Malaysia

Comparative National Systems

Introduction

This report considers the comparative politics of Malaysia using the SPECIPIO framework for comparative political analysis. To analyze the comparative politics of Malaysia, it is important to pay special attention to its history which is the foundation of the present affirmative political and economic policies in favor of the Malays (the Bumiputera). Such affirmative policies have played a dominant role in shaping the national system of Malaysia since its independence in 1957. These policies actually prevented Malaysia from being more democratic. However, one should recognize that rapid political and economic reform conducted since 2003 are actually encouraging democratization of the country.

Stateness

A state is those groups of people which have acquired international recognition as an independent country and which have five characteristic: a defined and distinct territory, population, monopoly of legitimate use of force on territory, and rights to collect tax.

Malaysia has a defined and distinct territory, as described below, and population. In 2003, the total taxation in Malaysia was 17.58 percent of the total GDP, which is the 43rd in the world. Malaysia has the monopoly of legitimate use of force on territory, and the Constitution states that the Yang di-Pertuan Agong (the Chief of State) is the Supreme Commander of the armed forces of Malaysia. These factors indicate that Malaysia is an independent sovereignty with a decent power to tax its people.

Geography: Malaysia locates on the southern end of Malay Peninsula and on the northern part of Borneo Island. Malaysia is adjacent to Thailand, Singapore, Brunei, and Indonesia. Malaysia shares its border with Thailand at the northern part of Malay Peninsula and with Brunei in Sarawak on Borneo Island. Malaysia is situated at a strategic location along Strait of Malacca and southern South China Sea, both of which are important international maritime passage. The area of the country is 329,847 square km, which is the 66th largest in the world and slightly larger than New Mexico. Malaysia also possesses various natural resources such as tin, petroleum, timber, copper, iron ore, natural gas, and bauxite.

Function: With regard to religion, although the Constitution recognizes Muslim as the national religion, freedom of religion is guaranteed. Mostly, the Malays profess Islamism. Approximately 60 percent are Muslim, 20 percent Buddhist, 9 percent Christian, and 6 percent Hindu.
People: Malaysia is a multi-ethnic state; among its population of 27 million, the Malays consist of approximately 66 percent, Chinese approximately 26 percent, and Indian 8 percent. The reconciliation between the ethnic groups and the unity of people are major issues. Based on the lessons learned from the ethnic rioting in 1969, the Malaysian government established a basic policy to stabilize society through diminishing the ethnic inequality between the Malay and the rest by promoting economic and social status of the Malays. After the independence from Great Britain in 1957, the Malaysian government has implemented a series of measures to favor the Malays in order to secure their economic edge in the country. The measures are collectively referred to as Bumiputramism. The Constitution stipulates in article 153 that “it shall be the responsibility of the Yang di-Pertuan Agong (The chief of government) to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.”

Political Regime

Malaysia is a federal state which consists of 13 states and 1 federal territory (wilayah persekutuan) with three components, city of Kuala Lumpur, Labuan, and Putrajaya. The chief of state is the King who is chosen based on principle of rotation among 9 sultans’ Conference. The tenure is 5 years, and its position is ceremonial. The head of government is the Prime Minister who must be a member of the lower house.

The Government of Malaysia is closely modeled after the Westminster parliamentary system, a direct influence of the British colonization which ended in 1957. Malaysia has bicameral Parliament consisting of a nonelected upper house and an elected lower house. The upper house has 70 seats, of which 44 are designated by the King and 26 appointed by the state parliaments. The lower house has 222 seats, all of which are occupied by those who won by direct election. In the lower house, ever since the independence in 1957, the Malay-led party UMNO (United Malays National Organization) has been part of ruling coalition (currently called Barisan Nasional which has been in power for more than 30 years). Previous prime ministers since the independence have always been the leaders of UMNO. In particular, the government granted itself a power to diminish civil rights such as by banning criticism against the government after the Malay-Sino riots in 1969. Along with this, in 1971, the government amended the Constitution to make illegal any criticism, even in Parliament, of the Malaysian monarchy, the special position of Malays in the country, or the status of Malay as the national language. These implementations indicate nondemocratic and Malay-favored features of the political system in Malaysia.

In addition, during Dr. Mohamad Mahathir’s premiership between 1981 and 2003, Malaysia became increasingly authoritarian. A stark example of this is the dismissal and imprisonment of the Deputy Prime Minister Ibrahim Anwar in 1997. Mr. Anwar was arrested for violating the Peace Preservation Law by criticizing the Mahathir’s policies. The charges were unsubstantiated, and this could show the complicity of the judiciary.

