

PERSPECTIVE

RESEARCHERS AT ISEAS – YUSOF ISHAK INSTITUTE ANALYSE CURRENT EVENTS

Singapore | 30 March 2021

Harvesting Rural Votes in Malaysia: The Importance of Agriculture

*Geoffrey K. Pakiam and Cassey Lee**



Despite agriculture's relative decline, the sector exerts a disproportionate influence on Malaysian politics due to malapportionment in the distribution of parliamentary seats. In this picture, a worker sprays pesticide in a paddy field in Sekinchan, a small town on the west coast of Malaysia, on April 18, 2018. Photo: Mohd RASFAN, AFP.

** Geoffrey K. Pakiam is Fellow at the ISEAS – Yusof Ishak Institute and Cassey Lee is Senior Fellow and Coordinator of the Regional Economic Studies Programme.¹*

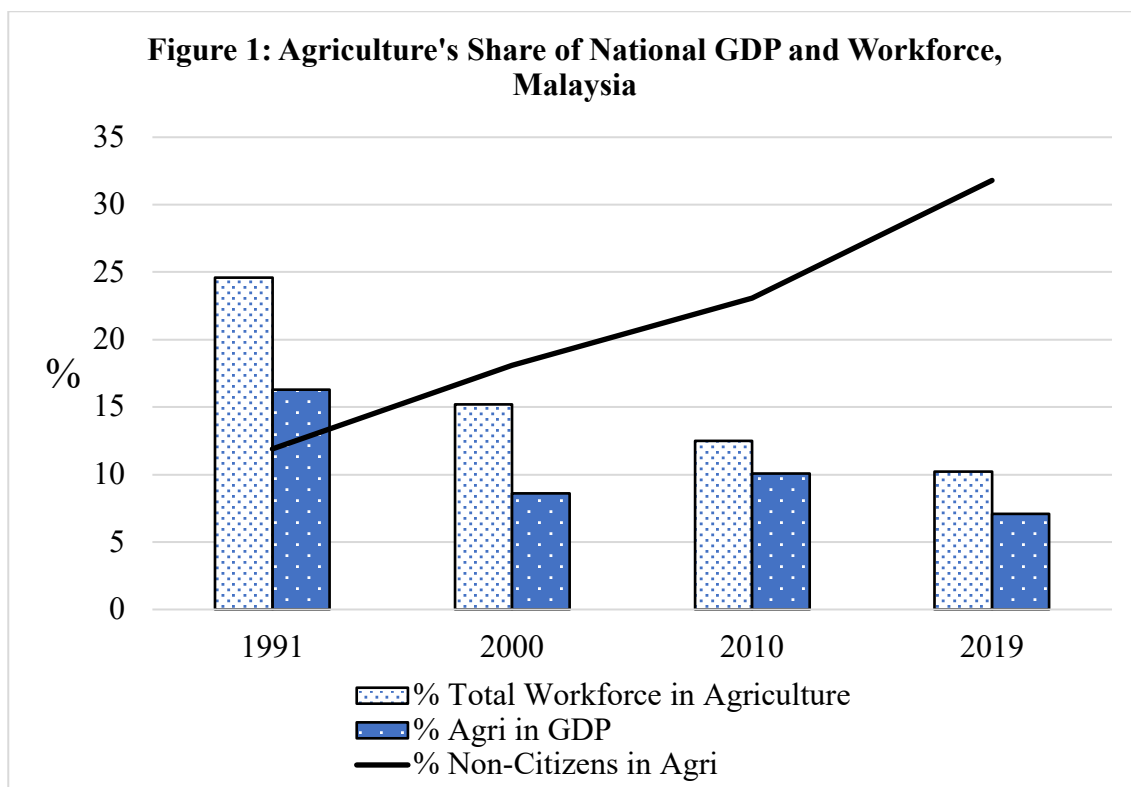
EXECUTIVE SUMMARY

- Agriculture's role in the Malaysian economy has been steadily diminishing, both in terms of relative output and employment.
- Despite agriculture's relative decline, the sector exerts a disproportionate influence on Malaysian politics due to malapportionment in the distribution of parliamentary seats.
- Agricultural policymaking in Malaysia is diffused and overlapping. Three key ministries are involved, focusing on the improvement of livelihoods through structural transformations.
- Recent political instability has led to expectations of a new general election once the Covid-19 pandemic is under control. Agriculture is expected to feature prominently in future election manifestos.
- Prevailing tendencies towards Malay-centric politics make it hard for policymakers to overcome longstanding challenges facing Malaysia's agricultural sector.

INTRODUCTION

The role of agriculture in the Malaysian economy has been declining steadily over the years. Today, agriculture’s share of the country’s GDP and employment is around 7% and 10%, respectively (**Figure 1**).² As a result, there is lingering concern for the long-term viability of some agricultural mainstays and their links with insecure livelihoods in rural areas.

Despite agriculture’s relative decline, the sector exerts a disproportionate influence on Malaysian politics due to the malapportionment of parliamentary seats. This is reflected in the prominent role of agriculture in the election manifestos of political parties as well as fiscal allocations in support of the sector. This paper examines the political significance of agriculture, the current state of policymaking regarding the sector and political aspirations for the sector.



