

**PERDANA
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SERIES 17**



**PERDANA
LEADERSHIP
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YAYASAN
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**“ CURRENT POLITICAL
TRENDS AND THEIR IMPACT ON
THE ECONOMIC AND SOCIAL
DIRECTION OF MALAYSIA ”**

Keynote Address by

**Yang Amat Berbahagia Tun Dr Mahathir Mohamad
Honorary President, Perdana Leadership Foundation**

**Perdana Leadership Foundation
Putrajaya**



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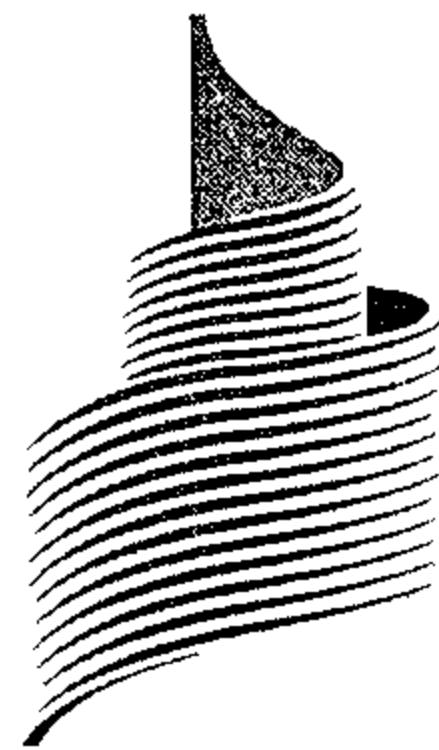
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Y A Y A S A N
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PERDANA DISCOURSE SERIES 17: 'CURRENT POLITICAL TRENDS AND THEIR IMPACT ON THE ECONOMIC AND SOCIAL DIRECTION OF MALAYSIA'

Introduction

In 'Why Nations Fail', authors Daron Acemoglu and James Robinson state that it is politics and political institutions that determine the trajectory of a nation. If so, then are current political trends in Malaysia a cause for concern or hope?

Since our Independence in 1957, Malaysia has experienced political stability that has allowed the nation to prosper and enabled Malaysians to enjoy upward social mobility. The stability was achieved through the concerted effort of leaders who recognised the need to keep the peace among the various communities of Malaysia; topics deemed sensitive were discussed privately among the country's decision-makers and policies were shaped to address any inter-ethnic economic and social inequality. This was particularly so in the aftermath of the 13th May 1969 race riots that resulted in deaths and destruction in Kuala Lumpur. The post-1969 landscape saw agencies, institutions and policies created to address economic and social imbalances. The efforts were earnest and the results have been positive for the most part.

Malaysia is now recognised as a successful developing, industrialised, democratic nation, a far cry from its humble independent beginnings. But have our politics matured along with our economy?

Current political discourse seem to have become much more racially- and religiously- centred with political parties claiming much more raucously to fight for the rights of particular ethnic or religious groups. Partisanship is also very much in play and the good or bad of policies are

dependent on the party that introduced them rather than judged on their merits (or demerits) to the nation. "Change" and "Transformation" - while being promoted to the nation - seem to be anathema to the political parties themselves, despite the results of the 2013 General Elections that indicated a need for change. The recent elections have also seen short-term populist measures being pushed forward at the expense of the nation's long-term well-being. Leadership succession issues are yet to be addressed in Malaysian political parties and current trends indicate unwillingness to budge from the status quo.

Amidst all these, the Malaysian population is grappling with rising costs of living, especially rising house and car prices plus higher costs of education, increasing crime rates especially in urban areas and an education system that has stymied many Malaysians from thriving in a globalised workplace. While the government touts a higher income nation by the year 2020, Malaysia's lower and lower-middle class struggle to make ends meet and the income gap between Malaysia's rich and poor remains among the highest in the Asian region.

Thus, the challenges ahead for Malaysia are many and the population relies on its leaders and policymakers to decide on a course that is right for the country. Questions to ask include:

- Will issues of race and religion continue to dominate politics in Malaysia and if so, will they divide the population and hurt our attempts to become "Bangsa Malaysia"?
- Is there an "ideal" state of politics for this country that will ensure a brighter and safer future?
- Is Malaysia heading towards a two-party political system? How will this then affect our policy decisions?
- Are our institutions of checks and balances strong enough to act as course correctors to ensure the rights and well-being of the rakyat are protected?
- Is our education system producing future politicians of calibre who would be able to make good decisions for the nation?
- Will political parties in Malaysia change in tandem with the needs of the times and the younger generation of Malaysians?

