Political Change and Institutional Rigidity in Malaysia: Is There a Way Out?

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INTRODUCTION

There is a highly coherent and organised narrative demanding for political reform in Malaysia. Since the onset of the financial crisis in 1998, change agents are calling for an overhaul of Malaysia’s social, economic and political institutions. They demand a new modus operandi asserting that sixty years of uninterrupted Barisan Nasional (BN) rule has resulted in the deterioration of quality of governance. Issues of state patronage, underperformance of the bureaucracy, quality of leadership, integrity, transparency and corruption continue to plague the state. Reformists are demanding for a small state, a more qualified state power, greater equality, meritocracy and toleration of beliefs to address the overwhelming state presence and Malaysia’s plural society.

Calls for regime change became more strident in 2015, the year that saw Prime Minister Najib Razak fighting for his political life after being at the centre of the twin financial scandals involving investment decisions of state-owned investment agency 1MDB and the deposition of RM2.6 billion to his private account. The twin scandals only confirmed to many of the rapid deterioration of Malaysia’s institutional quality. At its height, the scandals threatened to unravel the BN, specifically UMNO - the largest component party in the BN coalition - after two senior ministers fell out of favour and were left out of Najib’s new cabinet line-up. Reformists also had the most unlikely of allies in former premier Dr Mahathir Mohamad when he joined the strident calls for change. Mahathir resigned from UMNO and spearheaded the “Save Malaysia Campaign” that saw him joining hands with main opposition leaders to call for Najib’s resignation.

Despite the unceasing calls by change agents for a new political, social and economic arrangement, change has not been of seismic or transformational proportion that many have come to expect. Why are calls for better state efficiency, improved governance, greater transparency and integrity seemed incapable at mobilising change? Will Malaysia see political change on the scale that many are hoping for?

Why are calls for better state efficiency, improved governance, greater transparency and integrity and the exercise of meritocracy seemed incapable at mobilising change? How should agents approach change or are there preconditions before ideas can make for political change? Will Malaysia see political change in the scale that many are hoping for?
This article views that substantive political change remains elusive because there are strong tendencies by all parties - including change agents - to preserve Malaysia’s institutional quality. Malaysia’s political economy remains hostage to an institutional quality that is a product of the country’s historical process because, in spite of their strong and persistent nature, reform efforts are forced to contend with Malaysia’s institutional rigidities. The paper will demonstrate how change agents, despite their quest for political change, end up preserving these institutions and contributing further to institutional rigidity. This paper takes the view that comprehensive change is not impossible on condition that political agents are prepared to break away from Malaysia’s institutional mould. Specifically, change agents must consider institutional inertia and hence be prepared to take a long term view to eliminate, diminish or bridge Malaysia’s many mutually exclusive institutions; piecemeal changes that might be unexciting in the short run but could well prove transformational when viewed in the long run.

This paper will first explain the terms institutions and path dependence. It will then describe Malaysia’s mutually exclusive institutions. The next part of the paper will provide a chronology of events to describe the various efforts at political change since the Asian financial crisis, the purpose of which is to demonstrate that efforts at political change did not materialise because rather than attempt to diminish, eliminate or bridge Malaysia’s many exclusive institutions, change agents end up reinforcing them or entrenching these institutions. Before concluding, the paper will address the possibilities of political change, reemphasising the point that change must attempt to bridge, eliminate or dilute Malaysia’s many mutually exclusive institutions.

THE MEANING OF INSTITUTIONS

Institutions are humanly devised constraints that structure political, social and economic interactions. It includes both formal and informal constraints like law and property rights as well as sanctions like taboos, tradition and codes of conduct. ¹ (North, 1990). They are building blocks of social orders and constitute social sanctions that collectively enforce expectations on actors with regard to behaviour and performance. Institutions help distinguish between appropriate and inappropriate, right and wrong, possible and impossible actions and thereby organise behaviour into predictable and reliable patterns. We organise our ideas,
articulate our views, interact on social networks and interpret events using various institutional lenses.

Malaysia’s historical processes have created mutually exclusive sets of institutions to respond to a highly plural polity. Ethnicity more than class has defined the quality of these exclusive social, political and economic institutions. What we mean by mutually exclusive institutions are institutions that promote particular ideas, value system, organising principle and what is appropriate and inappropriate behaviour that in aggregate foster the tendency on the part of its members to remain exclusive. Schools and universities, workplaces, religious beliefs, social class organisations, political parties, and labour unions all have the tendency to promote a particular set of behaviour, values or organising principle to retain exclusivity. A caveat is worth mentioning; these institutions need not necessarily remain exclusive if there are efforts to provide for the inclusion of values or membership that reduces, mitigates or eliminates that sense of exclusiveness.

How do we explain institutions exclusiveness? Central to institutional perpetuation is the idea of path dependence. , Sewell(1996) defines path dependence as “what happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time.” Path dependence can also be defined as those “specifically those historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties”. Levi (1997) perhaps provides a more lucid description of path dependence when she describes that once a state “has started down a track, the costs of reversals are very high”. Path dependence, she says, entrenches certain institutional arrangements that effectively “obstruct an easy reversal of the initial choice”.

Social, political and economic institutions are stuck in a path dependent mode because once an initial choice is made, self-reinforcing mechanism sets in where “each step in a particular direction makes it more difficult to reverse course”. It is not that taking a reverse course is impossible, rather, reversal is made increasingly difficult because the cost of reversal increases over time given actors’ investment on resources. Perhaps two most important works that deconstruct the logic of path dependence are those carried out by economic historians Paul David (1985) and Brian Arthur (1994). Arthur describes four self-reinforcing mechanisms that encourage path dependence: large set up costs, learning effects, coordination effects and adaptive expectations. Put differently, initial choice gets hard wired
within an institutional setting and thus makes it harder for existing institutions to adopt alternative ways or technology. For example, we continue to invest in Microsoft operating system or the “QWERTY” keyboard because we first choose to adopt it and second we continue to invest in it because doing so reduces transaction costs.

