



Malaysia's Prime Minister Abdullah Ahmad Badawi (r.) chats with a leader of Malaysia's ethnic Indians, S. Samy Vellu, during an Indian celebration in Kuala Lumpur in January. Indians make up eight per cent of Malaysia's population.

Malaysian PM faces pressure from ethnic and pro-democracy forces

The federal government holds the trump cards when dealing with the states and other protesters

BY SONIA RANDHAWA

EARLIER THIS YEAR THERE WERE pressures on Prime Minister Abdullah to call a snap election so Malaysians would go to the polls in March, long before his government's term was up in 2009.

If an election were held in March, the popular opposition leader, Anwar Ibrahim, would not yet be eligible to run for parliament. Also, the expected announcement by the government of a fuel price hike would have fewer negative consequences after an election than before one.

The country that Mr. Abdullah governs is a federation of 13 states and three federal territories, divided into two

regions separated by 640 km of the South China Sea. It is one of the world's largest makers of computer disk drives and produces palm oil, rubber and timber.

The country is diverse: it is 60 per cent Malay, 25 per cent Chinese, and 8 per cent Indian and 7 per cent others. This diversity is reflected in the Prime Minister's ruling coalition, the National Front. The coalition has been in power since the country was founded and controls most of the state governments. However, there's trouble in paradise: a set of restrictions on civil liberties and freedom, including the power to imprison suspected subversives for up to two years without trial, and a govern-

ment that can deny newspapers a licence to print.

A demonstration of tens of thousands, largely from opposition political parties, was held in Kuala Lumpur on Nov. 10, 2007, to demand reforms to clean up Malaysia's election process. Then on Nov. 24, unrest among Malaysia's minority Indian population spilled over into a street demonstration. The Indians were protesting lack of access to housing, civil service jobs and places at university due to a positive discrimination program for poor Malays. In Malaysia, where such demonstrations are illegal, the two political demonstrations were the first in a decade.

It hasn't only been street demonstrators who have challenged the federal

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government. Malaysia's states have taken on the federal government in recent years, and in most cases have lost. Their confrontations erupted over oil revenues, water resources and demands for greater democracy. The states have also been facing environmental concerns, controversies over legislation, and burgeoning state-level debt. After most of these confrontations, the power of the states has decreased, and more power has been ceded to the federal government.

Oil and water

One early shock to the federal system after 1999 came over oil. In the November 1999, general election, the National Front government lost control of the oil-rich east-coast state of Terengganu. Before the election, a contract had been negotiated between the state government and Petronas, Malaysia's national oil company, to give the state government five per cent of the oil revenues from oil extracted in Terengganu. This sum had risen to more than US\$132 million annually. When the opposition Pan Islamic Party came to power, the oil company withheld these revenues. Instead, Petronas said they would pay them to the federal government to carry out development projects in the state. The withheld taxes cut the state government's revenues by 80 per cent. The action threatened the independence of all state governments dependent on oil revenue.

Another major event that strained the federal system was the passage of two federal bills designed to set up a national commission to manage the water supply and catchment areas. The bills, defended on environmental grounds, were passed in May 2006, following more than two years of controversial wrangling. Water resources had traditionally been on the state list of powers. However, the record on water management had been mixed, with some states suffering water shortages, and others incurring large debts.

Meanwhile, the federal government had also begun research and planning for an inter-state water transfer project between Pahang and Selangor. Selangor is home to the territory of Malaysia's federal capital, Kuala Lumpur. The federal government passed the water legislation despite the unpopularity of the move with the Pahang state government. Passing the federal bills required a change in the constitution, which was

groups, and opposition parties have never been able to assemble such a coalition. In May 1969, the Opposition had a strong showing in the polls. Due to a mixture of opposition parades and ruling party instigation, riots broke out leaving an unknown number dead. The spectre of such violence has also been used to ensure the ruling coalition's victories.

The status of federalism

Malaysia's federal system goes back to 1963 when the country was born from the union of the Federation of Malaya with Singapore, Sarawak and Sabah. Singapore later became independent, leaving 13 states and three federal territories.

In practice, there are two federal systems in Malaysia: one that links the 11 states on the peninsula with the two on Borneo (Sabah and Sarawak), and a second that links all the states in peninsular Malaysia.

Peninsular Malaysia

Peninsular Malaysia is made up of 11 states and two federal territories, Kuala Lumpur and Putrajaya. State-federal relations are defined in the federal constitution, officially the supreme law of the land. The constitution provides that the federal laws take precedence over state laws, but that the state has jurisdiction over the state list which includes matters

such as land, local councils and local matters, water and others. This is set out in the Ninth Schedule of the constitution, which also provides a list of matters that are the responsibility of the federal government. Constitutional supremacy has been in decline because of frequent amendments to the Constitution that require only support by two-thirds of MPs in Parliament and do not require participation by the states.

Each state elects a legislature, the Dewan Undangan Negeri, with between 15 and 62 members, through single-

done in 2005, and peninsular states have now lost control of their water resources.

Meanwhile, the Malaysian federal government has been remarkably long-lived: there has never been an opposition coalition in power since 1963. This longevity has been due in part to the unique coalition that governs Malaysia. This coalition, the National Front, is made up of three major parties: the United Malays National Organisation, the Malayan Chinese Association and the Malayan Indian Congress. The coalition represents Malaysia's three largest ethnic



Malaysians play in a wading pool at the Kuala Lumpur City Centre Garden in front of the Petronas Twin Towers, once the world's tallest building.

