

**Opposition Subnational Strongholds in  
Dominant Party Authoritarian Regimes (DPARs):  
The Pakatan Coalition in Selangor and Penang from 2008 to 2018**

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Thesis submitted to the University of Nottingham for the degree of Doctor of Philosophy

January 2022

## **Abstract**

Opposition parties within dominant party authoritarian regimes (DPARs) operate under challenging conditions as they are systematically deprived of resources. Yet in some cases, opposition parties have performed surprisingly well at the subnational level, against the odds. This thesis addresses two central questions. First, under what conditions can opposition parties achieve political party institutionalisation and establish subnational strongholds within DPARs? Second, what strategies and methods do these opposition parties employ to do so?

Although interest in subnational politics within the field of comparative politics has expanded over the last decade, it is still largely unexplored. Theories on subnational authoritarianism and subnational democracy have emerged, but they largely ignore the institution of federalism. Kenneth Greene's (2010) theory on DPARs attributes dominant party decline to decreasing asymmetries between the dominant and opposition parties caused by the incumbent's loss of control over resources. The case of Malaysia shows that this can also occur through opposition parties accessing and mobilising subnational-level resources, which strengthens the opposition. This thesis therefore inverts Greene's resource theory on national dominant parties and reinterprets it as a theory of the rise of opposition parties within DPARs, additionally drawing on the literature on federalism for insights on how subnational governments – especially wealthy, highly industrialised ones – are a significant administrative layer that opposition parties can take advantage of. Importantly, it also draws on the literature on resource mobilisation and political party institutionalisation, in particular Randall and Svåsand's (2002) framework of party institutionalisation for the methods through which opposition parties can strengthen themselves and eventually establish subnational strongholds.

The thesis explores the case of Malaysia's opposition coalition Pakatan Rakyat (later Pakatan Harapan) in Selangor and Penang between 2008 and 2018. By exploring the intersection between two streams of literature that rarely interact with the other, this thesis therefore adds a fresh perspective to the literature on both competitive authoritarian regimes and federalism, emerging with a theory on opposition subnational strongholds within DPARs, which in the final chapter is tested on the country cases of South Africa and Mexico. Through analysis of documentary research and 63 in-depth interviews representing bureaucratic and political elites in Malaysia, this thesis demonstrates that despite centripetal tendencies, under certain conditions, federal systems can provide opposition parties that control subnational units the leverage to 'mobilise to institutionalise' and go on to establish strongholds within DPARs.

*For Nara*

## Acknowledgements

Many things are said about a PhD journey. First, it is said to be akin to birthing a child. My human child was born almost four years ago. But my intellectual child – this thesis – has taken much longer to come into being, after (be)labouring over it much more intensely. Second, the resulting thesis is meant to be one's 'best work', as Prof. Khoo Boo Teik advised at the very beginning. If it is indeed my 'best work', it is only because of the tremendous support I had all around. Third, that it is a 'solitary journey'. In fact, the process was much more collaborative in reality, for which I am grateful.

I am tremendously thankful first and foremost to William Case, my supervisor and mentor. His patience in reading multiple versions of my chapters, optimism and enduring belief in my project helped to centre me when I had no centre, and has truly been my pillar of support throughout the last four years. My deepest thanks to my federalism *guru* Katharine Adeney for supervising me across the seas; providing comforting words of advice during the tumultuous times of motherhood and the pandemic were additionally helpful. Thanks is owed to Khairil Izamin Ahmad, whose critical comments eventually sharpened my framework – he even became a valuable third supervisor, before leaving the University. I have also benefited from my other internal examiners Zaharom Nain and Julia Sveshnikova, whom I thank for their time and considered responses to my written work.

To Anthony Cooper and Andrea Maiolla who generously provided a Tinggi Foundation scholarship and stipend, via IDEAS, I owe substantial thanks; they were faithful cheerleaders throughout, even when the end was nowhere near. I am also grateful to Wan Saiful Wan Jan, my former boss who negotiated the deal in the first place, now braving the world of politics. To my dearest colleagues at IDEAS, especially the senior team Ali Salman (who stepped up graciously; thank you for holding the fort and for the additional resources), Mazrina Arifin, Sri Murniati, Aira Azhari and Amir Ridzuan Jamaludin, as well as Board members (in particular Tunku Zain Al-'Abidin Tuanku Muhriz and Wan Mohd Firdaus Wan Mohd Fuaad), from whom I took leave for three full years, and who continued to bear with my PhD struggles over the last year or so upon my return, I truly thank for their understanding and patience in sharing me and my time between two demanding jobs.

I also thank the University of Nottingham's Faculty of Arts and Social Sciences for its partial scholarship that made this possible, as well as Sumit Mandal who helped to orchestrate my entry into graduate school and who was continually encouraging. Norhidayah Mohd Noor as administrator answered all my questions promptly and has been most helpful at facilitating

the process; I thank her for her stable stewardship. I am also grateful to the University for awarding me with the University Postgraduate Award Prize 2020/21 for my academic service and contributions, a recognition I am still not sure I deserve.

The academic community has been exceedingly generous and kind. Indeed, senior academic and peer feedback from various presentations over the last three years have helped me gain confidence in my work, crystalising my thoughts and concepts at appropriate steps of the way. I thank the American Political Science Association (APSA); its Asia Pacific Workshop 2019 took place at the time I most needed it. I am truly grateful for the various fellowships and opportunities to present my work at the following platforms: Kyoto University's Center for Southeast Asian Studies (with special thanks to Tsukasa Iga), National University of Singapore (NUS) Lee Kuan Yew School of Public Policy's workshop on Centre-Periphery Relations in Asia, NUS Asia Research Institute's (ARI) 15<sup>th</sup> Singapore Graduate Forum on Southeast Asia Studies 2020; the APSA Democracy and Autocracy Emerging Scholar Research Development Workshop 2020; 1<sup>st</sup> Asian Summer School on Parties and Democracy by Konrad Adenauer Stiftung and the University of Nottingham; and most significantly, the Southeast Asia Research Group (SEAREG), of which I was a 2020 Fellow. Several papers and articles I authored as Visiting Research Fellow at the NUS ISEAS-Yusof Ishak Institute (July to December 2021) also contributed to the thesis, which I must acknowledge, with gratitude to Francis Hutchinson for providing me with the opportunity.

I am indebted to a long list of academics who have taken the time to provide me with thoughtful and carefully crafted input. Each of these has honed and sharpened my thesis' theoretical, conceptual and empirical aspects. I would like to thank Terence Gomez for his extensive comments, as well as Allen Hicken, Francis Hutchinson, Kikue Hamayotsu, Meredith Weiss, Elvin Ong, Sebastian Dettman, William Hurst, Thomas Pepinsky, Kai Ostwald, Fernando Casal Bertoa, Lee Hwok Aun, Edmund Malesky, Elliott Prasse-Freeman, Moohyung Cho, Amy Liu, and Sarah Chartock. In addition, I thank Roger Southall and Vinothan Naidoo for entertaining my questions on South Africa, as well as Kharis Templeman who did the same for me on Taiwan. I also owe a tremendous thanks to Francis Loh who first ignited in me the love for all things federalism, and who selflessly shared resources with me. Finally, although we never met, I must thank Kenneth Greene for his work on Mexico and for introducing the term 'DPAR', which gave this thesis its foundations.

I am additionally grateful to Meredith Weiss who invited me to be part of the inaugural Women in Southeast Asian Social Sciences (WiSEASS), alongside other senior scholars Sarah Shair-Rosenfield, Amy Liu, Diana Kim, and Risa Toha. They have welcomed me warmly to

the academic world, already achieving the goal of mentoring female academics. Closer to home, I am thankful to the group of scholars with whom I jointly set up the Malaysian Workshop on Political Studies (MYWPS), whose feedback and insights, but more importantly, friendships, have become invaluable: Renato Lima De Oliveira, Wong Pui Yi, Abszra Davadason Peter, Sri Murniati, and Rabi'ah Aminudin. A special dedication is given to Sri Murniati, Pui Yi and Abszra as fellow PhD stragglers, who gave me the motivation I needed to fight another day. Thanks is also owed to Ong Kian Ming, Lee Jiin Woei, Fuad Rahmat, Nourhan Mohamed and Gayathry Venkiteswaran for responding to my intermittent calls for thesis-related advice.

My sincerest appreciation goes to all interviewees who shared their stories and accounts so willingly. I also thank DAP and PKR for supplying me with invaluable official political party data (in particular, Foo Yueh Chuan and Saifuddin Nasution), and the Merdeka Center for Opinion Research, Penang Institute, Wong Chin Huat and Danesh Prakash Chacko, Lim Mah Hui, and finally Hamdan Salleh for the research data they respectively provided. This collection of data enabled me to produce an empirically-rich thesis.

I am immensely fortunate to have had such amazing family support throughout the last four years, with a child in tow. For this, I must thank my mother Ng Hsin-Ling, the very embodiment of resilience, perseverance and unconditional love (and provider of unending nourishment), as well as Gina Soriano, our lifelong and treasured helper. My two aunts Jee-Ee and Soi-Ee must also be acknowledged; I will be forever grateful for their support. I owe a huge debt of gratitude to Danny Lim, my husband, life partner and best friend, whose wise words and steady hand supported me in my darkest hours; I thank him for surviving this journey together whilst undertaking his own labour of love. And to my daughter Nara to whom this is dedicated, and who had to endure my absences over countless weekends and holidays (equally painful for me), thank you for being my reason.

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## Chapter 1: Introduction

*“Malaysian democracy has arrived at a new threshold and ... citizens now have the opportunity to judge four alternative state governments. As such, the formalization of the Pakatan coalition as an alternative coalition to the BN appears to be fait accompli.”*  
(Johan Saravanamuttu, 2012, p.108)

### 1.1 Overview

The 14<sup>th</sup> general election (GE14) in May 2018 saw the historic fall of the Barisan Nasional (BN) and its dominant party the United Malay National Organisation (UMNO), after more than 50 years of rule at the federal government since Malaysia's independence in 1957. The defeat of BN was stunning and unexpected given its continued hold over the country's political economy, through which it deftly exercised control to create a largely unlevel electoral playing field over the years, which in 2018 had by no means abated. Indeed, at the national level the opposition faced the threat of an increasingly authoritarian regime and an unfair electoral system (Welsh, 2018, p.86). The BN had steadily introduced a slate of legislation<sup>1</sup> over the years that threatened the constitutionally-guaranteed rights of freedom of speech and expression, freedom of assembly and political freedom more generally.

However, was BN's loss really unexpected? UMNO had already seen its electoral core eroding over a longer period of time (Welsh, 2018, p.98). Starting from 2008, the party had lost 30.7 percent of its support, half of which occurred before GE14. The BN experienced a decrease in its popular support, securing 51.4 percent of the vote in GE12, 47.4 percent in GE13, which fell to its worst performance of 33.7 percent in GE14. Correspondingly, parties making up the then Pakatan Rakyat coalition<sup>2</sup> experienced incremental electoral success, securing 47.79 percent of the vote in GE12 in 2008 and 51 percent of the vote in GE13 in 2013, which fell slightly to 46 percent in GE14 in 2018. Pakatan Rakyat, formed only after the 2008

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<sup>1</sup> These include the Official Secrets Act 1972, Printing Presses and Publications Act 1984, Sedition Act 1948, Peaceful Assembly Act 2012, Prevention of Terrorism Act 2015, and most recently the Anti-Fake News Act 2018.

<sup>2</sup> In this thesis, the 'Pakatan coalition' or simply 'Pakatan' will be used to refer to the opposition coalition between 2008 and 2018, which was initially known as 'Pakatan Rakyat' and after a change of party membership, was renamed as 'Pakatan Harapan' in 2015. Pakatan Harapan consisted of Parti Keadilan Rakyat (PKR), the Democratic Action Party (DAP) and Parti Amanah Negara (Amanah), the breakaway group from PAS.

election, then consisted of Parti Keadilan Rakyat (PKR), the Democratic Action Party (DAP) and the Malaysian Pan-Islamic Party (PAS).

More importantly, the Pakatan coalition had by then managed to maintain control and embed itself within the highly developed states of Selangor and Penang for 10 years, recording improved electoral performance in each successive election between GE12 and GE14. The state election results were increasingly favourable to Pakatan in each of the three election cycles. By GE14, Selangor recorded the highest support for PH relative to all other states, polling at 40% (Interview, Ibrahim Suffian, 3 October 2019). Opposition parties, after establishing subnational strongholds, may therefore leap to power at the national level.

But how, given the authoritarian nature of BN-UMNO at federal government, and Malaysia's highly centralised system, was it able to establish these subnational strongholds? This is the central research question of this thesis: how do and under what conditions can opposition parties achieve political party institutionalisation within semi-authoritarian settings, which lead them to establishing opposition subnational strongholds? What strategies and methods do opposition parties adopt to do so? While it is certainly significant that the Pakatan coalition went on to take over federal government in 2018, this thesis seeks only to address the question of political party institutionalisation and the formation of opposition strongholds in the two states of Selangor and Penang.

Significantly, the GE12 in 2008 was the first time in the country's history in which the BN was denied a two-thirds majority in parliament. In addition, five state governments fell to the opposition, including Penang, Selangor, Kedah and Perak, while the Pan-Malaysian Islamic Party (PAS) continued its hold on Kelantan. Prior to this, the opposition had only ever won in single states. Operating within the context of single-dominant party UMNO, it was deprived of resources, resulting in poor coordination and organisation. Indeed, 2008 was considered a "historical rupture and the beginnings of a new trajectory of path dependence in Malaysian politics" (Saravanamuttu, 2012, p.103). This also signalled that "only a cohesive opposition could successfully challenge BN's domination" (Khoo, 2021, p.4). Although both Perak and Kedah were retaken by the BN in 2009 and 2013 respectively (see Chapter 4), and PAS retained Kelantan but eventually left the coalition, Pakatan was politically durable in the two most developed states in central Selangor and northern Penang steadily until 2018 and beyond.

How could 2008 have happened, if the BN as a dominant party authoritarian regime (DPAR) systematically denied the opposition access to resources, resulting in the lack of electoral competitiveness? Put another way, how did BN lose Selangor and Penang, since they had access to resources in these states? For example, DAP as the largest opposition party had

but a small number of staff. In the previous 2004 election, the BN dominated in both Selangor and Penang. However, it saw its score plummeting significantly in just one election cycle from 54 to 21 (out of 56) state seats in Selangor and from 38 to 11 (out of 40) in Penang. In the lead-up to the 2008 general election, opposition parties were quick to target the alleged corruption of UMNO Chief Minister Khir Toyo, making it a central part of their election campaigns<sup>3</sup>. Another Selangor politician, then Port Klang assemblyman Zakaria Mat Deros, was reported to have been building a palace without planning permission and had not paid his assessment fees for 12 years.

These alleged corruption cases added to the national fervour and frustration against the BN federal government surrounding the 2008 election due to their “arrogance and excesses, economic scandals, rising cost of living, crime and corruption” (Saravanamuttu, 2008, p.39), leading to the eventual fall of Selangor into opposition hands. This was a catastrophic loss for UMNO. Five states fell in total, but Selangor was the most developed and industrialised state, and any party wanting to gain national prominence would benefit from controlling Selangor. The DAP benefited too in Penang from the national wave of anger against BN, while incumbents Parti Gerakan Rakyat Malaysia (Malaysian People’s Movement Party, Gerakan) additionally lost out from having its party leader and then state Chief Minister Koh Tsu Koon choosing not to contest in his state seat, intending to move to a parliamentary seat instead, a sign of weakening state leadership. In fact, by the end of Gerakan’s tenure it was seen as a weak component party of the BN, unable to challenge the dominant UMNO. There was also dissatisfaction among locals regarding the development of several highways, which the DAP heavily criticised during its election campaign. Gerakan did not expect to lose so overwhelmingly, although “we sensed that something was coming but we were still too complacent, because we had been winning big in previous elections” (Interview, Koh Tsu Koon, December 2019).

The two large street rallies of Bersih (a coalition calling for free and fair elections) and HINDRAF (Hindu Rights Action Force, calling for equal rights for ethnic Indians) in late 2007 also contributed to the groundswell of protest against the government. The involvement of opposition politicians in both rallies was of crucial importance in displaying their support. Significantly, PKR, DAP and PAS reignited their co-operation, the first time that DAP and PAS were in joint discussion following their fallout over Islamic policies in 2001 under the

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<sup>3</sup>Numerous media stories had emerged of the then Selangor Chief Minister Khir Toyo having obtained a bungalow for himself and his wife for a price that was below market value. He was eventually convicted of corruption in 2011 for this.

previous formal alliance of 1999, the Barisan Alternatif (BA). Despite the dearth of resources available for opposition campaign machinery and party organisation, the groundswell of dissatisfaction on the unfulfilled promises of then Prime Minister Abdullah Badawi whose position had weakened significantly compared to the 2004 general election, non-Malay frustration over the New Economic Policy (NEP, an ethnic-based affirmative action policy), and the advent of online media and the “evolution of oppositional cooperation” (Washida, 2019, p.71) contributed to Pakatan’s renewed success.

Hence BN lost Selangor and Penang *despite* resource advantages and incumbency, indicating that financial resources alone are insufficient especially in highly urbanised and educated electorates. This experience seems to counter the argument that performance legitimacy offers a strong basis of support for regimes that are lacking in “moral authority” (Alagappa, 1995, pp.22-23, as quoted in Weiss, 2020b, p.31). The BN as a coalition that exemplified patronage politics and therefore lacked such moral authority certainly enjoyed such performance legitimacy for many years. But the devastating loss of two-thirds of the federal parliament and five states in one fell swoop indicates that there is a cut-off point at which development-based performance legitimacy can no longer cushion conditions in which the incumbent’s “moral authority” is completely depleted. Governance appeals were therefore important for the Pakatan coalition from the start, which it championed during election campaigns and later set up programmes based on such a theme.

Opposition parties had taken over states in the past, so this was not entirely novel. However, previous instances of opposition-controlled states typically resulted in central political, fiscal and administrative intervention. In Mexico, the Institutional Revolutionary Party (PRI) central government of Mexico significantly reduced revenue transfers to opposition-controlled areas (Weingast, 2014, p.20), and the Indira Gandhi-led government of India took over two opposition-held states, citing corruption and plotting secession, to further consolidate power to the centre (Klieman, 1981, p.250). Amongst the punitive measures in Malaysia included direct interference into state political matters (imposing emergency measures in Kelantan and Sabah), withholding of funds (withdrawing of oil royalties from Kelantan and Terengganu), and impeding of development projects. Hence it was not surprising when BN attempted to destabilise Pakatan states from 2008 onwards. The political fiasco resulting in Perak’s sudden change in government in 2010 saw direct central intervention; federal apparatuses of the police and centrally-controlled civil service were used to prevent the

Pakatan-appointed Chief Minister<sup>4</sup> and State Executive Council (Exco) members from accessing their offices at the height of the leadership dispute. Development funds were also withheld and federal projects cancelled and relocated to BN-controlled states.

Second, with the exception of PAS' control of Kelantan, opposition parties had not succeeded in achieving subnational strongholds in the states they controlled. In all other cases, the opposition either lost the state after one term, or experienced political intervention from the centre that cut short its existing term. It would have been difficult to replicate such a result in other states within which the demographic was less homogeneous in ethnicity and religion. The success of Pakatan in 2008 can be accounted for by the coming together of the three parties, where although the coalition was formed post-elections, they cooperated well and avoided three corner fights in their seats.

Its consecutive electoral wins defeating BN in these two states up to 2018 bolsters the argument that federalist guarantees and control of highly developed states equip opposition parties with resources, which contribute to political party institutionalisation and in turn enhance election campaign machinery. Indeed, it strengthens the hypothesis that not only can opposition-controlled states under these conditions establish subnational strongholds, but that these strongholds can be used as springboards and sources of political power at the local level to project themselves on to national-level prominence. They were able to strongly promote their good governance and performance track records from both Selangor and Penang during the GE14 campaign.

Pakatan Harapan's victory in May 2018, however, was short-lived. After a short 22 months in power at the federal government, the coalition fell apart in March 2020 and was replaced by a newly formed coalition called Perikatan Nasional<sup>5</sup> (Chapter 9 addresses this at greater length). Malaysia has continued to undergo tremendous political instability following these events, with three sitting Prime Ministers in as many years. These trends are a sign of unprecedented political fragmentation present within the BN, UMNO and the political party system writ large. Amidst such a tumultuous period, some questions may arise as to the relevance of a thesis that examined a period during which the political situation was relatively

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<sup>4</sup> For consistency, Chief Minister will be used to refer to both Chief Ministers and *Menteri Besar* (the official title of Chief Minister in former Unfederated Malay States and Federated Malay States, the latter of which includes Selangor) in this thesis, with the exception of formalised entities such as *Menteri Besar Incorporated*.

<sup>5</sup> The Pakatan Harapan government collapsed due to intra-party mistrust and disagreement over leadership transition, culminating in Dr. Mahathir Mohamed's resignation, which in turn led to the formation and installation of Perikatan Nasional as the new federal government on 1 March 2020, helmed by Muhyiddin Yasin.

stable. While the intervening chapters, and indeed the thesis as a whole, addresses only the period leading up to 2018, there are several key points that are important to note below.

First, in order to make sense of the ways in which politics has developed over the last few years, this thesis enables readers to have a deep and incisive understanding of the period preceding this. The present political fragmentation of BN and UMNO cannot be clearly understood without acknowledging that the rise of Pakatan from the bottom and its corresponding institutionalisation also contributed to the deinstitutionalisation of UMNO at least in Selangor. Second, this thesis argues that opposition party institutionalisation was achieved by the end of 2018. However, the coalition itself has started to experience some fragmentation of its own. In the Johor state election of 2022, for example, PKR decided to contest using its own party logo while the two other Pakatan component parties ran on the coalition logo. However, although Pakatan's cohesion has been put to the test several times, this has not yet spelt the end of the Pakatan coalition as a formal entity. How it contests the GE15 will be the true test of its ability to maintain its institutionalisation.

Third and finally, although Pakatan Harapan's unceremonious fall from power in late February 2020 after less than two years as federal government may seem to contradict the finding that controlling wealthy states allowed the Pakatan coalition to strengthen itself as a credible alternative, the opposite is true. Despite no longer heading government at the national level, Pakatan has continued to maintain its control over the states of Selangor and Penang (see Chapter 9). It has also successfully retained a third state geographically close to Selangor, Negeri Sembilan, which is a further demonstration of opposition strengthening.

## **1.2 Theories on Opposition Subnational Strongholds**

The literature on competitive authoritarian regimes has shown that incumbent parties stay in power by using their access to state resources to distribute patronage to supporters, by so doing keeping opposition parties weak and divided (Slater, 2003; Greene, 2007; Magaloni, 2008). Because DPARs have distinct resource advantages, the opposition is typically denied such resources. Indeed, the literature is in broad agreement on the enormous disparities in party financing and resources between opposition parties and the ruling power, which also includes the opposition's lack of access to mainstream media platforms.

So how does the literature account for the opposition's ability to gain a subnational foothold within these systems? One set of arguments on opposition strengthening places the

emphasis on opposition electoral campaign strategies through *top-down mobilisation methods*. Scholars here assert that opposition parties must use campaign strategies to emphasise a potential regime cleavage, for instance challenging the incumbent's democratic and good governance credentials (Greene, 2002 and Magaloni, 2006 in Mexico; Langfield, 2010 in South Africa). A second set of arguments analyses opposition strategies through their *lateral coalescence*, where it is argued that they must transform their party profiles in appeals, party organisation and campaigning from a niche to catchall character to become nationally competitive (Greene, 2007). Similarly, opposition parties must pursue party broadening and collective coordination strategies (Dettman, 2018), as well as build opposition alliances and coalitions with other opposition parties (Turovsky, 2014; Ong, 2020). While these are important considerations for opposition parties, they address opposition at the national level, without a focus on the creation of subnational strongholds. These arguments also sidestep one crucial driving factor that the literature says accounts for the persistence of DPARs, which would serve the opposition: resource advantages.

A third set of arguments approaches the question of opposition gains from a *bottom-up resource* angle, stating that opposition parties can win office at subnational level. Within this set of arguments, there is a small and growing literature on opposition parties in dominant party democracies, which have noted how opposition parties seek to use local office as a training ground and to attract new supporters (Scheiner, 2006 in Japan and Langfield, 2014 in South Africa). Here the literature does acknowledge that opposition can use subnational offices as “springboards” to enhance their electoral support (Camp, 2010; Dobson, 2012; Levitsky and Way, 2010; Lucardi, 2016). There is recognition of the organisational benefits of subnational office, such as the ability to develop patronage relationships, strengthen ties of loyalty within state political institutions such as the civil service, attract new political financing from the local business community (Dettman, 2018, p.167), and monetise consent through disbursement of popular aid policies (Dettman and Weiss, 2018; Saravanamuttu and Maznah, 2020), all methods that were employed by Pakatan states. However, this set of arguments has been somewhat dismissed by scholars in broader comparative politics as the autocrats in power at the national level are said to design those institutions to offer only very limited policy concessions (Lust-Okar, 2005; Gandhi and Lust-Okar, 2009; Svobik, 2009). Additionally, those who have made the observations that subnational office is useful to opposition parties have done so without considering this as a *primary* determinant of opposition strength; the contribution is considered peripheral.

Existing hybrid regime literature primarily focuses on the incumbent political party in control of national governments, exploring their rise, resilience, and demise (Diamond, 2002; Levitsky and Way, 2002, 2010; Magaloni, 2006; Gandhi and Przeworski, 2007; Svoboda, 2009). More recently, scholarship has focused on and given greater agency to opposition politics within such regimes, but these are largely analysed through the lens of electoral and coalitional politics (Langfield, 2010 for South Africa; Turovsky, 2014 for Russia; Lucardi, 2016 for Mexico; Dettman, 2018 for Malaysia; Ong, 2020 for Malaysia, Singapore, Philippines and South Korea). This thesis pivots the analytical focus in the study of opposition politics within DPARs away from electoral and coalitional politics, while acknowledging these too play a role, towards subnational resource-based strategies, specifically, the opposition's strategic *resource mobilisation* at the subnational level. In doing so, it makes four distinct contributions.

First, it reinterprets the 'resource-base' theory that has been used to explain the rise and fall of DPARs (Greene, 2010) as a theory that can also be used to account for the rise of opposition parties at the subnational level. It is also a response to Slater's (2003) theory of 'packing, rigging and circumventing', which explained BN's authoritarian survival, by the fact that institutions were packed with loyal supporters, rules of which were rigged against opponents, and resources circumvented from opposition gain. Opposition parties in states have newfound opportunities to 'pack' their own institutions with loyalists and supporters.