Given such definitions it is obvious to draw the conclusion that path dependence seems to suggest that change is impossible and that the state is stuck by the type of institutional set it inherits. This is not entirely true. Works on institutional change and path dependence demonstrate there are different typologies of change and that institutions do change when there are inherent ambiguities and gaps that exist by design or one that emerges over time between institutions and actual implementation. Streeck and Thelen (2005) maintain that change is far from drastic explaining that "rather than abrupt and discontinuous, transformative change often result from an accumulation of gradual and incremental changes." In the case of Malaysia, change is neither transformational over the short term nor has change been substantive over the long term period when one considers that efforts at political change started in earnest in 1999. What would be obvious in the case of Malaysia-which is elaborated below- is that change agents have not been able to invest in strategic policies that would allow for change over the long term. Put differently, change agents continue to invest and perpetuate Malaysia’s many exclusive institutions because these actors continue to enjoy dividend or returns from preserving such institutions. We describe now the perpetuation of Malaysia’s varied exclusive institutions that make change difficult.

MALAYSIA’S EXCLUSIVE INSTITUTIONS: SCHOOLS, WORKPLACE AND POLITICAL PARTIES

Malaysia’s exclusive institutions pervade almost all spheres of the country’s social, economic and political life. These institutions are kept because the increasing returns obtained from maintaining them remain attractive for stakeholders.

Malaysia has a varied education system that fosters the maintenance of exclusive institutions. The country has different types of schools with each type seeing overwhelming concentration of particular ethnic group. At the primary school level, Malays overwhelmingly attend national primary schools where the medium of instruction is Malay, whereas Chinese and Indian students tend to choose Chinese national type primary schools (Sekolah Rendah Jenis
Kebangsaan Cina, SJKC) and Indian national type primary schools (Sekolah Rendah Jenis Kebangsaan Tamil, SJKT) where the medium of instruction is in Chinese and Tamil respectively. At the secondary school level, there are national public schools that use Bahasa Malaysia as the medium of instruction that see larger concentration of Malay students. There are also privately funded Independent Chinese Secondary Schools (ICSS) that use mandarin as medium of instruction that naturally see large number of Chinese students. Chinese primary schools as well as the Independent Chinese secondary schools are administered by the United Chinese School Committees’ Association of Malaysia, better known as Dong Jiao Zhong (DJZ). There are also Islamic schools such as; national secondary religious schools (Sekolah Menengah Kebangsaan Agama), government-assisted religious schools (Sekolah Agama Bantuan Kerajaan) and state secondary religious schools (Sekolah Menengah Agama Negeri). The languages used in these schools are Malay as well as Arabic. Universities are also seeing Malays-non-Malays dichotomy. Public universities see higher Malay concentration while a quick browse of the internet reveals that private universities higher non-Malay students and that they tend to have more non-Malays faculty.

For a society that is still struggling with plurality and developmental issues, having different strands of education system, while liberal in spirit and appeasing to all constituents, is certainly not helpful to nation building. If we take the view that schools are important social agents, Malaysia’s varied education system inherently foster exclusiveness and nurture generations of Malaysians with different world views and organising principles. In the past, there has been numerous initiatives to bridge these exclusiveness but such initiatives did not last long enough to see their full results as they were repeatedly aborted due to political expedience.

Workplaces in Malaysia are highly defined by ethnicity with different sectors seeing over representation of certain ethnic groups. Malays are over represented in the public sector. Non-Malays are over represented in the private sector. Edward (2005) found that Malaysia’s New Economic Policy failed to delink identification of ethnic groups with employment activities. Lee and Khalid’s (2016) study on hiring practices in Malaysia confirms the presence of ethnic concentration in the private sector. They found that non-Malays are preferred over Malays in the private sector even when Malay and non-Malay candidates have similar qualifications. The study found that Malays find it difficult to join the private sector
because they are perceived as being uncompetitive with low qualifications. In contrast, non-
Malays shun the public sector due to unattractive pay package and fear of discrimination.

Political parties in Malaysia breed ethnic exclusivity. The birth of ethnically-linked parties
during Malaysia’s founding years before independence (United Malays National
Organisation [UMNO], Malay(si)an Chinese Association [MCA] and Malay(si)an Indian
Congress [MIC]) and the continued hold on power by an UMNO-led coalition and the
increasing returns reaped by the coalition from more than 50 years of rule have perpetuated
and reinforced exclusive institutions mainly along ethnic lines.

Unlearning and relearning new organising principles remain problematic due to huge costs.
So entrenched is ethnic politics that past efforts to detach ethnicity from political parties have
all failed. In the early 1950s, Onn Jaafar the founder of UMNO resigned from the party to set
up the Independence Malaya Party (IMP). In IMP, Onn attempted to break Malayans’
preoccupation with communal politics by hoping to draw multi-ethnic membership and
support. Despite Onn’s best intentions, Malayans were not prepared to do away with
mutually exclusive institutions. The IMP lost heavily in various municipal elections held
between 1952 and 1953. The party won only 3 seats as opposed to the UMNO-MCA alliance
which won 94 out of 119 seats. The heavy defeat saw the IMP ceasing operations in 1954.

There are other examples of parties modelled after the IMP; they ended up either being
absorbed by larger parties and or morphed into ethnic-based parties. The Parti Gerakan
Rakyat Malaysia (Gerakan), the People’s Progressive Party (PPP) and Parti Socialist
Malaysia (PSM) were setup on non-communal grounds. Both Gerakan and PPP chose to be
part of the BN coalition with the GERAKAN appealing to Chinese electorates and the PPP
endearing to the Indian community. The PSM was founded on socialist democratic principle
and suffered from narrow support base. The party eventually merged with Parti Keadilan to
form Parti Keadilan Rakyat (PKR).