Sources: Department of Statistics, Malaysia (DOSM). Labour Force Survey Report, 2019. Putrajaya: DOSM 2020; DOSM. Population and Housing Census of Malaysia: Economic Characteristics of the Population. Putrajaya: DOSM, various years.

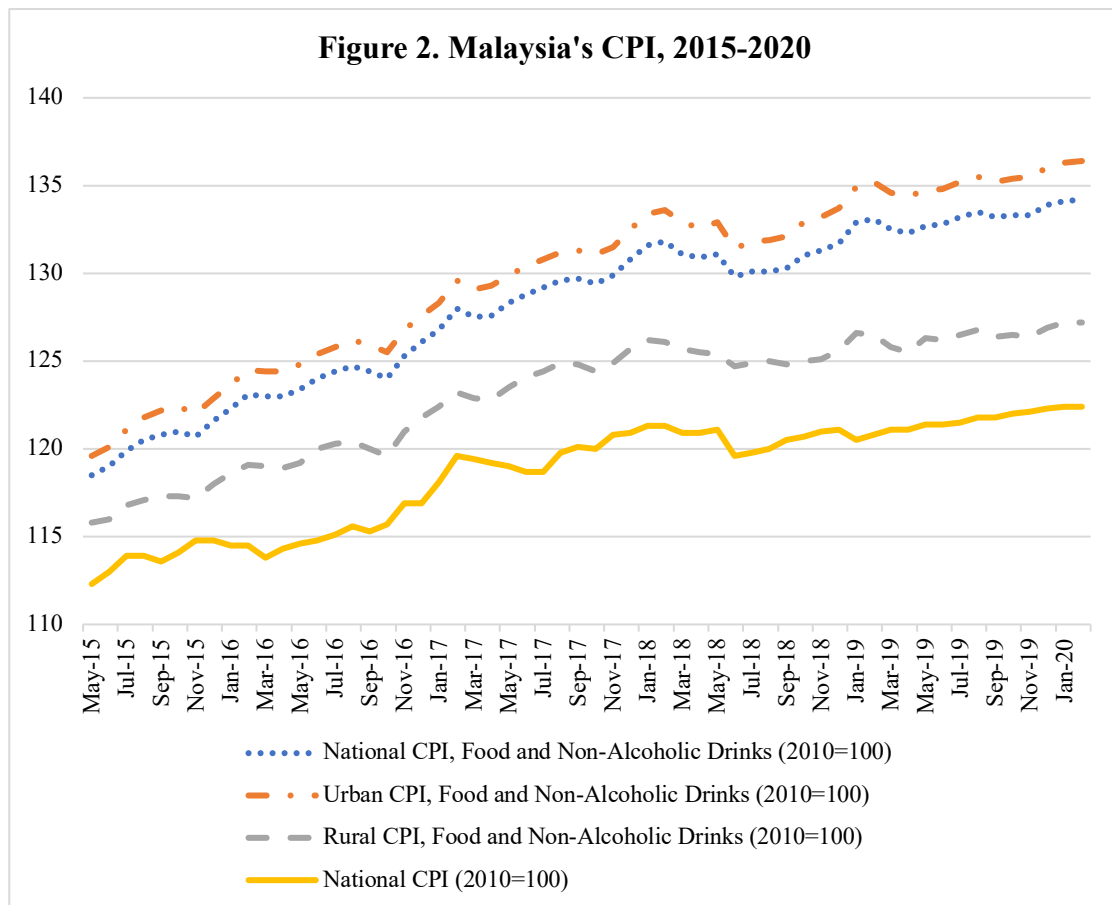
THE POLITICAL RELEVANCE OF AGRICULTURE

Agriculture’s continued political relevance in Malaysia is grounded in several overlapping factors, namely rising food costs, food insecurity and rural politics.

Food Prices and Insecurity

Cost of living concerns are widely believed to be one of the key drivers behind recent voter unhappiness with incumbent ruling coalitions.³ While the costs of education, transport,

healthcare, housing, and recreation all affect living standards, food costs are particularly important. Food's essential everyday nature and the high proportion of household budgets devoted to food expenditures amongst poorer households mean that increases in food prices have a disproportionately negative effect on lower-income groups.⁴ Since at least 2015, food prices in Malaysia have generally risen faster than the general consumer price index, particularly in urban areas (**Figure 2**). These increases compound an already problematic situation of ongoing household food insecurity: in 2016, one out of five children in Malaysia was officially classified as malnourished.⁵



Food insecurity is a complex, multifaceted phenomenon. A lack of locally produced and affordable healthy food in Malaysia contributes to the challenge.⁶ The bulk of farm production subsidies to food farmers are still heavily skewed towards paddy cultivation, reducing incentives for Malay farmers in states like Kedah to diversify into higher-earning crops such as fruits and vegetables.⁷ The federal bias towards paddy cultivation is based on decades of policymaking machinery built alongside an outdated assumption that sufficient locally farmed rice equates to sufficient food security, and an even older stereotype that hapless Malay peasant farmers need protection from avaricious non-Malay middlemen.⁸