Second, the findings extend the literature within DPARs and hybrid regimes more broadly, as well as within federalism, to contribute new insights on opposition parties in other competitive authoritarian regimes and the role federalism plays in democratisation. It also provides an alternative view of the literature of party strength and federalism, which broadly agrees that decentralised systems generally weaken national parties. This thesis finds that even in centralised systems, national parties can be weakened when opposition parties take control at the subnational level.

Third, whereas other studies have explored opposition and opposition subnational growth within dominant party systems, this thesis contributes a theory on how opposition subnational *strongholds* are established, specifically within dominant party *authoritarian* regimes which expands the analysis on two counts. It also examines the governing styles adopted by opposition parties in the process of doing so, and addresses secondarily whether or not the parties were able to create a form of democratic rule that differed from BN's form of governance. Fourth and finally, it provides a case study analysis and description of a country case that is underrepresented in the larger literature on hybrid regimes, dominant parties and

opposition politics. The concluding chapter will provide a comparative perspective by applying the thesis' findings to two other country cases.

### 1.3 Argument

This thesis builds on existing observations that scholars have already made within the third category of arguments above. Instead of examining opposition campaign or identity strategies, it places *resources* as the primary analytical focus to explain the establishment of opposition subnational strongholds. Resources here are defined as tangible or intangible assets that were employed and mobilised, and the thesis examines both institutional and fiscal assets. This does not imply that resources are the sole determinant or contributor of how opposition parties can establish such strongholds – since opposition campaign, coordination and identity strategies are invariably important – but recognises that resources contribute significantly to this process. Greene (2010) argued that opposition parties gain ground as dominant parties' hold on national public resources declines. While this may also apply in this case, this thesis takes the inverse approach in arguing that opposition parties gain ground as they use subnational control to increase their access to state-level public resources. Federalist guarantees and their control of highly developed states, accompanied by specific strategies and methods, make it possible for opposition parties to institutionalise at the subnational level.

The theory of how opposition subnational strongholds are established in this thesis is premised on three claims as expanded upon in Chapter 3: first, that operating within a federated system of government contributes to opposition parties' political party institutionalisation, leading to establishing opposition subnational strongholds; second, that controlling highly developed states contributes to the same; and that third, they promote political party cohesion and constituent support within the states they occupy by accumulating and distributing institutional and fiscal resources. The case of PAS in Kelantan must be examined since it certainly qualifies as a stronghold of its own. This, as well as other 'failed' states in which opposition subnational strongholds were not established are addressed at length in Chapter 4.

The experience of opposition parties facing DPARs at the centre is not unique to Malaysia, which there is an extant literature on. In fact, almost a third of the world's countries currently have semi-authoritarian governments (defined as countries in the category of "Partly Free" in the Freedom in the World Report 2020) and opposition parties there too struggle against similar practices of the BN before 2018. What has been underexplored is the phenomenon of opposition parties achieving party institutionalisation at the subnational level

specifically within DPARs. This thesis defines the establishing of opposition subnational strongholds within DPARs as opposition parties (or opposition coalitions) winning control over a subnational unit in which a governing role is performed in at least two consecutive state elections (see Chapter 3 for its methodological justification).

While both *unitary* and *federal* systems are considered, the thesis finds that *federal systems* provide supportive and enabling conditions for opposition parties to establish themselves as state governments and build up a resource base through which they achieve political party institutionalisation. Recent scholarship on opposition subnational growth in dominant party systems and on subnational democracy seem to cover mostly federations (Russia, Argentina, Mexico, South Africa), indicating that federalist guarantees are key.

This therefore provides a corollary explanation for the question of weak opposition parties within highly centralised *unitary state* DPARs such as Indonesia (up to 1998), Cambodia and Singapore. While multiple factors account for poor electoral competition in these countries, without federalist guarantees, opposition parties only have at their disposal the ability to govern municipalities and local governments. Unitary states do not possess the breadth and depth of political, fiscal and policy autonomy that state governments come equipped with. In Singapore, despite their parliamentarians being put in charge of the management of town councils and local estates, which therefore does allow *some* opposition leadership to be presented (the Workers Party, for example, has been able to win consistently in constituencies such as Hougang), the scope of providing demonstrable effects of performance and governing abilities is extremely limited compared to the much more substantive policy autonomy possessed by states within federations.

This thesis is most interested in dominant party authoritarian systems, and argues that opposition parties within DPARs benefit from operating within *federated systems* as even in highly centralised federations (as most, if not all, DPARs tend to be), such systems offer default constitutional and legal guarantees and control over resources that contribute to their party institutionalisation at the subnational level in ways a unitary state could rarely provide. It would therefore seem that DPARs ought to be cautious of establishing federations, or any form of governing system or political decentralisation resulting in expanded autonomy over subnational units, as opposition parties upon taking control of these units – especially well-resourced ones – can create oppositional strongholds that contribute to their party institutionalisation and improved electoral results at the state and even federal level.

The key difference between unitary and federated DPAR systems is that even if they are highly centralised, the latter provide at base an institutional framework which opposition

parties can optimise for their political party institutionalisation, and then build up a subnational stronghold upon.

	Federated	Unitary
Dominant Democratic	OSS <i>likely</i> to be established	OSS <i>possible</i> to be established
Dominant Authoritarian	OSS <i>likely</i> to be established	OSS <i>unlikely</i> to be established

**Figure 1.1: Establishing Opposition Subnational Strongholds (OSS) in Federated vs Unitary Systems under Dominant Party Democratic and Authoritarian Regimes**

This argument is summarised in Figure 1.1, which indicates that within semi-authoritarian systems, opposition subnational strongholds are only likely to be established in federated systems. It is typically challenging for opposition parties to establish subnational strongholds within unitary systems, given that they are not permitted to win and then govern over subnational jurisdictions that would permit them substantial political, fiscal and administrative control. However, as outlined above, there are highly politically decentralised exceptions where political parties are given control over subnational local units, such as within Taiwan and post-Suharto Indonesia, in which opposition subnational strongholds could possibly be established (see Chapter 9 for further analysis). However, federalist systems remain the most germane given that the focus of the thesis is on authoritarian regimes, in which political decentralisation is rarely practised within unitary systems.

Within federated DPARs, why are opposition subnational strongholds likely to be established? I argue that in hybrid regimes, the national party is likely to respect *some* rules of the game, as it cannot be seen to be breaking them all. As seen in Chapter 2, this is precisely the behaviour of parties that control hybrid regimes, where they permit elections, not necessarily free or fair ones, in order to gain and maintain legitimacy. Levitsky and Way (2010, pp.85-130) argue that competitive authoritarian regimes with high international linkages are likely to be more open than closed. This is true for Malaysia given its high dependency on

external trade linkages within Southeast Asia and the rest of the world. From 2008 to 2018, BN at the centre did attempt political and administrative intervention within Selangor and Penang (see Chapter 5). However, it ultimately chose not to tamper with the fundamental constitutional rights that states possess. Pakatan could exercise relatively freely what they legitimately controlled – jurisdiction over land, state institutions like GLCs, local government, and they in fact went beyond those boundaries too, stretching and extending their domains, thus testing federal-state relations.

There remains the question about whether there is a substantive difference between decentralised unitary systems and decentralised federated systems, since both facilitate stronger and more empowered subnational units. Within democratic systems, opposition political party institutionalisation is likely to take place in decentralised unitary systems (like Indonesia after the fall of Suharto) and decentralised federated systems (like South Africa after apartheid). However, within authoritarian or hybrid systems that are almost always centralised, opposition parties can institutionalise themselves to form subnational strongholds within federated and not unitary systems. This is the key argument of the thesis. Within DPARs, federalism matters, as the following section will elaborate upon.

#### **1.4 Research Strategy and Approach**

Existing theories of centralisation and decentralisation of authoritarian regimes and their impact on opposition persistence do not adequately explain the Malaysian experience of the Pakatan coalition from 2008. My theory is that even within highly centralised authoritarian regimes, opposition parties *can* achieve political party institutionalisation and establish opposition subnational strongholds as they have actual policy control over important resources. I argue that the most crucial of these resources are a) *institutional*, which allows opposition parties in Malaysia to access state-level government-linked companies and to set up their own media agencies to counter national mainstream media messages; b) *fiscal*, where control of state governments allow them to control land, which contributes substantial revenues in rich and highly industrialised states, and when mobilised effectively under capable leadership, enable them to rapidly increase the revenues for redistributive purposes; these directly contribute to political benefit as there is control over appointments into positions within both government institutions and other quasi-bureaucratic bodies.

I make use of Pakatan's control of the twin states of Selangor and Penang from 2008 to 2018 in Malaysia to evaluate my argument, which fulfils my definition of a national opposition having established subnational strongholds within the states, having won in two consecutive electoral cycles over two elections. Malaysia provides for a unique case in studying opposition party institutionalisation. Prior to 2008, there has only been one opposition party that has successfully established a subnational stronghold, that is PAS, which has long occupied the Malay-Muslim majority East Coast state of Kelantan. The rest of the 12 states in Malaysia were controlled by the national ruling party of BN, in turn dominated by UMNO<sup>6</sup>. Although scholars have long studied the hybrid regime of BN, few have written substantively about the opposition parties and amongst these, much less has been explored on opposition party institutionalisation at the subnational level. Pakatan's strongholds in Selangor and Penang offer useful insights towards a critical understanding of how opposition parties might stand to gain politically within electoral authoritarian or competitive authoritarian regimes. BN was extremely durable throughout its 61 years in power at the federal level, which allows for comparative analysis with other similarly hybrid regimes.

The selection of Selangor and Penang is made because this was the first time that a coordinated opposition coalition took over control of these highly developed and industrialised states. The highly urbanised nature of these states provided for anomalous conditions – highly educated voters who were less reliant on political handouts and more exposed to critical narratives, rich states being less financially dependent on the federal government. As my theory is focused on resource mobilisation strategies and resources, the two states provide for very useful comparisons, as well as to contrast between methods that were undertaken by each of them respectively. States in Malaysia are constitutionally responsible for and therefore have the authority to derive land-based revenues; this matters most for rich states, where the value of land is the highest and there is a higher likelihood of the land to be classified as “commercial” instead of “residential” or “mixed”, the first of which proffers the highest value.

Pakatan's institutionalisation persisted over the following decade. Incumbency mattered; the longer they stayed, the more resource extraction they were able to undertake, leading to a cycle of mutual reinforcement. It endured because it had access to resources; it obtained state resources because it continued to control the states. They were able to build

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<sup>6</sup>Although UMNO was only one of many parties in the BN coalition, it evidently was the dominant party. The supportive role played by the Malaysian Chinese Alliance (MCA) and the Malaysian Indian Congress (MIC) to obtain votes from minority communities has been important, but this declined over the years, and post 2008 their roles have diminished even more. Gerakan evidently played a crucial role in controlling Penang up to 2008, but was decimated by Pakatan, and has not recovered since. After GE14 in 2018, it chose to leave the BN.

strong and deep roots into the communities through programmatic means. I make use of official state and government documents, survey data and extensive interview material to show that these were precisely the factors that contributed to its strongholds being established in the two states<sup>7</sup>. By controlling these resources at state level, this also meant that BN (UMNO in Selangor and Gerakan in Penang) increasingly lost access to resources, and they could no longer make political appointments within state institutions, local councils and community organisations. The fiscal loss was not as devastating since they still had access to largesse at the federal government level. Greene's (2007) theory of the declining dominance of DPARs takes place not just when it has a reduced hold over public resources at the national level, but also when opposition controls units at the subnational level.

However, it must be acknowledged that controlling and mobilising highly developed and therefore wealthy states are not the only way to achieving political party institutionalisation and establishing opposition subnational strongholds. There are other routes too, which has been best demonstrated by PAS, having had control over Kelantan since 1990, and previously, from 1959 to 1978. The case of PAS as an Islamic party achieving political strongholds in Kelantan illustrates the ability of the niche party to take strategic advantages of the state's clear Malay-Muslim ethno-religious identity, as a specific cleavage structure compared to the rest of the country. Kelantan is predominantly Malay-Muslim, whose voters vote along highly cultural, religious lines, which is precisely what PAS embodies (see Chapter 4). This thesis recognises PAS' ability to mobilise identity and religious resources, as well as translating these into similar leadership appointments, and the cadreisation process through its educational and training institutions.

However, given that PAS' control over Kelantan – as well as in Terengganu – has been largely explored by other scholars (chiefly Clive Kessler, Farish Noor, Mohammad Agus Yusoff, Andreas Ufen and Joseph Liow more recently), this study does not examine PAS' control over Kelantan extensively. Further, its control of Kelantan from 2008 to 2018 (and beyond) has much less to do with Pakatan's narrative arc than it is to do with its own longstanding endurance that stretched back as far as 1990. Finally, Kelantan's constituents being almost monoethnic and homogenous was substantially different from that of Selangor and Penang, the latter two being much more demographically mixed. Pakatan's strategies were

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<sup>7</sup> It ought to be acknowledged that I was research officer to the Selangor Chief Minister from 2009 to 2011, which contributed to my personal access to the individuals within both state administrations, bureaucratic and political. See Chapter 3 for a more thorough methodological approach, including the importance of independence despite my then-position.

similar in Selangor and Penang, banking on transparency, accountability, and public service delivery in urban areas, which were fundamentally different priorities compared to PAS' approach of Islamic ideals, although from 2008 to 2018 it did adopt the welfare state narrative embraced by all within the Pakatan coalition, and has also set itself apart as the clean, pious party as opposed to corrupt-ridden UMNO. Nevertheless, as my argument primarily considers institutional and fiscal resources, Selangor and Penang are the central cases to study.

There are evidently other factors at play too, including opposition coalitional strategies (explored extensively by Sebastian Dettman, 2018), the building of opposition alliances (Ong, 2020), as well as the gradual electoral weakening of UMNO (Saravanamuttu, 2012; Welsh, 2018). Dettman and Weiss (2018) also acknowledge that Pakatan in the states it occupied made use of party-voter linkages through the programmatic distribution methods it employed. The rise of opposition parties in Malaysia is invariably a function of multiple causes, as these scholars have expounded upon. This thesis acknowledges these as valid, and focuses on *resource access and mobilisation* as the central theme, arguing that resources contributed substantially to Pakatan parties and the coalition's ability to institutionalise themselves so deeply they were able to establish subnational strongholds in the states they occupied.

## **1.5 Research Implications**

Up to 2018, Malaysia was one of the few remaining countries in which a single dominant party remained in power. After a short-lived 22 months during which the opposition Pakatan Harapan (PH) coalition ascended to power from May 2018 to February 2020, it collapsed, giving way to a new PN coalition government, consisting of the very party PH toppled – UMNO. The durability of UMNO remains of interest, as is its interaction with its opposition. Malaysia is a meaningful case study also because of its relatively strong economy especially since the discovery of oil in the 1970s. With a population of 33 million, it has one of the highest GDP per capita in Southeast Asia of US\$11,414 (World Bank, 2019).

Few other centralised DPARs have had opposition controlled-states or subnational units, which is useful to test the theory of opposition party institutionalisation and opposition subnational strongholds within a dominant party regime. How opposition parties can make inroads into dominant party systems is of interest, especially in the study of democratic consolidation. Malaysia is also unique in that it is both a federation and a DPAR, or hybrid

regime. This therefore contributes an understanding of how such hybrid regimes may start to face opposition from the bottom-up, at the subnational level.

The implications are that parties operating DPARs may see their incumbencies erode if they function within systems in which opposition parties can take control of subnational units. The literature on federalism and democracy supports the argument that federations – even when weak and minimalist, as in the case of Malaysia – still offer substantial policy powers and autonomies that they can make use to their political advantages. Although the literature argues that it is only in highly decentralised systems that this is expected to take place, the case of Malaysia indicates to us otherwise. This is a useful contribution to the federalism literature.

Further, opposition parties that successfully institutionalise themselves can lead to establishing subnational strongholds within hybrid regimes. This adds meaningfully to the literature of party institutionalisation, which has not developed significantly for parties that operate at the subnational level. Opposition parties that control subnational state governments can become institutionalised both internally and externally, and as voters begin to develop long-lasting attachments to the parties and coalition, this allows them to plant deep roots into the community. In Pakatan's case, this led to their electoral success over consecutive election cycles and to their establishing of subnational strongholds.

There are also implications for whether opposition subnational party institutionalisation and strongholds can and do lead to greater democratisation. Certainly opposition strength at subnational level created higher electoral competitiveness within those states, and arguably in other states as well – BN after all did eventually lose to PH in 2018 albeit briefly. This thesis is concerned primarily with the strategies and methods of resource mobilisation that were employed that led to such party institutionalisation, eventually enabling them to establish what the thesis terms as opposition subnational strongholds. In so doing, it uncovers a route by which, under certain conditions, the opposition can make real in-roads into threatening the stability of authoritarian rule. It also allows further examination into the similarities and differences in governance styles of the Pakatan coalition within the two states.

## **1.6 Organisation of Thesis**

Chapter 2 presents a review of the two main bodies of literature that form the core of the thesis, the first being hybrid regimes (encapsulated by the various terms competitive authoritarian, electoral authoritarian and DPARs) and the various strategies they use to remain

in power. The chapter proceeds to review the literature on federalism, in understanding how federalist systems can provide the institutional guarantees that opposition parties can benefit from. The chapter ends with a shorter segment on political party institutionalisation, in drawing an important link between resources gained from controlling subnational units and how these can contribute to increased political support.

Chapter 3 presents a theoretical framework of how opposition parties in DPARs achieve political party institutionalisation, and hence to the establishment of opposition subnational strongholds. The framework draws primarily on an inverted version of Greene's (2010) theory of public resources. The chapter argues that the combination of federalist guarantees and state-level resources within such developed and highly industrialised states is a powerful one. Collectively, these contribute to increasing political party institutionalisation, which leads to the establishment of opposition subnational strongholds. The chapter proceeds with a section on research methodology, explaining for the thesis' selection of Malaysia as a single-country study, and the selection of the two states under Pakatan rule as case studies from 2008 to 2018.

Chapter 4 provides a historical overview of minimalist semi-authoritarian federalism in Malaysia, beginning with Malaysia's constitutional framework of federal-state relations. The next section expands on opposition subnational politics in Malaysia, which categorises cases into states within which the opposition has established subnational strongholds, in which opposition won but did *not* establish subnational strongholds, and finally states in which opposition have *never* won at all. This chapter sets the context within which the Pakatan coalition took control of Selangor and Penang in 2008.

Chapters 5, 6 and 7 are the empirical chapters that provide the evidence to show how the Pakatan coalition in Selangor and Penang amassed resources strategically, which resulted in its having achieved political party institutionalisation within the two states. Specifically, Chapter 5 expands upon the institutional resources that were strategically utilised, namely the use of state bureaucracy, state government-linked companies (GLCs), state media, state policy domains, and good governance measures. Each of these institutional resources was accessible by the opposition coalition precisely because of the federated system in place.

Chapter 6 delves into the accumulation and distribution of fiscal resources, essentially arguing that ownership over highly developed states translated into the opposition coalition accessing voluminous revenues. That said, leadership abilities of the respective Chief Ministers, aides and executive council members also played a crucial role in ensuring that these resources were channelled well. Highly urbanised and industrialised states, Selangor and Penang fetched high amounts of revenue from land-related sources. The improved fiscal

position through increased revenues enabled them to distribute mass welfare policies and programmes, and community projects that enhanced personal interactions between politicians and constituents. The efficient public service delivery secured the support of mass constituents.

Chapter 7 assesses the method by which institutional and fiscal resources were optimised by Pakatan for political cohesion. As not just within hybrid regimes, but even in democratic countries, positions within the state government's bureaucracy are distributed to both political party members. Pakatan parties benefited from resource accumulation in tangible and intangible ways, and the distribution of institutional and fiscal resources contributed to political party (and coalition) cohesion.

Chapter 8 provides a deeper analytical comparison between how opposition subnational strongholds were established in Selangor and Penang, examining the main similarities and differences in strategies and methods employed by the respective coalitions in government. Penang's government was dominated by DAP, whereas in Selangor the government had to be more broad-based and consultative within the coalition. The ways in which they dealt with the civil service differed, as well as how they managed their GLC ecosystems in distinctly different ways.

Finally, Chapter 9 concludes with a comparative perspective of the theory with two countries that practice federalism, in which opposition parties achieved subnational party institutionalisation and established subnational strongholds. I examine two other countries, Mexico (until 2000) and South Africa (at present). In Mexico, opposition party PAN's continued control of the northern states of Baja California and Guanajuato are examined, in the context of operating within the DPAR of PRI. South Africa's Democratic Alliance's control of the region of the Western Cape is examined, operating within the dominant party democratic regime of the ANC. The chapter re-examines the thesis' theoretical framework and discusses the contributions this thesis has made to the literatures on DPARs and federalism, and opposition subnational politics within DPARs primarily, with also a secondary contribution to the literatures on resource mobilisation and party institutionalisation.

## **1.7 Conclusion**

My research question has become even more compelling in light of more recent developments post-2018. Although the thesis ends only at 2018, and examines only the political party institutionalisation of Pakatan within the subnational states of Selangor and Penang, the post-2018 and perhaps, more importantly, post-2020 developments have brought

into sharper relief the value of understanding the nature of hybrid regimes and opposition politics. Case (2019, p.21) has argued that despite the change in government in 2018, there was a “persistence in authoritarian legacies, institutional controls, and old-time strategies and policies”, evidence of the hybrid regime’s resilience. When UMNO returned to power in March 2020<sup>8</sup>, the federal government displayed behaviour of its previous hybrid regime characteristics. Although the events of 2020 led to the breakdown of a single-dominant party where no one party has the single-largest support or control over national-level public resources, this did not change the ruling party’s use of institutions for authoritarian means. Using the COVID-19 pandemic as justification, the PN government called for a national Emergency in January 2021 that suspended Parliament and all state legislative assemblies.

The question of democratic consolidation for Malaysia has therefore arisen again. In examining Pakatan’s behaviours, strategies, methods and political persistence from 2008 to 2018, this provides useful understanding of how political competition can emerge from the bottom. Indeed, even in the wake of the PN government, there have been potential democratic tendencies emerging from the subnational level, where several state governments have agreed to provide equitable constituency development funding<sup>9</sup>, albeit out of political necessity and survival. This is a reminder that democratisation could well emerge from the subnational level. At a time in Malaysia’s political history when there is potential for different coalition combinations within different states, as well as different federal and state-level coalitions, this makes studies on subnational politics even more crucial.

The examination of Pakatan’s experience in Selangor and Penang from 2008 onwards in fact reveals that the beginnings of electoral competitiveness – with the corresponding potential to lead towards the democratisation process that Malaysia is witnessing today – started within those very states. Importantly, the leaders who climbed up the ranks as political aides, local councillors, election candidates, office-holders of various community and state institutional positions are the very leaders within national opposition today who have continued

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<sup>8</sup> Alongside two other parties PAS and the Malaysian United Indigenous Party (PPBM, or Bersatu).

<sup>9</sup> The Perak state government that switched state government from PH to PN in 2020 later saw its Bersatu Chief Minister toppled as a result of intra-coalition disputes between Bersatu and UMNO. The new UMNO Chief Minister was sworn in on the back of a confidence and supply agreement (CSA), which interestingly, state opposition DAP supported. Amongst the policies agreed to by the new Chief Minister was equitable constituency development funds (CDFs), where all state assemblymen would now receive RM200,000 each irrespective of party affiliation, an opposition member would chair the Public Accounts Committee (PAC) and there was a commitment to appoint all state assemblypersons including opposition members to various district-level committees (The Star, 17 December 2020). The Johor Chief Minister announced that all state assemblypersons would receive RM150,000 regardless of party affiliation (Free Malaysia Today, 26 November 2020), and the Perlis state government promised to provide fair allocations to all elected representatives including the opposition (The Star, 11 December 2020).

to challenge the status quo. States as training ground for party members has been imperative for the Pakatan leadership.

This thesis therefore allows us to revisit the theoretical advantages of federalism. Despite being highly centralised and authoritarian, federalist guarantees could provide a form of security and basis upon which opposition parties can demonstrate sustained support. For hybrid regimes around the world, federated systems seem to be a way of increasing democratisation, as these provide greater autonomies and demonstrable capabilities to display performance legitimacy, allowing opposition parties the opportunity to rise from the bottom. To conclude, this thesis aims to contribute a theory on how opposition parties within centralised DPARs can achieve political party institutionalisation and establish opposition subnational strongholds in the states they control.

## Chapter 2: Literature Review

*“Dramatic resource advantages allow the incumbent to outspend on campaigns, deploy legions of canvassers, and, most importantly, to supplement policy appeals with patronage goods that bias voters in their favor.”*

*(Kenneth F. Greene, 2007, p.5)*

### 2.1 Introduction

This chapter presents a comprehensive literature review of three main bodies of literature, proceeding from the broader to the more specific: on competitive authoritarian regimes and DPARs as used within this study; on federalism and democracy; and on party institutionalisation. It aims to show, through the intersectionality of three substantive fields of literature, namely comparative politics, theoretical federalism, and party institutionalisation that there are clear gaps in the literature that data from Malaysia can usefully address.

Malaysia was controlled by a DPAR in the form of the BN coalition since independence in 1957 until 2018. After a brief year and a half, it returned to power under the banner of a new PN coalition – consisting of the same parties that the opposition had overthrown in 2018 – in March 2020. Evidently, authoritarian politics under a dominant coalition – and more importantly a dominant party in the form of the UMNO within that coalition – remains relevant. What accounts for the regime’s durability?

It is within this context that a study of opposition parties is relevant: what role do opposition parties play in contributing to democratisation within DPARs? Under what conditions can they erode incumbent regimes’ dominance? Here it is necessary to turn to the literature on federalism. Malaysia is a federation in constitutional design, and the experience of opposition parties in the states they control can contribute valuable insights into the existing debate surrounding the relationship between federalism and democracy. This is especially the case when analysed through the lens of how centralised federations can be: does decentralisation matter, and if so, which forms of decentralisation are most key, and how does this impact upon the opposition’s performance at the subnational level?