Decoupling political party’s struggle from ethno-religious concerns remains problematic.
Parties like UMNO, Pan-Malaysian Islamic Party (PAS) and Democratic Action Party (DAP)
are not willing to move beyond ethnic concerns because they draw incentive – in the form of
support – from maintaining exclusiveness. While UMNO has made known its exclusiveness
by only allowing membership to bumiputeras (and this include non-Malay bumiputeras in
Sabah), PAS has thus far failed to draw non-Malays/Muslims as affiliated members because of the tendency of the party and its members to maintain its identity. In the same way, the DAP claims to be a social democrat party that is opened to all ethnic groups but its top party leaders readily admits that the party struggle to shed its Chinese image and that for the party to be a Malaysian party (and hence shed its exclusive image) it needs to attract Malays into its rank.\textsuperscript{15} The party also admits that it faces internal resistance from its members when party leaders moot the idea to raise Malay membership to fifty percent.\textsuperscript{16} Put simply, ethnicity and increasingly religion is hardwired in Malaysian society reinforcing exclusive institutions.

To sum up, change ideas – be they promotion of greater transparency, accountability, good governance and tolerance - must take into account the presence of Malaysia’s mutually exclusive institutions, institutions that shape the country’s social, political and economic landscape. The challenge for change agents is to promote change that acknowledge these institutions yet find creative ways to bridge or mitigate these institutions. Thus far, change agents have been struggling to negotiate these parameters. On most occasions they tried to effect change by indulging in double-talk which only reinforces exclusive institutions. In proposing change, agents play to the gallery, committing one thing to one crowd audience and promising another to a different crowd. UMNO leaders talk on preserving Malay special rights and Islam during UMNO general assembly yet maintain the ideals of toleration of values and beliefs as a truly Malaysian agenda to another. PAS talks on equality and toleration of beliefs to one audience yet maintains its Islamic state ideals to another. DAP speaks of meritocracy, equal opportunity and toleration of beliefs, yet struggles to have Malay members in its executive council and maintains a hard stance on Islam.

Is change possible given such institutional settings? The past fifteen years or so saw Malaysians pushing for change but the pace of change is far from the transformation that many had come to expect. We look now at the chronology events and the various initiatives to bring about change.

\textbf{VOICES OF CHANGE AND LIBERAL IDEAS}

While many see Malaysia’s 12th General election in March 2008 as the political tsunami that kick started political change, the push for change has its beginnings at the height of the Asian financial crisis in 1997. Since the crisis, politics in Malaysia is no longer business as usual.
The crisis disrupted Malaysia’s impressive development trajectory and unearthed the many inadequacies of its growth model. It revealed the weaknesses of strong state-business linkages, patronage, rentier capitalism and a restrictive political arrangement that gave rise to issues of transparency, democratic governance and accountability. The crisis also raised concerns about the qualities and efficacies of Malaysia’s various social, political and economic institutions.

The inadequacies exerted substantive stress on existing political arrangements which quickly became points of contention by elites. Dr Mahathir Mohamad’s brand of developmental model and his authoritarian style of leadership - previously tolerated and legitimated mainly because of Malaysia’s impressive economic growth - came under heavy scrutiny. His sacking of once trusted deputy, Anwar Ibrahim, sparked more questions on his leadership. Indeed, Anwar’s sacking shifted public opinion and catalysed the push for change as in Anwar many saw an advocate of change. To many Anwar’s removal and his subsequent arrest indicated that Malaysia’s problems run deeper than thought.

The arrest of Anwar on charges of corruption and sodomy set the stage for Malaysia’s ongoing effort at change. Anwar started the “reformasi” movement mirroring similar movement in neighbouring Indonesia which had successfully toppled the Suharto regime. Reformasi brought a different brand of politics to Malaysia. In uncharacteristic fashion, Malaysians took to the streets to fight for Anwar’s cause and spoke the language of change, the scale of which was unheard of in the history of modern Malaysia. Korupsi, Kronisme and Nepotisma (KKN) (Corruption, Cronyism and Nepotism) became the chant for change. Civil society agents (CSAs), political parties, and the media joined hands to form a new coalitional capital and collaborated to make for a sustained change. In the years that followed demonstrations, which were mainly concentrated in the Klang Valley area, became a feature of post crisis Malaysia. The more the state interfered with the show of change, the more people were convinced that taking to the streets would be a sure way to effect change.

The reformasi movement made a huge dent to the confidence of the Mahathir administration. The movement changed an otherwise politically apathetic population and put the BN led government under heavy scrutiny. The impact of the reformasi movement was felt in the 1999 general election which was one of the more bruising elections for the BN especially for the UMNO. The coalition suffered a sharp drop in popularity securing only 56.5 percent of
the votes against the opposition alliance, the BA’s 40.3 percent. The election also saw Malay voters deserting the UMNO for PAS, obviously disenchanted with the way the Mahathir-led administration handled the Anwar case. For the first time since 1959 PAS took control of the Terengganu state government.¹⁷

The pace of change slowed after the 1999 election. Anwar’s imprisonment on corruption and sodomy charges and the Mahathir administration clampdown on opposition members took the fizzle out of the reformasi movement. A recovering economy also gave less reason to pursue the change agenda. The dissolution of the BA - two years after the 1999 election - also put the brakes on change. BA disintegration came after PAS and DAP could not come to an agreement over fundamental issue.¹⁸ Both parties needed to please their political constituents and make good on the promises they made during the election. After clinching huge wins in Kelantan and Terengganu in the 1999 election, PAS had to honour their promises and defend its Islamic relevance. The DAP, on the other hand, did not want to be in cahoots with PAS’s Islamic agenda and needed to shore up support from Chinese and non-Muslim constituents. In their bid to remain relevant, both PAS and DAP had to pander to ethno-religious imperatives. Both parties were forced to stay invested in preserving exclusive institutions to remain legitimate to their constituents which unwittingly reinforced mutually exclusive institutions.