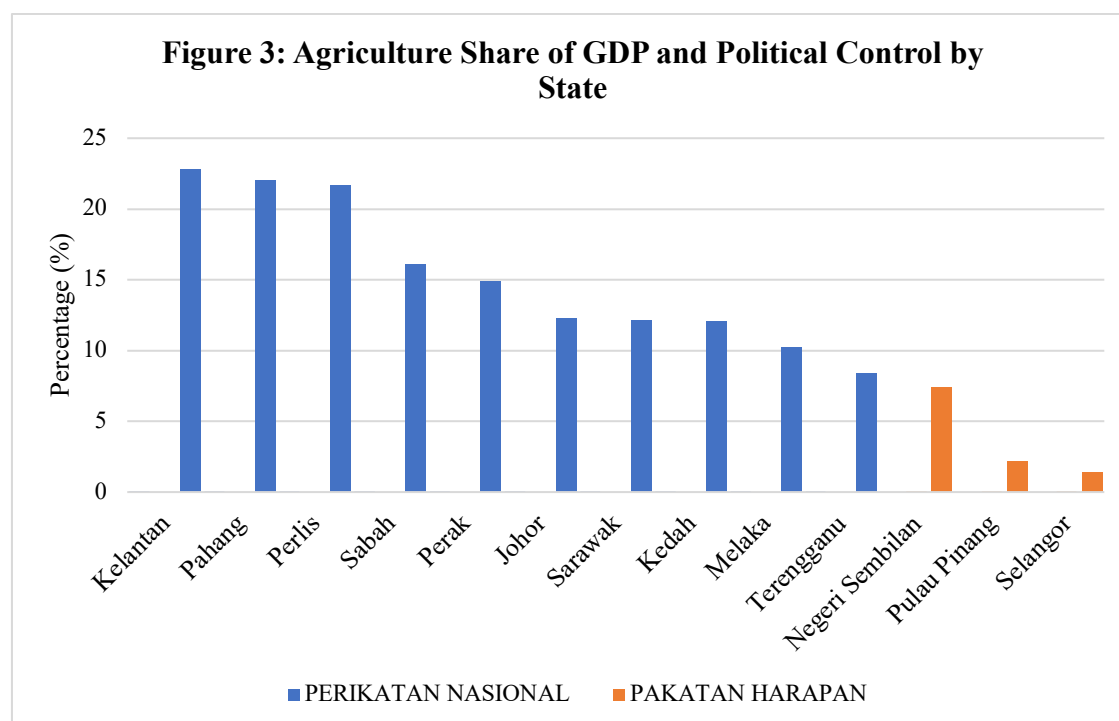
Current demographics reinforce the perception that farming remains largely a Malay pursuit. The latest official figures breaking down agricultural employment by ethnicity indicate that Bumiputeras formed 56% of the labour force in 2019, followed by non-citizens (32%), Chinese

(9%), Indians (2%), and ‘Others’ (1%). Non-citizens, however, do not have voting rights in Malaysia. Once foreigners are removed from the equation, the Bumiputera share of agriculture increases dramatically to 83%.⁹ While many Bumiputera today are no longer farmers, most farmers are Bumiputeras. Thus, the votes of Bumiputera farmers play an important role in Malaysian politics.

