

Malaysia 2010



Total: 54.89

Quick facts

Population:	28.27 million
Population growth:	1.61 %
Unemployment rate:	3.5 %
GDP:	416.4 billion \$
GDP growth rate:	7.1 %
GDP per capita:	14700 \$

Political Freedom

Free and Fair Elections : 5

Universal suffrage has been established and elections are held on a regular basis. The last general elections took place in March 2008 and opposition parties succeeded in breaking the two-thirds majority of the ruling coalition for the first time in almost forty years. The Barisan National (BN) which previously had won 198 of 219 seats in the 2004 elections only managed to secure 140 seats in 2008. But elections cannot be regarded as entirely free and fair. The BN has been accused of tampering with voter registration lists. Repressive laws limited the chances of the opposition. That opposition parties still managed to win a considerable number of votes suggests that the BN's dominance is diminishing. In terms of political pluralism and participation, the government allows societal groups as long as they don't interfere with government policies. Certain civic activities are constrained by laws, for example the right to freely associate and assemble. The influence of non-governmental organisations is therefore insufficient.

Absence of Unconstitutional Veto Players : 5

The effective power to govern lies in the hands of the government. Veto players such as the military remain under civil control. But powerful Islamic groups frequently put pressure on the government to pass legislation in their favour and have gained increasing influence in the past years.

Freedom of Press : 3.6

The freedom of the press in Malaysia is guaranteed by the constitution. But in practice, the freedom of press, expression and speech are restricted. Political discussion in the media did become more frequent after the 2008 elections but many private television stations are closely tied to the BN and practise self-censorship. In 1984, the government introduced the Printing Presses and Publications Act that can be used to revoke licenses without any judicial process and requires publishers to annually renew their license. This provides a strong incentive for self-censorship and limits investigative journalism. The internet emerged as an outlet for dissenting views and opinions. In 2007 the government reacted to this new trend by pressing charges against bloggers on grounds of defamation.

Rule of Law

Independence of the Judiciary : 5.34

The independence of the courts is heavily compromised by the influence of the executive branch of government. Politically motivated verdicts are common as the case of Anwar Ibrahim, an opposition leader, shows. He was jailed on corruption and sodomy charges in 1999 and 2000. The conviction for sodomy was overturned in 2004 and he was released from prison. Charges pressed against him for corruption however were upheld, causing him to refrain from any political engagements until 2008. In late 2008, Anwar was again accused of sodomy and in November 2010 the case was still pending. The government has recently tried to restore the image of the judiciary by issuing a bill granting the judiciary more independence. This endeavour was widely perceived as a public relations exercise. The prime minister remains highly influential in terms of judicial verdicts.

Corruption : 4.5

Corruption remains a serious problem among the political and business elite of the country. Even though the government tries to keep up its public image of sincerely fighting corruption, there is little political will to effectively tackle this problem. Transparency International ranked Malaysia in its 2009 Corruption Perceptions Index on position 56 out of 180.

Protection of Human Rights : 4.43

There are severe flaws in terms of human rights protection. For one, the death penalty is still in force: 22 people were sentenced to death in 2009, the number of executions is unknown. From our liberal perspective this is regrettable. Moreover, as the case of Anwar Ibrahim shows, people can be convicted for their (alleged) sexual orientation – another fact that we disapprove of. According to Amnesty International, there have also been reports of degrading and inhumane treatment of suspects as well as arbitrary detention. Malaysia furthermore is not party to any of the relevant UN Conventions such as the Convention Relating to the Status of Refugees, the Covenant on Civil and Political or the Covenant on Economic, Social and Cultural Rights.

Economic Freedom

Security of Property Rights : 6.24

The acquisition, use, and sale of private property is largely protected by respective laws. The caveat being “largely”, there are notable exceptions: Borneo’s indigenous population is subject to forced relocations which pave the way for large infrastructure projects - and civil unrest. The judiciary (as mentioned above) is under influence of the ruling BN. Corporate lawsuits take over a year to file and are often decided according to political motivations. Intellectual property rights are a problematic matter. Enforcement is insufficient, most notably producers of pharmaceuticals and consumer products suffer serious losses.

Size of Government: Expenditures, Taxes, and Enterprises : 5.96

Government spending (which includes consumption and transfer payments) is comparatively low, amounting to about 25 percent of the GDP. Taxes in Malaysia are on average levels. The top individual income tax rate is at 27 percent whereas the top corporate tax rate was recently reduced from 26 percent to 25 percent. Overall tax revenue is about 14.8 percent of the GDP.

Regulation of Credit, Labour, and Business : 7.55

38 commercial banks under the central bank’s supervision make up Malaysia’s banking sector. Foreign involvement is subject to restrictions: Equity participation is limited to 30 percent for commercial banks and 70 percent for Islamic and investment banks, and insurance companies. Malaysia’s financial system withstood the challenges of the global financial crisis relatively well. To start, run, and close a business is constrained by regulations. Although starting a business takes a mere 11 days (less than a third of the world average of 35 days), getting a license is a rather tedious undertaking which requires more than the average 18 procedures and 218 days. Labour regulations are flexible. Although dismissing an employee may be complicated and costly, his non-salary cost is low. A minimum wage is unknown and working hours are flexibly regulated.

Freedom to Trade Internationally : 7.27

In principle foreign trade is liberalised but protectionism regarding key enterprises proves to be a barrier for foreign investors. The government’s “New Economic Policy” makes Malaysia a somewhat difficult place for foreign direct investment. Malaysia is the only ASEAN country with a FDI outflow bigger than its inflow which might be a sign of investors losing confidence. However, Malaysia profits immensely from the ASEAN - Australia - New Zealand Free Trade Agreement which entered force in 2008.