THE POST MAHATHIR ADMINISTRATION AND THE PUSH FOR CHANGE

Despite the setbacks, the push for change continued. The handover of BN leadership from Dr Mahathir to Abdullah Badawi quickened the pace of change the Abdullah administration became part of the change process. Abdullah was a reformist and brought a different style to government. He did away with Mahathir’s major infrastructural projects on grounds that Malaysia needed fiscal discipline. Abdullah also introduced the idea of collective responsibility and inclusiveness. Labelled as a “nice” guy, he was consultative, open and ever willing to share the political stage with others. Abdullah’s legacy was that he provided space for political change which encouraged calls for greater accountability, transparency, fairness, justice growing louder. Given such openness the Abdullah administration witnessed cases of financial scandals and serious breaches of public trust involving high profile political figures that only confirmed the many rumours of mismanagement during Mahathir’s time in office.¹⁹
The political rumblings during the Abdullah administration provided further impetus for change with the legitimacy of the BN-led government becoming a serious issue. In a period where change was very much a central theme, no matter how the ruling regime attempted damage control the public were left unconvinced. Pak Lah’s final months in office saw two large scale demonstrations; the first was organised by BERSIH (Coalitions for Free and Fair Elections) and the second by the Hindu Rights Action Force or HINDRAF. Both were held between within two weeks of one another. BERSIH organised its first rally on 10 November 2007, about four months before the March 2008 general election, calling for electoral reforms and free and fair election. BERSIH’s rally was path breaking. For the first time in post-independence Malaysia a social movement was able to mobilise between 10,000 and 40,000 Malaysians from across ethnic and class divide. Two weeks after the BERSIH demonstrations, HINDRAF held its rally on the 25 November 2007. The rally saw a turnout of nearly 20,000-50,000 people. In the rally, HINDRAF filed a class action lawsuit against the government of the United Kingdom for US$4 trillion as compensation for transporting Indians from India and leaving them unprotected at the mercy of Malays in Malaysia. The BERSIH and HINDRAF rally took everyone by surprise given the extent of the organisation and the ability of both movement to mobilise huge support.

Anwar Ibrahim’s release from prison in 2004 provided more organisation to the movement for change as it brought consistency to the change narrative. Anwar was indeed a centralising figure and his charisma and negotiating skills proved pivotal in uniting opposition elites with competing ideologies during the March 2008 election. The general election in March 2008 dented further BN’s position. The party suffered its biggest defeat as it lost control of 5 states and was denied the two-third majority in parliament. The dismal showing forced Abdullah Badawi to make way for Najib Tun Abdul Razak as the country’s next premier.

The convincing win in the election saw opposition parties - the DAP, PKR and PAS – deciding to form yet another alliance, this time called the Pakatan Rakyat (PR). Emboldened by their impressive win, opposition leaders assured voters that the newly formed PR would break new grounds in coalitional politics. In the initial years, Anwar Ibrahim was instrumental in giving shape to the coalition, painting a coherent story for change and making the DAP, PAS and PKR agree to a common agenda. Anwar’s charisma plus his familiarity with coalitional politics gave plenty of hope that there was now a realistic chance at political change. The PR steered away from ethnic politics, preferring to talk on fundamental issues of
corruption, patronage, equality and governance. The thought of capturing Putrajaya was palpable among PR leaders; photo-ops of PR leaders holding hands in solidarity was reassuring. The DAP and PAS also came across as having settled their ideological differences with all parties talking the liberal language of change – tolerance, equality, social justice and good governance.

To make clear its commitment, PAS introduced *tahaluf siyasi* (political alliance) to describe its new partnership, a turnaround from PAS’ earlier stance when in the 1980s it labelled UMNO as *Kafir* (infidels) because of the latter’s tie-up with non-Muslim political parties. PAS also espoused the need for equality and tolerance, setting up a non-Muslim arm and fielding a non-Muslim in Malaysia’s general elections.\(^{21}\) When the DAP was threatened with the possibility of being barred from contesting in the next election (the 13th general election) by the Registrar of Societies (ROS) over improper party election, PAS invited DAP members to contest under the PAS banner. PAS also made little mention of its pursuit of the Islamic state. Hadi Awang, the PAS President took a softer stance when it came to the idea of the Islamic State. In the *Muktamar PAS* in June 2011 Hadi mentioned that nowhere in the Quran was there an explicit mention of the Islamic State. Instead, he spoke on the need for a welfare state (*Negara Kebajikan*) stressing the greater importance of religious tolerance, the need to exercise justice and equality and to end poverty.\(^{22}\) PAS’ new position was indeed comforting to PR members, more so for those rooting for regime change.

The DAP also offered its hand in building a coalition by not making public, grievances it might have with its coalitional partners.\(^{23}\) The party’s leadership chose to stay quiet when consistently pressured by the MCA on its partnership with PAS, a party that was bent on establishing an Islamic state. Indeed, in the years prior to the general election PR members made great pains to stay resolute and to reconcile differences. On hot button issues like religion, education and Malay rights – PR leaders “agreed to disagree,” even when, realistically, this could possibly lead to policy limbo should they assume power. To the public the PR came across as a solid alliance capable of taking on the BN regime.

The PR entered the 2013 general election convinced that it had a realistic chance of ending BN 56-year rule. The PR had an efficient public relation machinery that left Malaysians hooked on the slogan “Ubah” (change), Inikalilah (Time for Change) and ABU (Anything But UMNO). With a well-oiled election machinery many felt that the election would mark
the end of BN’s 56-year rule. Many dubbed the “mother of all battles” turned out to be the toughest challenge for the BN led government.