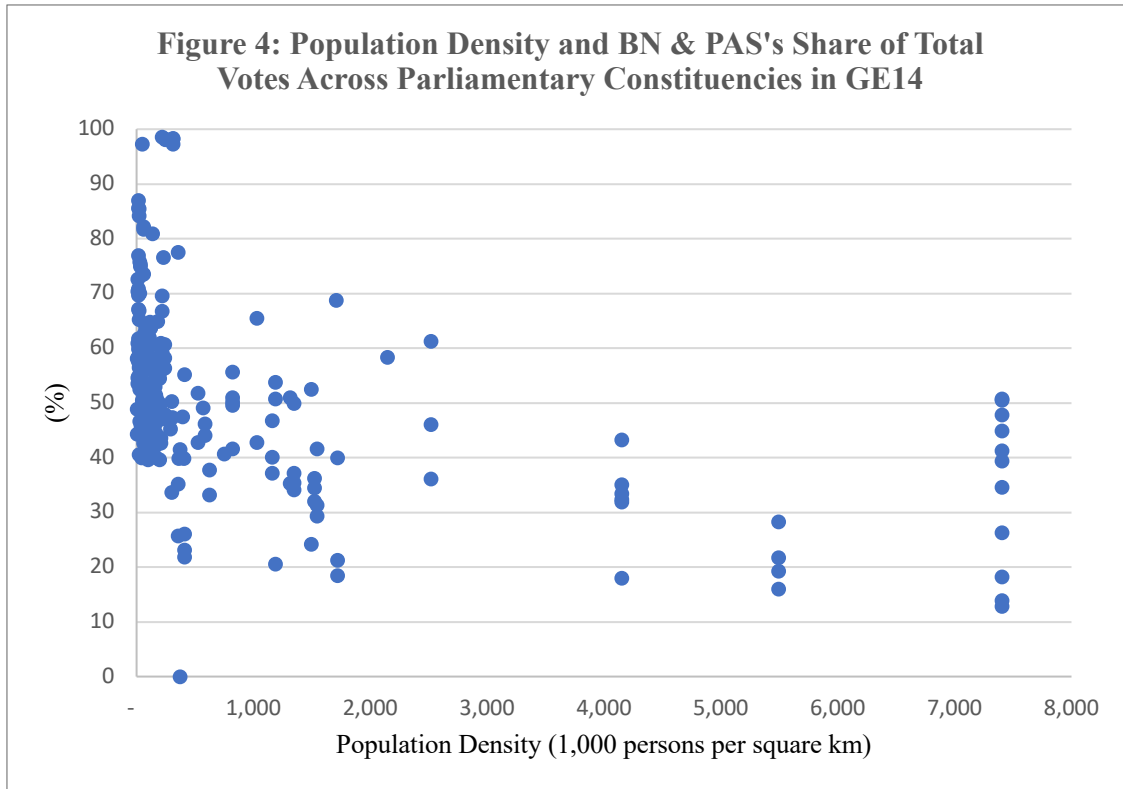
Rural Politics

Agriculture’s decline in economic importance has been remarkably uneven between individual states. In Johor, Perak, Kedah, Kelantan, Pahang, Perlis, Sabah, and Sarawak, the agricultural contribution to state GDP remains well above the national average (**Figure 3**). All eight states are currently governed by state administrations associated with Perikatan Nasional (PN). Kelantan and Kedah are held by Parti Islam Se-Malaysia (PAS) while Pahang, Perlis, and Johor are led by Chief Ministers from UMNO. Meanwhile, Sabah and Sarawak are led by state leaders under Perikatan Nasional. Except for Sabah and Sarawak, these states tend to be overrepresented by Malay-majority rural constituencies.

The interplay between these factors can be seen in Malaysia’s 14th general election (GE14) held in 2018. There was a negative correlation between population density (a measure of urbanisation) and the share of votes going to the two major Bumiputera-centric political parties Barisan Nasional (BN) and PAS (**Figure 4**). In general, it appears that the more rural a parliamentary constituency is (lower population density), the higher the vote share for PAS and UMNO. Given the importance of the agriculture sector in rural areas, this correlation implies that agriculture remains an important talking point for the political classes during election season, particularly in the more rural areas.



Sources: Authors’ computation based on data from the Department of Statistics and media



Sources: Authors' computation based on data from the Department of Statistics and the media

THE POLITICAL ECONOMY OF AGRICULTURE POLICY-MAKING

The importance of agriculture and rural development is reflected in budgetary allocations and agriculture policy-making. Development expenditure allocations to the agriculture sector in the five-year Malaysia's development plans have declined over the years from a high of 31% in the First Malaysia Plan (1966-1970) to around 6% in the Ninth Malaysia Plan (2006-2010). Though no official figures on allocations in the eleventh and twelfth Malaysia plans, the annual Federal budget allocation to agriculture has remained substantial. For example, in the 2020 Budget, allocations to ministries related to agriculture and rural development amounted to close to RM14 billion (ranked sixth across the different ministries).

The importance of agriculture is also manifested in the governing institutions for agricultural policy-making, which mediate between political interests and rural voters. In Malaysia, a smorgasbord of organisations is responsible for agricultural policymaking. At the federal level, the Ministry of Agriculture and Food Industries (MAFI) deals primarily with the governance of perishables: domestic food crops, livestock, and fish. Political appointees who end up helming this ministry typically represent rural constituencies with strong ties to smallholder agriculture.

Between May 2018 and February 2020, under the Pakatan Harapan (PH) government, the ministry was led by Salahuddin Ayub (PH-Parti Amanah Negara), who remains member of parliament for Pulai, West Johor. After the collapse of the PH government, from March 2020 onwards, Ronald Kiandee (PPBM), now under the new ruling Perikatan Nasional (PN) coalition, became the new minister. Kiandee is currently member of parliament for Beluran, which is part of the Sandakan Division in Sabah. His appointment was likely based on a need

for Sabah politicians to have more say in Malaysian policymaking, as well as long-standing plans to give more attention to Sabah's food production potential, including paddy cultivation. Another ministry, the Ministry of Plantation Industries and Commodities (MPIC), deals with 'industrial' commodities, namely products that typically undergo heavy processing into invisible ingredients: palm oil, cocoa, as well as inedibles like rubber and timber. From May 2018 to February 2020, Teresa Kok, MP for Seputeh (Kuala Lumpur) led the organisation. Following the power shift to PN, Mohd Khairuddin bin Aman Razali of PAS took over. He represents a much more rural constituency, that of Kuala Nerus (Trengganu). As a member of PAS' Central Working Committee, where he has held the portfolios of Economic Development and Property and Entrepreneur Development since 2013, Khairuddin is already a fairly senior member of the political establishment despite being only 46 years of age.¹⁰