However, the political environment has been steadily changing in Malaysia. Prime Minister Badawi Abdullah, who succeeded Mr. Mahathir in 2003, focused on eliminating corruptive practices which increased during the previous administration. Mr. Abdullah gave more power to anti-corruption agencies and arrested several public figures who conducted bribery under Mr. Mahathir’s rule. Mr.
Abdullah also advocated for open politics which encouraged political participation of non-governmental organizations\textsuperscript{v}. Although domestic media is still unambiguously in favor of the ruling coalition, they started to pay more attention to points made by the opposition parties\textsuperscript{vi}. This created an atmosphere in which people find much easier to criticize the government. In parallel to the top-down transition, an expansion of internet has vastly increased the opportunities and channels for sending out information among rapidly increasing internet users. Between 2004 and 2008, many blogs were created by independent internet media most of which delivered critics against the government\textsuperscript{vii}. The opposition parties also make use of the technology. It is reasonable to say that the dramatic decline in the ruling party in the 2008 lower house election may have been caused by a combined effect of the open politics policy and the spread of internet culture in the society.

In April 2009, Mr. Abdullah stepped down and was succeeded by his deputy, Razak Najib. Mr. Najib continues to actively promote in political reform like his predecessor. For example, one of the first things he did as Prime Minister was to remove a ban on two opposition newspapers, Suara Keadilan and Harakdaily\textsuperscript{viii}. Mr. Najib also considers revising the much-criticized law which allows for indefinite detention without trial\textsuperscript{ix}. Furthermore, he is committed to increasing openness and accountability of the government. The related measures include the use of Twitter\textsuperscript{x} and Facebook\textsuperscript{xi} to inform the public of what the government is doing and asking the public for feedback on government expenditure.

To conclude, the political regime of Malaysia can be defined as pseudo-democracy with a Malay-dominant political regime backed by the Constitution, enduring suppression of civil rights to criticize the government, and de-facto one-party system. However, it is fair to say that Malaysia is slowly moving in a direction of becoming a more democratic country with the political reform conducted by Mr. Abdullah and Mr. Najib. This trend might be accelerated by the further advancement of Information Technology.

### Economic Development

Following the footsteps of the Asian Tigers and with economic assistance of Japan, Malaysia transformed itself from an exporter of raw materials such as palm oil, natural rubber, and tin into an industrial nation. Malaysia continuously recorded annual economic growth of above 8 percent between the late 1980s and just before the Asian economic crisis in 1997. After experiencing a severe but temporary interruption to its economic growth during the Asian economic crisis, Malaysia has continued to grow, and its GDP is expected to be 385.2 billion USD in 2008 which is the 31\textsuperscript{st} largest in the world\textsuperscript{xii}.

The level of GDP per capita of Malaysia is estimated to be 8118 USD/year by IMF (2008), 7,221 USD/year by the World Bank (2008), and 8,800 USD/year by CIA Factbook (2008)\textsuperscript{xiii}. It is said that democracy is expected to survive if the level of GDP per capita is over 6000 USD/year. Based on these three estimates, Malaysia is well above the threshold level for the survival of democracy. Thus, Malaysia can be said to have potential to increase its degree of democracy from its current semi-democracy.

On the other hand, the Government of Malaysia has also implemented a series of affirmative economic action policies in favor of the Bumiputera. These policies are aimed at increasing the wealth of the Malays and eradicating the poverty rates among the Malays. One of such affirmative policies is the establishment of Bumiputera quotas in areas such as housing developments, scholarship admission and also for ownership of publicly listed companies\textsuperscript{xiv}. Publicly listed companies are imposed 30 percent bumiputera
listing requirements. The Bumiputera quotas have been effective since 1971 when the first New Economic Plan was created. These affirmative policies are accused of creating an oligarchy and are certainly against liberalization of economy. However, Prime Minister Najib announced liberalization of 27 services sector by abolishing the 30 percent Bumiputera requirement in April 2009. This shows that Malaysia is moderating its affirmative action policies to achieve a more liberal economy.

Culture and History

Malaysia claimed independence from the United Kingdom in 1957 as a multi-racial Federation. At this time, the population included a large number of the second generation of non-indigenous people, mainly from Southern part of China and India, who were brought to the region as manpower for labor at plantations, mines, mills, and docks owned by the British.