Regime change however continued to elude. Despite making an impressive show by winning more than 50 percent of the popular vote it was not enough to assume control of Putrajaya. While there is legitimate claim that PR’s loss could be due to reasons of institutional impediments, specifically the malapportionment of seats there is yet another argument to PR’s loss; PR’s change agenda also played on Malaysia’s institutional rigidities. Malaysia’s change agents continue to be guided by the need to preserve mutually exclusive institutions. Substantive change was stymied because political parties continued to invest on ethnic-based issues for support. PR’s sloganeering of Anything But UMNO (ABU) was perceived along ethnic lines. In fact “Anything but UMNO” was taken as “Anything but Malay rule” which only spooked Malay voters. Malay fear was further raised when PAS took on a passive role in the PR, raising fear among Malays that a PR-led government would erase Malay rights and compromise Islam. The DAP posture during the election provided little reassuring. In the DAP, Malays see it as a Chinese party and DAP’s choice of putting candidates in Chinese majority constituencies only confirmed such perception. The DAP’s leadership role in the PR during the election and the party’s aggressive pursuit of “ABU” was taken as an assault to Malay rule. The decision by DAP’s stalwart Lim Kit Siang to contest in Gelang Patah in the state of Johor and take on the incumbent Johor Chief Minister Abdul Ghani Othman raised further fear among Malay voters. Johor has always been seen as the bastion of Malay support for the BN and Lim’s decision to take Abdul Ghani was seen as highly provocative. Large Chinese turnout at DAP’s rallies in Johor fuelled further fear and pit the election as an ethnic battle. It did not take long for the UMNO to capitalise on the ethnic sentiment by campaigning that a PR rule would spell the end of Malay privileges and undermine Islam.

Given such context it is no surprise that the election results saw a strong Malays/non-Malays political dichotomy. The UMNO and DAP were the biggest winners. UMNO won 88 out of 120 seats it contested and the DAP clinched 38 out of the 51 seats it contested. PAS lost substantial Malay support to the UMNO, winning only 21 parliamentary seats out of 66 seats it contested. Chinese voters deserted the BN and voted in big numbers for the PR. In constituencies where Chinese voters made up more than 50 percent, 97 percent of state seats and 100 percent of parliamentary seats went to the opposition PR. In 22 parliamentary seats that had more than 50 percent Chinese voters, the DAP won in all seats. Clearly, the 2013
elections tore further at Malaysia’s social fabric. In trying to effect change, political parties played on preserving exclusive institutions that made for a highly divisive ethnic politics.\(^{27}\) Even when change agents touched on issues like governance, transparency, corruption and patronage that cut across ethnic lines, such issues were often interpreted from an ethnic lens.\(^{28}\) In the end, liberalising ideas of change – better governance, accountability, fairness – ended up being caught in the need to preserve of mutually exclusive institutions.

The hope of a solid PR coalition further dimmed after the 2013 general election. Cracks began to appear in the coalition a year after the 2013 election as parties were pressured to maintain their exclusive identities. PAS’ significant defeat to UMNO saw the party stalwarts – particularly the clerics – revisiting the party’s raison d’etre to resurrect the idea of the Islamic state. The clerics among PAS leaders urged the party to rethink its commitment to “Tahaluf Siyasi.” They also urged PAS leadership to revisit the implementation of *hudud* laws in Kelantan.\(^{29}\) The demise of spiritual leader Nik Aziz Nik Mat and the persistence among PAS leaders, especially the clerics, for the implementation of *hudud* laws led the non-clerics elements within PAS to break away and form the *Parti Amanah Negara* (PAN).\(^{30}\) The split within PAS did little to undo the party’s persistence to evaluate the relevance of *Tahaluf Siyasi.*. Despite retorts from PKR and DAP leaders, PAS quickened its commitment to resurrect the idea of an Islamic state in early 2015 with its President Hadi Awang announcing that the party would submit a private bill to Parliament that would pave the way for the introduction of *hudud* laws in Kelantan.

The announcement was a huge blow to the PR alliance. The DAP rejected PAS’ proposal. The party knew that agreeing to the proposal for the sake of keeping the the PR alliance would cost the party much support.\(^{31}\) DAP’s Lim Guan Eng traded barbs with Hadi Awang accusing the latter of not sticking to the PR manifesto and consulting the PR before making the announcement to table *hudud* laws in Parliament. The PKR laboured on the issue. It knew too well that without PAS, the PR would lose substantial Malay support. Unsurprisingly, PKR’s deputy president, Azmin Ali, ended up making an ambiguous statement aimed to appease all parties saying that the PKR had never opposed *hudud* laws but only disagreed with PAS’ method in pushing for the private bill.\(^{32}\) In the end the coalition became untenable and the PR coalition was dissolved in June 2015.
The decision to leave PR also fragmented the PAS with the non-cleric elements within PAS deciding to break away from the party to form the new party PAN headed by Mohamed Sabu. In the second half of 2015, PAN joined hands with DAP and PKR to form a new coalition called Pakatan Harapan (PH). Can PH provide a new inspiration for change? There is as yet little confidence that the coalition will not go the way of Malaysia’s previous coalitions. PAN is in its infancy and has gained little traction among politically weary Malaysians. Its inability to gain support is most apparent when it failed to mobilise Malay support in the recent Bersih 4 rally. The recently concluded Sarawak election in May 2016 where both DAP and PKR insisted to field their candidates to compete in the same constituencies only confirms PH’s fragile coalition. As things are, it is difficult to see PH successfully courting middle Malaysia. More important, there is little optimism that PH would move away from being dictated by the need to preserve exclusive institutions to stay relevant.

NAJIB AND THE 1MDB SAGA: CIVIL SOCIETY AND THE ELUSIVE CHANGE

If there ever was a window of opportunity for political change, the year 2015 offered the best chance. The year saw the Prime Minister Najib and BN leadership coming under intense public scrutiny. Two huge financial scandals threatened to unseat the Prime Minister and fracture the BN. The state investment company 1MDB came under heavy public criticism after reportedly taking on huge debt burden of 42 billion ringgit. Though the company insisted that its net tangible assets remained positive the company’s near default of its fixed income obligations and many debatable financial transactions provided little confidence. The public griped that the government had endorsed the misuse of public money to fund wrong business decisions without proper oversight. A recent report by Switzerland’s Attorney General on 1MDB which found that US$4 billion has been misappropriated by the Malaysian government threatened to put more pressure on the Malaysian government.