REUTERS/BAZUKI MUHAMMAD

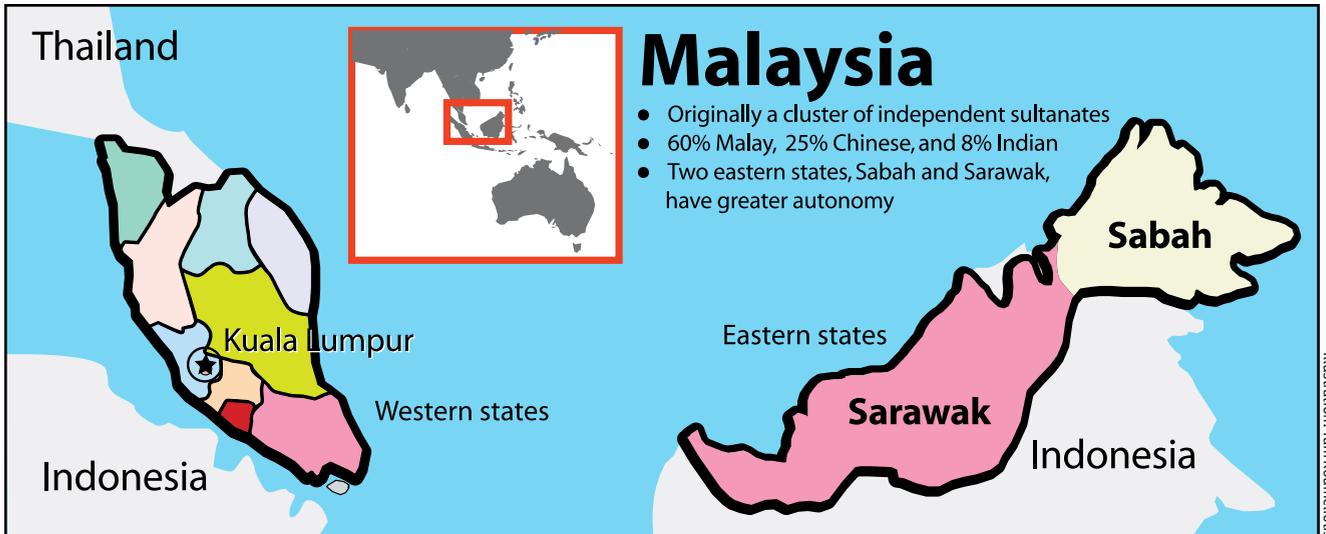


Illustration: Yanti Rounneliots

Malaysia's eastern states of Sabah and Sarawak share the island of Borneo with Indonesia, 640 km across of the South China Sea from the nine Malaysian states on the Thai-Malay peninsula.

member constituencies. State legislatures generally fall under the purview of the state ruler, with sitting times and frequency varying from state to state.

Elected local councils began being phased out during the mid-1960s, officially as a result of the “confrontation” with neighbouring Indonesia. Despite a campaign for the reinstatement of local councils, there is little movement towards this from either the government or opposition parties. Since 1973, when the position of appointed local councils was formalized in federal legislation, the state legislature has appointed all local government officials. The state legislatures collect revenue from certain taxes, such as land tax, some forms of licences and various other sources. They can also obtain development funds or other funds from the federal government and, in most cases, receive royalties from the extraction of natural resources.

Sabah and Sarawak

The federal constitution also contains a section that applies solely to the two states outside the peninsula, the East Malaysian states of Sabah and Sarawak. These two states have greater control over immigration, water, electricity and other areas, such as environmental policy. Malaysians from other states cannot buy land or residential properties and they must go through formal immigration procedures when they enter these states.

This autonomy has had both a positive and negative impact on the people of

the Eastern states. They have developed differently – politically, economically and socially – than the people of the peninsula. The exploitation of vast natural resources in timber, oil and minerals in these states has not led to a high standard of living for the majority of East Malaysians. While the gap between rich and poor in Malaysia is among the largest in Southeast Asia, it is particularly pronounced in these states, where timber tycoons appear on international lists of the world’s richest, while the people whose lands have been logged face increasingly difficult circumstances, often with no access to electricity or potable, piped water.

This neglect is not a natural consequence of the autonomy of these states, but this autonomy has allowed state governments to argue that the indigenous peoples are not subject to the same environmental protections that apply in the rest of Malaysia. It has allowed the states to be exploited as the personal fiefdoms of National Front politicians, without fear of rebuke from federal-level political masters, as long as they are able to ensure their coalition victories in the polls and a steady flow of the oil revenues paid into the federal coffers.

An example of the fallout was the aftermath of the 1994 Sabah state election. Despite winning 25 out of 48 state seats, the non-National Front parties were unable to form a government after opposition representatives jumped ship, eventually giving the National Front a

majority. Since this time, the racial make-up of Sabah has been changed, with an influx of Muslim Filipinos from the southern Philippines. Some Sabah-based NGOs argue that this is an attempt to strengthen support not only for the National Front but for the majority ethnic party, the Malay-based United Malays National Organization in Sabah. It has undermined other local National Front coalition partners while strengthening the peninsula-based parties in the coalition.

The future of federalism

Federalism remains an important principle in Malaysia, particularly for the states of Sabah and Sarawak. However, Malaysia has experienced increasing concentration of power in the hands of the executive as well as a decline of the rule of law and the importance of the constitution. Particularly in peninsular Malaysia, in many areas, the states enjoy autonomy only to the extent that the decisions that they make are in line with the federal National Front policy. It appears unlikely that a parallel erosion of state power will occur in Sabah and Sarawak, due to their distinct political, social and economic cultures. East Malaysians are also fiercely proud of their autonomy and attempts to undermine this are highly unpopular. Restoring a healthy balance between the states and the federal government remains a pressing challenge for Malaysia. 