In addressing the manner through which this takes place, this chapter turns to the literature on party institutionalisation, which is useful in examining how opposition parties in federal systems can take the opportunity, while in control of states, to systematise their internal

and external operations, which in turn contributes to their ability to establish subnational strongholds. The case of Malaysia provides insights into how opposition parties endure in DPARs, even in the face of highly centralised systems, and establish opposition subnational strongholds. This serves in comprehending more deeply why opposition parties in some regimes have succeeded in establishing subnational strongholds, and why others have not.

## **2.2 Dominant Party Authoritarian Regimes**

### **Defining Dominant Party Authoritarian Regimes**

O'Donnell (1973) used the term 'bureaucratic-authoritarian' to describe Argentina, which other scholars borrowed to describe similar regimes in Brazil, Chile and Uruguay. Linz (1975, 2000) famously categorised new subtypes of authoritarian regimes such as 'post-totalitarian', 'bureaucratic-military', 'sultanism' and 'mobilization authoritarian', distinguishing these from personalistic dictatorships and totalitarian states. In classifying single-party systems, Huntington and Moore (1970) first used the term one-party 'dominant' regime, which Sartori (1976) built on to distinguish between 'one-party systems' within the USSR, 'hegemonic party systems' as practised in Mexico, and 'predominant party systems' as typified by Japan and India. Geddes (1999, p.133) in an important contribution to the literature showed that authoritarian regimes with single dominant parties tend to remain in power over extended periods of time, despite competitive elections<sup>10</sup>.

The third wave of democratisation from the 1980s to 1990s across the world induced scholarly interest in the subject of semi-democratic regimes that also conducted multiparty elections. How do 'hybrid regimes', as defined by Karl and Schmitter (1995), combine elements of both authoritarianism and democracy, since elections are a hallmark of democracy? One must also distinguish between democratic dominant parties that earn electoral victories by observing the rules of the game such as in India (Congress Party), Sweden (Socialist Party), Canada (Liberal Party) and Japan (Liberal Democratic Party), and authoritarian dominant parties that maintain their hold through extra-democratic means, such as in Malaysia (UMNO) and Mexico up to 2000 under PRI (Bogaards, 2005, p.30). This is an important distinction. Democracies practice freedoms that make them truly meaningful, such as the freedom of

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<sup>10</sup> She showed that over the 20<sup>th</sup> century, authoritarian dominant party systems existed in Asia, Africa and the Americas for between twenty to seventy years, making them the most durable form of authoritarian regimes, even more so than military governments.

organisation, alternative sources of information, and institutions to ensure that government policies depend on the votes and preferences of citizens (Diamond, 2002, p.21)<sup>11</sup>, which authoritarian regimes do not, or do so partially to the extent they continue to uphold the regime.

The early 2000s again saw a flourishing of scholarly work on the subject. Schedler (2002) coined the term ‘electoral authoritarianism’, used by Case (2006; 2011) to describe Malaysia’s UMNO regime. In the same year, Levitsky and Way (2002) emerged with the term ‘competitive authoritarian’ regimes, which included Malaysia<sup>12</sup>. Various terms have been used to classify UMNO’s rule in Malaysia, including ‘autocratic regime’, or ‘hegemonic-party regime’ (Magaloni, 2008), and an ‘electoral autocracy’ (Diamond, 2002).

Both sets of scholars argue that although these regimes conduct mostly competitive elections, they must still be placed closer to authoritarianism than to full democracies. Schedler stressed that “electoral authoritarian regimes neither practice democracy nor resort regularly to naked repression”, that by organising elections periodically, they attempt a “semblance of democratic legitimacy, hoping to satisfy external as well as internal actors”, and finally, that by controlling these elections through authoritarian means, “they try to cement their continued hold on power” (2002, pp.36-37). Essentially, these regimes violate the four criteria that describe modern democracies<sup>13</sup>, and more crucially, these violations are both frequent enough and serious enough to create an uneven playing field between government and opposition (Levitsky and Way, 2002, p.53). Elections, instead of upholding democracy, in these countries become tools of authoritarian powerholders seeking to legitimate their rule. It was Greene (2007) who, in making sense of Mexico’s PRI regime, classified the new term of ‘dominant party authoritarian regimes’ (DPAR). Drawing from the work of Levitsky and Way (2002), Greene says that “all DPARs are competitive authoritarian regimes, but not all competitive authoritarian regimes have dominant parties” (Greene 2007, p.15). The next section elaborates on the behaviour of such regimes.

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<sup>11</sup> Another method of distinguishing between a democratic and authoritarian regime is as follows: If a dominant party regime has for a majority of its period in power fallen under the category of ‘not free’, one may infer it to be authoritarian as opposed to democratic, and second, whether there is a sufficient opposition vote, de facto opposition power and a realistic possibility for the opposition to increase its support or gain power through elections (also captured under Freedom House).

<sup>12</sup> Other countries included Ghana, Mexico, Peru, Ukraine and Russia.

<sup>13</sup> These are namely the selection of executives and legislatures through free, open and fair elections, most adults possessing the right to vote, political rights and civil liberties being exercised, and elected authorities possessing real authority to govern.

## **The Resilience of Dominant Party Authoritarian Regimes**

How do DPARs stay in power? Scholarship on the subject broadly concurs in that they ensure their durability by enhancing elite cohesion through institutionalized access to resources (Geddes, 1999; Greene, 2007, 2008; Magaloni, 2008; Svobik, 2009; Gandhi and Lust-Okar, 2009; Levitsky and Way, 2012; Schedler, 2013). Having accessed these resources, ruling dominant parties then engage in patronage distribution, which is fundamental to maintaining elite cohesion (Levitsky and Way, 2012, p.870). Loyalty to a ruling party requires the sharing of powers through patronage both internally within the party and externally to voters (Svobik, 2009; Gandhi and Lust-Okar, 2009). Specifically, Greene theorised that dominant parties persist or fail based primarily on their ability to politicise public resources (Greene, 2010, p.808). Since “the incumbent’s resource advantages reduce the likelihood of challenger party victory” and “repression raises the costs of participation”, opposition parties’ failure can be explained primarily by the incumbent’s access to patronage resources and secondarily by its use of authoritarian controls, including repression and electoral fraud (2007, p.35).

Slater (2003, pp.88-9) had analysed three ways that longstanding prime minister Mahathir Mohamed used to maintain his hold on power, namely “packing, rigging and circumventing”, where ‘packing’ refers to appointing loyalists into key political and government positions and purging rivals, “converting institutional constraints into institutional weapons”; ‘rigging’ is modifying institutional rules and procedures to stave off any competition for such leadership posts; and ‘circumventing’ is funnelling resources and influence away from rivals within government and “toward loyalists in packed institutions”. Both Slater and Greene recognise the primacy of resources, although where Slater speaks to the importance of party penetration of state apparatus that generates resources in the form of institutional capture, Greene addresses the accumulation and patronage use of public resources.

Primarily used in the study of social movements, resource mobilisation theory examines how groups secure “collective control over the resources needed for collective action” (Jenkins, 1983, p.532). These range from tangible assets (money, facilities, labour, legitimacy), intangible assets (organizing and legal skills, supporters) (Freeman, 1973) and institutional resources (private foundations, mass media, universities, government agencies, business corporations) (McCarthy & Zald, 1973). Resource mobilisation theory is useful in understanding how DPARs employ an impressive slate of resources to retain power, which has been used to analyse Tanzania’s longstanding regime (Whitehead, 2012).

Whilst admitting that the idea of resource monopolies sustaining political monopolies is not new, as spelt out by previous scholars such as Schumpeter (1942), Lipset (1959) and Dahl (1992), Greene concludes that DPARs win consistently in generating partisan resources from the public budget in four illicit ways: first, they can divert funds from the budgets of SOEs, second, a large public sector allows the incumbent to dole out huge numbers of patronage jobs to supporters and withhold them from opponents, third, the economic importance of the state encourages domestic businesses to “pay to play” by exchanging kickbacks and sometimes illicit campaign contributions for economic protection or state contracts and fourth, public agencies are transformed into campaign headquarters by using office supplies, phones, postage, vehicles, and public employees themselves to inform and mobilize voters (Greene, 2010, pp.811-812).

UMNO during its years in power fits this pattern; scholars have attributed its resilience to the patronage mechanisms it employed to ensure elite-level cohesion, ranging from state-business ties, rent-seeking practices premised on ethnic-based affirmative action policies, directorship appointments to government-linked companies (Gomez and Jomo 1999; Gomez 2012), and extravagant spending during election years (Case 2005; Weiss 2014a). DPARs persist based on their control over the economy, which UMNO in Malaysia fulfilled. At the end of its rule in 2018, government-linked companies (GLCs) constituted an estimated 42% of total market capitalization of all publicly listed firms in Malaysia (Gomez et al 2018a, p.7). Controlling GLCs allowed access to funds – through patrons or contributions to “NGOs” – for political funding, and the dispensation of board directorships and contracts. It was customary for government agencies, vehicles and civil servants to be used for political campaigning.

However, UMNO also successfully dispensed patronage along ethnic lines. Indeed Malaysia’s multiple cleavages of race and religion were deftly managed. However, even within BN the dynamics within the coalition was never equal, and UMNO behaved as the dominant party while the other coalition partners grew weaker and ever more subservient over time with the “pre-eminence of UMNO at its core” (Milne and Mauzy, 1999, p.2). Where MCA originally enjoyed high status as one of the co-founders of the Alliance alongside UMNO, it experienced steady decline when then opposition parties Gerakan and the DAP began to increasingly attract Chinese votes. Between 1962 and 1996, the proportion of the MCA Cabinet members fell from 29 percent to 23 percent, and where in 1957 the portfolios of Trade and Industry and of Finance were given to MCA, these were eventually lost to UMNO, the latter in 1974 (Milne and Mauzy, 1999, p.91). There are many such examples of UMNO’s “pre-eminence” within the coalition are therefore aplenty: its President by convention assumed the position of the country’s Prime

Minister and its Deputy President the Deputy Prime Minister, and it also took the most number of, as well as the most significant Cabinet positions. The predominance of the party in the coalition meant it was the party with the greatest access to public resources.

Hence, while plural or divided societies may disrupt the functioning of societies within democracies, particularly at electoral junctures, they *can* firmly undergird single-dominant parties as UMNO long demonstrated. Only in very few countries have there been mono-ethnic dominant parties in a divided society, the other being the African National Congress (ANC) in South Africa under apartheid before 1994. Hence, 1969 was a critical juncture, propelling UMNO to centralize its control over resources, thus setting into motion its redistribution policy through the politico-bureaucratic machine, which has increasingly shifted to a more Malay-centric position over recent years (Washida, 2019, p.73). UMNO increasingly shored up Malay-Muslim sentiment from 2008 onwards as the BN vote share declined, attempting to employ Malay dominance rhetoric to perpetuate single-party dominance. Identity politics cannot be ignored as a central tactic UMNO successfully utilized to its advantage.

A second broad reason attributed to the resilience of DPARs is that ruling parties gain support through the practice of clientelism, giving favours to the public such as providing ‘public employment, offering subsidies, creating and funding public works projects’ (Scheiner, 2006, p.17). Such political clientelistic practices are arguably also subject to the incumbent’s access to resources, without which the party loses its ability to distribute jobs, goods and services.

How is clientelism distinctive from patronage, since many scholars use them interchangeably (Kitschelt and Wilkinson, 2007; Piattoni, 2001)? The element of *contingency* is key in clientelism, in which there is an exchange of goods or services contingent upon political support or votes (Weitz-Shapiro, 2014), or the credible promise of reciprocal benefit (Piattoni, 2001). Some define patronage as the exchange of public sector jobs for political support, while clientelism refers to not only jobs but other state resources like goods, services and decisions (Piattoni, 2001). Others tie patronage to the use of resources and benefits that flow from public office (Mainwaring, 1999; van de Walle, 2007; Stokes, 2007). This thesis draws from Hicken’s distinction, namely that in patronage, the patron must be an office holder and dispense state resources, whereas clientelism may or may not be an office holder and may distribute public, private or political resources. Hence, patronage is considered to be only one specific type of clientelism (Hicken, 2011, p.295). However, in dominant party systems there is an inevitable overlap since “systems with political monopolies over public resources often

induce private sectors to collaborate” (Greene, 2007, p.40). For instance, dominant party systems might make it difficult for major donors to support the opposition.

Both patronage (mainly to secure elite-level cohesion) and clientelism (to secure public support) are practices employed by DPARs. However, it should also be noted that these practices are not exclusive to hybrid regimes and also exist in democracies. Clientelism in democracies is a tool for building a loyal network of supporters (Hicken, 2011), and has been practised in countries such as Italy, Austria, Japan, Brazil, and the US (Scheiner, 2006).

In Malaysia, the types of clientelism practised have varied, ranging from the distribution of cash, political parties and politicians in corporate business activities (Loh, 2009) and the disbursement of current and future material benefits for the purpose of attracting votes (Gomez, 2012). Another important benefit of the practice of such clientelism is that politicians gain direct opportunities to interact with their constituents: thereby increasing “politician-voter linkages” that would solidify what Read as quoted in Weiss (2020b, p.57) refers to as “administrative grassroots engagement”, where organisations help political leaders acquire and disseminate information, target policies, legitimise face-to-face relationships and act as a platform for citizen input and building social capital.

Anne Munro-Kua’s *Authoritarian Populism in Malaysia* (1996) traced Malaysia under then Prime Minister Mahathir Mohamed who, in the name of nationalism, dispensed race-based policies, culture, religion and the control of the media to retain both his popularity and power. Some policies and programmes to shore up mass support over its many decades in power included regular bonuses to civil servants, cash handouts, subsidies on fuel and essential goods, and *bumiputera* benefits for housing and higher education facilities. Indeed, given UMNO’s continued control of the federal government up to the GE14, the combined practices of patronage and clientelism, distributed in the form of party appointments, contracts and programmes, through the incumbent’s access, control and ownership of public resources secured UMNO’s stronghold over Malaysia.

Beyond the patronage and clientelism practices of UMNO, the DPAR also widely manipulated the electoral process for decades. Ostwald (2013) shows, for example, how it was the country’s electoral institutions that delivered the BN its victory in the GE13 of 2013, by “transforming a 4% deficit in the popular vote into a 20% advantage in legislative seats” through malapportionment practices (p. 522). The level of malapportionment in Malaysia is also significantly higher than *both* fully developed democracies and countries below Malaysia’s level of development, and importantly, “states in which BN received a high degree of support are over-represented, while most states in which BN did relatively poorly are under-

represented” (p. 525). UMNO’s persistent gerrymandering and malapportionment of both parliamentary and state seats (Case, 1996; Wong, 2011; Lee, 2015) are well-established in the literature as methods employed to maintain its durability in power. Other institutional means of maintaining its position have been short campaign periods, bans on opposition rallies, suspicious electoral rolls (Case, 1996; Weiss, 2020), all of which have been conveniently overlooked by the Election Commission. This bias has fundamentally shaped political competition in Malaysia, which the social movement Bersih has over the years rallied the government to reform but to little avail.

BN has also referred to its strong economic performance and long periods of stability as a way to psychologically motivate voters to continue supporting them. The narrative of development, peace, stability, harmony and prosperity has also been used as a menacing weapon against the opposition, threatening that electoral defeat of the BN could trigger social and political stability. Indeed, the BN 1982 Manifesto stated clearly that “the voters should not gamble with the future of their children by not giving BN a strong mandate” (Wong, 2011, p. 185). This line of messaging has been regularly and consistently used by the BN over time. The literature has noted – which is supported in the case of Malaysia – that a veneer of invincibility can often be self-perpetuating. When a party appears to be sufficiently dominant thereby rendering a defeat unlikely, voters may not be willing to vote against them as they believe this could be a futile exercise. This is most likely the case when DPARs are able to strongly signal their dominance and invincibility (Magaloni, 2006; Simpson, 2013). It is important to note that the fact that Pakatan’s later wins in Selangor and Penang (as well as other states) did not result in instability within those states was key in debunking this narrative.

A final distinctive feature of UMNO is that despite its apparent significant international linkages with the West, these external trade linkages have not necessarily translated into democratic reforms. Levitsky and Way (2010) argued that high-linkage competitive authoritarian regimes would most likely result in democratization, as has been experienced in countries such as Guyana, Macedonia, Nicaragua and Romania. In Malaysia’s case, however, its interactions with international actors (for instance, in signing selected international trade agreements) have not necessarily led to democratic reforms. Instead, such international actors in their interactions with the national leadership have tended to instead overlook UMNO’s authoritarian behaviour. Indeed, Levitsky and Way (2010) state that Malaysia “is a case of medium leverage and medium linkage” (p. 318) and not therefore “high-linkage”, therefore affirming UMNO’s continued behaviour as the DPAR that it has been characterised as.

## Opposition Politics in Dominant Party Authoritarian Regimes

A viable opposition is crucial in keeping a systematic check and balance on a country's government, provides competition over policy ideas and keeps rulers sensitive to the needs of the public. Healthy party competition is a defining feature of liberal democracies, and a necessary condition for democracy more generally (Schumpeter, 1942). However, democratic systems with dominant parties also exist, such as India (until 1977), South Africa (from 1994) and Japan (until 1993). Unsurprisingly, while military regimes seek to eliminate opposing parties, hybrid regimes find it easier to acquire legitimacy through tolerating the existence of the opposition. However, it must be noted that militaries can operate hybrid regimes too, as the army does in Thailand at present, as can personal dictators, as demonstrated by Marcos in the Philippines, Suharto in Indonesia, as well as Pervez Musharraf in Pakistan (Adeney, 2017).

Thus in Poland under communism, providing interest-based parties in opposition channels to express their views allowed the regime to diffuse more extreme and costly forms of opposition. Similarly, PRI that ruled Mexico from 1929 to 2000 'sustained secondary parties as *potential* rivals without enhancing them so much that they could actually challenge for power' and "favoured organized oppositional forces especially on the right so that its own indispensability for political stability ... can be demonstrated" (Ware, 1996, pp.248-249). Under domestic and international pressure for legitimacy, the KMT in Taiwan promulgated an electoral law that facilitated competition in 1980 (Solinger, 2001, p.35).

Dominant parties also regularly co-opt elected opposition representatives, often resorting to paying them large amounts to cross over to their side (Greene 2007, Brownlee 2007), further weakening opposition parties. While this also happens in non-dominant party regimes, UMNO has certainly "encouraged party hopping, persuading opposition candidates who have managed to win office to defect" in the past, where Case (2006, p.102) shows that the party has "accumulated patronage resources with which to absorb whole parties into its ruling coalition, gaining a capacity for co-optation and rapid adaptation". Further, "to the extent that they serve to legitimate the system and demonstrate the power and popularity of the ruling party as well as the weakness of its opponents, elections tend to demoralize and demobilize opposition forces" (Schedler, 2006, p.14).

What role do opposition parties play in the democratisation process? Barker (1971, pp.4-6) showed that the 'opposition' could achieve the following: "outright resistance to the state, resistance to the power of the state when that power is exerted oppressively; a system of constitutional checks and balances guarding against power abuse; and methods employed by

citizens or groups to modify the actions of government without openly challenging that government". Stepan and Skach (1993, p.44) also identified five key functions of democratic opposition in authoritarian regimes: resisting integration into the regime; guarding zones of autonomy against the regime; disputing its legitimacy; raising the costs of authoritarian rule; and creating a credible democratic alternative. The opposition can therefore "wrest hegemony away from authoritarianism" (Stepan and Skach, 1993, p.44) through a process of erosion.

Similarly, as Levitsky and Way (2002, pp.54-58) showed, there are instances in which opposition forces may challenge and weaken incumbents in competitive authoritarian regimes through contestation in the electoral arena, legislature, judiciary and the media. This is because repression can be costly where challenges are seen as legitimate, both domestically and internationally. Because elections are at least minimally competitive, elections do carry some risk of the dominant party's defeat. In some instances, democratic institutions are used to strengthen authoritarian regimes, when in other cases the regimes break down. Thus, when are elections "regime-sustaining" and when are they "regime-subverting" (Schedler, 2002, p.49)? As pointed out above, elections are regime-sustaining when the regime has, through the control of the economy, successfully employed methods of resource accumulation and distribution in the forms of patronage and clientelism. One of the ways in which they are regime-subverting is when they lose control of the economy, and are then faced with some form of crisis. Nevertheless, some authoritarian regimes do take steps to democratise (as did Taiwan and Mexico prior to 2000), and Slater and Wong (2013) argue that they take this "conceding-to-thrive" approach precisely because they believe they are in positions of strength and would not lose out despite the reform changes being made.

However, by permitting electoral competitiveness, both internal and external crises have almost caused regimes to break down, as documented by Levitsky and Way (2002)<sup>14</sup>. In most cases, the regimes soldiered on. In others, they eventually lost power, for instance in Nicaragua, Zambia, as well as the PRI in Mexico in 2000<sup>15</sup>. Although elections in authoritarian regimes usually serve as pressure valves for regulating societal discontent and confining the opposition, opposition activists in Iran and the Philippines turned these into a springboard for

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<sup>14</sup> For instance, 'in Mexico in 1988, Nicaragua in 1990, Zambia in 1991 and 2001, Russia in 1993, Armenia in 1996, Albania in 1997, Ghana, Peru, Serbia and Ukraine in 2000, and Zimbabwe in 2002'

<sup>15</sup> Intriguingly, Levitsky and Way (2002) point out that while democratic transitions took place, the newly elected leaders 'continued or even intensified many of the authoritarian practices of their predecessors' in countries like Albania, Zambia, Ukraine and Belarus. Case (2019) makes a case that Malaysia's newly elected Pakatan Harapan is operating similarly to its predecessor BN, and that the electoral authoritarian nature of the regime lives on. This is beyond the scope of my study, but what I am interested in is the roots of these that may have been planted within the decade preceding regime change.

entering government (Brownlee, 2007, p.8). Hence, hybrid systems may not be stable: elections even if unfair *can* lead to regime transition as the cases of Malaysia, Armenia and Zimbabwe demonstrate (Carothers, 2018). Second, the manipulation of elections may incite public anger and trigger mass protests that may be regime-toppling. Third, autocratic backlash to opposition gains may turn the regime fully authoritarian. Fourth, by claiming to be a democracy but yet are unable to fulfil the requirements of one, they have no clear ideological basis to continue existing as a democracy.

In addition to legitimation, elections also therefore regulate elite-level competition within the party, energize mass support and uncover opposition strongholds. Finally, elections also allow opposition parties at the subnational level an opportunity to demonstrate governing abilities whether at the state or local government levels (as seen in Mexico and Taiwan by the PAN and DPP respectively).

Once party competition is permitted, it is possible that the dominant party helps solidify the opposition, creating the foundations of an institutionalized party system, which Hicken and Kuhonta (2014, p.16) argue was the case in Taiwan and Mexico; the opposition parties of DPP, PAN and PRD mobilized voters through cohesive organisational structures, consistent ideologies, and regular linkages between party and society. Templeman (2012) found that controlling local executive positions helped the DPP in Taiwan to develop in three distinct ways: first, it could build a “reputation for pragmatism and competence that it had previously lacked”; second, it could develop talent it drew on in subsequent elections; and third, it gained “valuable access to resources and was further able to weaken the KMT’s local patronage networks” (pp.277-278). Langfield’s research on South Africa also confirms this, where the opposition Democratic Alliance grew by winning important subnational offices and then creating a governance record that they used to win new supporters (Langfield, 2014, p.290).

Why opposition parties are in most cases unable to mount realistic challenges to the incumbents in DPARs has been explored extensively. I established that such regimes are sustained by their ability to politicise public resources. It follows that opposition forces are systematically denied access to these resources, which the literature supports (Scheiner, 2006; Gandhi and Lust-Okar, 2009; Greene, 2010; Slater and Wong, 2013). Thus when opposition parties *are* able to utilise resources this makes for interesting study; Liow (2011) employs the resource mobilisation theory as outlined above to critically analyse how PAS, specifically its youth wing, has generated opportunities, resources and motivations towards collective action (p.667); its organisational structure, outreach, leadership and institutionalisation of *ulama* rule have been central to party mobilisation and cadreisation. Clearly, despite UMNO’s monopoly

over national-level resources, PAS – primarily through its subnational stronghold of Kelantan (explored further in Chapter 4) – was able to amass significant institutional and leadership resources towards electoral success in those two states.

Greene (2010) shows that access and use of public resources means the ruling regime can outspend competitors at every turn and make otherwise open competition so unfair that they virtually win elections before election day. Dominant party rule is therefore threatened when the incumbent's access to public resources declines. This may be more likely in multilevel systems where the opportunities for the opposition controlling subnational governments is higher. This thesis employs the term DPAR to refer to such dominant party rule over authoritarian regimes.

### **Subnational Democracy in Dominant Party Authoritarian Regimes**

Some attention has been paid to subnational authoritarianism within democracies (Edward Gibson's *Boundary Control: Subnational authoritarianism in federal democracies*, 2012), but subnational democracy in authoritarian regimes has not been sufficiently considered. Early on, Linz and Stepan (1996) in their book *Problems of Democratic Transition and Consolidation* theorised that a functioning political subsystem within a nondemocratic state was not possible, because the latter would face the persistent temptation of destroying its democratic political subsystem. Since then, this theory has gone largely unchallenged, despite empirical evidence from countries such as Mexico and Serbia, which demonstrate that democratic political subsystems have flourished within nondemocratic states. The assumption was that authoritarian national regimes would systematically deny the basic rights of citizens, and that hence, "local democracy can only emerge within the context of national democracy" (Bland, 2011, p.68). Countries that practice "illiberal structures and practices" nationally would also replicate those features at the subnational level (Behrend and Whitehead, 2016, p.8). Hence major scholars writing on transition from authoritarianism and democratic consolidation have paid little attention to dynamics at the subnational level, including Greene (2007; 2010) in his theory of the decline of dominant parties.

However, there is a small but growing literature in the field of 'subnational democracy', where scholars have attempted to define and measure democracy within subnational units. This has been done by Hill (1994) for the USA, Valdez (2000) for Mexico, and McMann and Petrov (2000) for Russia, and Gervasoni (2010) for Argentina, in which the findings simply show

that provincial regimes vary significantly from basically democratic to clearly hybrid<sup>16</sup>. Other scholars have constructed subnational electoral contestation as a measure of subnational democracy in countries as wide-ranging as Argentina, Brazil, India, Mexico and the USA. However, despite the availability of rich empirical data, no one theory has emerged. Additionally, the literature does not distinguish between regime types at the national level. Third, the literature is predominantly focused on electoral competitiveness, and rarely engages with the potential valuable contributions of federalism, with institutional structures that enable democratised and decentralised governance.

