

By **KHAIRUL SAIDAH ABAS AZMI**
and **ROZAIMAH ZAINUDIN**

The challenge of tackling Malaysia's money politics

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WHEN Datuk Seri Anwar Ibrahim was finally sworn in as Malaysia's latest prime minister on Nov 24, he was quick to repeat the promise which helped him win office in the first place: to drive corruption out of politics.

"We will never compromise on good governance, the anti-corruption drive, judicial independence and the welfare of ordinary Malaysians," he said hours after he was sworn in, before leading chants of "Reformasi" - his rallying cry for reform during years of opposition.

Cases such as the controversial 1MDB case have shone a spotlight on the darker side of Malaysia's political financing. The cases have tarnished the country's reputation and highlighted poor governance and the lack of political will to tackle corruption.

While political donations are legal, there is a risk they can lead to the misappropriation of funds, cronyism and conflicts of interest. In Malaysia, donations and kickbacks are handed out in exchange for political support. This is how money politics contributes to corruption. The practice ramps up during election campaigns although Malaysia's Election Offences Act (1954) was enacted to police and prosecute any unethical and illegal activities during elections.

Stamping out corruption will be a major challenge to the new government. The relationship between politics and business is a major source of illicit political funds. Businesses have the desire to build monopolies by offering contributions to politicians who will support their interests. Cronyism is common with some MPs and public officials providing businesses with access to free or



Anwar speaking at a press conference in Putrajaya on his first day as Prime Minister last month. - Prime Minister's Office

subsidised public goods, tax reductions and/or licensing.

To stop the practice, Malaysia needs to implement a Political Funding Bill to ensure accountability through transparency of political financing or donations. In 2021, the Centre for Combat Corruption and Cronyism (C4) released a report revealing some worrying evidence of unauthorised transfers of cash into foundations created by political elites (from both ruling and opposition political parties) under the guise of political donations.

The new law - if passed - is expected to enhance transparency by requiring politicians to disclose the source of their donations and how the funds are channelled to, and managed by, the political party. At the moment, political par-

ties and candidates are under no obligation to reveal where their funding comes from. This transparency is a key plank of political finance regulation which also includes limits on contributions and campaign spending. In addition, the election also saw the anti-hopping party law finally take effect, preventing politicians from switching parties.

The Malaysian Bar has called for urgent action on political financing laws as there is currently no legislative framework addressing how political financing is managed. Without strong legislation to govern the financing of political parties and candidates, a "clean" political system will be hard to implement.

In August 2022, there were plans to table the political funding bill in

October, but the general elections halted the process. Now it is hoped the new PM will push ahead with the legislation. The All-Party Parliamentary Group Malaysia (APPGM), which was formed to look into all aspects of political financing, recommends having a parliamentary select committee made up of members from across the political spectrum to draft the funding bill.

Although it is nearly impossible to have a comprehensive political funding law, the main idea is to have transparent funding that aligns with voters' expectations of a level playing field.

A holistic and integrated system can combat money politics and sustain the quality of democracy. Four stakeholders play a significant role: public officials, political parties and

candidates, people or organisations with oversight (such as an Ombudsman), and donors. These all need to collaborate and provide opportunities to strengthen the accountability and effectiveness of systems and governance. Understanding how political and economic processes work is crucial - in particular the incentives, relationships, and distribution and power dynamics between different groups and individuals.

Before the election, many of the then-opposition members of parliament declared their assets and net worth. While this initiative looks good for transparency, the same effort can be seen as having a political agenda. There are calls for politicians' assets to be made public every year, or when they acquire new assets. Especially politicians in influential positions (such as cabinet ministers).

After all, public officials in Malaysia are obliged to make asset declarations whenever they acquire anything new or dispose of their assets, including their spouses' assets as instructed by government circular. Asset declaration could contribute to another layer of checks and balances in holding our politicians accountable.

Dr Khairul Saidah Abas Azmi and Dr Rozaimah Zaihudin are senior lecturers at the Faculty of Business & Economics, Universiti Malaya. Khairul's research interests are in fraudulent and corrupt practices, public sector auditing, and forensic accounting. Meanwhile, Rozaimah's areas of research include risk management, derivative markets, corporate finance, and international finance. Originally published under Creative Commons by 360info.