The 1MDB issue coincided with another scandal, this time involving the Prime Minister himself. From the second half of 2015, Najib was fighting for his political life after allegations that US$700 million or RM 2.6 billion has been deposited into his personal account. Many claimed that the money came from the beleaguered 1MDB. Najib admitted that the money was indeed deposited to his account but it came from a Saudi donor to fund BN’s election campaign in 2013 but his admission made for little convincing.
The twin scandals cued the movement for change. In late August, BERSIH organised another street rally to press for political reform and for Najib to come clean on the RM2.6 billion. The BERSIH 4 rally was held on 29 August two days before Malaysia’s Independence Day. The two-day rally was held at the Dataran Merdeka, the same venue where the state would hold its Merdeka celebration. Almost half a million people turned up for the event, the main highlight of which was the presence of Dr Mahathir. Long viewed as a non-advocate of street demonstrations, Dr Mahathir rallied with the crowd to call for the resignation of the Prime Minister.

Despite the impressive turnout, the BERSIH 4.0 rally did little to change the political scene. Worse, the BERSIH 4 rally came to be viewed along ethnic lines, blunting the change effort. Though the organiser defended that the rally was for all Malaysians, the rally did not see a large Malay turnout and it was not long before critics were quick to ethnize the BERSIH 4.0 demonstration. Overwhelming Chinese presence quickly came to be seen by the likes of UMNO and many Malays as a show of force of non-Malays that put paid to BERSIH’s reform agenda.

Malays’ lack of participation in the BERSIH rally triggered a reaction by Malay rightist groups. On 16 September 2016, PERKASA, a Malay rightist group joined hands with other right-wing Malay groups to organise the Perhimpunan Rakyat Bersatu (Assembly of United People) as a response to the BERSIH 4 rally held a few weeks earlier. In the rally, Perkasa’s chief Ibrahim Ali spoke of how the Malays tolerated a plural society by agreeing to provide citizenship rights to non-Malays in the run-up to independence but how there was little thanks for such gestures. He singled out the DAP, not the Chinese community as a whole, for sowing race hate. More than 10,000 people attended the rally.

Unlike BERSIH that attempts to distance itself from partisanship - difficult it may be - NGOs like PERKASA make no pretence that they are founded to preserve mutually exclusive institutions. PERKASA was formed in 2008 after Malay right wing activists felt that Malaysia’s political development had threatened Malay “special rights”. Headed by Ibrahim Ali the group has Dr Mahathir Mohamad as its adviser. PERKASA has partisan support and is funded by UMNO and count many UMNO members as its members. Though Ibrahim Ali defended that PERKASA had no intention to incite race issue and that the organisation merely wanted to defend Malays, PERKASA’s actions and rhetoric did little to convince
Malaysians. At a time when Malaysia needs statesmen to bridge its many exclusive institutions, PERKASA presence only worsen matters. Ibrahim Ali’s various statements made for little convincing. In January 2013, at the height of the “Allah” issue, he called on Muslims to burn Malay Bibles that contain the word “Allah.”

Can Malaysia’s civil society move beyond ethnic and religious issues? On current terms, it is difficult. BERSIH may have done a credible job in mobilising multi-ethnic support but its latest demonstration indicate the difficulty faced by Malaysian NGOs in overcoming institutional rigidity and moving away from ethnic politics. The truth is that certain NGOs like BERSIH maintain close links with political parties and since political parties are organised along ethnic and religious lines, such NGOs become automatic proxies to propagating exclusive institutions. BERSIH 1.0 for instance were set up by PAS, PKR and DAP. Even though in subsequent rallies the BERSIH organisers attempted to distance themselves from partisanship, it could not totally divorce itself from partisan politics. In fact, BERSIH demonstrations would not have been possible without the support from PR supporters. Govindasamy (2015) argued that “without Pakatan Rakyat, BERSIH’s success at multi-ethnic mobilisation for various rallies would have been highly questionable”. PAS and DAP were instrumental in mobilising support for BERSIH rallies. When PAS left PR, BERSIH 4 had to rely mainly on the DAP to mobilise support which naturally saw a large Chinese turnout.

Path dependence and the increasing returns that come from fostering exclusive institutions suggest that even civil society movements remain trap in ethnic silos. Malaysians are more comfortable in organisation where their co-ethnic is the majority. Indeed, Malaysia’s NGOs continue to tap on the country’s exclusive institutions for relevance. Weiss (2006) opines that “while they espouse multiracial issues on the whole, Malaysian’s NGOs are hardly exemplars of non-communal praxis”. So long as Malaysians continue to find comfort in mutually exclusive institutions there is always the possibility that organisations like NGOs would succumb to racial cleavages. Substantive political change continue to elude Malaysians. Mutually exclusive institutions have so guided Malaysians’ thinking that Malaysians continue to struggle to address issues from non-ethnic dimensions. Is there a way out of this conundrum?
IS THERE A WAY OUT?

When viewed from the chronology of events, political change in Malaysia seems hopeless. No matter how you deal with it, change agents are constantly held captive by the need to preserve mutually exclusive institutions. It is evident that Malaysia desperately needs a new organising principle to reshape its economic, political and social institutions but there are no simple solutions.