Some scholars have, however, made observations that “subnational islands of democratic contestation can coexist with nationally authoritarian regimes” (Lankina, 2015). Gilley (2010) lists examples of institutions that adhere to democratic norms and procedures, qualifying them as “democratic enclaves within authoritarian regimes”, such as elected village governments in China and Hungary’s relatively free press. These however do not refer to democratic subnational units in geographic terms. Most recently, Freeman (2018) has attempted to theorise for the successful emergence of subnational democracy, a term borrowed from Linz’s (2000) *Totalitarian and Authoritarian Regimes*. While this is a meaningful attempt at defining and explaining for subnational democracy – he proceeds to cite Mexico and Serbia as country cases that satisfy this – the theory bypasses the political decentralisation necessary to achieve these criteria, in which subnational units have the right to conduct elections, which is not the case in highly politically centralised countries. Second, he dismisses federalism, saying it “long existed on paper but not in practice” in Mexico (p.13).

Further, an additional element to qualifying subnational democracy should be included. Stepan cautioned wisely that the democratic opposition must not only engage in erosion (of the dominant party regime) but in construction of “the procedural foundations for democracy”, where in this context procedural is defined as “broad procedural consensus among all democratic groups” (1990, p.47-48). So the opposition can play an important role in eroding authoritarianism, thereby providing a system of checks and balances, and forming an alternative political force. But without constructing a democratic alternative in the form of procedural foundations, can opposition growth contribute to democratisation? In other words, “If the opposition attends only to the task of erosion, as opposed to that of construction, then

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<sup>16</sup> McMann’s (2018) ‘Measuring subnational democracy: toward improved regime typologies and theories of regime change’ is the most recent and comprehensive analysis of global time series data about subnational institutions and practices, which tests subnational democracy based on 22 subnational measures from the Varieties of Democracy dataset.

the odds are that any future change will merely be a shift from one authoritarian government to another, rather than a change from authoritarianism to democracy” (Stepan, 1990, p.47).

### **Opposition Parties in Malaysia’s DPAR**

Carothers (2018) makes a strong case for the instability of electoral authoritarian regimes, but these are exceptions rather than the norm, and regime change in the countries he cites took place under unique circumstances. Significantly, new literature argues instead that Malaysia experienced electoral turnover without meaningful regime change. While some authoritarian controls were loosened after the BN fell in 2018, “politics remain(ed) rooted in the hybrid domain” (Case, 2019, p.2). Further, Malaysia’s transition in 2018 could not be considered regime replacement, since there was no clear “triggering event” or sustained sequencing of “mass demonstrations, protests, and strikes” that typically precede popular upsurge and replacement (Huntington, 1991a, p.145). Indeed, after a short 19 months in power, the new government was toppled, only to see the return of BN parties, re-cobbled as the Perikatan Nasional coalition (with the inclusion of Parti Pribumi Bersatu Malaysia, upon Mahathir Mohamed’s exit).

The main thrust in the literature on hybrid regimes is hence that they are resilient, which Malaysia has demonstrated even in recent years, and so are the parties that operate them, especially so if they are single-party dominant in form. One of the puzzles therefore is how opposition parties can survive within such systems. Up to 2008, Malaysia’s main opposition parties the DAP, PAS and PKR despite the resource deprivation experienced, still found sufficient sustenance for survival.

Opposition parties had historically faced a range of challenges from its political opponent BN, where opposition leaders were convenient targets of the regime in the form of arrests, imprisonment and sedition charges. The opposition would also operate on a very unequal playing field during election campaigns, where the BN would use its control over mainstream media to highlight controversial comments by opposition leaders. Pressure was also placed by the BN-controlled federal government to threaten against license renewals of political party newspapers, which the Printing Presses and Publications Act required. BN would also be implicit and explicit in its threats to withdraw federal government funding to states should the opposition win in those areas (Mohammad Agus, 2001).

Under these conditions of single-party dominance, opposition parties in Malaysia survived, and even captured power at the subnational level. How did they do so?

## 2.3 Federalism and Democracy

### Federalism and its Relationship with the Democratisation Process

It is important to distinguish between countries operating under federated and unitary systems, since federations are constitutionally made up of states with their own legislative assemblies and control some – even if minimal – policy functions. The criteria for forming a federation are, according to Bednar (2009: pp.18-19), having constitutionally-recognised, territorially-exclusive constituent units, independent sources of authority for federal and state governments, and policy sovereignty at each level. However, there are no further strict or fixed definitions, for instance in their allocations of powers between the centre and states, and federations differ greatly in the formal apportionment of revenue sources and responsibilities between centre and states, varying also in their constitutional design and provision of safeguards and dispute resolution mechanisms (Wong and Hutchinson, 2017, p.2).

Interest in federalism surged in the late 1990s and early 2000s as the themes of globalization and localization, decentralisation and ‘diminished state sovereignty’ simultaneously emerged. Bhattacharyya (2010, p.8) referred to this as a ‘federal revolution’ sweeping the world, with some 40 percent of the world’s population living in a federation, within 23 countries (Adeney, 2007, p.14). Huntington (2004, p.12-13) drew attention to how ‘subnational cultural and regional identities are taking precedence over broader national identities’, and sure enough, most literature in this field places strong emphasis on federalism as a way to accommodate vastly different ethnic, linguistic, religious and cultural identities. In Asia, federalism was conceived as a way of ‘holding the territories that eventually became India and Pakistan, and also Malaysia and Singapore’ (He, 2007, p.2). But where India now satisfies the notion of federation as an ethnic compact, this is not the case in Malaysia where the federation was formed on territorial grounds to accommodate state-based Malay Sultanates. There is disagreement as to how federalism contains pluralism, given the inconsistent application in different countries. In India, federalism, in promoting pluralism, can contribute to democracy. However, federalism can aid a hybrid regime to segment, manage and contain pluralism, such as has transpired in Malaysia.

What, therefore, is the relationship between federalism and democracy? Can federalism in fact both contribute to, while at the same time weaken, democracy in different countries? Numerous scholars have expounded on the philosophical democratic underpinnings of federalism, for instance in the distribution and decentralisation of government authority and

administration (Young, 1941), ensuring citizen participation in political decision-making (Chryssocchou, 1998: p.6), and the institutionalization of the rule of law, the courts, civic liberties and minority rights (He, 2007, p.23). Federalism relies on the division of power between federal and state governments, the balance of power and local autonomy, the combination of shared-rule and self-rule. Principally at least, federalism and democracy are concepts that are seemingly mutually reinforcing.

But although normatively one would expect federalism to contribute to democracy because of the institutional structures that contain a system of checks and balances, the empirical evidence suggests a more mixed outcome. Although scholars agree about federalism contributing to democracy in India (Manor, 1998; Swenden and Adeney, 2021), they seem to disagree about other countries. Elazar (1995, p.16) argued that federalism contributed to the ‘restoration of democracy in Argentina and Brazil, the extension of democracy in Venezuela, and possibly to the transition from a one-party to a multi-party polity in Mexico’, but Gibson (2004, p.2) argued that the existence of federal constitutions in Mexico and Venezuela were mere formalities. Adeney therefore rightly cautions that some federations are democratic, while others are not (2007, p.15).

These mixed outcomes throughout federalism’s long history may have contributed to Riker – a major scholar of federalism – concluding that federalism hardly made a difference in the way people were governed (1969). He suggested that in order to understand the real operations of federal systems, we should look beyond constitutional structure and at real forces in the political systems such as national party systems, entrenched political practices, and political and economic power structures. Sure enough, Gibson (2004, p.7) adds that even where there are constitutional similarities, federal systems vary widely in their internal practices, centralization, and power relationships, which indicates that internal power dynamics are shaped by factors other than just the institutional features alone. This would account for the mixed democratic outcomes in federated systems.

Put another way, is it possible to have nondemocratic federations, or are they non-federal by definition? A strictly Dahlian approach is that federations *must* be democratic to be considered federal, since his definition requires that subunits’ powers are constitutionally *beyond* the power of the centre. Only a democracy contains the necessary ‘constitutional, legislative and judicial systems’ required for a federation (Stepan, 2004, p.32). For instance, Adeney (2007, p.12) calculated that in 2007 44% of the world’s federations were democratic, 28% were nondemocratic and 28% were non-consolidated democracies. Of the federations that are still in existence today, I calculate that five fall into the hybrid regime category, namely

Malaysia, Pakistan, Ethiopia, Venezuela and Russia<sup>17</sup>. It *is* therefore possible to have nondemocratic federations, and it may be more useful to place them on a continuum, the way Stepan used a demos-enabling vs. demos-constraining continuum to measure whether state rights are guaranteed by constraining majorities (1999, p.21).

Burgess and Gagnon (2010)'s edited volume, *Federal Democracies* attempted to unpack the relationship between federalism and democracy. However, apart from a prescription that federations must be democratic to be taken seriously, whilst acknowledging the tensions that exist, they do not establish an operational theory between the two. A more useful suggestion in Gibson's (2004) edited volume on federalism and democracy throughout Latin America suggests that *both* the constitutional features of a federal system *and* the relationship between the federal institutions and the broader political system's characteristics must be analysed. Constitutions spell out divisions of power between actors and institutions including 'attributions of authority, the limitations of power, the policy scope of different governmental bodies and levels of government', but the broader political system provides the context, namely 'regime type (democratic or authoritarian), party system, electoral laws, legal frameworks, and key aspects of fiscal politics and political economy' (Gibson, 2004, p.8).

So under certain conditions, federalism does matter. When it matters, how does it impact upon democracy? Levy (2007, p.462) argues that only a federal system guarantees that different public interests can be expressed at different levels of government and that conflicts between these interests can be managed peacefully and fairly, while also avoiding the central government's dominance. Benz and Sonnicksen (2021, p.3) attempt a theoretical framework with which to analyse the complex relationship between federalism and democracy, suggesting that federalism establishes the structures and procedures which complement democracy<sup>18</sup>, rather than by being democratic on its own. In addition to this, I argue that federalism also provides the basic institutional framework with which a state government, especially when controlled by national opposition, can gradually contribute to real and meaningful political contestation within DPARs, affirming Levy's (2007, p.469) point that one of federalism's potential virtues in a democratic system is the capacity of provinces to be oppositional. It is

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<sup>17</sup> Adeney's (2007) table lists Malaysia, Mexico and Venezuela as democracies, and Pakistan, Ethiopia and Russia as non-consolidated democracies.

<sup>18</sup> They argue that federalism increases the probability of contributing to democracy in four ways: one, it improves the congruence between the demos and scope of power by different boundaries of a community of citizens; two, it expresses plurality of interest and provides conditions for managing conflicts; three, it accommodates a diversity of "general wills" within a complex or territorially differentiated society; and fourth, it induces policy learning, which is essential in a democracy. The policy learning between different levels of government is also the experience between the BN-held federal and Pakatan-held state governments from 2008 to 2018, which we will explore in the study.

therefore interesting to compare between Singapore and Malaysia, where the former is a unitary state and the latter a federated one. Slater (2012) in his piece of strong-state democratization of the two countries recognises that there has been growing opposition in both Singapore and Malaysia, but fails to acknowledge a fundamental difference between the two. In Malaysia, opposition parties can win over state governments that accord them *some*, if not extensive, constitutional federalist powers, whereas in Singapore, opposition parties only win parliamentary seats and have absolutely no control over local services and hence have no direct legitimate service-oriented interactions with constituents. Indeed,

“The activation of federalist structures in a context where they had previously been latent rapidly creates “political opportunity structures” and “resource mobilization” possibilities. Such a new context can facilitate the emergence of new social movements and even new institutional and partisan veto players that can remake the state itself.

There is no remotely similar phenomenon in unitary states.” (Stepan, 2004, p.347)

Given these strong assertions, it is next worth exploring under what conditions federalism can contribute to democratisation in an authoritarian state, and when can it contribute to a decline in democracy?

### **Centralised vs. Decentralised Federations**

The literature describes how subnational executive offices allow valuable resources to be accessed (Dobson, 2012; Rakner & van de Walle, 2009; Lucardi, 2016), and that opposition executives often use these offices as “springboards” to enhance their political and electoral support (Camp, 2010; Dobson, 2012; Levitsky & Way, 2010). Linz and Stepan (1996) recognised that federal features in the new political context of Russia have provided great resource mobilisation opportunities to reconstitute their power bases. Gibson and Suarez-Cao (2010) show that not only do subnational party systems shape power in local politics, they also affect key outcomes in national party politics through their impact on resources, power bases, and institutional contexts. However, they do not examine the impact of decentralised systems. Hence, a key question is whether subnational office can be used as a platform for political leverage *only* when there is a decentralised system, in which subnational units are given significant regional autonomy. Decentralisation helps incumbent local candidates gain national office, since a “decentralised democratic structure ... can motivate provincial leaders to begin cultivating reputations for good government, so that they can be contenders for national power” (Myerson 2006: p.5). Gibson (2012, pp.161-162) in his book also used as a single criterion to

distinguish between centralisation and decentralisation, namely “the autonomy of provincial authorities to design and administer provincial political regimes”, which he argued is the most important factor in constructing and maintaining subnational authoritarianism.

So, the degree to which a federation is centralised matters, but what forms of centralisation are important? Lauglo (1995) presented federalism, populist localism, participatory democracy and liberalism as different types of decentralisation. More recently, Goel et al. (2017) compare different forms of decentralisation and their impact on government performance in 113 countries, naming fiscal decentralisation, administrative decentralisation, federalism and aggregate decentralisation as four different decentralisation types.

An ambitious Regional Authority Index (RAI) (Hooghe et al., 2016) measures the authority of regional governments in 81 countries over the period 1950-2010 along ten dimensions: institutional depth, policy scope, fiscal autonomy, borrowing autonomy, representation, law making, executive control, borrowing control, and constitutional reform. This is useful to evaluate the changes in regional autonomy within a certain country over time, but is less useful as a comparator across countries. As outlined in the previous section, evaluating the actual effects of federalism against constitutions and legislation alone is weak and insufficient. The broader political system must also be considered. Although the RAI dataset is triangulated with secondary literature and consultation with country experts, actual scores seem a poor representation of reality. For instance, within Southeast Asia Malaysia is scored 21.5 out of a total of 30, higher than Indonesia (20.8) and the Philippines (11.5), whereas scholarship on the subject consistently point to the latter two countries as prime examples of decentralisation in the region (see Malesky and Hutchinson, 2016), and there is broad agreement Malaysia is highly centralised.

There is a plethora of definitions of the different forms of decentralisation; this thesis prefers Malesky and Hutchinson’s (2016) classifications of *fiscal decentralisation*, *administrative decentralisation* and *political decentralisation*, where fiscal decentralisation provides local governments the power to tax citizens and business, raise money through borrowing either domestically or overseas, and decide how to spend that money through the preparation and implementation of local budgets. Administrative decentralisation involves the allocation of executive power, specifically over the civil service and human resources, to local authorities, and political decentralisation provides for the local election of subnational legislatures or executives, who have authority over a range of administrative and fiscal responsibilities (pp.127-128). Since in federations there are most often three tiers of government, I extend their definition of decentralisation to include regional or state

governments. Political decentralisation is also extended to include any electoral and legislative change that provides greater downward accountability through either the second and/or third tiers of government.

What does the literature say about the potential predictive effects of these three forms of decentralisation upon political parties' performance and durability?

Existing research suggests that opposition parties in fiscally decentralised systems are more likely to succeed. Scheiner (2006) has suggested that opposition parties are predicted to fail in countries that practice clientelism and a highly fiscally centralised system. Likewise, Langfield (2010, p.18) studying the ANC in South Africa says that 'local politics may be less important if the centre controls much of government policy and finances'. Scheiner's theory (2006) is that what shapes the ability of a party to be successful at the subnational level are first, the voters' impressions of a party's ability to provide goods and services, and second, the extent to which parties are financially dependent on the central government.

Countries like Brazil and the United States see subnational units 'exerting substantial financial autonomy', not being dependent on the central government, and voters are hence 'more inclined to cast votes in local-level races without consideration for politics at the national level' (Scheiner, 2006, p.21). One reads Scheiner with the caveat that he is examining democratic and not authoritarian countries. More examination is required of how the degree of fiscal centralisation contributes to subnational gains in nondemocratic federations.

The scholarship is weaker on the study of how administrative decentralisation potentially impacts upon the degree to which opposition parties are resilient at the subnational level. If the pattern of fiscal decentralisation follows, then the expected direction is for administrative decentralisation to also contribute positively to opposition parties' ability to strengthen themselves, which allows them to establish opposition subnational strongholds. Table 2.1 below presents the degree of administrative decentralisation expressed through selected policy functions by level of government in four selected dominant party systems, two within democratic regimes and two within authoritarian regimes. It is clear that in the two dominant party democratic regimes, India and South Africa, states are responsible for many key policy functions, and the areas of education and health are especially important in allowing opposition parties that rule in subnational units the opportunity to demonstrate their governing capabilities. Malaysia is the most highly centralised of the four countries, where the federal government has exclusive control over healthcare, education, agriculture, and law and order.

<b>Policy Function</b>	<b>India (DP-DR<sup>a</sup>, until 1977)</b>	<b>South Africa (DP-DR<sup>a</sup>, present)</b>	<b>Mexico (DP-AR<sup>b</sup>, until 2000)</b>	<b>Malaysia (DP-AR<sup>b</sup>, until 2018)</b>
<i>Dominant party</i>	<i>Congress</i>	<i>African National Congress</i>	<i>PRI</i>	<i>UMNO in Barisan Nasional</i>
<b>Agriculture</b>	S	C	C	F
<b>Health</b>	S	C	F	F
<b>Education</b>	S	C <sup>1</sup>	C	F
<b>Law and order and the police</b>	S	C	C	F
<b>Welfare</b>	S	C	F	C
<b>Local government</b>	S	S	S	S

**Table 2.1: Administrative Decentralisation expressed through Policy Functions Held by Level of Government in Four Selected Dominant Party Systems**

*Sources: Brass (1994, pp.63-64); Constitution of the Republic of South Africa, 1996; Political Constitution of the United Mexican States; Zeind and Zeind (2016); Reames (2003); Federal Constitution of Malaysia 1957.*

<sup>a</sup>Dominant Party-Democratic Regime

<sup>b</sup>Dominant Party-Authoritarian Regime

<sup>1</sup>excluding tertiary education

F: Federal government control

C: Concurrent control (both federal and state government)

S: State government control

A series of administrative decentralisation measures took place in Mexico prior to the PRI losing in 2000. In February 1996, Vicente Fox as PAN Guanajuato governor signed a decentralisation accord with Mexican President Zedillo of PRI that passed control of the administration of water, agrarian, and social policy to the state. PAN already had gubernatorial victories and it used state government control to strengthen its organisation and reputation, through fiscal and financial strategies (addressing corruption and charging user fees for improved local services), given they had suffered budget cuts from the centre (Ard, 2003, p.168). Hence, one weakness of Greene's theory (2010) is that he failed to consider the administrative decentralisation processes that took place from the mid-1990s, thereby disregarding PAN's access to state-level resources. Although Greene when contrasting methods used by the two then opposition parties PRD and PAN in Mexico does make mention of some subnational strategies, these are not eventually built into his theory on why dominant parties lose.

Finally, how does political decentralisation contribute to opposition parties strengthening themselves? On this subject the literature is more extant. Political decentralisation in the form of a constitutional 'open model' provided internal territorial accommodation by combining the federal principles of self-rule and shared-rule in post-

General Franco Spain (Elazar, 1987). In Mexico, electoral reforms from 1977 to 1990 made state and local elections more competitive by creating new space for political contestation and mobilization of citizen protests. Prior to PRI losing nationally in 2000, opposition parties were already making inroads subnationally. Between 1977 and 2000, 14 out of 31 states were governed by non-PRI parties (Ochoa-Reza, 2004, p.272). From the late 1980s, the number of directly elected PAN legislators in the lower house doubled from 9 to 18, and those elected through proportional representation quadrupled from 32 to 119 (Shirk, 2005, p.3). A second weakness of Greene's (2010) theory is that it did not account for the democratic reforms that eventually empowered the opposition through their access and control of state governorships.

A body of literature agrees broadly that federalism erodes national party strength as increasingly enhanced subnational interests weaken the national parties' ability to forge broad coalitions in tackling national issues (Desposato, 2004). Desposato and Scheiner (2008) found that the more (political and fiscal) decentralisation there is, the more likely it is that both national and subnational politicians join parties that control subnational governments, whereas in centralised countries party affiliation decisions are based on national-level considerations, and the latter is true especially in the case where politics is pork-oriented rather than programmatic. Greene (2007) also documents that under the PRI in Mexico, nearly all subnational legislative candidates self-selected into the national PRI as they knew that was the only way to access resources. He claims that national opposition parties were very weak at the subnational level as a result. This however disregards the very important subnational in-roads that PAN was already making to show that the opposition did make use of decentralised features for political leverage.

But does it really matter whether or not a country is centralised? Would federalism, with its built-in institutional frameworks, allow state governments access to resources regardless of the degree of decentralisation? The cases of Brazil and Mexico illustrate that federations that are decentralised along political, fiscal and administrative lines can offer the opportunity for opposition parties to utilise the structures of government to their political advantage. When in control of states that have political and administrative autonomy, opposition parties that perform well have the opportunity to claim credit for the states' success, which provides for performance legitimacy. The opposite is also true, that these parties must therefore accept responsibility for the poor performance of states they control.

## Malaysia: a Highly Centralised Federation

Malaysia is a highly centralised federation, whose tax-raising powers at the federal government level place it in the fourth highest rank of 15 selected federations (Watts, 2008, p.102). Its federal government revenues before inter-governmental transfers constitute 86.9 percent, comparing unfavourably with India (61.1 percent), which is traditionally seen as a fiscally centralised federal system. Unlike most federations, the spending powers of the federal government are very high, making up as much as 84.3 percent of all public expenditure, compared to India (44.6 percent). Additionally, the policy functions that are accorded to states in Malaysia are minimal when compared with other federations (see Chapter 4 for more).

Watts (1999, p.28) argues that unlike in India, where federalism was invigorated by the opposition regional parties, in Malaysia the central government perpetuated and tightened its terms and conditions of power-sharing across the tiers of government. The literature on federalism largely concludes that despite Pakatan controlling several important states, Malaysia still functions as a “centralised federalism” (Loh, 2010, p.140), with decisions on central government’s resource distribution driven by political reasons (Ostwald, 2017, p.503), with minimal acknowledgement of the role opposition-controlled states play in eroding incumbent dominancy. Several acknowledge that Pakatan could dispense cash payments, populist budget allocations, and clientelist pay-outs as mechanisms for monetising consent (Saravanamuttu and Maznah, 2020, pp.62-65) and nurture clientelist networks through these welfare schemes (Dettman and Weiss, 2018). This is an important research gap.

The Malaysian data adds a new angle to how opposition parties in control of states *even within* highly centralised systems can be so politically resilient that they ultimately establish subnational strongholds. This study also importantly allows us to compare and contrast between the practice of federalism in the past when BN was a stable dominant party within an authoritarian regime (for past literature of federalism in Malaysia, see Means, 1963 and 1968; Muhammad Agus, 2001; Ismail, 2004) and that of the more contemporary times since the emergence of the Pakatan coalition; indeed, how have federal-state relations changed in the context of greater political competition?

## 2.4 Party Institutionalisation

### Party Institutionalisation: A Framework

In exploring how a federal system makes it possible for opposition parties within DPARs in control of states to fully benefit from such a system, it is necessary to turn to the body of literature on party system institutionalisation. The literature on party institutionalisation is largely derived from Huntington's (1968, pp.12-24) criteria of political institutionalisation, which he defined simply as "the process by which organisations and procedures acquire value and stability". He posited that any organisation's level of institutionalisation can be defined by four main dimensions of "adaptability, complexity, autonomy, and coherence".

Where a political party is defined as any group of candidates that contests an election under a common party label (Cox, 1999), a party system is an enduring pattern of intra-party organisation and inter-party electoral competition (Chhibber and Kollman, 2004, p.4). Studies on parties and party systems also derived from Giovanni Sartori's (1976) seminal work. Since then, scholars have shown how parties and party systems play an important role in society, and have real consequences on the nature of democratic governance (Mainwaring and Scully, 1995), government stability (Sartori, 1976; Mainwaring, 1999), and the policymaking environment and its policy outcomes (Hicken, 2002, Chhibber and Nooruddin, 2004).

Randall and Svåsand (2002) argued it is important to distinguish between party system institutionalisation and party institutionalisation. Party institutionalisation is the degree to which *political parties* within a particular political system are institutionalised. This is an important distinction, since there can be highly institutionalised parties within poorly institutionalised party systems, as well as weak and poorly institutionalised parties within highly institutionalised party systems, although the latter is rarely the case.

Political parties solve collective action problems and coordinate the behaviour of legislative and executive actors (Chhibber and Kollman, 2004), manage the conflict of democratic transition (Hicken, 2009), and affect the democratic consolidation process especially in developing democracies (Mainwaring and Scully, 1995). Hicken and Kuhonta (2014, p.8) go further to argue that institutionalised parties help nondemocratic regimes withstand opposition. Party institutionalisation is the degree to which *political parties* within a particular political system are institutionalised. This is an important distinction, since there can be weak and poorly institutionalised parties within highly institutionalised party systems.

Following from Huntington’s (1968) original definition of political institutionalization, several scholars attempted new ways of defining party institutionalisation, including Janda (1980) who introduced the concept of ‘reification’, Rose and Mackie (1988) with their ‘electoral continuity’, Panebianco’s (1988) ‘autonomy’ and systemness’, Harmel and Svåsand’s (1993) ‘routinisation’, ‘survival or rootedness’ and ‘reification’, Jin’s (1995) party efficacy in the legislative process and Randall and Svåsand’s (2002) matrix, the latter of which is adopted in this thesis.

Using a four-cell matrix distinguishing between internal (within the party) and external (the relationship between the party and society) aspects, their criteria for party institutionalisation is as follows.

	<b>Internal</b>	<b>External</b>
<b>Structural</b>	Systemness	Decisional autonomy
<b>Attitudinal</b>	Value infusion	Reification

**Table 2.2: Criteria for Party Institutionalisation**

Source: Randall and Svåsand (2002)

Based on this matrix, the structural aspect of the internal dimension of *systemness* refers to the scope, density and regularity of interactions within the party. This would refer to the routineness and development of ‘prevalent conventions’ guiding behaviour within the party.