KEYNOTE SPEECH



Tun Dr Mahathir Mohamad
Fourth Prime Minister of Malaysia & Honorary President of
Perdana Leadership Foundation

Bismillahirrahmanirrahim

Yang Berbahagia Tan Sri Azman Hashim, Yang Berbahagia Tan Sri Nik Mohamed, Tuan-tuan, Puan-puan, hadirin sekalian. Assalamualaikum warahmatullahi wabarakatuh.

Firstly I would like to explain why Tan Sri Azman Hashim spoke for so long. We agreed on this just now because my voice is not so strong today. I'm just recovering from flu so I cannot be speaking a lot though I will try. He has filled the gap with a lengthy speech with a lot of things about myself which is not on the agenda.

I've been asked to talk on the impact of political trends on the economic and social wellbeing of a country. I think that it is obvious that politics determine whether an economy and a society benefit or not. On the other hand, what happens to the economy of the country as well as the stability or otherwise of a society affect also the politics of a country.

These three things are very closely related. One affects the other. If we have bad politics, it is to be expected that the economy and society also will not be doing well. On the other hand, if we have a society in turmoil and an economy that is not doing well, that will affect politics as well. And we learn these from history.

Let's talk about the industrial revolution, the time when Britain led the whole world in changing its source of wealth from agriculture to industry. This was made possible because of advances made in technology and engineering as well as science at that time.

As a result of the industrial revolution, many land owners became very rich, extremely rich. But they didn't care about their own workers. They were very much preoccupied with accumulating as much wealth as possible whereas their workers were living and working under terrible conditions. Even children were working in factories.

The disparity in the wealth between the rich and the poor caused a lot of dissatisfaction among the poor. As a result of that disparity, where the rich became richer and the poor poorer, there was a move to give the workers some strength. It was at that time that the concept of workers' unions were mooted and people took to it very quickly because there were more workers than employers and the workers contributed significantly to the success of the industrial revolution.

It became very clear to the workers that if they withheld their labour, then the rich would not become richer. So it was that after forming unions, the workers decided to stage strikes. A general strike involves workers in all the industries of a country; a general strike can cause the country to go into recession because without labour nothing can be produced and if you cannot produce anything, then the rich will not become rich.

So there was turmoil and among the things that happened, was the evolution of politics where the workers began to understand that they can play a major role in the politics of the country if they use their strike weapons to stop the rich from enriching themselves at the expense of the poor.

Then the idea of socialism was introduced along with communism. The whole idea about communism and socialism was to correct the imbalance between the rich and the poor. Now, out of this political turmoil we see the emergence of very strong unions even at the international level where federations of trade unions were formed. From there came the power to influence the affairs of nations.

We can see that because economic disparity resulted in political upheavals, there emerged the Socialist and Communist ideologies. From then on, we see capitalism being pitted against socialism and communism. This, of course, resulted in more political turmoil in most countries. Of course, at that time we were under British rule. We were the colony of the British and our people were told that politics is not the business of the people. It was confined to the elites of the country - the rulers and their advisors and the British.

Because the people in this country were not allowed to participate in politics, there was "relative calm" in Malaysia and all the colonial territories. But economic disparity and societal turbulence resulted in a revolution in the thinking of people regarding politics. The idea that non-elites or ordinary people should not participate in politics was challenged and eventually the idea of one man, one vote became something that was accepted worldwide.

So it is important to relate economic problems to political problems. On the other hand, sometimes politics can go wrong. When you have a country that is entirely ruled by a small group of people who enrich themselves and control the economy of the country that is not conducive for economic growth.

In the past, all the monarchs, kings and queens of Europe were involved in business. The East India Companies of Britain, Holland, and France were controlled by the ruling class because the ruling class controlled the economy. However, they were not able to grow as fast as they should because there was dissatisfaction among the working class. Because politics was controlled by the elites, there was no economic progress or rather economic progress was somewhat slow and unable to cope with the demands of the ordinary people in their country.