This paper takes the view that political change needs to be contextualised. In the case of Malaysia, change must adhere to two preconditions. First, change can come when agents understand the nature of institutions; that Malaysia’s institutions are products of its peculiar historical process and that path dependence and increasing returns makes change difficult. Second, agents must view political change as a long term goal and hence take strategic decisions. Such long term view is imperative because institutions have memory that makes change efforts complicated and protracted; institutional inertia makes change difficult. The descriptions above demonstrate that stakeholders are highly embedded in Malaysia’s various exclusive institutions and continue, unwittingly, to invest in perpetuating these institutions. Stakeholders do so on grounds that institutions socialise, reward and punish actors in particular way as well as provide them with a mental construct that is not easily unlearned.

Given such complexities, change agents must find creative ways to dilute or bridge or even break the many mutually exclusive ethnic and religious institutions rather than reinforce them. Actors must be prepared to take on strategic decisions and undertake piecemeal or incremental institutional changes that may be unexciting in the short run but would prove transformational in the long run. Opposition alliances in the past (Barisan Alternatif, Angkatan Perpaduan Ummah, Gagasan Rakyat, Pakatan Rakyat) all failed because they reinforced exclusive institutions rather than seek ways to dilute or bridge or eliminate the various contradictions of exclusive institutions. Rather than being a game changer these agents ended up playing the same game. Put differently change ideas must be able to tackle the urgent part – erase or dilute or bridge Malaysia’s mutually exclusive institutions – while taking into view the fixed reference of Malaysian politics.

There were several government efforts in the past to bridge these mutually exclusive institutions but such efforts were short lived as they became victims of political expedience.
Implemented in 2003, the teaching of Maths and Science in English gave hope that schools could be an agent for social integration that reduces ethnic exclusivity and make for more competitive schools. The policy was cut short, victim of political expedience. Fresh from the 2008 election, Anwar Ibrahim asked for the reversal of the policy labelling those supporting the use of English as traitors to the Malay cause. DAP’s Lim Guan Eng also rejected the use of English in schools. He instead called for Chinese and Tamil Schools to teach Maths and Science in their respective mother tongue. Fresh from its heaviest defeat in 2008, the BN had little option but to drop the policy fearing that continuing with the policy would cost the party more votes in the next election. Again, rather than find ways to bridge exclusive tendencies, political expedience saw change agents ending up reinforcing exclusivity due to the increasing returns obtained from keeping mutually exclusive institutions.

The policy on vision schools or sekolah wawasan was another effort at bridging exclusive institutions. Under the scheme National, Tamil and Chinese Schools would remain autonomous and separate but students of these schools would share common facilities. The primary aim of sekolah wawasan is to improve integration and expand the common space between ethnic groups while recognising parents’ preference for vernacular education. The plan did not go down well with stakeholders. Dong Jiao Zong - the organisation that administers Chinese independent schools - maintained that such schools are efforts at co-opting Chinese schools into mainstream national education (Malay schools) and to encourage greater use of Bahasa Malaysia. Dong Jiao Zhong reiterated that the association aims to “uphold Chinese culture and education and to cooperate with the government in improving Chinese education” which underlines its preference to keep exclusive institutions. More recently Najib Razak introduced the dual-language programme (DLP). Under the programme, schools are given the option to teach Science, Mathematics, Information and Communication as well as Design and Technology either in English or Bahasa Malaysia. To be tried out in 300 schools, the programme did little to impress opposition political parties. PKR’s Nurul Izzah Anwar and members of the new PAN took issue with the policy. PAN President, Mohd Sabu made a puzzling argument saying that the party was not against programme to improve English but having such programme meant that the country was regressing into an “era of colonialism.” He even warned the government that the party would launch a nationwide campaign against such programme, the first of which will be held on March 2016.
It is unfortunate that change agents do not take on strategic positions when viewing the above policies. Policies to introduce the English language and provide for vision schools were clear attempts at creating more common spaces and reconciling exclusive institutions over the long term but they have been unfortunately held back by political opportunism. Somehow populist policies to win the next election take precedence over strategic decisions. Political parties continue to see education as a convenient tool to gain political currency at the expense of future generations of Malaysians. In their eagerness for regime change, agents chose to entrench mutually exclusive institutions rather bridge, dilute or diminish these exclusive institutions.

There is hope that things are changing. The breakup of the PR stirred introspection on the part of political parties. Change agents now realise that political change must operate within the limitations of Malaysia’s institutional character and that there is the need to break exclusive institutions. The DAP seems to understand this. The party is now seeking new organising principle, realising that old ways of doing things can only disappoint. In an interview to commemorate the party’s fiftieth anniversary, DAP’s stalwart Lim Kit Siang said that the party made no pretence that it could not go alone in seeking regime change, stressing the reality that the party needed to take Malaysia’s diverse race, religions and regions. He said that the party needed to gain Malay trust but admitted that doing so was daunting.\(^{52}\) DAP’s strategist Ong Kian Ming echoed similar sentiment, mentioning that the DAP should “stop offending the Malays” and that party needs to do more to woo Malay voters.\(^{53}\) Ong also took issue of the tendency of some DAP leaders who chose to speak in their mother tongue instead of the national language, *Bahasa Malaysia*, pointing out that such posturing gave little to convince Malays that the DAP was a party for all races. Ong also admitted that the party faced internal and external dilemma in its effort to “lessen the chauvinist image of DAP” highlighting that there were resistance within the party ranks to recruit Malays.\(^{54}\) He made the remarks after the DAP’s leadership proposal to increase Malays, Sabahans and Sarawakians membership to 50 percent was met with internal resistance.

Change agents also realise that strategic change must operate within the givens of Malaysia’s political economy. Rafizi Ramli, the strategist for PKR reiterated the need to address the issue on Malay and Islam. He admitted that in its haste to address issues of governance and accountability the opposition alliance had not been addressing issues concerning Malay and
Islam. He pointed out that young, educated and urbane Malays no longer trusted UMNO but they were also concerned that “the position of Islam and Malays would be jeopardised if they supported the opposition.” Rafizi also pointed out that “agreeing to disagree” is no longer a principle in the newly formed Pakatan Harapan. To indicate the need for a more formal arrangement the new PH members signed an agreement that the party would work on building a common consensus. PH also initiated a dispute settlement mechanism when only the presidential council could make decisions regarding collaboration between the PKR, DAP and PAS.