There are five further characteristics Randall and Svåsand (2002) suggest to be key in influencing the degree of *systemness* a political party possesses: origins, resources, leadership, factionalism, and clientelism. In terms of origins, Panebianco (1988) emphasised the manner in which the party was founded plays a role; if there was significant ‘penetration’ from the centre to the periphery in territorial and organisational terms, the more institutionalised the party. UMNO for instance, was founded on the cusp of Malaysia’s independence and did ‘penetrate’ from the centre to the periphery. Second is that of the availability of resources and funding for electoral campaigns and running party machinery. In Taiwan, the opposition party DPP was constrained financially and had no cash to pay staff salaries until it was legalised in 1986 (Guo et al., 1998).

Leadership is the third factor that contributes to greater party *systemness*, important in the charisma displayed by leaders especially during party formation. The formation of PKR, for instance, centred almost wholly on the injustice meted out to its charismatic founder Anwar Ibrahim in 1998. Fourth, factionalism plays a role in that factions may or may not contribute

to the lack of party cohesion. In Japan's LDP, factionalism actually led to increased public popularity when the change in party leadership from one factional leader to another transformed the party's public image (Kohno, 1979). Finally, the factor of clientelism has an impact on party institutionalisation. While there is a literature on how patronage-based party politics facilitates the growth of political parties, such clientelistic relationships have also been shown to undermine party institutionalisation if they disregard rules and regulations, and if party politicians build up their own personal careers at the expense of and that ultimately undermines party cohesion (Warner, 1997).

The attitudinal aspect of the internal dimension is *value infusion*, referring to the extent to which party actors and supporters identify with and are committed to the party for more than instrumental reasons, and whether there is a distinctive culture and value system that contributes to party cohesion. The structural aspect of the external dimension is *decisional autonomy*, which is the party's ability to set its own policies without interference. This is affected by various factors, including the interdependence that a particular party has with external organisations. Levitsky (1998) argues that the close relationship between the PJ in Argentina and the trade union movement helped to ensure its survival despite political repression, whereas the relationship between the BJP and paramilitary organisation RSS was more problematic because the latter's projection of its own form of Hindu nationalism constrained the party leadership's autonomy (Jaffrelot, 1996). So the nature and direction, not just the magnitude, of such decisional autonomy is also an aspect to consider.

In Malaysia, the close relationship between civil society movements such as Bersih 2.0 and Pakatan between 2008 and 2018 led to stronger bargaining power vis-à-vis the BN at the federal level. I expand on this criterion by arguing that assuming control of state governments increased the opposition parties' decisional autonomy, further strengthened by constitutional and legal backing. In other words, federalism provided the safeguards and guarantees required for the opposition parties to have access to resources that contributed to their party institutionalisation. Finally, within the attitudinal aspect of the external dimension, *reification* refers to presence in the public imagination, which reflects a party's ability to establish itself as "a household name in the political discourse of a country" (Tomsa, 2008, p.27). Among the dimensions, reification could be considered the most crucial (Janda, 1980, p.19) since "an institutionalised party is one that is reified in the public mind" and the party exists as an organisation distinct from its individual leaders. Here, access to the media is crucial to ensure reification is established. Coupled with the examination of party institutionalisation is that of

party *deinstitutionalisation*. The institutionalisation of opposition parties may also mean the deinstitutionalisation of incumbent dominant parties.

In addition to Randall and Svåsand's dimensions (2002), it is also relevant to note several scholars' contributions to the literature on party institutionalisation. First, scholars have found that politicised cleavages lead to political parties that have deep roots within those groups and have distinct, collective identities (Hicken and Kuhonta, 2011, p.579). Birnir (2007) found that highly institutionalised parties are more likely within societies that are deeply divided. Second, Arter and Kestila-Kekkonen's (2014) inclusion of an additional fifth dimension, that of 'cohesion' is useful, specifically referring to legislative (voting and policy) unity. To conclude, party institutionalisation can be defined by "the process by which parties reproduce consistent patterns of mass mobilisation internal organisation" (Bertoa, 2017, p.412). Important to this study, scholars have additionally found that party institutionalisation allows politicians to establish stable and enduring linkages with society through co-operation with civil society organisations and party members, which in turn incentivise them to pursue extensive welfare policies (Rasmussen and Knutsen, 2021, pp.1206, 1207-1210). This is because in a party with clear rules, and in which decision-making power is not concentrated in a single leader, parties cannot go back on their commitments, whenever they promise policy gains. This positive relationship between party institutionalisation and the pursuit of welfare policies is a valuable finding that Pakatan exemplified, as elaborated upon in Chapter 6.

### **Party Institutionalisation within Malaysia's Political Parties**

Using Randall and Svåsand's (2002) framework, Weiss (2014, p.35) makes a case for how the primary parties in Malaysia of UMNO, MCA and the Malaysian Indian Congress (MIC) within the BN coalition are "reasonably well institutionalised". UMNO is probably the strongest of the three in its *systemness*, having deep linkages to the grassroots through an elaborate network of patron-client relationships in every state of the country, possibly less so in Kelantan where PAS dominates. MCA has also had an active network up to 2008, among Chinese traders and business-owners. UMNO's *value infusion* stems from its origins as having been the party of the country's independence, and since then has also effectively painted itself as a party that stands for Malay-Muslim rights, championing the cause of *ketuanan Melayu* (Malay supremacy). MCA may have some remnant of the 'independence' story, but its narrative has fast faded in recent years, as has MIC's.

Weiss (2014) similarly categorises PAS and DAP, then-opposition parties, as well institutionalised, but I argue that up to 2008, the degree to which they were institutionalised was nowhere near that of the BN parties. It is possible that PAS had been able to do so to a much greater extent than DAP, having helmed the state government of Kelantan since 1990, hence being able to make use of those state resources, albeit to a lesser degree given its more rural economy. Indeed, PAS relies on a strong mobilisation network, prayer and discussion groups throughout the country, and its paper *Harakah* has been circulated well beyond party members, as has DAP's *The Rocket* (Weiss, 2014, pp.35-36). Both PAS and DAP have very strong *value infusion* where the former attracts religious Islamists, while young left-leaning and reform-minded activists were strongly supportive of the latter. Hence parties can also institutionalise without having control over state resources, for instance through ideology (communist and socialist parties are good examples) or religion (as PAS exemplifies). However, when discussing party institutionalisation it must also be pointed out that resources can help, but may not always, since they could also lead to corrupt practices. This was precisely the experience of UMNO in Selangor up to 2008.

The least institutionalised opposition party, of which in fact Weiss in her 2014 analysis gives only a rudimentary mention, was PKR. Formed out of the furore caused when then Deputy Prime Minister Anwar Ibrahim was sacked and charged for sodomy and corruption in 1998, its relatively shorter history was fraught with political targeting from BN. Although it had strong *value infusion* based on principles of democracy, rights and civil liberties, party support was largely centred on the personality of Anwar Ibrahim and his fight for personal justice. The party had not the structural aspects required of party institutionalisation.

It was the coming into power in 2008 at the urbanised state governments of Selangor and Penang that enabled the national opposition coalition member parties PKR, DAP and PAS to deepen their party institutionalisation processes, especially in the areas of *decisional autonomy* and *reification* that were previously areas they were not able to position themselves in. By taking over state governments, these parties could now make autonomous decisions on selected policy and programmatic areas, granted by the federation's constitutional arrangements. As will be described in the Chapters 5, 6 and 7, this enabled them to engage in credit-claiming and performance legitimacy in both states. The literature on the causes and factors leading to parties' ability to institutionalise at the subnational level is sparse, and this study contributes meaningfully to this oft-forgotten area of study.

## 2.5 Conclusion

The thesis focuses on three bodies of literature on authoritarian regimes, federalism and party institutionalisation. The literature review brings these three bodies of literature together in ways that academia seldom does, allowing scholars of comparative politics to appreciate institutional set-ups and structures, while a thorough understanding of politics, patronage and power structures within hybrid contexts – including opposition politics in this case – is essential for an examination of federal-state relations. Party institutionalisation is also brought in as a framework by which an understanding of how opposition parties organise themselves within hybrid regimes is possible.

Where single-dominant parties are resilient in their control over hybrid regimes, opposition parties suffer the consequences of an asymmetric access to resources for building a base. In federated systems, it is possible for political parties that control subnational units, to demonstrate good governance practices. Indeed, such opportunities have been taken by opposition parties to do precisely that in South Africa and Mexico. However, they can more easily do so, with higher chances of succeeding, in more decentralised federations as more policy autonomy is provided. A third supplementary literature has also been reviewed on political party institutionalisation, which provides an important connection and explanation for how opposition parties that take over control of state governments can establish subnational strongholds, while operating within authoritarian regimes.

How then does one explain for the opposition Pakatan coalition, that not only operated within the highly constrained environment of a DPAR to take over the competitive and highly industrialised states of Selangor and Penang in 2008, but also entrenched themselves politically within those states over the following decade despite Malaysia's highly centralised federation? Further, can the institutionalisation of the Pakatan coalition be considered a proxy of democratic consolidation? The literature is mixed on the potential for federalism to contribute to democracy, agreeing only that institutions and political systems must be taken into consideration when coming to a conclusion on this matter.

Finally, as opposition parties drew on their access to state-level resources, this led to their increased party institutionalisation, which in turn drove party machinery to greater heights in election campaign preparations. To conclude, then, the data from Malaysia offers a distinctive contribution to the existing literature. Chapter 3 builds on these and presents a theoretical framework for this thesis.

## **Chapter 3: Theoretical Framework and Methodology**

*“The activation of federalist structures in a context where they had previously been latent rapidly creates “political opportunity structures” and “resource mobilisation” possibilities. Such a new context can facilitate the emergence of new social movements and even new institutional and partisan veto players that can remake the state itself. There is no remotely similar phenomenon in unitary states.”*  
(Alfred C. Stepan, 2004, p.347)

### **3.1 Introduction**

This chapter comprises two main sections, the first which builds a theoretical framework, including the thesis’ research questions and hypotheses. This draws from the literature review developed in Chapter 2, which identified gaps in the literature and pointed towards how data from Malaysia sheds light on existing theories on competitive authoritarian regimes, federalism and party institutionalisation.

The second section elaborates on the methodology employed in this thesis, justifying the choice and use of the single country case, selection of the two states of Selangor and Penang, the mixed methods research employed, and finally that of data analysis.

### **3.2 Theory Building**

#### **The Puzzle and Filling in the Gap**

As shown in Chapter 2, the literature supports the theory that dominant parties have resource advantages, realised through a politically controlled public sector (Geddes, 1999; Slater, 2003; Greene, 2007; Magaloni, 2008; Levitsky and Way, 2012; Schedler, 2013). Specifically, Greene (2007, 2010) theorises that opposition parties can benefit from dominant parties’ reduced access and control over resources. As state control over the economy in Mexico decreased in a context of economic recession, the PRI’s national patronage system ran dry. As resource asymmetries declined, opposition parties improved substantially at the polls.

This was not the case in Malaysia, where the resource asymmetries were still very much present in 2008 when Selangor and Penang were taken over by Pakatan and throughout the following decade, since BN-UMNO still controlled the federal government whose resources

were much greater. As established in Chapter 1, BN lost Selangor and Penang despite access to state fiscal resources; in these two highly urbanised states with a highly educated electorate, the BN lost out on the ‘good governance’ narrative that Pakatan so deftly manoeuvred once it took over the states.

Even in 2018, UMNO was still flush with 1MDB funds with which it continued to practise patronage politics. So how was Pakatan able to establish subnational strongholds in the forms of Selangor and Penang from 2008 to 2018, given that there were multiple factors working against it? As the literature describes, opposition parties within DPARs are systematically denied resources at the national level. And although federalism is a system that ought to provide some constitutional safeguards, this may only be true in decentralised systems. Within highly centralised systems, opposition parties in control of states have been unable to counter federal incursions.

A second assertion in the dominant party literature is that opposition parties that use campaign strategies which emphasise a potential regime cleavage gain ground electorally. For instance, PRI’s collapse in Mexico was explained by the opposition successfully challenging its democratic credentials (Greene, 2002; Magaloni, 2006). Similarly, the DA gained ground by criticising ANC’s record on corruption and good governance (Langfield, 2010). While this partially explains how opposition parties at the subnational level can gain electoral advantages through regime cleavage-based campaign strategies, how does one approach the puzzle of Pakatan’s electoral success in Selangor and Penang, despite highly centralised mechanisms used by the DPAR of UMNO?

A third assertion from the federalism literature, mostly in Latin American studies, is that federalism and greater decentralisation (whether political, administrative or fiscal) are associated with weak national parties, and that national-level party strength is associated with highly centralised systems (Desposato, 2004, Desposato and Scheiner, 2008). This implies that in centralised countries, there is a low likelihood for opposition parties at the subnational level to flourish, given the way that resources – especially pork-oriented versus programmatic resources – are accumulated and distributed. Yet Pakatan in Selangor and Penang have demonstrated political party institutionalisation, despite the highly centralised nature of the Malaysian political system, which goes against the theory of federalism and party strength.

## Research Questions

Based on this puzzle, the central research questions of this thesis are as follows:

- 1) Under what conditions can opposition parties in control of states within dominant party authoritarian regimes attain political party institutionalisation and establish subnational strongholds?
- 2) What are the strategies and methods by which these opposition parties attain such political party institutionalisation to establish subnational strongholds?

The research questions' unit of analysis is the opposition party in control of states within dominant party authoritarian regimes, examined in this thesis as the Pakatan coalition. In both research questions, the dependent variable is the establishment of opposition subnational strongholds, measured by Pakatan's popular support in the two states based on successive election results from 2008, 2013 and 2018.

Political party institutionalisation is measured against the matrix outlined in Chapter 2 by Randall and Svåsand (2002). While there are multiple definitions of party institutionalisation, this thesis has chosen to employ Randall and Svåsand's (2002) as it is one of the few definitions that captures the idea of the parties' public-facing brand, and the response of the electorate to that brand or label. The matrix is the most systematic in adopting *both* internal (party *systemness* and *value infusion*) and external (impressions on the public on the parties' *decisional autonomy* and *reification*) dimensions that are crucial in understanding the performance of Pakatan in the two states it controlled. Poll results are also drawn upon, as conducted in both states between 2008 and 2018 by survey company Merdeka Center for Opinion Research, to corroborate voter support for the state governments.

In the first research question, the independent variables being sought after are the *conditions* under which the opposition parties are able to attain political party institutionalisation and establish subnational strongholds. In the second research question, the independent variables are the *strategies and methods* employed through which they attained such political party institutionalisation to establish subnational strongholds.

## Theoretical Framework

Chapter 2 presented three different bodies of literature, of DPARs' resilience, the relationship between federalism and democracy, and the process of party institutionalisation. The challenge lies in bringing together different bodies of literature that have very little

interaction with the other. Scholars within the field of dominant party regimes rarely take into consideration the structure of government, and the federalism literature rarely takes into account the ways in which DPARs perpetuate their rule. The third body of literature on party institutionalisation is brought in to bridge the two. Here, it is argued that *federalism* provides for constitutional and institutional safeguards that permit opposition parties to control state governments, in turn accessing state-level resources distributing these toward electorate support, hence employing *resource mobilisation* methods towards *party institutionalisation* in the forms of party and coalition cohesion and consequent mass constituent support. The improved electoral success is a measurement of the political party institutionalisation experienced by the opposition, leading them to establish subnational strongholds, which contributes to how dominant parties' resource advantages decline in *DPARs*.

In examining the conditions being investigated in the first research question, it is necessary to explore examples of opposition parties that persisted at subnational levels within DPARs. Some further questions to be asked are: what such cases exist? Are there differences between federated and unitary systems? Does it matter if it is a decentralised system or not? Finally, do other variables matter, such as the region's or state's rates of urbanisation and industrialisation, demographics, and level of education?

Table 3.1 below maps out a selection of dominant party regimes, classified by democratic and authoritarian regime types, and distinguishes federations from unitary systems of government.

Regime type <sup>a</sup>	Federations <sup>b</sup>	Unitary systems <sup>e</sup>
<b>Dominant party regimes: Democratic</b>	Austria (1945 - ) India (until 1977) Argentina (1993 - ) South Africa (1994 - ) Brazil (1994 - )	Japan (1955-1993, 1994-2009, 2012 - ) The Gambia (1963 – 1994) Botswana (1965 - ) Antigua and Barbuda (1979 - ) Namibia (1990 - ) Dominica (2000 - )
<b>Dominant party regimes: Authoritarian or Hybrid</b>	USSR (1922 – 1991) <sup>c</sup> Yugoslavia (1945-1992) <sup>d</sup> Ethiopia (1991 - ) Venezuela (1999 - ) Mexico (until 2000) Russia (2001 - ) South Sudan (2011 - ) Malaysia (until 2018) United Arab Emirates	Cameroon (1960 - ) Singapore (1965 - ) Indonesia (1966 – 1998) Angola (1975 - ) Cambodia (1993 - ) Taiwan (until 2000) Senegal (until 2000) Burundi (2005 - )

**Table 3.1: Dominant Party Regimes Classified by Systems of Government**

*Notes to table:*

*Years listed for each country are in relation to the period the dominant party was its government.*

<sup>a</sup>*Regimes are classified as “Authoritarian” if Freedom House categorised them as “Partly Free” or “Not Free” for the majority of the period of dominant party rule (Source: Freedom House, 2020). They are classified as dominant if the ruling party ruled for 20 years or at least four consecutive election cycles, following Greene’s (2007) criteria.*

<sup>b</sup>*Countries are listed as federations if they are included within the Forum of Federations’ list of ‘Federal Countries’ (Forum of Federations, [www.forumfed.org/countries](http://www.forumfed.org/countries), Accessed 2 April 2020)*

<sup>c</sup>*The USSR is cited as a federation in Watts (1999, p.8).*

<sup>d</sup>*Yugoslavia is cited as a federation in Flere (2019, p.1116).*

<sup>e</sup>*Unitary systems are countries that are not listed as federations as cited above.*

This table demonstrates that dominant party regimes exist in both federations and unitary systems, and that further, dominant party *democratic* regimes and dominant party *authoritarian* regimes exist in both such systems. However, what we are interested in is opposition party institutionalisation within these regime types. Specifically, within dominant party regimes, what is the nature of opposition party institutionalisation? How do they use resource mobilisation to achieve party institutionalisation and then to establish subnational strongholds? Gibson (2010) studied the nature of subnational authoritarianism in federal democracies, but does not distinguish these necessarily as opposition parties; in addition, he examined democracies and not authoritarian regimes.

While there has been some recent scholarship on opposition subnational growth in dominant party systems (Langfield, 2010 for South Africa; Turovsky, 2014 for Russia; Lucardi, 2016 for Mexico under PRI), studies on subnational democracy (see Hill, 1994 for the

United States of America; Valdez (2000) for Mexico and McMann and Petrov (2000) for Russia; Gervasconi (2010) for Argentina; Giraudy (2010) for Argentina and Mexico), the *party institutionalisation* of opposition parties in subnational units is not considered.

Further, while some useful patterns are identified that contribute to opposition growth in these dominant party systems, no clear theory has yet emerged that sufficiently explains opposition party institutionalisation or opposition subnational strongholds in these countries. Most recently, Freeman (2018) attempted a theory explaining the emergence of subnational democracy in competitive authoritarian regimes, but as Chapter 2 elaborates, he dismisses any role played by federalism and decentralisation, which were factors that contributed to subnational democratisation. While Dettman (2018) does recognise that there were organisational benefits of subnational office, they do not feature in his theory. Further, this does not take into account the distributive aspects of resources towards electorate appeal.

In short, there is a paucity of theories in the literature on subnational opposition performance in dominant party systems, especially those that are competitive authoritarian in nature. This thesis attempts to address this gap to emerge with a theory on the establishment of *opposition subnational strongholds in DPARs*. Inverting Greene's (2007, 2010) theory on the declining dominance of dominant parties, the thesis reinterprets it as a useful and systematic base to understand the rise of opposition parties within DPARs. Greene's primary contribution to the literature on DPARs is his argument that the declining control of dominant parties over public resources is directly correlated with the regime's corresponding decline. This bolsters Slater's (2003) work on UMNO's methods of 'packing, rigging and circumventing', through which it maintained power to the opposition's disadvantage. By winning over control of Selangor and Penang, the opposition now had access to mobilise resources control over its own institutions and government agencies, away from the reach of UMNO at the centre.

The next table shows a list of opposition parties that demonstrated political party institutionalisation leading to opposition subnational strongholds within dominant party systems, where I define opposition subnational strongholds as the ability of a national opposition to maintain political control over its subnational unit for at least two election cycles. While the literature has varying definitions for regime durability, this thesis defines dominant parties within DPARs as those that have won for 20 continuous years or at least four election cycles (adopting Greene's definition). When determining a measurement for what constitutes an opposition subnational stronghold, this threshold should be reduced for opposition parties operating within DPARs, given the restrictive conditions they typically operate under. As outlined in Chapter 2, opposition parties within DPARs have limited access to resources,

especially so within regimes that are highly politically, administratively and fiscally centralised. Given that there has been minimal scholarship on the subject of opposition subnational strongholds in DPARs, this thesis emerges with original criteria for opposition parties having achieved subnational strongholds, defined here as having won at least two election cycles at the subnational level.

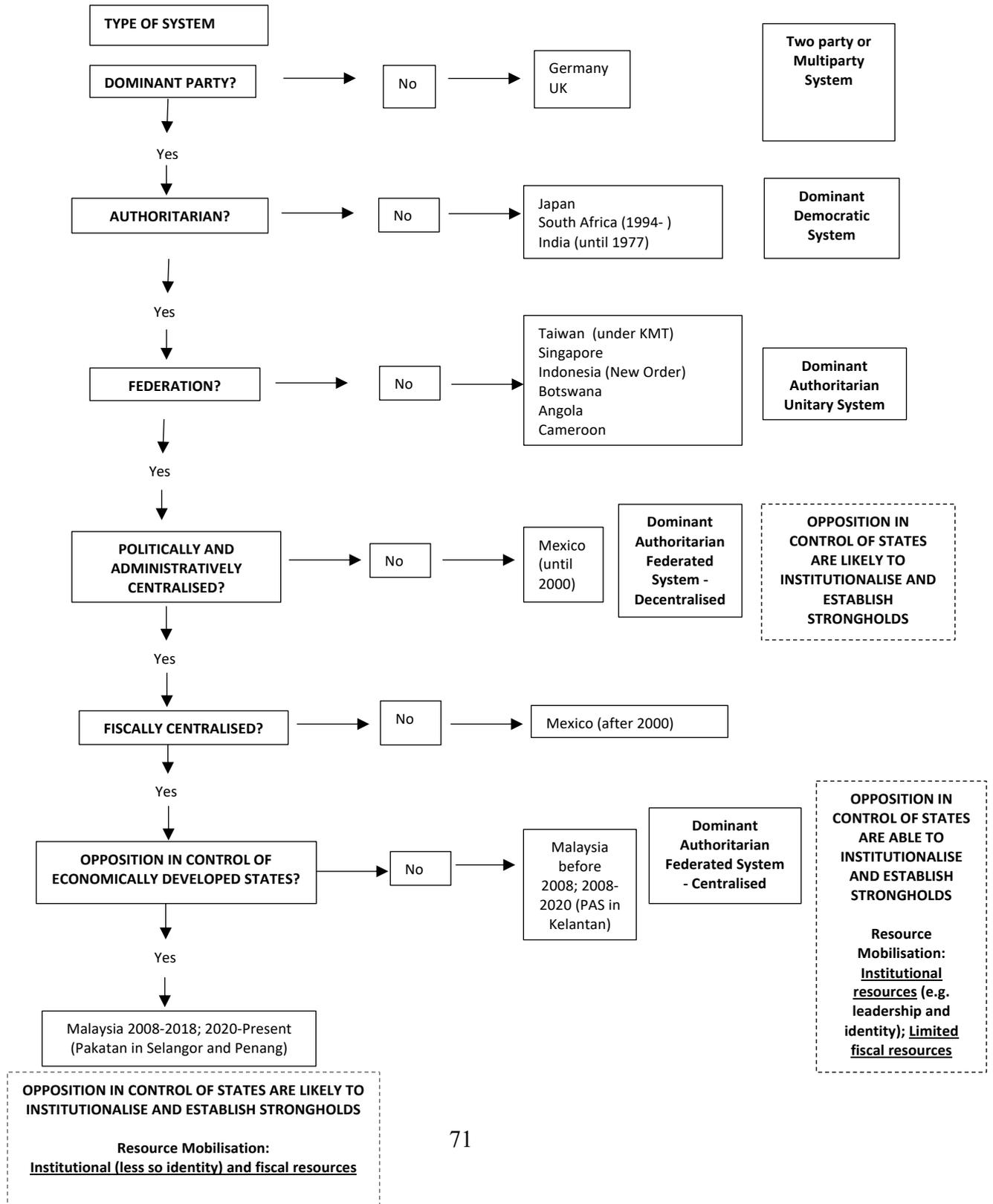
Country	System	Dominant party	Opposition party	Subnational unit governed by opposition	Years
Mexico	Federation	PRI (up to 2000)	PAN	Baja California (state) Guanajuato (state)	1989-2001 1991-2001
Malaysia	Federation	BN	PAS  PR (later PH)	Kelantan (state)  Selangor and Penang (states)	1959-1977; 1990-2020 2008-2018; 2020-present

**Table 3.2: Opposition Subnational Strongholds in Dominant Party Authoritarian Regimes**

Table 3.2 indicates that within the universe of dominant party authoritarian regimes, we can only identify two cases of opposition parties within *federated* systems that have established subnational strongholds.

Taiwan, a unitary system, did see opposition DPP winning the governor position of Taiwan province from 1994 to 1998, up against dominant party KMT. However, this is not included in the table as the provincial government was later streamlined and there was no repeat of the provincial election; further, KMT was defeated shortly thereafter in 2000. Thailand’s opposition Democrat Party, also operating within a unitary system, did win the Bangkok governorship for three election cycles beginning from 2004. It did so under the authoritarian “Thaksin regime”, during which his three consecutive parties won four consecutive elections between 2001 to 2011, namely Thai Rak Thai (2001 and 2005), People’s Power (2007) and Pheu Thai (2011), collectively called “TSP” (Sawasdee, 2018). However, the Democrat-led coalition ascended to power briefly from 2008 to 2011 thereby breaking TSP’s control over Thailand, thereby also ending its party dominance (Sawasdee, 2018). There are other examples of opposition parties that have established subnational strongholds within other *democratic* systems, such as regional parties in post-Suharto Indonesia, but these are not included as we are most interested in opposition development within *authoritarian or hybrid* systems.

