage for the next Malaysian government to face the perfect storm.

Looking back, Tan is not at all impressed with the government's performance in the last three years, especially on economic management.

"In the last three years, starting from PH, we have not seen long-term economic policies — not a single one. That has been the missing link," he said.

PH came to power in May 2018 after defeating the then-BN government led by PM Datuk Seri Mohd Najib Razak. The PH government led by PM Tun Dr Mahathir Mohamad lasted for 22 months, its rule cut short by the so-called Sheraton Move.

The Sheraton Move was a political manoeuvring that saw BN, Parti Pribumi Bersatu Malaysia, PAS and a PKR faction led by its deputy president Datuk Seri Azmin Ali joining forces to topple the PH government. It resulted in Tan Sri Muhyiddin Yassin being appointed as the nation's eighth PM.

After months of pressure, in August 2021, Ismail Sabri, who is the Umno VP, became the ninth PM.

Investing Decision

So, what do investors do in such a scenario? Tan said there is really nothing much that they can do.

"From the investment point of view, they should be patient, disciplined and select investment choices carefully. If you have invested in good, solid companies, stay put. If prices drop, you may want to buy. Crisis can also be an excellent opportunity," he said.