Besides these two ministries, the Prime Minister's Department currently has direct oversight of a major agricultural interest group, namely at least 120,000 settler households under the Federal Land Development Authority (FELDA). FELDA settler schemes are present in at least 53 parliamentary constituencies today. As recipients of long-term federal support, FELDA schemes were long considered 'vote banks' for Barisan Nasional, but recent elections have proven otherwise. By GE14, 21 FELDA-occupied Peninsular seats had been secured by parties under the PH alliance, and six went to PAS.¹¹ Painfully aware of this shift away from Barisan (and UMNO), the current PN coalition has asked Minister in the Prime Minister's Department (Economy) Seri Mustapa Mohamed (PPBM) to lead a task force geared towards rejuvenating FELDA and addressing settler indebtedness and stagnant incomes. 'Tok Pa', as he is popularly known, has done stints as Minister for Agriculture as well as for Trade and Industry, and is widely respected as a capable technocrat. As an illustration of the importance of FELDA, a sum of RM400 million was allocated in the 2021 Budget to write off FELDA settlers' interest payments on existing debts.

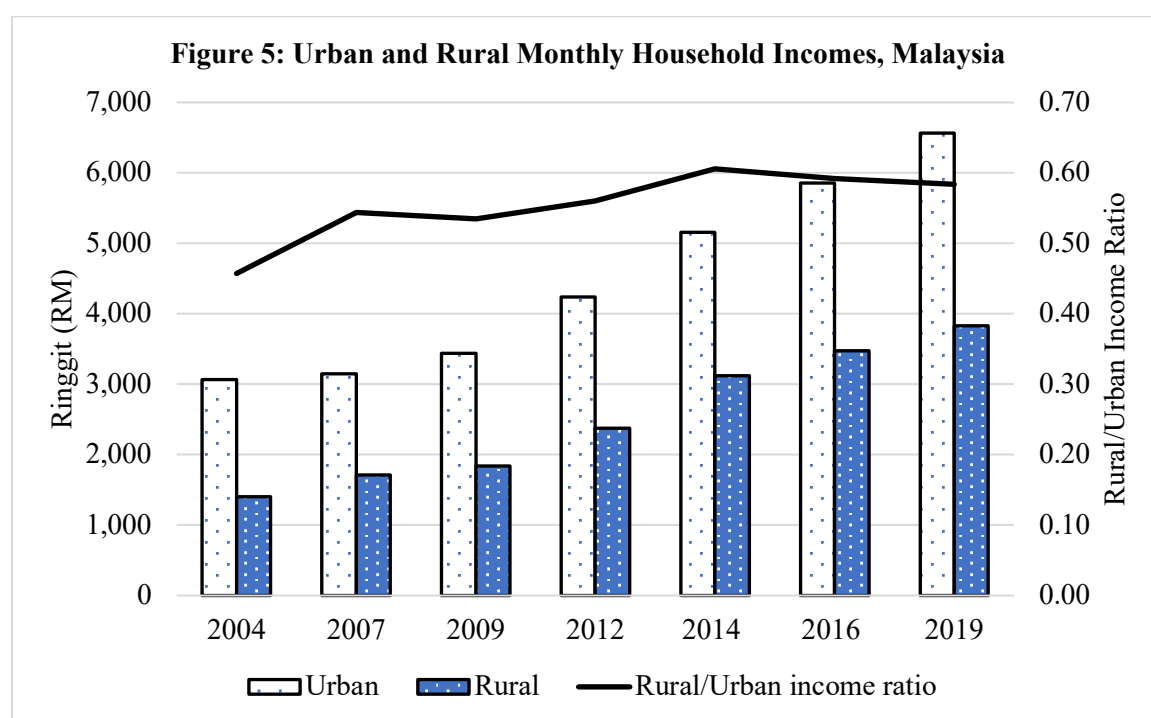
A host of specialised agencies deal with the nuances of individual crops, localities and service delivery objectives (**Table 1**). Both MAFI and MPIC play coordinating roles, overseeing the work of bodies dedicated to crop research and development, crop marketing, farmer collective representation, and irrigation projects, amongst others. At the level of states, individual Departments of Agriculture are responsible for implementing extension services and development programmes. Most land ownership matters also remain the prerogative of state administrators, including plots designated for FELDA schemes.

Notwithstanding the variety of interests involved, Malaysia's most recent policy goals for domestic agriculture can be distilled into two major concerns: better jobs and better trade. Although average rural household incomes have risen significantly in nominal terms since 2009, the official gap between rural and urban incomes began to widen from 2014 onwards (**Figure 5**). Pakatan Harapan picked up on this growing income disparity and campaigned to improve the livelihoods of all farmers in the leadup to GE14.

Malaysia's steadily deteriorating agriproduct trade position is also cause for concern. While the country does produce a significant amount of food domestically, the balance must be imported. In the past, the economy was heavily dependent on palm oil exports to generate an overall agricultural trade surplus. The MPIC and its affiliated agency the Malaysian Palm Oil Board were consequently saddled with the main responsibility for increasing agro-exports.