To better understand the workings of the multiple factors at play, Figure 3.1 illustrates a framework for hypothesising the performance of opposition parties that control subnational units within DPARs. Starting from the top, dominant party systems are distinguished from multiparty systems; at the next level between authoritarian and democratic systems; at the next level between federated and unitary systems; at the next level between highly centralised (first politically and administratively, and then fiscally) and highly decentralised systems; and finally the nature of the states that opposition parties control.



### **Figure 3.1: How Opposition Strongholds are Established: hypothesising different outcomes of opposition parties within different political systems**

Figure 3.1 indicates that opposition parties within decentralised federations are more likely to establish subnational strongholds based on performance legitimacy, especially when they take over states that are economically developed. As Chapter 2 describes, this thesis adopts Malesky and Hutchinson's (2016) classification of decentralisation: fiscal, administrative and political forms of decentralisation. Until 2000, Mexico was fiscally centralised but had experienced forms of both administrative and political decentralisation. The case of Mexico suggests that opposition parties in DPARs can be politically durable when they control states in federations, *even in* highly fiscally centralised systems, as there is some degree of administrative and political decentralisation.

More pertinently, because Malaysia is centralised on all three counts, this seems to further suggest that opposition parties in DPARs can be politically resilient when they control states in federations, *even in* highly administratively, politically, *and* fiscally centralised systems, as there is, although limited, *some* degree of administrative autonomy that is constitutionally guaranteed. This is a valuable contribution to the literature on federalism given that the existing scholarship points to the predicted failure of subnational-level parties in highly centralised systems. Further, the literature of dominant party systems also predicts the failure of opposition parties to exhibit political party institutionalisation. The case studies documented in this thesis provide valuable data that are therefore counter-intuitive.

If federal guarantees can contribute to opposition parties achieving subnational strongholds, how does controlling economically developed states help? Existing literature does offer several accounts for why opposition parties perform better in wealthier areas, where voters who are more prosperous can better risk the potential financial punishment resulting from the withdrawal of political funds (Magaloni, 2006), whereas poorer areas might be more dependent on such handouts. During the PRI years, the wealthiest regions supported the National Action Party (PAN), which "tended to win the exact opposite type of locality than did the PRI" (Magaloni, 2006, p.89), where PRI's strongest support was in poorer states.

Another potential factor is that urban centres may influence the levels of education, in turn contributing to opposition support. With increased access to critical media, they may be better able to critically evaluate regime propaganda (Croke et al., 2016). In Zimbabwe, education correlated positively with support for the opposition Movement for Democratic Change (MDC) and was negatively correlated with Mugabe's ruling ZANU-PF party (Croke

et al., 2016). In Egypt, the Muslim Brotherhood had greater support within educated areas (Blaydes, 2011). Finally, educated locales are more likely to vote for change (Klesner, 2005).

However, two cases clearly contradict the expectation that opposition parties will not persist at subnational levels with poor economies. First, the opposition Communist Party of the Russian Federation (KPRF) has performed better in poorer, more rural areas since the 1990s compared to the dominant incumbent United Russia, possibly owed to its own platform proclaiming the need to “establish the rule of the working people” (White, 2019). It also has a robust organisational infrastructure, is well-financed and commands a large membership (Wegren and Konitzer, 2006). The fact that KPRF excelled among the poor and “most marginal and excluded strata of the population – those on lower incomes, ordinary workers, rural voters and the less educated” (March, 2002) indicate that there are strong identity dynamics at work. While not able to present a real alternative to United Russia for various reasons that this thesis cannot address at length, this example demonstrates that the alignment of values and identity between party and voters can be strong enough for niche parties such as these to obtain support.

Second is the case of PAS in rural Kelantan, which it has controlled for two long periods, first from 1959 to 1977, and then from 1990 to present. In Figure 3.1, this represents Malaysia before 2008, in which the opposition was in control of Kelantan; it was able to mobilise institutional resources – religious and leadership positions – to its political advantage (see Chapter 4 for a more detailed analysis).

The other factor to consider is that Kelantan is an ethnically homogeneous population, with 96.2% identifying as Malay-Muslim. Given the state’s religious and cultural enclave in Malaysia, PAS being an Islamic party easily positioned itself as a party possessing the desirable qualities expected of constituent voters. Despite financial withdrawal from the centre, PAS continued to entrench itself within Kelantan. Mobilisation of developmental resources is one potential route of party institutionalisation, but there are other routes too especially in geographical locales that represent ethnic or religious cleavages, which niche parties may naturally target given the congruence of cultural norms between politicians and voters, within communities in Kelantan and Terengganu. As stated in Chapter 2, political parties can institutionalise themselves without resources when they are aligned along ideology (as communist or socialist parties around the world epitomise) or religion (as PAS demonstrates).

Does ethnicity matter, then? Ethnic cleavages exist in Malaysia, which the BN during its years in power certainly made use of to its electoral advantage, distributing policies along racial lines to secure its position as the incumbent dominant regime. States which had more mixed ethnic makeup may have been more likely to support an opposition on the grounds of

performance legitimacy. This is particularly germane to the state of Selangor, which certainly had more nationally proportional representation of the different ethnic groups than Kelantan, with 52% Bumiputera, 27% Chinese, 12% Indians. In 2008, the Pakatan coalition had secured the support of non-Malay voters on the back of campaigns grounded upon anti-corruption and social justice, issues that resonated with the non-Malay electorate.

The DAP had a strong historical record of winning over Chinese support even prior to the 2008 election, and coming into an electoral pact with the Islamic party PAS and multi-racial PKR secured Pakatan's eventual win. This was even more so the case in Penang, with 42% Bumiputera, 39% Chinese, and 9% Indians. This parallels the Democratic Alliance's subnational stronghold in the Western Cape of South Africa, which has a predominantly coloured population (50% Coloured, 30% Black, 18% White and 1.3% Indian/Asian). DAP's Chinese support and the DA's coloured support seem to have contributed to their respective parties' electoral popularity in the subnational units they controlled.

In fact, as Pakatan grew in popularity, the BN government became even more Malay-centric and authoritarian with a massive redistribution policy in the lead-up to the 2013 election (Washida, 2019). In turn, Pakatan in Selangor and Penang from 2013 to 2018 was forced to respond to BN's Malay-centric and redistributive approach by choosing to heighten its own slate of welfare-based programmes, increasing the amounts of aid and explicitly targeting the bottom 40 percent, Malay communities. These further reinforce the argument that controlling highly industrialised states helped to solidify Pakatan's institutionalisation; there were simply more available resources at its disposal to counter BN's policies.

Opposition parties can establish subnational strongholds by mobilising resources, which they obtain through federalist guarantees. In the case of PAS in Kelantan, the party mobilised institutional, leadership and most importantly, identity-based resources in the form of ethno-religious identities and loyalties, but few developmental resources and revenues. In the case of Pakatan in Selangor and Penang, the coalition mobilised in a much more aggressive way fiscal, institutional and leadership resources, and to a smaller degree also mobilised identity-based resources. Pakatan's institutionalisation is therefore also accounted for through the mobilising of identities among Chinese voters (DAP represented the majority of state government seats in Penang), and similarly Pakatan resonated strongly with the urban middle-class electorate especially within the geographical centre of Selangor<sup>19</sup>. These more emotive

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<sup>19</sup> It is apt to note here that in the 12<sup>th</sup> general election of 2008, Pakatan parties DAP and PKR effectively wiped out MCA and Gerakan (Barisan Nasional Chinese-based component parties) in the state seats they occupied, most of which were situated within the predominantly urban and ethnically mixed seats in the central region of

resources based on ethnicity and religion were less strong in Selangor than in Penang given the demographic profile of the two states' constituents, and though evidently far less intense than in Kelantan, were still usable.

There may be some contention over why UMNO, given its authoritarian makeup, did not in fact do more to impede the Pakatan coalition from establishing its strongholds especially given that it had the resources to do so. First, as a DPAR, UMNO did attempt to destabilise the state governments by initiating federal corruption investigations against state leaders and withholding development project funds, but only to a certain extent. Indeed, hybrid regimes are neither democratic nor authoritarian, and there are "genuine institutional compromises situated in the messy middle ground" (Schedler 2002, p.80). Although Schedler maintains that such regimes are still more authoritarian than democratic, in Malaysia the ruling regime can still lose general and state elections as there is some adherence to the rule of law. Indeed, it is these occasional DPAR losses that perpetuate their dominance and durability, since upholding a semblance of democracy legitimates their rule. Second, the federalist system of Malaysia provides for the very set of rules that UMNO would have had to seemingly sustain. Circumventing federalist rules enshrined in the constitution would have been an affront to the ruling monarchs of each state. Finally, any serious punitive measure made against the developmental powerhouses of Selangor and Penang would have been detrimental to the national economy, given the economic and investment contributions they made, in turn hurting UMNO's own performance at the federal government.

## **Hypotheses**

The following are the hypotheses based on the study's research questions:

H<sub>1</sub>: *Operating within a federated system of government* contributed to the Pakatan coalition and its parties' institutionalisation, establishing strongholds in Selangor and Penang between 2008 and 2018.

H<sub>2</sub>: *Controlling highly developed states* contributed to the Pakatan coalition establishing strongholds in Selangor and Penang between 2008 and 2018.

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Selangor. In the previous state election in 2004, MCA controlled 13 state seats and Gerakan three. In 2008, MCA only retained 2 state seats and Gerakan none. The 14 state seats that switched parties were all taken over by either DAP (11) or PKR (3).

H<sub>3</sub>: The Pakatan coalition in Malaysia established subnational strongholds in Selangor and Penang between 2008 and 2018 by *mobilising resources, specifically accumulating and distributing institutional and fiscal resources*.

A methodological note regarding these statements is necessary. The hypotheses as written in this thesis are not tested or falsified in a conventional sense. Instead, they are to be read as statements that will be substantiated in the empirical chapters ahead (Chapters 5 to 7). Testing the hypotheses would require an examination of multiple cases that are of significant variation from the Malaysian case, where for example, H<sub>1</sub> would require an examination of *both* federated and unitary systems. H<sub>2</sub> would also require an equally detailed examination of all previous examples of opposition parties having controlled states in Malaysia, as thoroughly as this thesis has done for Selangor and Penang (see Chapter 4 for a substantive discussion on this). As these are beyond the scope of the present project, the statements are to be read as assertions that will be verified and supported throughout the rest of this thesis.

H<sub>1</sub>: *Operating within a federated system of government* contributed to the Pakatan coalition establishing strongholds in Selangor and Penang between 2008 and 2018.

It is hypothesised that federalism offers institutional and constitutional guarantees to opposition parties that take control of states, which contributes positively to their ability to establish subnational strongholds. Operating within a federated system of government allows these parties to access state-level resources that are accumulated and distributed to advance political objectives and administrative authority over policy domains that can be used to demonstrate governing abilities (Díaz-Cayeros, 2004; Shirk, 2005; Langfield, 2010). Far from the “minimalist federalism” (Case, 2007) Malaysia is known for, under the right conditions, the case of Malaysia can demonstrate that it is through the institution of federalism that opposition parties can achieve subnational strongholds.

H<sub>2</sub>: *Controlling highly developed states* contributed to the Pakatan coalition establishing strongholds in Selangor and Penang between 2008 and 2018.

It is hypothesised that controlling highly urbanised and industrialised states contributes positively to opposition’s ability to establish subnational strongholds within those states, as they offer valuable resources for strategic use. Being economically developed meant that in spite of fiscal centralisation, the states were less dependent on the federal government for funding projects and programmes. Opposition subnational parties that are highly fiscally

dependent on the centre are likely to fail (Scheiner, 2006), and on the converse, those that are less fiscally dependent are likely to succeed.

H<sub>3</sub>: Subnational strongholds were established by *mobilising institutional and fiscal resources*.

It is hypothesised that the Pakatan coalition mobilised resources, specifically accumulated and distributed institutional and fiscal resources. These led to political party (and coalition) cohesion and constituent support in the states it controlled. DPARs have been proven resilient through their use of fiscal distributive methods (Munro-Kua, 2006; Greene, 2007; Washida, 2019), and which recent research confirms was similarly adopted by the Pakatan in control of state governments to obtain constituent support of their popular programmes (Welsh, 2018; Weiss, 2020a; Saravanamuttu and Maznah, 2020).

DPARs have been shown to persist as a result of making use of available institutional resources, by placating elites through appointments, which contributes to party cohesion (Slater 2003; Greene, 2010; Gomez and Jomo, 1999; Gomez, 2012), which were adopted by Pakatan parties in the states it controlled<sup>20</sup> (Gomez et al., 2018b). I extend the theory of distributive resources to include the strategic utilisation of institutional resources, such as the use of media, which the hybrid regime literature clearly agrees is a resource advantage of the incumbents (Schedler, 2002; Levitsky and Way, 2010), and which opposition access to at the state level clearly provides them an edge. Here it is also useful to adopt the resource mobilisation theory that originated from social movement theory (see Jenkins, 1983; and more recently, Tilly and Tarrow, 2006) as a model to understand the methods by which the opposition strategically mobilised the slate of resources to achieve its goals of political party institutionalisation and ultimately retaining power within those states.

Resource mobilisation led to combined party and coalition cohesion and mass constituent support, which contributed to the deepening of institutionalisation of each of the Pakatan component parties. This thesis uses Randall and Svåsand's (2002) matrix to measure party institutionalisation, hypothesising that there was deeper party institutionalisation of Pakatan as a coalition and its individual parties. This was especially so in the external dimensions of *decisional autonomy* (structural) and *reification* (attitudinal), but also contributed to the internal dimensions of *systemness* (structural) and *value infusion*

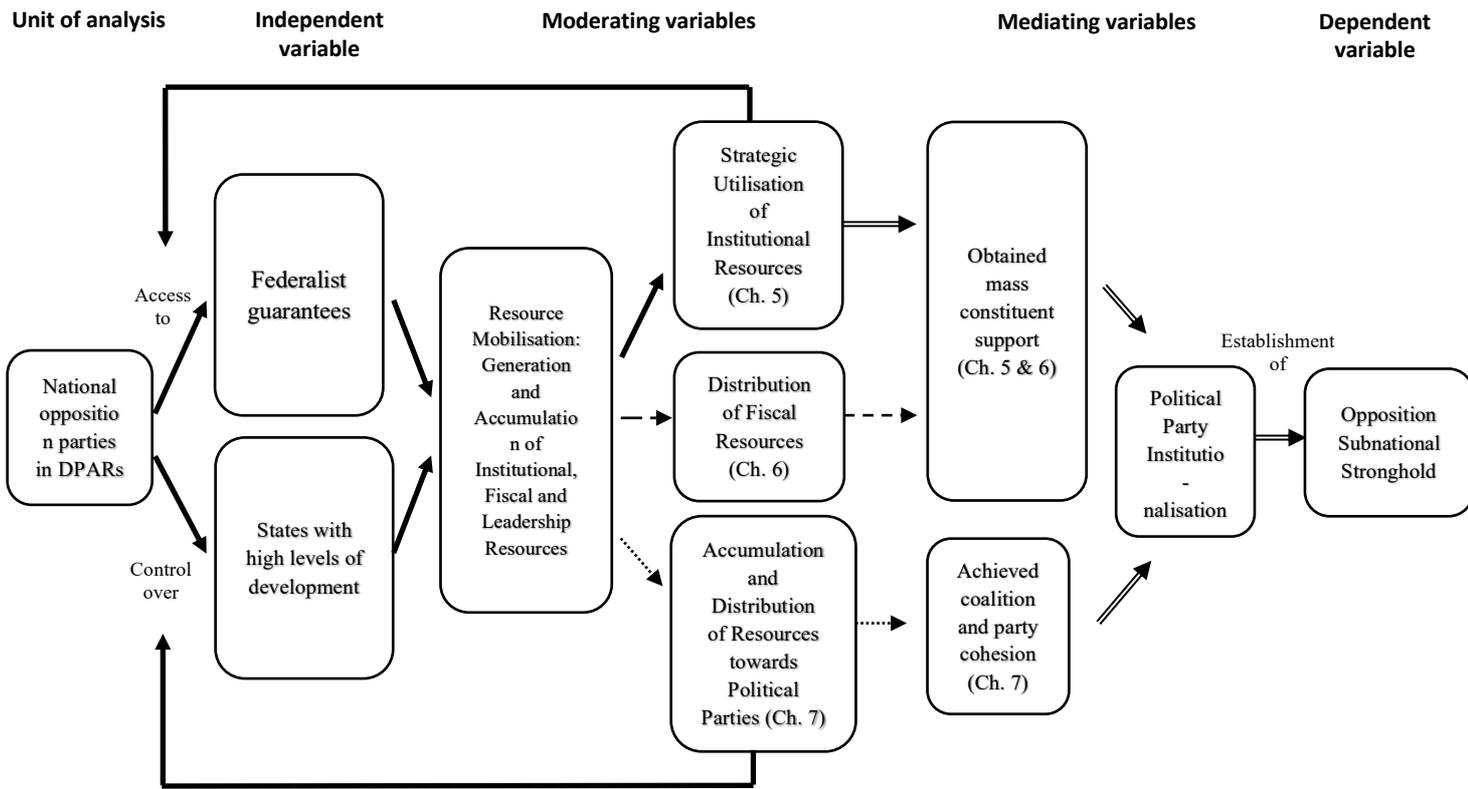
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<sup>20</sup> Pakatan adopted BN's practice of distributing political appointments and enlisting GLCs to consolidate power. However, it did not entirely replicate BN's model; where BN engaged in corrupt and patronage practices with regards to contract distribution and public service provision, Pakatan distributed programmatic goods and services to all constituents alike and appointed contractors fairly.

(attitudinal). Even despite instances of intra-coalition friction in the fight for positions (Chapter 7), the fact that there were resources at all held the coalition together; the benefits of staying together outweighed any costs of dissociation and the consequent departure from the state governments of the day, alongside their spoils. As in most single-country case studies, the leadership factor is also paid close attention to (Chapter 8 analyses this further).

What does the framework say about the democratisation process? Chapter 2 demonstrated that federalism can contribute to democratisation but that this is highly dependent upon the country's constitutional features (centralised vs decentralised fiscal, political and policy systems) and its broader political system (regime type, party system, electoral laws etc.). Yes, the opposition plays a crucial role in providing a system of checks and balances (Barker, 1971), thereby eroding authoritarianism (Stepan, 1990), and challenging and weakening incumbents in competitive authoritarian regimes (Levitsky and Way, 2002). These create the necessary *conditions* for democratisation, as the incumbents steadily lose their authoritarian grip over voters, there is greater symmetry in access to resources especially that of media platforms, leading to a more level-playing electorally competitive field between political parties, the latter of which is a minimum requirement of any democratic system. But as specified in Chapter 2, the opposition also needs to *construct* a system of procedural democracy and not just *erode* the authoritarian incumbent regime (Stepan, 1990). Failure to do so would render it merely a shift from one authoritarian government to another.

In short, as opposition parties take control over states in federated DPARs, they erode the regime's incumbency appeals within those states by deepening their own political party institutionalisation, leading to greater potential of establishing subnational strongholds. This creates the necessary *conditions* for democratisation by way of diminishing the incumbent regime's resource advantages and creating greater electoral competition, but does not assure that democratisation itself comes to pass. Nevertheless, the case of Malaysia shows that opposition parties at the subnational level did demonstrate more democratic practices and outcomes relative to the BN-UMNO federal government. The combination of an enhanced electorally competitive environment and the opposition's selective democratic practices make a case for the deepening of democratisation.



- ➔ Subnational executive offices allow valuable resources to be accessed (Rakner and van de Walle, 2009; Dobson, 2012; Lucardi, 2016).
- ➔ Mobilisation and distribution of fiscal resources in the form of popular programmes leading to constituent support (Mejia and Posada, 2007; Welsh, 2018, Saravanamuttu and Maznah, 2020).
- .....➔ Accumulation of fiscal resources and leadership contributed to party systemness and party institutionalisation (Randall and Svåsand, 2002). Mobilisation and distribution of institutional resources in the form of increased contributions to parties, and patronage through elite appointments and dispensation (“packing”) of state government jobs leading to party cohesion (Slater 2003; Greene 2010; Levitsky and Way, 2012).
- ⇒ Opposition parties experience party institutionalisation as parties become more organised, systematised and have stronger internal values, have more decisional autonomy, and reified in public (Randall and Svåsand, 2002), as a result of changing voters’ beliefs about quality of opposition leaders, claiming performance legitimacy and building experience and reputation for good government (Myerson, 2006; Langfield, 2010, Lucardi, 2016), leading to establishment of opposition subnational strongholds.

**Figure 3.2: Framework of Research Hypotheses**

Figure 3.2 displays the interaction between the various variables as set out above. The unit of analysis is the Pakatan opposition coalition. The independent variable is its control over urbanised and industrialised states in federal systems. I hypothesise this led to the moderating variables of first, the ability of the opposition to mobilise resources, specifically to generate and accumulate institutional and fiscal resources, which in turn allowed them to distribute and

strategically utilise these resources. This achieved the twin mediating variables of having achieved coalition and party cohesion and obtaining mass constituent support, as well as led to its political party institutionalisation. Finally, these led to having established opposition subnational strongholds, which is the key dependent variable being measured. In short, Pakatan practised a method of “*mobilise to institutionalise*” that was a successful and effective strategy.

Pakatan endured because it achieved access to state resources, but it also obtained state resources precisely because it controlled the states, which may raise questions over endogeneity. First, the factors are in fact mutually reinforcing. The cycle begins with the opposition winning elections and gaining state power, enabling it access to resources it mobilises, which in turn reinforce its hold on state power as it uses existing resources to generate yet more. Second, this further strengthens the argument that incumbency matters. Just like how DPARs make use of their dominant positions to perpetuate their durability at the national level, opposition parties also have similar, if not exact, opportunities to optimise their access to resources to take advantage of incumbency and demonstrate party institutionalisation and establish subnational strongholds.

### **Significance of Research**

Are there significant differences between BN and Pakatan controlling state governments? Pakatan practised resource distribution for political ends, just as its predecessor did. However, one difference is that it implemented policy on programmatic, not particularistic grounds, a crucial point given that it won in 2008 on the back of a good governance campaign. Second, leadership and coalition management played an important role in further mitigating the potentially negative effects of political bias. In Selangor, the Pakatan component parties were largely treated as equal partners; in Penang where DAP dominated, questions over compromised positions began to emerge in its second term. Hence, the power of incumbency is evident: federalism permits the coming into power at state level, which promotes opposition party institutionalisation and therefore its propensity to establish subnational strongholds, even in politically difficult conditions. Once having secured these positions, they take advantage of their incumbency to further strengthen their hold on states<sup>21</sup>.

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<sup>21</sup> If the Pakatan coalition continues to control Selangor and Penang by forming state assembly majorities in the 15<sup>th</sup> general election, this would satisfy the condition of being a dominant party at the subnational level (winning in four consecutive elections as defined by Greene).

In addressing the puzzle – that of Pakatan’s political party institutionalisation in the states of Selangor and Penang despite the odds – the data in the thesis demonstrate that ten years in control of two of the richest states gave Pakatan resource advantages to make inroads of its own. These findings add to the literature on opposition parties within DPARs. Where Greene attributes the decreasing asymmetries to the incumbent’s loss of control over resources, the Malaysian case demonstrates that this can also occur through opposition parties having access to subnational-level resources, which strengthens the opposition and foments democratic change.

Further, where Mexico’s political decentralisation reforms and pre-existing administrative decentralisation features helped opposition parties demonstrate their governing abilities, the case of Pakatan in Selangor and Penang indicate that opposition parties can do so even within the context of systems that are highly administratively, fiscally and politically centralised. This is an entirely new take on Greene’s theory on the decline of dominant parties, interpretable as a theory on the rise of opposition parties, which failed to consider subnational political dynamics, specifically how opposition parties build up subnational strongholds and their role in contributing to the decline of dominant parties.

Federal systems provide the institutional opportunity for opposition parties to win power at the state level. Second, if those states are economically rich, opposition parties in power there may be able to build strongholds from the bottom despite operating within highly centralised dominant party authoritarian regimes. According to this hypothesis, therefore, opposition parties that have taken control over rich states within federated dominant party regimes would be more likely to establish opposition subnational strongholds, whether democratic or authoritarian.

By reinterpreting Greene’s (2010) theory on why dominant parties fail as a theory on the rise of opposition parties, and by extending it further through new perspectives of how controlling industrialised states within federations can deepen party institutionalisation, I emerge with a theory on opposition subnational strongholds in DPARs. Opposition parties in DPARs can be politically resilient when they control states in federations, *even in* highly administratively, politically, *and* fiscally centralised systems, as there is, although limited, *some* degree of administrative autonomy that is constitutionally guaranteed.

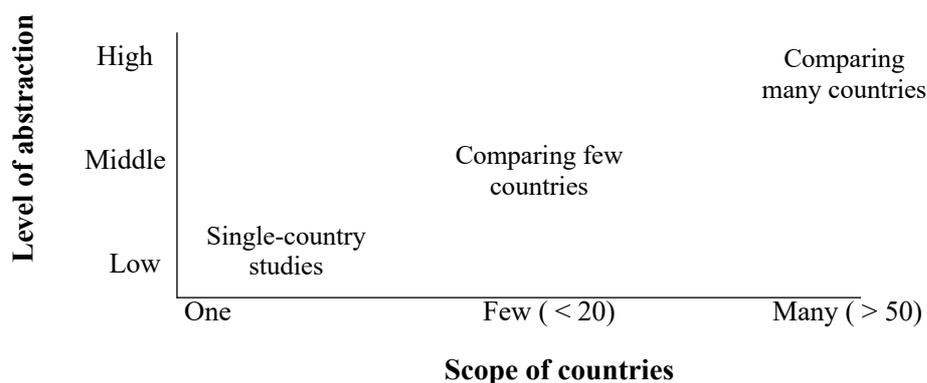
### 3.3 Research Methodology

#### Comparative Politics: Single-Country Study

Comparative politics, a sub-field of political science, centres on four main objectives: *contextual description*, through which political phenomena and events of a particular country are thoroughly described, *classification* that organises empirical data into neat categories, *hypothesis-testing* in which hypothesised empirical relationships among variables can be tested (Ljiphart, 1975), and *prediction* about the likely outcomes in other countries or in the future given the factors and conditions identified (Landman, 2008, pp.4-11). Indeed, “the unique potential of comparative analysis lies in the cumulative and incremental addition of system-level attributes to existing explanatory theory, thereby making such theory progressively more complete” (Mayer, 1989, p.46).