So now, you see, bad politics affect economic performance and bad economic performance affects the politics of the country. It is important to understand this relationship and to a certain extent, people have begun to understand that politics must take into consideration the performance of the economy and the wellbeing of the people. If politics is just confined to (the country) being strong and powerful but neglects the economic situation in the country, before long the country will regress and it will become poor. This again will affect the strength of the country.

It is important to understand the relationship between the two, Politics has an impact on the economy and society. On the other hand, what happens to the economy and society must affect politics as well. The British started their rule in Kedah in the year 1909; we became independent in 1957 - not even half a century is between the two events.

But in those days we were not allowed to participate in politics at the ground level. Only the rulers could participate in politics, and the British, although they were against corruption, in a way corrupted the rulers. They gave the rulers bigger allowances that rulers had ever been able to obtain when they ruled the country themselves. They gave the rulers big palaces, and Rolls Royces which is a mark of being rulers. Only rulers had Rolls Royces. I think nowadays ordinary people can have a Rolls Royce also and of course “*payung kuning*” (yellow umbrella). This is very important, the yellow umbrella.

With all these four things given to the rulers, they (the rulers) were quite happy to let the British rule and exploit the country. So, bribery started with the British, really. This I would like to remind Tan Sri Azman who was talking about how people are beginning to accept corruption as a part of life. But in those days also, there was corruption from the very top simply because only the very top had the power to rule. The people as a whole had no power and no involvement in politics at all.

Then, came a proposal to make the Malay states of the Peninsular amalgamate and become a direct colony of the British. Again, the British thought they could easily influence the rulers, and disregard what the people would say because people in those days were not involved in politics; they seemed to leave everything to their own rulers. If their rulers signed an agreement, they didn't question the contents of the agreement and they didn't question the right of the rulers to sign the agreement.

So, the British thought that if they could get the rulers to sign new treaties then the whole problem would be resolved. They would have Malaya as a direct colony of Britain. But as it turned out people became aware of what was happening and although they had no experience in politics, they decided then that they should have a say in the politics of their country. I think you know what happened following that: the British forced the rulers to sign the McMichael Treaties which stated that the British would have full administrative powers over the Malay states except in matters pertaining to Islamic custom. The people objected to this idea and practically revolted, demanding that the rulers reject the treaties they had signed and refuse to attend the inauguration of the British Governor of the Malayan Union.

Politics had reached the people. They got involved in politics and they decided that an authoritarian government where only those at the top are involved in politics was not a safe model because the British could always influence the top people with bribery. So, the people determined that this country should become a democratic system where the people would decide their own fate. The citizens would be able to choose who would rule the country.

The (royal) rulers of this country were thus deprived of their political power although they were accorded the same treatment, including the “*payung kuning*”. Politics should be for the people and we welcome democracy because for the first time we were able to decide not so much our fate, but at least decide who should rule this country. But then we found that not everyone is interested in the good performance and welfare of this country. Many are thinking about how they themselves could benefit from being able to rule.

Now, a vote is a small thing. It means that every five years you get to put a cross against the name of the person or party that you want to form the government. But even that small act gives you great power because you can determine who will rule this country. It could be just one vote that determines whether the country will be ruled by so-and-so or so-and-so,

So the vote is a very powerful weapon and it represents the power of the people. and you know the saying that “power corrupts and absolute power corrupts absolutely”. So the people in this country now have power. How they use the power is very important because it will determine who will form the government, what kind of politics we will have and as a result of the politics that we have, whether the economy or the social situation of the people would improve.

Many do not understand the power of the vote and they think that it is worth only a few ringgit. I know one instance where for two hundred ringgit, voters accepted that they should vote for so and so. This is a power that can build a country and yet the voters were willing to sell their votes for two hundred ringgit, Such is their estimation of the power of the votes.

Now, when you do not understand the power of the vote, when you think that it is very cheap, you are likely to make wrong decisions. This is where we talk about corruption. Corruption begins at this level which is the most important level because it is the people who will choose the government that will rule this country. So, the power of the votes must not be underestimated because it can make or break the country.

But as mentioned earlier, we have now come to a stage where we accept corruption as a part of life, as part of our culture. This, of course, is going to cause political turmoil which will lead to economic and social turmoil.

It is important for us to understand the power that has been given to the people. If you choose the wrong leaders, you will get what you deserve. So, here we can see a direct link between politics and the economic and social performance of the country.