Table 1: Other Public Agencies in Agriculture

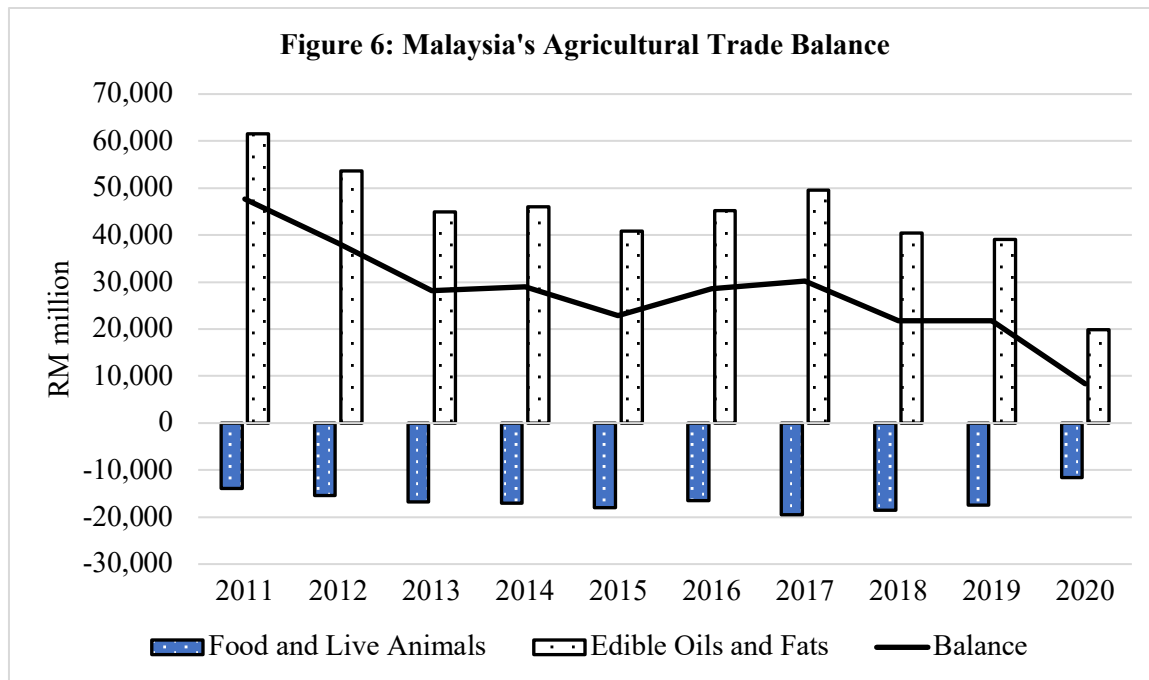
Federal	Under Ministry of Agriculture and Food Industries (MAFI)	Under Ministry of Plantation Industries and Commodities (MPIC)
	Malaysian Agricultural Research and Development Institute (MARDI)	Malaysian Palm Oil Board (MPOB)
	Federal Agricultural Marketing Authority (FAMA)	Malaysian Cocoa Board
	Muda Agricultural Development Authority (MADA)	Malaysian Rubber Board
	Farmer’s Organization Authority	Rubber Industry Smallholders Development Authority (RISDA)
	Malaysian Fishery Development Board (LKIM)	
Individual States	Departments of Agriculture (extension services, development programs for smallholders)	
	General land tenure and ownership matters	



Sources: DOSM. Household Income and Basic Amenities Survey Report, Malaysia. Putrajaya: DOSM, various years.

However, as **Figure 6** indicates, Malaysia’s palm oil exports have been falling in value over the past decade, while food imports have been increasing in value, whittling away Malaysia’s trade surplus. Given stagnant rural incomes, policymakers and politicians alike have adopted

increasingly agro-populist positions, seeking to boost local food crop production through a barrage of promised measures. The PN government allocated RM1.7 billion in the 2021 Budget to farmers and fishermen. This assistance ranges from price subsidies and incentives to direct income support in the form of living allowances.



Source: Economic Planning Unit, Prime Minister’s Department. “Malaysia’s Exports by SITC 3 Digits.” (<http://www.epu.gov.my/en/socio-economic-statistics/economic-statistics/external-trade>)

ELECTIONS AND THE FUTURE OF AGRICULTURE

The current political instability in Malaysia is expected to lead to a general election (GE15) in the near future. In late November 2020, Prime Minister Muhyiddin Yassin suggested that the GE15 would take place after the Covid-19 pandemic was brought under control. Agriculture-related issues are likely to cast a long shadow over the election manifestos in this election. Key issues that will be raised are likely to be the same ones that have appeared in the political manifestos in GE14.

For example, in its GE14 campaign manifesto, Pakatan Harapan advocated improvements in agricultural outcomes in five major areas: (1) food security (2) agricultural productivity (3) improving farm incomes (4) overhauling paddy farming (5) reforming FELDA (see **Appendix 1**). Despite the best intentions of PH, many of these promises ultimately suffered from the same flaws that afflicted many other portions of its manifesto: overly ambitious goals, and insufficient time after elections to fulfil even the less ambitious measures.