The admission by the likes of Lim Kit Siang, Ong Kian Ming and Rafizi Ramli on the need for a new organising principle is refreshing. After more than 15 years of pursuing change, agents now realise the need for a new approach that requires them to be strategic thinkers, cognizant of Malaysia’s institutional character and reconcile Malaysia’s many exclusive institutions. As a matured party that is founded on meritocracy and democratic principle, the DAP seems to understand better the prerequisites for change. But to do so it needs to shed its “Chinese party” image among Malays and make more effort at garnering Malay confidence. It is indeed a tall order going by recent polls. A survey by Selangor’s Darul Ehsan Institute found that 72 percent of respondents said that the DAP only fought for the Chinese community. 64 percent of respondents mentioned that the party was anti-Malay and anti-Islam. DAP’s coming of age as a truly multi-racial party would be when it could take on the BN in Malay majority areas other than contest in safe areas. It is still early days to assess the DAP and PKR’s new outlook and whether Ong Kian Ming and Rafizi spoke for their respective parties. To effect change, agents like Ong and Rafizi need to follow through such ideational change no matter how difficult they may be.

CONCLUSION

The last few years saw issues been raised that persistently test the many assumptions of Malaysia’s political, social and economic life. Calls for political, social and economic reforms have grown louder. Without doubt, Malaysia is coming under intense pressure to make fundamental changes to its political, economic and social arrangement but political change suffers from the lack of fit between ideas and institutional arrangement. Change seems impossible given institutional rigidity.
Institutional rigidity should not give reason for despondence. There are reasons to be sanguine that efforts at political change is permanent. Malaysia in 2016 is a far different complex than Malaysia in 1999. Change agents have come to realise that change - if there is to be any - must be cognizant of Malaysia’s institutional features because failure to do so would frustrate any efforts at change. The challenge now is for change agents to take into account Malaysia’s institutional qualities while at the same time seek creative ways at negotiating these exclusive institutions. Efforts should be directed at bridging, diluting or eliminating these exclusive institutions not entrenching them. To do so, change agents should adopt a strategic view. Change takes place in incremental steps, unexciting perhaps in the short run, but may well prove transformational in the long term. At this juncture in Malaysia’s history the country needs statesmen not mere politicians. Politicians plan for the next election, statesmen plan for the next generation.
Notes

7. Read Arthur, W. B. (1994). Increasing Returns and Path Dependence in the Economy. Ann Arbor, University of Michigan Press. 112 The four features highlighted are large set up or fixed costs. Given the large amount of investments and high fixed costs, individuals and organisations have higher incentives to stay on a particular technology or stick to a particular options; Learning effects is a phenomenon to show that once we are good at something we tend to better at innovating it rather than seek something entirely new; coordination effects relates how current adoption of techniques would encourage the tying up with other related techniques to make to make it more attractive; adaptive expectations relates to how the adoption and prevalence of an option will limit our future choices, as we tend to not want to pick future ‘wrong” choices and would hatch our bet on choices that would be “successful”. Read Arthur, W. B. (1994). Increasing Returns and Path Dependence in the Economy. Ann Arbor, University of Michigan Press.
10. Ibid
11. The DJZ, compile teaching materials as well as formulate a unified curriculum for Chinese Independent High Schools http://www.dongzong.my/engindex.html
14. While there are those that say that the DAP and PKR are two parties that employ meritocracy and non-ethnic based, the choice of constituencies of these parties during
elections suggest that they acknowledge that the parties appealed more to a certain ethnic group than do others. The top leadership of the parties also do not quite mirror Malaysia’s demographic profile.


17. PAS took control of the state of Terengganu in 1959 for only two years. In 1961, the Perikatan (Alliance) took control of the state after two PAS state representatives opted to join the Perikatan.


19. One famous case involved VK Lingam. A video released by Anwar Ibrahim that showed Lingam - a lawyer and corporate figure - having a phone conversation discussing the appointment of judges and how he could influence court outcomes. Lingam’s case came before the Royal Commission of Inquiry (RCI) which confirmed the extent of Malaysia’s state of corruption. Other corruption cases involving high profile figures included the former land and cooperative development minister Kasitah Gadam and Perwaja Steel’s former Chief Executive Eric Chia on charges of breach of trust. Another case that grabbed the headlines was the murder of a Mongolian woman Altantuyaa Shaaribuu in which two senior police officers together with a close aide of Najib Razak were charged. The case threw up multiple issues of possible corruptions relating to Malaysia’s defence procurement procedures. There was also the allegations against Rafidah Aziz, the Minister of Trade and Industry with regards to her endorsing Approved Permits(AP) - which are rights or permits to obtain dealership of imported cars - to members of her family. Despite being cleared of the accusation, the revelations only fuelled public disenchantment and raised the appetite for change.


27. It needs pointing out that majority does not mean more than 50 percent. Malays voters can make up 46 percent of voters with Chinese and Indian voters making up the rest but still form the minority voting pact. In the constituency of Gelang Patah, Chinese voters made up almost 54 percent of voters with Malays making up about 13 percent. Refer http://blog.limkitsiang.com/2013/04/21/gelang-patah-battle-full-of-variables/

30. Straits Times (2015) Political Change in Malaysia: Will there be a new normal?
35. Malaysia obtained independence from British rule on 31 August 1931. Malaysia was formed on 16 September 1963 after Sabah, Sarawak and Singapore agreed to join Malaya.
42. Straits Times (2015) Bersih rally turning into racial issue, 31 August 2015
46. The Star Online (2009) PPSMI: Guan Eng Backs Najib, suggest Alternative, 10 July 2009
47. The United Chinese Schools Teachers’ Association (Jiao Zong) and United Chinese School Committees’ Association (Dong Zong).
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