During the British occupation, the gap between the wealth of different ethnic groups, especially between the Chinese and the Malays had widened. Although the Chinese first arrived in the region that became Malaysia poor, they became economically successful based on their strong belief in industriousness, frugality, and children’s education during the British occupation. On the other hand, the Malays had found it difficult to adjust themselves to the loss of political sovereignty to the British and of economic sovereignty to the Chinese becoming increasingly poor compared to the Chinese.

Even after the independence, the wealth gap persistently remained between the Malays and Chinese. In the late 1960s, the poverty rates among the Malays were extremely high at 65% while the Chinese controlled 34% of the economy at the time. In order to narrow the gap, the Malay-led government had implemented affirmative policy in favor of the Malays. Such policy created strong discontent against the government among the Chinese, which also created emotional tension between the two ethnic groups. Such tension reached its peak in May 1969 when the general election was held. The ruling coalition called the Alliance, led by UMNO, lost many of its seats while the Chinese-led opposition parties such as Democratic Action Party (DAP) largely increased their seats. Although the ruling coalition retained a majority in the legislature the result led young supporters of the opposition parties to a victorious parade in Kuala Lumpur. This eventually developed into a series of crashes between the Malays and Chinese in which 196 were killed between May 13 and July 31. The government declared a state of national emergency, and Parliament was suspended.

This incident led the Malay-led government to implement a series of more affirmative action policies to improve the welfare of the Malays (BUMIputera) and to defuse inter-ethnic tensions in the 1970s. Such policies include the New Economic Policy (NEP), which was revised four times until it was replaced by the National Development Policy in 1991. Their economic policies boosted economic growth and industrialization, both of which dramatically increased living standards especially of the Malay by the 1990s, creating a large group of urban Malay middle class. The Malaysian economic growth was only temporarily interrupted by the Asian financial crisis in 1997-1998.

Another legacy of the incident comes from the fact that the state of emergency has never been lifted until today. By declaring the state of emergency, the government granted itself a power to diminish civil rights such as by banning criticism against the government. Along with this, the Constitution was amended to make illegal any criticism, even in Parliament, of the Malaysian monarchy, the special position of Malays in the country, or the status of Malay as the national language in 1971 (“Sensitive Matters Amendment”).
Since 1970 until now, the “National Front coalition” with UMNO at its core has governed the country. Although the general election is regularly held and freedom of election campaign is guaranteed, the ruling coalition normally wins with a large majority. In fact, all the past Malaysian prime ministers have been the leaders of UMNO. This shows that Malaysia is a de-fact one-party state. Furthermore, with all the repressive measures passed in 1970 still effective, no one can openly criticize the government, which makes it difficult to form an effective opposition movement.

Institutions

The institution of the lower house is majoritarian since all the seats are appointed by direct election in the first-past-the-post electoral system. This could constrain and channel political behavior in such a way that little changes in the total share of the vote could mean a dramatic change in the number of seats gained in the election. In fact, in the lower house election in 2004, the ruling coalition gained 64 percent of the total votes which allowed them to gain more than 90 percent of the seats in the lower house. However, in the following election in 2008, while the ruling coalition lost the total share of the votes by 12 points to 52 percent compared to 2004, it did not even manage to gain 63 percent of the entire seats, which accounts for a loss of more than 27 percent.

Party Families

Malaysia has a multi-party system. As for the ruling coalition, it is composed by 14 parties. The opposition coalition is formed by 4 parties. There is also one independent party. The large number of political parties is formed due to the multi-ethnicity and social difference between peninsula and Borneo Island, both which tend to generate political diversity.

The ruling coalition called BN includes parties such as UMNO, MCA (Malaysian Chinese Association) and MIC (Malaysian Indian Congress). The ruling coalition has been cross-ethnicity since the 1957 independence. Senior members of MCA and MIC have usually been appointed as cabinet members. That said, the past five Malaysian prime ministers have been the leaders of UMNO. This shows how the Malays have taken a dominant position in politics for so long. Other key parties in the coalition include Parti Gerakan Rakyat Malaysia (Gerakan), Parti Pesaka Bumiputera Bersatu (PPBB) and the Sarawak United People's Party (SUPP).

The opposition coalition known as People’s Alliance (Pakatan Rakyat or PR) consists of 3 parties: the Parti Islam se-Malaysia (PAS), the Democratic Action Party (DAP), and the Parti Keadilan Rakyat (PKR). There is also one independent party called Sabah Progressive Party (Parti Progresif Saban or SAPP).