Most comparative politics in contemporary political science makes use of comparing *across* or *between* countries. In comparing between cases or countries, the object of political science is to “account for and understand events in terms of why they happened, how they happened, the likelihood of them happening again in the future, as well as in different parts of the world” (Landman, 2008, p.18). There are certain “event regularities” (Lawson, 1997) in the world that political science therefore attempts to describe, explain and understand.

For many political scientists, single-country studies are by their very nature not comparative but may have comparative merit. However, since concepts used in one country can be then applied and tested on other countries, Landman (2008) argues that if the research strives to make larger inferences about politics through some form of comparison and uses concepts applicable to more than one country under study, it ought still to be classified as comparative (see George and Bennett 2005). Indeed, Todd Landman (2008) dedicates one third of his book *Issues and Methods in Comparative Politics* to single-country studies. In addition, Pepinsky (2019) in his piece on ‘The Return of the Single-Country Study’ examines the trade-offs between comparative politics and deep country expertise, but concludes that comparativists ought to be encouraged to develop substantive country expertise, which typically demonstrate “in-depth knowledge of country systems, actors, policy processes, and social movements” (p. 201).



**Figure 3.3: Methods of Comparison**

Sources: Based on Sartori (1970) and Mair (1996), as cited in Landman (2008)

Based on Figure 2.3, single-country studies have a lower level of abstraction, and are therefore more intensive and less extensive when compared with large-country studies. Single-country studies have the ability of achieving better contextual description (Landman, 2008), which is one of the goals of comparative politics. Large-*n* studies, by examining the structural features of so many cases, often average out the sometimes pivotal, but unpredictable impact of leadership. By contrast, however, single-country analyses, in tracking leadership closely, often lapses into description without the analysis necessary for the consequent hypothesis-testing or prediction.

The goal of classification has been served well by single-country studies, including Linz's (1964) seminal work on the Franco regime in Spain, through which he identified a new form of authoritarianism quite unlike personalistic dictatorships and totalitarian states, as outlined in Chapter 2. Guillermo O'Donnell (1973) also established the concept of the bureaucratic-authoritarian state in examining Argentinian politics, which would also later be applied in countries within Southeast Asia. Single-country studies also serve other purposes, including that of hypotheses-generation, theory-informing, theory-testing and confirming, analysis of deviant and outlier cases, and the elaboration of causal mechanisms (George and Bennett, 2005; Gerring, 2006). As mentioned, O'Donnell's theory that the Argentinian authoritarian regime was linked to a phase in its dependent capitalist development was found to be insufficient when tested on other Latin American countries. Similarly, in this thesis Greene's theory of DPARs' electoral loss and declining popularity on account of declining access to national resources is also tested and compared with Malaysia's case. When deviant

cases are discovered, such theories are questioned and hence a call for greater concept refinement and measures is necessitated.

Single-country studies can also be used to “trace significant political processes and examine possible causal mechanisms that lie between two or more variables of interest” (Landman, 2008, p.90). Investigating the underlying processes and mechanisms within an intensive study of one country would not be possibly examined in cross-country studies. The single country therefore provides a rich source of material for presenting causal stories that link causal chains together in ways that are relevant and verifiable (George and Bennett, 2005, p.205; Tilly, 1997).

Hall (2003, p.396) similarly argues that single case studies “can yield a diverse array of other observations pertinent to the testing of a theory, including ones bearing on the causal processes specified by the theory”. Campbell (1975) also noted that because single cases allow more careful measurement and the tracing of causal processes, which statistical methods cannot normally accommodate, such studies can be superior to aggregate analysis for testing some theories. This study is not a single case study, but a single country study; drawing from these insights indicates that examining a single country allows the researcher to raise observations by peering below the national level, into the subnational political units, which is precisely what this study aims to do. Putnam (1993) compares measures of institutional performance and ‘civiness’ across different regions of Italy; and Varshney (2002) compares data on violent ethnic conflict between Hindus and Muslims across Indian states. However, one limitation of single-country studies is the lack of generalisability across other political units. The wider applicability of conclusions reached in this thesis can only be tested with the availability of secondary data or research.

Acknowledging the benefits and weaknesses of single-country studies, this thesis explores the single country of Malaysia. The selection of Malaysia is based on the fact that it is one of only a handful of federated DPARs in which opposition parties have performed well politically at the state level over a period of time, the other country being Mexico. South Africa is another good comparator, where the DA has achieved results at the state level against the incumbent ANC. However, the case of Malaysia is even more compelling, given that, like PAN in Mexico, the opposition coalition toppled UMNO, much in the same way PRI fell in Mexico in the year 2000.

## Case Selection

Within the single-country case of Malaysia, selection of subnational cases, or states, still requires careful consideration. I am aware that much comparative political research design has become increasingly guided by the belief that the best method of comparisons is the statistical method with a large number of cases, and regression time-series analysis has become a commonplace method<sup>22</sup>. Hence studies with a few cases (less than 20) have come under severe criticism, in preference for large-*N* research designs. However, Collier and Mahoney (1996) question the assertion that selection bias in case studies is assumed, by arguing that case study designs with no variance in the dependent variable do not inherently represent a selection bias problem. There are, they say, good reasons for researchers to narrow the range of cases studied, to capture heterogeneous causal relations even if it increases the risk of selection bias. In fact, they stress that case study researchers rarely overgeneralise from their cases, and are instead very careful in providing ‘contingent generalisations’ that subsequent researchers should not mistakenly overgeneralise. This view is echoed by George and Bennett (2005) and is therefore considered when selecting the number of cases within Malaysia.

Comparing cases is divided primarily into two types of system design: most similar systems design (MSSD) or most different systems design (MDSD), typically used for comparative approaches across countries (Przeworski and Teune 1970; Faure 1994). These are derived and developed from J.S. Mill (1843)’s two methods. Mill’s method of difference, or MSSD, seeks to identify the key features that are different among similar countries and which account for the observed political outcome, while his method of agreement, or MDSD seeks to identify those features that are the same among different cases in an effort to account for a particular outcome (Landman, 2008). MDSD allows the researcher to distil out common elements from a diverse set of countries that have greater explanatory power (Collier, 1993: p.112).

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<sup>22</sup> This was first promulgated by Arend Lijphart (1971, 1975), which has become mainstream within contemporary political science circles today.

	<b>MSSD</b> <b>Method of Difference<sup>†</sup></b>		<b>MDS</b> <b>Method of Agreement<sup>†</sup></b>	
	<b>Case 1</b>	<b>Case 2</b>	<b>Case 1</b>	<b>Case 2</b>
<b>Features</b>	<i>a</i> <i>b</i> <i>c</i>	<i>a</i> <i>b</i> <i>c</i>	<i>a</i> <i>b</i> <i>c</i>	<i>d</i> <i>e</i> <i>f</i>
<b>Key explanatory factor(s)</b>	<i>x</i>	<i>x</i> (or not <i>x</i> )	<i>x</i>	<i>x</i>
<b>Outcome to be explained</b>	<i>y</i>	<i>y</i> (or not <i>y</i> )	<i>y</i>	<i>y</i>

**Table 3.3: Most Similar Systems Design (MSSD) and Most Different Systems Design (MDS)**

Source: Adapted from Skocpol and Somers (1980: p.184)

<sup>†</sup>Based on J.S. Mill's (1843) method

The above table clarifies the difference between MSSD and MDS, in that for MSSD the cases share some basic characteristics (*a*, *b* and *c*) and some but not all share the same key explanatory factor (*x*) and hence those without this factor also lack the outcome to be explained (*y*). The presence or absence of this key explanator is what accounts for the outcome. In MDS, the cases have inherently different features, but share the same or similar key explanatory factor (*x*) as well as the outcome to be explained (*y*). Here, the outcome to be explained is due to the presence of the key explanatory variable in all selected cases (*x*).

Many scholars comparing across countries within the discipline of area studies have chosen MSSD due to the similarity of language, history, ethnicity and culture, for instance when comparing countries from sub-Saharan Africa or Latin America. Wickham-Crowley (1993) used the MSSD to examine the type of peasants that are most likely to support guerrillas in Latin America between 1956 and 1970. He identified different peasant groups in different countries that contributed to the outcome of guerrilla support (squatters in Cuba, share-croppers in Venezuela and Colombia, tenants in Guatemala, and serfs in Peru), while the presence of smallholders did not result in guerrilla support in Bolivia. MDS system design typically is used when the outcome does not vary across the selection of different countries. Scholars have used this to compare, for example, a particular outcome such as revolutions, military coups or democratic transitions. Luebbert (1991) used MDS to account for different regime types that emerged in 12 European countries, matching the presence of a particular class alliance to a particular regime type. Categorising them into three groups, liberalism is shown to be a product of a strong middle class versus a weak working class, social democracy a product of an alliance

between the working class and the middle peasantry, and fascism is seen as a product of an alliance between the middle class and the middle peasantry.

Where the literature typically refers to small-*n* studies as *countries*, I extend those arguments rehearsed above on the validity of comparing few countries to that of comparing few *states*. My research methodology of comparing two states in Malaysia is therefore grounded on the most different systems design, MDSD. Here, the outcome to be explained (*y*) is the political party institutionalisation and establishment of opposition subnational strongholds. Although both states were controlled by the same coalition, decision-making processes were dominated by different coalition party members in each of the two states<sup>23</sup>.

The two cases selected are Selangor and Penang, which are two states that differ in all relevant respects – both are different in their size, geographical location, ethnic breakdown, population size, economic development, and the fact that Selangor government's decisions are influenced by its ruling monarch whereas Penang is influenced by its numerous clan and religious associations. These are therefore two different cases with similar outcomes. Although both are urban and highly industrialised, the two states are significantly different in all other respects. In this thesis, the key explanatory factors (*x*) being sought after are essentially my dependent variables in my research hypotheses: the conditions under which a) opposition parties within DPARs attain political party institutionalisation and establish subnational strongholds, and b) federalism can provide opposition parties the leverage to undermine a dominant party in an authoritarian regime; and the strategies employed by the Pakatan coalition in the states of Selangor and Penang to achieve these ends.

The reason the two states of Selangor and Penang are chosen is that the opposition coalition in these states performed significantly well, and increasingly so, over the decade. So successful was their performance that the opposition in those states dwindled to insignificant numbers. These were the two states that Pakatan held on to throughout the decade, having won Kelantan, Perak and Kedah in 2008, and then losing the latter two to BN control in between. More importantly, these states are selected because they provide the control and variation required by the research problem, and belong to the class of phenomenon of interest: opposition subnational strongholds in dominant party authoritarian systems.

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<sup>23</sup> Selangor's Chief Minister is from PKR, while Penang's Chief Minister is from DAP. Both parties have been members of the Pakatan coalition since its formation in 2008 and its later reformulation.

## **Qualitative Data (with some Quantitative Data)**

Researchers employ a mixed methods design for a number of reasons, to expand an understanding from one method to another, and to converge and confirm findings from different sources. A mixed methods approach allows researchers to base knowledge claims on pragmatic grounds. So where quantitative methods involve the gathering of numeric information, qualitative methods involve text information gathered from interviews, participant observation and other means. The final database therefore represents a diverse collection and types of data that provides an understanding of a research problem (Creswell, 2013). The challenges of employing mixed methods is the need for extensive data collection, coupled with the time-intensive nature of analysing both text and numeric data.

Nevertheless, the research design employed in this thesis involved the collection of quantitative numeric data in the form of state government budget documents compiling their annual revenues and expenditures over a decade, as well as federal government budget documents (transfers to state governments), and electoral data results. It also made use of quantitative survey research data, from the Merdeka Centre for Opinion Research and Selangor's think tank Institut Darul Ehsan. Qualitative data was collected in the form of 63 open-ended in-depth interviews with political and bureaucratic officials from both states under study. Details on the types of quantitative and qualitative data are provided below.

### *(i) Quantitative data*

In this thesis, a majority of the quantitative numeric data was collected first as this was more easily obtained from secondary data sources. Qualitative data was collected next, which was useful as the in-depth interviews with individuals close to the issues being studied were able to corroborate initial findings from quantitative data collected. Other forms of qualitative data were also collected, including annual reports of state government-linked companies and local governments, and media reports pertaining to relevant issues. The integration of the data was done during the interpretation and analysis stages.

The main quantitative data relied on in this thesis is that of electoral data, used as a measure of the dependent variable of "opposition subnational strongholds" within the research questions and research hypotheses. It also refers to opinion survey data results obtained from the Merdeka Center for Opinion Research and the Institut Darul Ehsan, which therefore assumes the reliability of the methodologies used by these two organisations. The sampling procedure used by these two bodies adhere to the underlying logic of sampling theory (Babbie,

1990), and are therefore considered as methodologically sound. The polling data relied on in this thesis also assumes that these are both professional institutions that utilised robust survey instruments, sample sizes, margins of error, fieldwork teams (trained to be non-biased as researchers) and questionnaire formulation.

Other forms of numerical data collected that are analysed quantitatively as outlined above are budget data (revenues and expenditures) of the two state governments being studied, between 2008 and 2018. Budget data from the federal government was also collected for data corroboration and analysis.

(ii) *Qualitative research*

The main data obtained through qualitative research in this thesis is that of open-ended in-depth elite interviews. Although a list of interview questions was prepared for every interview, this was used more as a guide into investigating the issues of a particular topic that the question raised. Hence it adheres to the nature of qualitative research as “emergent rather than tightly prefigured” (Creswell, 2013, p.20), where questions may change and refined as the inquirer learns what to ask and to whom it should be asked. The theory of understanding begins with initial codes, develops into broad themes and coalesces into an interpretation that can be used to test, or formulate a theory. Hence follow-up probing questions into deeper aspects of the answers being provided were used to uncover new information from every respondent.

The researcher is the fundamental person making interpretations of the data, drawing conclusions about its meaning personally and theoretically, states the lessons learned, and offers further questions to be asked (Wolcott, 1994). While it is true that the researcher interprets this data through a specific socio-political, cultural and historical lens, such personal interpretation should not be dismissed but acknowledged and recognised in the researcher’s following analyses. All inquiry is laden with biases, interests and values (Mertens, 2003) and are embedded throughout any study, but any potential negative effects of these on a study’s conclusions can be mitigated through the use of rigorous self-questioning and ensuring interpretation is triangulated by other data forms. As a former research officer in the Selangor Chief Minister’s office serving under Khalid Ibrahim between 2009 and 2011, not only may some biases be pre-existent, but some interview subjects may be self-selecting in their responses. I understand these are my limitations, but my personal access and experience within the inner functioning of the Selangor state government and political machinery also allow me deeper insight that most researchers would not have had.

Another problem that may arise is that of the type and quality of information obtained. Interviews can be influenced by a variety of things; it may not be in the best interest of elites to tell the truth or provide an accurate picture; elites may prefer to brag about the role they previously played in a certain incident or event, or blame political rivals for past events; they may simply have memory loss over events that transpired more than a decade previously; and in the case of Malaysia there may be the added ethnic bias in which someone of an opposing race may not be honest during the conversation in not wanting to offend the interviewer.

Respondents are selected when they are people who are uniquely able to be informative because they are either experts in the area or are privileged witnesses to an event being studied (Weiss, 1994). In this thesis, both *events* and *organisations* are being studied, namely the events of the change in state government in 2008 within both Selangor and Penang, the administrative and policy strategies undertaken in the face of federal government pressures over the following decade, and the resultant party institutionalisation, party cohesion and mass support constituting the coalition's political party institutionalisation; as well as the institutions of the state governments, their corresponding state GLCs and other state institutions, and that of political parties. A sample of respondents was necessary to start with, where I had a list of individuals whom I knew possessed the right information and experience, and then embarked on a snowball sampling method, where interviewees referred other potential names of respondents.

These are considered to be convenience samples, which cannot be claimed to be representative of the cases in selection, Selangor and Penang from 2008 to 2018. Further, a snowball sample underrepresents every possible belief and experience of the states as a whole. Comparison cases therefore are useful in these circumstances, where alternative perspectives are drawn from the opposing side. In deciding on the number of interview subjects in a panel, the question is when a researcher should stop interviewing. Weiss (1994, p.17) wisely advises to stop when "you encounter diminishing returns, when the information you obtain is redundant or peripheral, and what you ... learn that is new adds too little to what you already know to justify the time and cost of the interviewing."

State	Level of government			Typology				Political Party					Total <sup>b</sup>
	Federal	State	Local	Political	Bureaucratic	Advisors	Media/CSO	PKR	DAP	PAS	UMNO	PGRM	
Selangor	2	24	5	17	11	2	3	12	6	2	2	0	31
Penang	1	29	3	17	9	0	5	5	12	0	0	3	30
Other state/Not state-specific	2	0	0	1	0	0	0	0	0	0	1	0	2
<b>Total</b>	<b>5</b>	<b>53</b>	<b>8</b>	<b>35</b>	<b>20</b>	<b>2</b>	<b>8</b>	<b>15<sup>a</sup></b>	<b>15<sup>a</sup></b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>63</b>

**Table 3.4: Number of Interview Respondents by State**

<sup>a</sup>The totals do not tally as some individuals represented both Selangor and Penang.

<sup>b</sup>The totals do not necessarily tally because some individuals played more than one role within different levels of government, or were both political and bureaucratic officials.

As the table above displays, 63 in-depth interviews were conducted in total across the states of Selangor and Penang, of which 31 were interviewed for their specific knowledge and experience of Selangor, 30 for Penang, and 2 others were not tied to either of the two states as they were from the central political parties that formed the coalition of Pakatan Rakyat (later Pakatan Harapan). Of the 63 elite interviewees, 53 worked within the state government institutions or had experience at the state level, 8 within the local government, and 5 were at the federal level. Thirty five were political officials, 20 were bureaucratic officials, 2 were external advisors and 8 were from the media or civil society. As for party representation, 15 were from PKR, 15 from DAP, 2 were from PAS, 3 from UMNO and another 3 from Gerakan.

All interviewees were given a participant information sheet and a consent form to sign (see Appendix A for attachments of both documents), within which the option was given whether or not to have their names recorded for use within the thesis (and any related publication). Due to the sensitive nature of the interviews, assurance was given that the contents would only be available to the researcher and would not be disclosed to anyone else. Some chose to have their names redacted completely with permission to use their answers anonymously, while others gave consent to have their names recorded.

To overcome the problems of the type and quality of information provided by elite interviewees, I took simultaneous notes to ensure accurate reporting. Out of the 63 interviews, two declined to have the session audio recorded, and the remaining 61 gave permission for audio recordings. The audio recordings are kept safely and securely within my files and are password protected, as are their corresponding interview notes and transcriptions. One interviewee simultaneously audio recorded the interview on the person's own device for personal reference. Interviews were semi-structured and open-ended. The average interview length was 70 minutes.

Apart from interviews, other sources of data include secondary data such as federal, state and local government archival data and administrative records, and documentary data

from political parties. Most of these were downloaded from the internet at various websites, obtained from the National Archives in Kuala Lumpur, and several libraries (Universiti Malaya library, Penang Institute library, DAP party library), while documentary data from political parties was provided to me by direct request from the individual political parties. All data will be kept for seven years following the completion of the thesis, where research standards recommend keeping data for 5 to 10 years.

## **Data Analysis**

Quantitative data obtained was analysed through spreadsheets and graph formation. Comparisons were made between the states of Selangor and Penang, as well as within the states over a period of time (2008 to 2018).

As pointed out above, there are several weaknesses of the interview method. One other problem related directly to the data analysis aspect is that of the accuracy of reporting, where authors selectively report interview data that reflects a particular bias (Bleich and Pekkanen, 2013) since quotes can be easily lifted from a transcript to make a certain point while conveniently leaving out the rest. However, this can be overcome through several ways. First, all 63 interviews were fully transcribed word for word. Although it is not possible to provide these transcripts to a third party on the basis of confidentiality, having transcriptions allowed me to interpret the interview data rigorously and accurately. All interview transcripts were printed out and analysed.

An interview methods table is contained in Appendix B, which includes the following documentation: sample frame, response rate and type, additional and snowball interviews, saturation report, format and length of interviews, and recording method (all were recorded using my handphone's internal audio recorder). Collectively, it is believed that the compiled information may overcome validity concerns over interviews in political science (Bleich and Pekkanen, 2013).

## **Chapter 4: History of Minimalist Federalism and Opposition Subnational Politics in Malaysia**

*“I do not see why I should pour money into an opposition state.”*

*(Dr. Mahathir Mohamed, then Prime Minister of Malaysia,  
election rally in Sabah, February 1994)*

### **4.1 Introduction**

This chapter provides a historical perspective of minimalist authoritarian federalism and opposition subnational strongholds in Malaysia. The first section examines the earliest events of how the different Malayan Sultanate states came together into a federation and provides the legal and constitutional framework underpinning federal-state relations. The second section provides historical evidence of the practice of ‘minimalist authoritarian federalism’ in the country, analysed through three categories of political, fiscal and administrative centralisation.

The final section examines the experience of opposition subnational politics in Malaysia up to 2018, with various cases of opposition success and failure. This provides the context for the Pakatan coalition’s existence within Selangor and Penang from 2008 to 2018.

### **4.2 Historical and Constitutional Framework of Federal-State Relations**

Pre-colonial Malaya was made up of individual, independent states whose primary allegiance was to the respective state ruler (Sultan), although not all states had a monarchy. The earliest signs of centralisation began with the formation of the Federated Malay States (FMS) under British leadership by the Treaty of Federation 1895, made up of Selangor, Perak, Negeri Sembilan and Pahang, which was intended to “remedy divergences of government policy in the different states on a variety of matters of common interest” (Gullick, 1998). Selangor, alongside three other states, experienced a significant loss of its previous independence in public affairs, and for this reason the Unfederated Malay States (UMS) of Johor, Kedah, Kelantan, Perlis and Terengganu refused to join the FMS to form a Malaya-wide

federation in the early 20<sup>th</sup> century<sup>24</sup>. Johor as an UMS still carries with it privileges, for instance having its own private army and a more autonomous state civil service. The FMS treaty did not spell out the divisions of functions between the federal and state governments. Instead, laws were drafted by a Federal Officer, Legal Adviser and passed by the respective State Councils (Ismail, 2004), and states had limited power in revenue raising and spending powers until the later decentralisation initiative (Yeo, 1982).

One of the primary arguments used by the FMS federal council and the business community, mainly Chinese traders and miners, was that a federal government would be more beneficial in managing Malaya's early economy. Indeed, the technocrats in the technical and professional services were convinced that decentralisation was not compatible with maximum efficiency (Yeo, 1982). The decentralisation debates that later ensued between 1925 and 1927, partly to appease the Malay rulers, were therefore primarily based on the dilemma of "whether to build a modern unified state or to bolster the existing small Malay states" (Comber, 2009). The latter prevailed and the Colonial Office approved a decentralisation policy to enhance indirect rule in the FMS (Yeo, 1982). The Malays were then in favour of decentralisation as it offered more scope for Malay rule and a weakened centralised British control. Malays held allegiance to their individual states and Sultanates rather than to Malaya.

When the British introduced the Malayan Union proposal in 1946 (which was eventually rejected), its constitution provided that all State and Settlement properties should be transferred to the Union Government and that the union would take over all revenues from the States and the Settlements, all State land, mines and minerals and all railways, ports and harbours with some exceptions (Stockwell, 1995). Although the Union Government would also take over state debts, the transfer of properties and assets were considered an affront to the states' sovereignty, and that of the Rulers'. When Sir Harold MacMichael met individually with each of the States' Rulers, the "general trend" amongst them was to "preserve the integrity of the States with a proper measure of administrative decentralisation". While meetings were mostly friendly, the Rulers of Negeri Sembilan and Kedah were reluctant to commit to the Malayan Union but eventually acquiesced<sup>25</sup> (MacMichael, 1946).

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<sup>24</sup> A Malay writer published in a Malay daily *Utusan Melayu* in September 1919 stating that "unlike the Malays in Johor and Kedah who were treated by Europeans with respect", those in the Federation were "treated like dirt (*habu kasut*)" and the FMS Rulers had "suffered loss of status along with their subjects" (Yeo, 1982).

<sup>25</sup> In Negeri Sembilan's case, the Ruler only agreed upon persuasion by the Dato Klana of Sungei Ujong, the senior Undang. In Kedah, the Ruler agreed "on the grounds that he saw no practicable alternative" (MacMichael, 1946).

The Malay Rulers of the states did not do more to stop the eventual centralisation trends from taking place; one plausible reason is that following the failed Malayan Union deal, Malays already implied that the Rulers had “sold out” the rights of the Malays by signing the Union treaty (Ahmad Fawzi, 1992, p.40). Malay newspapers referred to the Rulers as having been hoodwinked<sup>26</sup> (Cheah, 1988, p.23). Although two states disagreed, they ultimately signed, and following the debacle the Rulers’ negotiating abilities were considerably weakened.

Federalism was embedded in the country’s history and was infused into the Federation of Malaya Agreement 1948 when eventually the states came together to replace the Malayan Union. Although it was agreed there would be established “a strong central government”, it was also agreed that “the individuality of each of the Malay States and of the Settlements should be clearly expressed and maintained” (Pearn, 2001). There was also to be consultation between the central government and the States and Settlements on certain financial matters<sup>27</sup>. The Malayan Union crisis gave the “administrators, the UMNO leadership, who mobilized the Malays and galvanized them into a powerful movement” (Muzaffar, 2020, p.61) the credibility to be the real protectors of the community. In the contestation over Malaya, the persistent centralisation is arguably the result of UMNO’s political leadership that eventually won out, preserving but a veneer of ceremony for the Rulers.

In the lead-up to Malaya’s independence in 1957, Penang, Kelantan and Johor all had secessionist movements explicitly associated with their state-level identities (Hutchinson, 2017) but none succeeded. There was also similar opposition to the formation of Malaysia in 1963 where the Malay Rulers and states were neither met nor consulted by the federal authorities. No records have been found to indicate the Conference of Rulers gave its consent to establish Malaysia (Khairil, 2013). The most evident opposition came from Kelantan, which initiated failed legal action to stop the federation from being established, declaring that the Malaysia Act and the Malaysia Agreement of 1963 were not binding on the state.

Malaysia therefore had federal elements incorporated into its legal and constitutional framework. However, in reality, it has practised a highly centripetal system, experiencing increasing centralisation within the federal government over time. Local council elections were held in Penang and Kuala Lumpur in 1951 and 1952 respectively, but were later suspended<sup>28</sup>.