Regarding food security, for example, the PH manifesto vowed to improve Malaysia’s profile by ‘guarantee[ing] food self-sufficiency even in times of crisis’.¹² While appealing to food nationalism and cost-of-living sentiments amongst consumers and farmers, this promise was grossly unrealistic from the outset. After coming to power in May 2018, the new PH-led administration increased the self-sufficiency level target for rice, Malaysia’s staple grain, from

70% to 75% (the revised target had not been set since the 1990s). Production failed to reach the new target in 2019, only reaching 69%.¹³

Attempts to modernise agriculture in general also suffered from mismatched political goals and policy horizons. Under Salahuddin Ayub (PH-Parti Amanah Negara), the Ministry of Agriculture and Food Industries underwent a strategic policy review in 2018 to map out new goals for 2019-2020. These objectives and discussion points were presented in a new policy framework entitled *Prioriti dan Strategi 2019-2020*.¹⁴ Both Pakatan and MAFI had long-term interests in boosting farm incomes by introducing new sources of private investment, deploying labour-saving technologies in the field, and building capacity in farm entrepreneurship. Many initiatives were actually based on earlier strategies launched by the Ministry during its 2011-2020 ten-year plan.¹⁵ Nevertheless, the goals of the policy document were circumscribed by Pakatan's fall from power in February 2020.

Regardless of which political coalition is in power in 2021, the momentum to try and modernise domestic food cropping will continue within the Malaysian civil service. The next National Agrofood Policy paper is due to be launched in 2021, covering the next ten years up to 2030. What is less clear is how politicised and ethnocentric the document's strategies and guidelines will be.

FINAL REMARKS

Notwithstanding the advances made in previous decades, there remains much room for improving agricultural livelihoods in Malaysia. Food crop farming remains heavily dependent on low-income labour, migrants or otherwise. The civil service has a long-term outlook for agricultural development, but the political conditions under which strategic documents are periodically formulated are not always helpful. Other things being equal, increasing the oft-lamented productivity of Malaysia's paddy sector would ultimately mean shifting many Bumiputera farmers away from rice into more lucrative crops and non-farm work. For such shifts and others to be sustainable and competitive, a recalibration of Malaysia's political settlement is needed, one that allows for long-term planning in the interests of all Malaysians.

Appendix 1. Pakatan Harapan's GE14 Manifesto: Main Agriculture-related Points

Major themes	Key promises
Improving food security	<ul style="list-style-type: none"> • Guarantee food self-sufficiency even in times of crisis (p. 32). • Work proactively with suppliers to ensure sufficient food supplies, especially during festivities (p. 17). • Task Bank Negara Malaysia to devise a strategy to revive the Ringgit Value within 3 years to keep prices of imported food reasonable (p. 18).
Raising agricultural productivity	<ul style="list-style-type: none"> • Reassert the importance of having a modern and productive smallholder sector to increase food supplies (pp. 32-33). • Re-evaluate Malaysia's Food Security Policy and create a better policy that promotes full use of modern agricultural technology for cultivation of rice, vegetable, poultry, meat and fisheries (p. 32)
Raising farm incomes	<ul style="list-style-type: none"> • Protect and safeguard the welfare of farmers, livestock breeders and fishermen with the introduction of a <i>Takaful</i> [Islamic insurance] scheme." (p. 34) • Provide income guarantees for farmers, livestock breeders and fishermen during adverse weather conditions (p. 34)
Protecting paddy production	<ul style="list-style-type: none"> • Give emphasis to the country's main staple food namely rice during the first two years of PH administration. Make the rice industry more productive and ensure the welfare of paddy farmers (p. 32). • Ensure the maximisation of the country's rice supply and that domestic stockpiles give priority to local rice (p. 33). • Remove the rice monopoly granted to BERNAS at every relevant stage of production and trade. Transfer purview of paddy production subsidies from BERNAS to an appropriate government agency (p. 33). • Revise paddy payment mechanisms and paddy price subsidies to ensure fairer rates for farmers (p. 33). • Cash grants to eligible farmers to encourage freer choice of fertilisers and seeds that are appropriate to individual farms (p. 33).
Reforming FELDA	<ul style="list-style-type: none"> • Increase subsistence allowance to settlers during replanting phase (p. 127) • Ensure time payments for farm produce (p. 127) • Settle all settler debts as quickly as possible (p. 127) • Prioritise housing and educational provisions for second and third-generation FELDA settler households (pp. 127-130). • Increase SME incentive packages, including for households living in FELDA schemes (p. 76) • Establish Commission of Inquiry to investigate high-level misdeeds at FELDA and other government-linked agencies and recommend reforms (p. 40). • Restructure FELDA's administration to improve representation of settler grievances and concerns in both courts and at the highest levels of internal management. (pp. 125-126)

Source: Pakatan Harapan. *Buku Harapan: Rebuilding Our Nation, Fulfilling Our Hopes*. Petaling Jaya: Pakatan Harapan, 2018.