Initially, of course, we were all very nationalistic. We thought of the country as being ruled by us, by chosen people who were capable of ruling the country. The first few elections we had in this country were not affected by corruption. People did not know about corruption, about the power of the votes so they did not sell their votes. When they chose, they chose the people whom they thought were the right people to rule this country. What they really cared about was to see this country become independent.

In 1955, we had an election. That was during the British period and at that time the most important aim was to achieve independence. There were others who felt that we were not ready for independence and the contest was between these two groups. One group was fighting for independence and made it clear that if they won, they would seek independence. The other group said, No, we cannot be independent because we could not even make a small needle by ourselves. That is their measure of the country's capability. We could not make even a needle so how could we become independent? The other group felt that once we became independent, we would gain the capability to make needles ourselves.

So there was a sharp contrast in the message to the electorate. The electorate then did not think at all about what he or she could personally gain from the election. No money passed hands. In the end, the people decided that we should be independent and the party that struggled for independence won hands down.

In 1955, the elections were not for all the seats in the Legislative Council. The Legislative Council at that time was the highest governmental forum to influence the course of this country. The elections were also not for parliament because we did not have a parliament at that time. We had only the Federal Legislative Council and this council had 98 seats but the British refused to have all the ninety-eight seats contested. They wanted to make sure that no party would have enough seats to rule this country.

So, from ninety-eight seats they allowed only fifty-two seats to be contested which is slightly over half the number of seats in the Federal Legislative Council. They thought it was impossible for any party to get forty-nine or fifty seats. So it was safe for the British. That's how they designed the politics at that time. However, the people were so keen to achieve independence that they gave this party, the Alliance, fifty-one seats. Only one seat was won by the opposition. Now with fifty-one seats, the Alliance achieved the majority.

This happened because people were not thinking about money, about getting something personally in return for the voting power they had. They were thinking about the independence of Malaya and they gave fifty-one seats to the Alliance. This enabled the Alliance to set up a government because it had a majority in the Federal Legislative Council of ninety-eight seats.



The British had no choice. They had to allow the Alliance to rule the country. We would still not have any say in foreign affairs or in defence matters but the party that was elected was able to rule this country. Immediately, this party demanded for early independence by 1957.

The British were against giving early independence but the ruling party at that time demanded independence and of course, we know that in 1957 we became independent. That is the result of an election where there was no corruption. The whole idea of election was about becoming independent and the people voted because they wanted independence. Nobody thought about positions or personal gains. People thought of getting independence only.

But after that, we had elections every five years and people began to ask, "Look, we cast our votes, what do we get personally?" They did not view the progress of the country as beneficial to themselves. They were asking about what they would personally gain. When they began to ask this question then the idea of getting personal gain out of the elections began to take hold and everybody wanted to be a minister, a chief minister and hold all kinds of posts which would give them a better income. Besides that, they would have power, they would have a big official car and while they would not get the *payung kuning*, they would receive treatment that is akin to that. So now the question is, "What do I get out of casting my vote?" Once you ask that question the national objective gets lost. You are thinking about what you are personally going to gain.

I remember the case of one senior civil servant who became a senior civil servant because of independence. However, he was not happy with the salary he was getting. He pointed at somebody at a dinner and said, "I made that man a millionaire by just signing a paper but what do I get for signing?" Once you begin to think like that and you realise that you can withhold your signature, and if you withhold your signature long enough that man will be prepared to give you some money because in the end he is going to be a millionaire. Now that kind of thinking has poisoned the minds of the people as we progress throughout our independence.

More and more people think of what they are going to get for themselves and not for the country. They can withhold what little power that they have and they would use that power only for people who are prepared to pay. So buying votes becomes a culture, becomes the objective of the election.

This book contains the proceedings of the 17th Perdana Discourse Series on “**Current Political Trends and their Impact on the Economic and Social Direction of Malaysia**” which took place on the 28th October 2013. The Discourse featured YABhg Tun Dr Mahathir Mohamad, Honorary President, Perdana Leadership Foundation, as keynote speaker, and panellists Tan Sri Dato’ Dr. Michael Yeoh, Co – Founder & CEO of Asian Strategy & Leadership Institute (ASLI), Dato’ Saifuddin Abdullah, Chief Executive Officer of Global Movement of Moderates (GMM) and Mohd Nizam Mahshar, Chief Executive Officer of Majlis Tindakan Ekonomi Melayu Bersatu (MTEM)

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