International Influences

Since Prime Minister Mahathir took office in 1981, Malaysia has adopted the Look East Policy. This policy aims to develop Malaysian economy by changing the work ethics among the people of Malaysia through acquiring technology, work ethics, and management philosophy by sending college students and industrial technology specialists to Japan and South Korea. For example, Malaysia has sent approximately 11,000 trainees and students to Japan since 1982. Former trainees and students sent to Japan and
Korea are now playing key roles in the business community in Malaysia and have significantly contributed to the development of the Malaysian economy.

Malaysia also has a close relationship with the United Kingdom as it is a member of the Commonwealth, a legacy of the British occupation which ended in 1957. One of the significant influences of the United Kingdom is the fact that the Malaysian parliament has modeled the Westminster parliamentary system.

Malaysia is a member of ASEAN and has shown leaderships in developing closer relationship with other ASEAN members and in reducing inequality within the organization. Malaysia has also been active on promoting East Asia cooperation and chaired the first East Asian Summit in December 2005\textsuperscript{xi}.

Malaysia is also a member of the Organization of The Islamic Conference (OIC) and has increased its presence as an economically successful and moderate Islamic country within the organization. From 2003 to March 2008, Malaysia held chairmanship of the OIC summit and hosted a summit meeting in October 2003\textsuperscript{xii}.

Malaysia has long conflicted on various issues with Singapore. Being a city-state whose trade and finance is deeply dependent on the West and Japan. Singapore tends to make favorable comments on the West which consists of many Christian nations. This invites diplomatic crash with Muslim countries in the region especially Malaysia and Indonesia. However, the current Malaysian Prime Minister Najib is expected to strengthen economic ties with Singapore. Mr. Najib continues to promote to Singaporean investors the Iskander project\textsuperscript{xiii}, a 2,217-sq-km development zon in the state of Johor, which borders Singapore.

**Ownership**

The level of ownership of assets differs between ethnic groups in Malaysia. The Chinese has the biggest ownership of assets followed by the Indian and the Malays.

In terms of the income distribution, the difference is particularly significant between the Chinese and the Malays with the income ratio of 1.54:1.00 to the Chinese in 2007 although the ratio improved from 2.29:1.00 in 1990. In 2007, the mean incomes of the Bumiputera, Chinese, and Indian are 3,156RM, 4,853RM, 3,799RM per month, respectively\textsuperscript{xliii}.

In terms of equity ownership, the Bumiputera has 120,387.6RM million which accounts for 19.4 percent of the total equity ownership in 2006\textsuperscript{xlv}. As for the non-Bumiputera, the total ownership is 273,214.4RM million, of which the Chinese has 263,637.8RM million, which accounts for 42.4 percent of the total ownership in 2006\textsuperscript{xlv}. The Indian has 6,967.8RM million, which translates into 1.1 percent in the same year\textsuperscript{xlvi}.

At the individual level, the Chinese clearly excelled far better than the Malays. Among the CEOs of 594 major private companies in Malaysia, 70.4 percent are the Chinese whereas the Bumiputera CEOs only account for 20 percent\textsuperscript{xlvi}. Furthermore, many of high-income occupations are Chinese dominant. For example, 73.6 percent of accountants are the Chinese while 20.8 percent are the Bumiputera\textsuperscript{xlvii}. 53.1 percent of architects are the Chinese while 45.3 percent are the Bumiputera\textsuperscript{xlviii}. The lower proportion of the Bumiputera in the high-income sectors is due to the fact that the Bumiputera have traditionally engaged in low-income sectors such as agriculture and find it difficult to adopt themselves to higher-earning sectors. Meanwhile, the Chinese have traditionally been better equipped with more commercial
and high-income occupations backed by their belief in industriousness, frugality, and children’s education.

Since the independence, the government has implemented a series of affirmative action policies with an aim to allocate more of the country’s economy to the Malays and to reduce the poverty rates among the Malays which was at 65 percent in the late 1960s\(^1\). The government had actually been successful in meeting this goal to some extent. The equity ownership of Bumiputera increased to 18.9 percent in 2004 compared to 2.4 percent in 1970 and poverty decreased to 8.3 percent from 65 percent in the late 1960s\(^1\). According to the 9\(^{th}\) Malaysia Plan 2006 – 2008, one of the latest affirmative action policies, the government has set a target to reduce the income inequality between the Chinese and the Bumiputera to 1.5. As for the equity, the government aims to attain Bumiputera’s equity ownership at between 20% and 25% by 2010\(^1\). Again, this is as part of Malaysia’s affirmative action policies to improve the economic status of the Bumiputera.