- ¹ We are grateful to Jayant Menon and our Malaysia Studies Programme colleagues, all of whom offered helpful comments on earlier versions of this paper. The usual caveats apply.
- ² In 2018, the main contributing crops were oil palms (38% of agriculture's GDP), food and cash crops (25%), livestock (15%), fishing (12%), forestry (7%) and rubber (3%). Source: Department of Statistics, Malaysia (DOSM). "Selected Agricultural Indicators, Malaysia, 2019", (https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=72&bul_id=SEUxMEE3VFdBcDJhdUhPZVUxa2pKdz09&menu_id=Z0VTZGU1UHBUT1VJMF1paXRRR0xpdz09)
- ³ Yeah Kim Leng. "Economic Dynamics and the GE-14 Surprise." In *The Defeat of Barisan Nasional: Missed Signs or Late Surge?*, edited by Francis E. Hutchinson and Hwok-Aun Lee. Singapore: ISEAS – Yusof Ishak Institute, 2019, pp. 97-99.
- ⁴ Julia Chan. "How Much Do Minimum Wage Earners Spend on Groceries? Study Shows 40pc is 'Average'." *Malay Mail*, 17 January 2019.
- ⁵ Wan Manan Wan Muda. "The Hunger-Obesity Paradox in Malaysia", *ISEAS Perspective* 68/2020 (24 June 2020).
- ⁶ Wan Manan Wan Muda, Jomo Kwame Sundaram, and Tan Zhai Gen. *Addressing Malnutrition in Malaysia*. Kuala Lumpur: Khazanah Research Institute, 2019, pp. 67-68.
- ⁷ Jomo Kwame Sundaram and Ashraf Shaharudin. "Pertanian Makanan di Malaysia Harus Diperbaiki." *Sinar Harian*, 4 January 2020.
- ⁸ Fatimah Mohamed Arshad, Bustan Arifin, and Tey Yeong Sheng. *Effectiveness of State Trading Enterprises in Achieving Food Security: Case Studies from BERNAS in Malaysia and BULOG in Indonesia*. Kuala Lumpur: IDEAS, 2019; John Overton. *Colonial Green Revolution? Food, Irrigation and the State in Colonial Malaya*. Wallingford: CAB International, 1994; Lim Teck Ghee. *Peasants and Their Agricultural Economy in Colonial Malaya, 1874-1941*. Kuala Lumpur: Oxford University Press, 1977.
- ⁹ DOSM. *Labour Force Survey Report, 2019*. Putrajaya: DOSM, 2020.
- ¹⁰ Khairuddin also gained notoriety in August 2020 for having broken Covid-19 home quarantine rules multiple times since the previous month, not least in order to attend parliament to help preserve Prime Minister Muhyiddin's slim two-seat majority under PN. He was meted a relatively light fine of RM1,000 for his transgressions.
- ¹¹ Geoffrey K. Pakiam. "The Making and Breaking of Malaysia's FELDA Vote Bank." In *The Defeat of Barisan Nasional: Missed Signs or Late Surge?*, edited by Francis E. Hutchinson and Hwok-Aun Lee. Singapore: ISEAS – Yusof Ishak Institute, 2019, pp. 209-234.
- ¹² Pakatan Harapan. *Buku Harapan: Rebuilding Our Nation, Fulfilling Our Hopes*. Petaling Jaya: Pakatan Harapan, 2018, p. 32.
- ¹³ DOSM. Supply and Utilization Accounts, Selected Agricultural Commodities, Malaysia, 2015-2019. (https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=164&bul_id=OTM1TDMzS1IvYm5mU1JiU1Fwekt3UT09&menu_id=Z0VTZGU1UHBUT1VJMF1paXRRR0xpdz09)
- ¹⁴ Kementerian Pertanian dan Industri Asas Tani Malaysia. *Prioriti dan Strategi 2019-2020*. Putrajaya: Kementerian Pertanian dan Industri Asas Tani Malaysia, 2019.
- ¹⁵ Kementerian Pertanian dan Industri Asas Tani Malaysia. *Dasar Agromakanan Negara 2011-2020*. Kuala Lumpur: Percetakan Watan Sdn. Bhd., 2011.

<p><i>ISEAS Perspective</i> is published electronically by: ISEAS - Yusof Ishak Institute</p> <p>30 Heng Mui Keng Terrace Singapore 119614 Main Tel: (65) 6778 0955 Main Fax: (65) 6778 1735</p> <p>Get Involved with ISEAS. Please click here: https://www.iseas.edu.sg/support</p>	<p>ISEAS - Yusof Ishak Institute accepts no responsibility for facts presented and views expressed.</p> <p>Responsibility rests exclusively with the individual author or authors. No part of this publication may be reproduced in any form without permission.</p> <p>© Copyright is held by the author or authors of each article.</p>	<p>Editorial Chairman: Choi Shing Kwok</p> <p>Editorial Advisor: Tan Chin Tiong</p> <p>Managing Editor: Ooi Kee Beng</p> <p>Editors: William Choong, Malcolm Cook, Lee Poh Onn, and Ng Kah Meng</p> <p>Comments are welcome and may be sent to the author(s).</p>
--	---	---