

# Malaysia 2011



Total: 54.71

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## Quick facts

Population:	28.73 million
Population growth:	1.58 %
Unemployment rate:	3.4 %
GDP:	414.4 billion \$
GDP growth rate:	7.2 %
GDP per capita:	14700 \$

## Political Freedom

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### 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. However, the elections cannot be regarded as entirely free and fair; the BN has been accused of tampering with voter registration lists and repressive laws limited the chances of the opposition. That opposition parties, nevertheless, 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 indeed lies in the hands of the government. Veto players such as the military remain under civil control. However, Malay organisations have gained influence and

put pressure on the government to keep policies in place which favour the ethnic majority group.

## **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 practice self-censorship. The Printing Presses and Publications Act requires publishers to annually renew their license; this procedure can be used to revoke a license with no judicial process if published content is deemed "likely to be prejudicial" to public order, morality, security, or national interest, thus providing strong incentive for self-censorship and limited investigative journalism. Lately, the internet has emerged as an outlet for dissenting views and opinions. However, the government has been quick to react to this new trend by pressing charges, on grounds of defamation, against bloggers.

## **Rule of Law**

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### **Independence of the Judiciary : 5.56**

The independence of the courts is heavily compromised by the influence of the executive branch of government. Politically motivated verdicts are not uncommon, as the case of Anwar Ibrahim, an opposition leader, shows. Recently, the government has tried to restore the image of the judiciary by issuing a bill which grants the judiciary more independence. This endeavour has been widely perceived as a public relations exercise in order to gain voter support for the upcoming elections in 2012 . The prime minister remains highly influential in terms of judicial verdicts.

### **Corruption : 4.4**

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 on position 56 out of 178 in its 2010 Corruption Perceptions Index.

### **Protection of Human Rights : 4.29**

There are severe flaws in terms of human rights protection. For one, the death penalty is still in force; in 2009, 22 people were sentenced to death, and the current number of executions is unknown. From our liberal perspective this is unacceptable. Moreover, as the case of Anwar Ibrahim shows, people can be convicted for their (alleged) sexual orientation – another fact we cannot approve. Amnesty International has reported degrading and inhumane treatment of suspects, as well as cases of arbitrary detention. Furthermore Malaysia 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

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## **Security of Property Rights : 6.39**

The acquisition, use, and sale of private property is largely protected by respective Malaysian 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 also 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 and, most notably, producers of pharmaceuticals and consumer products suffer serious losses.

## **Size of Government: Expenditures, Taxes, and Enterprises : 5.55**

Government spending (which includes consumption and transfer payments) is comparatively low, amounting to about 26 percent of the GDP.

Taxes in Malaysia are on average levels. The top individual income tax rate is at 26 percent, whereas the top corporate tax rate was recently reduced from 26 percent to 25 percent. A goods and services tax is being discussed but, as of yet, has not been implemented. Overall tax revenue accounts for about 15.3 percent of the GDP.

## **Regulation of Credit, Labour, and Business : 7.83**

The Malaysian banking sector keeps growing, with more than 30 commercial banks operating under the central bank's oversight. Efficient supervision and mergers have made banks more competitive. 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.

To start, run, and close a business is constrained by regulations. Although starting a business takes a mere 17 days, getting a license is a rather tedious undertaking which requires 25 procedures and 261 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 regulated flexibly.

## **Freedom to Trade Internationally : 7.09**

Foreign trade is, in principle, 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 an FDI outflow bigger than its inflow, which could indicate investors' loss of confidence. However,

Malaysia profits greatly from the ASEAN-Australia-New Zealand Free Trade Agreement, which was implemented in 2008.