It is normally the case that the wealthy are always an indispensible part of any governing coalition. However, the Government of Malaysia has been dominated by the Malays since the independence in 1957. This is largely because the Malay-led government has implemented a series of measures to secure their political power. Most notably, just after the Malay-Sino riots in 1969, the government amended the Constitution to make illegal any criticism, even in Parliament, of the Malaysian monarchy, the special position of Malays in the country, or the status of Malay as the national language in 1970. This is still the case today, and, due to these ongoing repressive measures, the Malay-led ruling coalition normally wins with a large majority although the general election is regularly held and freedom of election campaign is guaranteed. Furthermore, the affirmative economic action policies in favor of the Malays naturally bring the ruling party the votes of the Malays which account for approximately 66 percent of the population. Moreover, with the government’s success in increasing the Malays’ ownership and eradicating poverty among the Malays, support from the Malays can be solid and strong.

Conclusions

Since its independence in 1957, the Government of Malaysia has continuously been dominated by the Malay-led ruling coalition. The premiership has been solely occupied by the leaders of UMNO, the most powerful Malay party, since 1957. The government has also continuously implemented affirmative action policies in favor of the Malays over the past five decades. This has shaped the current national system of Malaysia. The system is authoritarian in a sense that, ever since the riots in 1969 when the state of emergency was declared, the government has given itself a power to diminish civil rights such as by banning criticism against the government. Along with this, in 1970, the Constitution was amended to make illegal any criticism, even in Parliament, of the Malaysian monarchy, the special position of the Malays in the country, or the status of Malay as the national language. These measures are still in effect and make it difficult for the opposition to conduct effective election campaign. This also secures the de-fact one-party system in which the previous Prime Minister has been selected from one party over the past five decades.

The rapid economic growth has brought the level of GDP per capita of Malaysia well above 6000 USD/year, which is the threshold level for the survival of democracy. This implies that Malaysia now has potential to increase its degree of democracy from its current semi-democracy. However, such economic growth does not seem to directly link to democratization in Malaysia. This is again because the fundamental civil rights such as freedom of criticizing the government are still diminished so the
increased economic capital cannot be easily converted into a civil movement capital to promote more liberal democracy.

With regard to ownership, the Chinese has the largest share in both income and equity ownership. The income ratio between the Chinese and the Malays was 1.54:1.00 in 2007, and the equity ownership ratio between the two was 2 (42.4 percent):1 (19.4 percent). Given these figures, it is natural to think that the Chinese would play an indispensible part of the government. However, this is not the case in Malaysia. The reason for this is that, again, the Government of Malaysia still takes measures repressing civil rights to criticize the Malay-led government. This allows the Malay-led ruling coalition to win with a large majority although the general election is regularly held. Furthermore, the affirmative economic action policies in favor of the Malays naturally bring the ruling party the votes of the Malays which account for approximately 66 percent of the population. Moreover, with the government’s success in increasing the Malays’ ownership and eradicating poverty among the Malays, the ruling coalition can gain solid support from the Malays.

That said, there have recently been active movements for liberalization and democratization in Malaysia. Prime Minister Abdullah gave more power to anti-corruption agencies and arrested several public figures who conducted bribery under Mr. Mahathir’s rule. Mr. Abdullah also advocated for open politics which encouraged political participation of non-governmental organizations to a certain extent. Although domestic media is still unambiguously in favor of the ruling coalition, they started to pay more attention to points made by the opposition parties. This created an atmosphere in which people find much easier to criticize the government.

In addition, an expansion of internet has vastly increased the opportunities and channels for individuals to form an opposition movement against the government. This could well have contributed to the decline of the ruling party in the 2008 lower house election.

Furthermore, Prime Minister Najib removed a ban on two opposition newspapers as soon as he took office in April 2009. Mr. Najib also considers revising the much-criticized law which allows for indefinite detention without trial. Furthermore, he is committed to increasing openness and accountability of the government by using Twitter and Facebook.

Overall, despite being a pseudo-democracy equipped with a Malay-dominant political regime backed by the Constitution, enduring suppression of civil rights to criticize the government, a de-facto one-party system, and affirmative action policies in favor of the Malays, Malaysia is steadily liberalizing and democratizing itself. Moreover, due to the potential of the internet to spread the opposition movement and the nature of the first-past-the-post electoral system, it may be possible to say that the ruling coalition might lose majority in the legislature in future general elections. To this end, politics of Malaysia is entering into a vibrant phase it has never experienced before.
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xx http://twitter.com/NajibRazak

xxi http://www.facebook.com/najibrazak


xxiii http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)_per_capita