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<sup>26</sup> “*Sultan-sultan kena mainkan*”.

<sup>27</sup> Extracted from the report of the General Purposes Committee of the Conference Constitutional Commission.

<sup>28</sup> Local council elections were suspended as an emergency measure under the Emergency (Suspension of Local Government Elections) Regulations 1965 and have not been reinstated since (Harding, 2015). The Local Government Act was passed in 1976, which ended local elections for good (Ooi, 2013). Although a Royal Commission of Inquiry on Local Authorities recommended that local elections should be restored, this was rejected by the Development Administration Unit (DAU) of the Prime Minister’s Department, saying that

The Ninth Schedule of the Federal Constitution of Malaysia 1957 lays out the distribution of legislative powers and responsibilities between federal and state governments. The federal government's purview includes trade, commerce and industry, foreign affairs, defence, internal security, law and order, physical development (communication and transport), and human development (education, health and medicine). State governments are left with very little such as lands and mines, Muslim affairs and customs, native laws and customs, agriculture and forestry, local government and public services, burial grounds, markets and fairs, and licensing cinemas and theatres. The concurrent list covers social welfare, scholarships, town and country planning, drainage and irrigation, housing, culture and sports, public health and water services (Yeoh, 2012). Article 75 provides that if any state law is inconsistent with a federal law, the federal law shall prevail, whilst Article 76 allows the federal government to make laws pertaining to state matters if it promotes the uniformity of laws, or is requested to do so by states. Article 76A permits parliament to delegate its powers to the states. East Malaysia's Sabah and Sarawak have additional lists which permit control over items that other states in Peninsular Malaysia do not, such as native law, ports, harbours, personal law, charities and charitable trusts.

The constitution recognises the semi-autonomous nature of states as they have some "constitutionally entrenched division of powers in the legislative, executive, judicial and financial fields" (Shad Saleem, 2019, p.74). For instance, there is provision for judicial review if the federal government trespasses state powers, or vice versa (Shad Saleem, 2019, p.74). However, the constitution ultimately provides for a powerful central government; states have no power to prevent a constitutional amendment as this is the exclusive domain of federal parliament<sup>29</sup>. Article 71(3) also allows the federal government to amend a state constitution if the state does not comply with the constitution.

However, "laws may be the starting point, but it is politics that matters" (Mueller, 2011, p.216). In addition, Dickovick (2014, p.566) pointed out based on observations from Africa that federalism matters little where there are no robust institutions, as social and cultural realities trump attempts at institutional reform. He (2007, p.8) argues that beautifully written

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elected local government provided for "over-democratised over-government at the local level" and was not in keeping with the objectives of the redefined state under which resources would be devoted to development, democracy taking a subordinate position (Saravanamuttu, 2000). This argument of ensuring the nation's efficient development was later used by BN leaders to justify greater centralisation.

<sup>29</sup> In 1963 when Malaya was enlarged to Malaysia, Kelantan objected to the merger. In *Government of Kelantan v Government of the Federation of Malaya (1963)*, the court held that the federal government was not required to obtain Kelantan's consent to the admission of new states to the Federation, under the amendment procedure of Article 159 (Shad Saleem, 2019).

constitutional provisions of federalism are often ignored in practice, while some unwritten practices reveal certain federal features. How have these dynamics played out in Malaysia?

### **4.3 Malaysia as Minimalist Authoritarian Federation**

Despite the legal-constitutional structure that defines Malaysia as a federation, the country has been commonly described as a “de jure federation which is a de facto unitary state” and “a semi-democratic minimalist federation” (Bhattacharyya, 2010). Other literature has described Malaysia as a hybrid federalism that combines a unitary system with federalism, an asymmetric federalism in which indigenous groups are favoured at the expense of other communities, a dual or hold-together federalism where the East Malaysian states of Sabah and Sarawak were given special powers to control migration, an authoritarian federalism (He, Galligan and Inoguchi, 2007; Shah, 2007) and a minimalist federalism in which federalism is retractable, allowing means by which quickly to suppress secessionism (Case, 2007). Indeed, Case (2007) argues strongly that federalism has done less to promote democracy than to reinforce semi-democratic politics, since state governments aligned with the central government serve their needs.

There have been multiple ways in which this minimalist authoritarian federalism has been utilised by the BN federal government since independence. This section elaborates on the three distinct ways through which the federal government has exercised greater centralisation in Malaysia: politically, fiscally and administratively.

#### **4.3.1 Political Centralisation**

First and most evident has been its use of authoritarianism as a DPAR. The federal constitution permits the federal government to declare an emergency for the sake of maintaining security and public order. Articles 149 and 150 empower the Yang di-Pertuan Agong to proclaim a state of emergency and can utilise emergency provisions to suspend state rights, as was the case in Kelantan and Sabah. These powers are remarkably similar to those possessed and previously practised in India, whose constitution retained a number of emergency provisions that were under the Government of India Act, pertinently the ability to suspend the autonomy of states known as the President’s Rule, and the right of the national parliament to create laws in states for ‘national interest’ (Swenden and Adeney, 2021).

BN has also directly intervened in states' political affairs. In 1966, shortly after the formation of Malaysia, tensions arose between the federal government and Sarawak over issues such as language policy, the replacement of expatriate civil servants and land reform. The Alliance leadership attempted to replace Sarawak's chief minister, which resulted in the king – upon advice from the prime minister – declaring a state of emergency. Parliament amended the federal and state constitutions to authorise the consequent removal of the chief minister at the governor's discretion (Fong, 2008; Leigh, 1974). Cases of political intervention into opposition-held states are elaborated upon below.

In the wake of ethnic clashes in Kuala Lumpur in 1969 following disputed electoral outcomes in the state of Selangor, the Alliance declared emergency rule, and suspended both Parliament and the constitution for two years, during which time the National Operations Council (NOC), comprised of a small elite circle of individuals, governed the country. It is this NOC that later emerged with the First Malaysia Plan that contained the New Economic Policy (NEP) in 1971, an ethnic-based affirmative action policy that consumed and continues to shape the nation's political economy today. Lee (2010) argues that, contrary to South Africa's negotiated transition to a democratic nation led to a more decentralised political structure, the consolidation of state power from the early 1970s in the wake of the 1969 crisis in Malaysia led to a greater degree of discretionary and centralised authority.

UMNO's position as the central party in the Alliance, renamed Barisan Nasional (BN) in 1972, was solidified as a result. BN has also made use of the first-past-the-post electoral system and constituency boundaries to its advantage, and up to 2008 had never lost its two-third majority in Parliament, allowing it to pass repressive legislation easily with little to no debate from elected opposition representatives. A stable federation in fact requires a balance between self-rule and shared rule (Adeney, 2007), but lawmaking had already become more centralised by the 1964 change of the Senate's composition, when the original proportion of state-appointed to centre-appointed senators was altered from 28:22 to 28:32, which was further reduced in 1965 to 26:32 (Bhattacharya, 2010). Control of both houses of Parliament has made it possible for suppressive laws to be passed, used to consistently silence critics.

Centralisation in Malaysia is in large part also due to the concentration and personalisation of power within the inner core of the federal government, specifically the increasingly expanded Prime Minister's Department (PMD). Ostwald (2017) argues this centripetal dynamic is driven by a political calculus in which the Prime Minister and his allies lie at the pinnacle of UMNO and undermine challenges from both outside and within the party. The budget of the PMD was ten times larger than the state budget of Selangor and fifteen times

larger than Penang's in the 2012 budget (Yeoh, 2011). In 2015, 25 percent of all development fund allocations went to the PMD (Lee and Lee, 2017), which has had an increased number of agencies parked under its purview, thereby giving it abilities and powers to shape the economic, political and social environments of Malaysia.

From the early 1970s, UMNO very strategically placed the party at the very heart of running government policy. Prior to UMNO's General Assembly in 1971, Deputy Prime Minister Tun Dr Ismail said that "we must ensure that every government policy is determined by the party" (Lim, 2008, pp.52-53). Following his cue, Prime Minister Tun Razak advocated the new idea of a *kerajaan berparti*, or a government based on the party, as the basis of reorganising the party (Torii, 1997). With the exception of the Bureaus of Politics and Finance, five bureaus set up by UMNO were involved in the implementation of the NEP. Tun Razak also set up UMNO boards in all Alliance-controlled states to advise their chief ministers on the running of state governments and to reflect the "government's policy of giving the party a say in the implementation of policy" (Lim, 2008, p.53). This direct relationship between party and policy cemented UMNO's control over policy implementation throughout the country.

UMNO began as an umbrella for Malay state-centred associations but over time centralised its organisational structure and decision-making to directly control outcomes within states. For instance, its 1949 party constitution stipulated that the head of the state executive committee was to be appointed by the president. The 1960 UMNO Constitution eliminated state executive committees as a locus of power and replaced them with liaison committees<sup>30</sup>. The Supreme Executive Council was given full powers to determine policies, select candidates at both national and state levels, and supervise the lower organs (Azeem, 2011).

State economic development corporations (SEDCs) were also introduced by the centre, beginning with Selangor in 1964, with the objective of promoting economic growth to achieve social and economic transformation of society at the state level (Puthuchery, 2011). However, the Emergency (Essential Provisions) Ordinance no. 87 of 1971 allowed federal authorities control over state corporations by having the relevant federal minister approve these corporations' budgets, providing for at least three federal representatives on the boards (Thillainathan, 1976). Administrative instruments used to control SEDCs from the centre were also used, bringing the coordination of SEDCs under the direct control of a federal committee in 1969 and then later the Ministry of Public Enterprises (1976) and the Ministry of Entrepreneur Development (1990), by which time control encompassed strategic, operational,

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<sup>30</sup> For this reason, UMNO state party heads are called Chairmen of the State Liaison Committee.

financial and personnel matters (Singh, 2011). The SEDCs are monitored by the Economic Planning Unit under the Prime Minister's Department.

In addition to SEDCs, the federal government also set up regional development authorities Penang, Kedah, Pahang, Johor, and Terengganu to have broader coordinating and supervision functions (Thillainathan, 1976). Instead of coming under the Ministry of Land and Regional Development, regional development authority projects in the northern states of Perlis, Kedah and Penang came under the Prime Minister's Department. Federal institutions such as the Majlis Amanah Rakyat (MARA) and the Penang Bumiputera Participation Steering Committee were set up as an extension of federal government's power at the state level; they were to promote the Bumiputera entrepreneurial class within Penang, as the state government had not done so (Halim, 1992). The NEP was used as the justification for federal intervention into state economic policy and development projects.

The transfers of territories were also ways in which the centre encroached upon states' jurisdiction. Labuan was transferred from Sabah to federal control in 1984, alongside several state departments, supposedly to achieve integration between the two levels of governments and rationalize federal-state relations (Lim, 2008). In fact, Sabah was never compensated by the federal government for giving up its territory, unlike Kedah and Selangor, where the federal government continues to compensate Kedah annually for territories handed over to the central British government in 1869<sup>31</sup>, as well as Selangor for its cession of Kuala Lumpur in 1973, and Putrajaya in 2001 to the federal government (Wee, 2011). The carving out of Kuala Lumpur from Selangor was particularly contentious, as it was not only the state capital but also the federal capital, taking place after the 1969 elections in which the opposition won half of the state seats, and six months before the following GE was held in 1974, therefore seen as a way to maintain BN control over Selangor. When the Putrajaya Bill 2000 was presented to the Selangor state assembly for approval, all six opposition members walked out in protest of the speed at which it took place and the failure to consult the people, non-governmental organisations and the state assembly (Wee, 2011).

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<sup>31</sup> In 1869 the Anglo-Siamese treaty was signed, providing for RM10,000 a year paid by the Governor of the Straits Settlements to the Kedah Ruler for areas that the latter would recognise as British territory, including "areas on the mainland opposite Penang and bordering the sea on the west, bordering the right bank of Sungai Muda on the north, the right bank of Sungai Kerian on the south, and from the right bank Sungai Muda to the east of Bukit Mertajam and from the right bank of Sungai Krian to the east of Bukit Tunggul for the eastern boundary." (National Archives of Malaysia, 1969)

### 4.3.2 Administrative Centralisation

This section explores the centralisation of bureaucracy and public services over the years. One example of how states resisted centralisation efforts was the federal government's attempt to control state religious departments, despite religion being under the purview of states and their Rulers. Even "Mahathir's authoritarian powers" were unable to achieve "the centralization of Islamic institutions" that he wanted, facing resistance from among the state religious departments and the Rulers (Hamayotsu, 2018, p.260). The intention was to centralise the administration of *zakat* and *waqf*, major sources of patronage, financial resources, and religious authority. State religious officials ultimately did not want to lose major sources of their already limited power and authority to maintain Malay loyalty (Hamayotsu, 2018).

#### Centralisation of Bureaucracy

Although state governments' jurisdictions are clearly spelt out in Table 4.1 below, other parts of the constitution also provide for national-level councils that impede upon this space. Both local government and land are state matters, but these councils have the power to set national direction. Article 95A of the constitution gives the National Local Government Council (NLGC) power to formulate policy for local government nationally. When the two opposition-led state governments of Selangor and Penang requested that the Election Commission hold local council elections in their states in 2010, the Election Commission held that the NLGC would first have to grant permission for this (Harding, 2015). In fact, Article 119 of the constitution provides that the right to vote relates only to the federal and state legislatures.

Second, Article 91 sets out the National Land Council's responsibility of formulating national policy for the promotion and control of land for any purpose. Article 92 also permits the federal government to proclaim an area as a 'development area' and continue to undertake any development project it deems fit, where it has the power to acquire land belonging to the state government for development purposes (Goh, 1979). Article 83, when read with Article 92, also gives the federal government the right to acquire state land for national development in the name of national interest without respective state legislatures' approval.

Federal List	Concurrent List <sup>32</sup>	State List <sup>33</sup>
External affairs Defence Internal security Civil and criminal law and procedure and the administration of justice Federal citizenship and naturalisation Machinery of government Finance Trade, commerce and industry Shipping, navigation and fisheries Communications and transport Federal works and power Surveys, inquiries and research Education Medicine and health Labour and social security Welfare of the aborigines Professional occupations Holidays other than state holidays Unincorporated societies Control of agricultural pests Newspapers, publications, publishers, printing and printing presses Censorship Theatres, cinemas, films (subject to state list) Co-operative societies Tourism	Social welfare Scholarships Protection of wild animals and wild birds and national parks Animal husbandry Town and country planning Vagrancy and itinerant hawkers Public health and sanitation Drainage and irrigation Rehabilitation of mining land and land with erosion Fire safety measures Culture and sports Housing Water supplies and services Preservation of heritage	Islamic law and Malay customs Land matters Agriculture and forestry Local government Other services <sup>34</sup> State works and water <sup>35</sup> Machinery of the state government State holidays Creation of offences on state matters Inquiries for state purposes Indemnity for state matters Turtles and riverine fishing Libraries, museums, ancient and historical monuments and records and archaeological sites and remains

**Table 4.1: Division of Responsibilities between the Federal and State Governments**

*Source: Federal Constitution, Ninth Schedule*

<sup>32</sup> Supplement to Concurrent List for States of Sabah and Sarawak: Personal law relating to marriage, divorce, guardianship, maintenance, adoption, legitimacy, family law, gifts or succession, testate or intestate, adulteration of foodstuffs and other goods, shipping under 15 registered tons, maritime and estuarine fishing and fisheries, the production, distribution and supply of water power and of electricity generated by water power, agricultural and forestry research, control of agricultural pests, and prevention of plant diseases, charities and charitable trusts and institutions in the State, theatres, cinemas, cinematograph films, places of public amusement, elections to the State Assembly held during the period of indirect elections.

<sup>33</sup> Supplement to State List for States of Sabah and Sarawak: Native law and custom, incorporation of authorities and other bodies set up by State law, Ports and harbours (other than those declared to be federal), regulation of traffic by water in ports and harbours or on rivers wholly within the state, except traffic in federal ports or harbours, foreshores, Cadastral land surveys, In Sabah, the Sabah Railway, and subject to the Federal list, water supplies and services.

<sup>34</sup> Boarding houses and lodging houses, burial and cremation grounds, pounds and cattle trespass, markets and fairs, and licensing of theatres, cinemas and places of public amusement.

<sup>35</sup> Includes rivers and canals, excludes water supplies and services; Control of silt and riparian rights.

Administrative conflict between the two levels of government have often resulted in the state government's decisions being superseded. The Malaysian Civil Service emerged from the British Public Service, which began in the late 1700s after the British East India Company acquired Penang. Today, public service policies are crafted by the Public Service Commission and thereafter executed by the Public Service Department for all states. The exception would be former UMS states like Johor and Kelantan, which have their own civil service and able to retain its control over senior administrative posts (Shafruddin, 1987a). Senior administrative positions such as the state secretary, state financial officer, state legal advisor and the state economic planning unit director are occupied by members of the federal civil service, seconded to the former FMS. Although their salaries are paid by the state governments, their appointments and promotions are determined by the federal government. Mayors of local councils are conventionally also appointed from the federal service.

Organisational overlap also takes place when federal bodies are set up to manage an area within a state. In 2006, a large area of 23,000 acres of land in Johor was purchased by Khazanah Nasional, the federal government investment arm, to develop Iskandar Malaysia. The project is managed by the Iskandar Regional Development Authority (IRDA), a federal statutory body jointly chaired by the Prime Minister and Johor's Chief Minister, charged with planning, policy formulation and investment facilitation. The state government was unable to alter the design and thrust of the project, but did succeed in its protest against some incursions by the federal government (Hutchinson, 2015). Under Article 74 of the constitution, land comes under state jurisdiction and is therefore one of the few bargaining tools available to states. Hence, federal projects requiring land approval like major highways, railways and infrastructure development have been smoothly facilitated in BN but not opposition-led states.

### **Centralisation of Public Services**

Although land is one of the few items exclusively under state jurisdiction, the law does allow some decision-making role for the federal government through the National Land Council and other provisions in the constitution. The National Land Code 1965 is the main reference of land administration, which also contains provisions relating to zoning and land use planning in Malaysia, where land administration is carried out by the land office. However, the implementation of the Code is different in each state as they have differing urban land policy measures known as the State Land Rules (Marlyana et al, 2012). Land use planning also involves town planning, which is governed by the Town and Country Planning Act 1976, and

is administered by local councils. However, overlaps are evident. For example, after 2008 the new opposition-led state governments of Perak and Penang intended to allocate land to communities residing in villages but then Deputy Prime Minister Najib Abdul Razak said state governments required the federal-level National Land Council's approval to do so (Wee, 2011).

In the 1980s and 1990s, prime minister Mahathir Mohamed privatised state enterprises, assets, services and corporate equity to provide a vehicle of distribution by which big Malay entrepreneurs and individuals of lesser wealth could get their share (Khoo, 1995). Resource allocation, already centralised through UMNO's control of the state, became increasingly personalised around a few political leaders and was "characterised by a personalized, non-transparent selection process, weak regulation, and ... continued state intervention and presence in many privatized former state enterprises" (Tan, 2008, p.190). More than 500 government-linked companies (GLCs) were established. Dr. Mahathir also transformed the Economic Planning Unit (EPU) of the Prime Minister's Department making it the centre of national planning, where all private project proposals would need EPU clearance before submission to the cabinet (Chin, 2011).

Water supplies and services, formerly under state control as determined by the constitution, were hence corporatised or privatised in many of the BN-led state governments. Johor, Selangor and Perak privatised their water treatment services to companies that were given concessions of up to 30 years (Lee, 2005). However, despite the privatisation programme, many state governments still incurred massive debts, and in order to harmonise the varied ownership structures and tariff systems, the federal government moved to secure control over the sector (Lee and Lee, 2007). The constitution was amended in 2005 to move water supplies and services to the concurrent list.

Both sewerage and solid waste management were originally under local governments' purview, but these were eventually centralised into federal government hands. Local councils, under state governments' purview, used to manage sewerage systems until the privatisation drive in the 1990s, during which the Sewerage Services Act 1993 was passed and Indah Water Konsortium (IWK) was awarded a 28-year concession to operate, maintain and manage sewerage systems in 143 local authorities (Hutchinson, 2014). In 2006, sewerage was brought under the National Water Services Commission under the Water Services Industry Act, centralising it further. Solid waste management was privatised in 1997, where 48 local authorities in the centre and south of Peninsular Malaysia were privatised to two concessionaires (Nadzri, 2008). The National Strategic Plan for Solid Waste Management was approved in 2005, and in 2007 the Solid Waste and Public Cleansing Management Act was

passed, which gives the federal government the executive authority to manage all matters relating to the management of solid waste and public cleansing in Peninsular Malaysia. The three opposition-led states of Selangor, Penang and Perak chose not to participate in this federal programme and maintained the service under their local councils.

### 4.3.3 Fiscal Centralisation

Article 108 provides for a National Finance Council (NFC), which is made up of the prime minister, federal ministers he appoints and a representative from each state, given the mandate to coordinate financial relations between the centre and the states. The council's recommendations are not binding as ultimate responsibility rests with the prime minister (Shafruddin, 1987b). The table below shows a comparative perspective of the distribution of powers and functions of select federations by their finance and fiscal relations between the federal and state governments, over a range of functions.

	Canada	United States	Switzerland	Australia	Germany	India	Malaysia
<b>Finance and fiscal relations</b>							
<b>i. Taxation</b>							
a. Customs/Excise	F	F/C	F	F	F	F/FS	Fa
b. Corporate	FS	C	F	C	C	F	F
c. Personal income	FS	C	FS	C	C	FS	F
d. Sales	FS	C	F	C	C	FS	Fa
<b>ii. Debt and borrowing</b>							
a. Public debt of federation	F	F	F	F	F	F	F
b. Foreign borrowing	FS	FS	FS	C	FS	F	F
c. Domestic borrowing	FS	FS	FS	C	FS	FS	FS
<b>iii. Expenditure function</b>							
a. Defence	F	FS	F	FS	F	F	F
b. Roads and bridges	S	FS	FS	FS	C+	FS	FS
c. Railways	FS	FS	F	FS	FC+	F	Fa
d. Air	F	F	F	FS	F	F	F
e. Telecommunications	FS	FS	F	C	F	F	F
f. Agriculture	C	S	F	Sc	C+	SC	SCa
g. Education (primary/secondary)	S	S	C+S	S	S	CS	Fa
h. Health/hospitals	SF	SF	S	FS	C+	S	Fa
i. Public health/sanitation	S	S	C+	S	C+	S	FC
j. Internal security/Police	FS	FS	C	SF	C+S	FS	F

**Table 4.2: The Distribution of Powers and Functions in Finance and Fiscal Relations**

Note: F = federal power, S = state (provincial), C = concurrent power with federal paramountcy, C+ = federal legislation, a = asymmetrical applications of powers  
Source: Ismail (2004), as adapted from Watts (1999: 126)

<b>Federal Tax Revenue</b>		<b>State Tax Revenue</b>	
1.	Direct taxes	1.	Import & excise duties on petroleum products, export duties on timber & other forest products for Sabah & Sarawak, excise duty on toddy for all states
i.	Income taxes:		
	- Individual		
	- Companies		
	- Cooperatives		
	- Petroleum tax	2.	Forests
	- Film hire duty	3.	Lands & mines
ii.	Taxes on property & capital gains:	4.	Entertainment duties
	- Real property gains tax		
	- Estate duty		<i>Other Receipts</i>
	- Share transfer tax on land-based companies	1.	Licences & permits
2.	Indirect taxes	2.	Royalties
i.	Taxes on international trade:	3.	Service fees
	- Export duties	4.	Commercial undertakings: water, gas, ports & harbours
	- Import duties	5.	Receipts from land sales
	- Surtax on imports	6.	Rents and sales from state property
ii.	Taxes on production & consumption:	7.	Proceeds, dividends & interests
	- Excise duties	8.	Federal grants & reimbursements
	- Sales taxes		
	- Service taxes		
	Others		
iii.	- Stamp duties		
	- Gaming tax		
	- Betting & sweepstakes		
	- Lotteries		
	- Casino		
	- Pool betting duty		
	<i>Non-tax Revenue and Other Receipts</i>		
	Road tax		
1.	Licences		
2.	Service fees		
3.	Fines & forfeitures		
4.	Interests		
5.	Contributions from foreign governments		
6.	Revenues from federal territories		
7.	Refund of expenditures		
8.	Receipts from other government agencies		
9.	Royalties/gas cash payments		
10.			

**Table 4.3: Revenue Sources to Federal and State Governments**  
Source: Federal Constitution, Tenth Schedule

General Grants	Special Grants	Tax-sharing Grants
Capitation grants (based on a state's population size)	State road grant	Export duties on tin, iron and other minerals (ten percent) <sup>36</sup>
State Reserve Fund grant: deficit grant	Service charge grant	Growth revenue grant <sup>37</sup>
Development grant (conditional)	Cost reimbursement grant	
Contingencies Fund grant for unforeseen needs	Grants to religious institutions	
State advanced grant for cashflow difficulties	For Sabah & Sarawak as per Malaysia Agreement (no review after 1973) <sup>38</sup>	
	For handing over territories in Kedah and Selangor <sup>39</sup>	

**Table 4.4: Federal Transfers to State Governments**

*Source: Federal Constitution, Tenth Schedule*

Because state governments derive the bulk of their revenues from limited sources such as land, property, agriculture and forestry, states depend heavily on federal government for funding. Table 4.3 lays out revenue sources to federal and state governments, while Table 4.4 specifies federal transfers to state governments. Among the types of transfers the state government receives, only the capitation and state road grants are based on a formula while the others are discretionary. Hence, state governments receive statutory grants from the federal government, which are governed by the federal constitution and an array of other laws, as well as non-statutory grants, loans and advances based on circulars and selected development projects. The NFC makes the decisions on such grants, in consultation with state chief ministers, but in reality, the centre controls this since the prime minister can appoint various ministers to the council (Jomo and Wee, 2002). Because the NFC only has consultative

<sup>36</sup> The Federal Constitution allows the Federal Government to increase this grant for the peninsular States to more than the minimum 10 percent of export duties on minerals. This tax-sharing grant was created at the same time that State royalty rights to minerals were prohibited unless provided for by federal law (Jomo and Wee 2002).

<sup>37</sup> If federal government revenue other than export duty on tin and revenues under the Road Ordinance (1958) grows by more than 10% in any particular year, the increase will be allocated to the state government in the form of a growth revenue grant. The growth revenue grant suggests tax-sharing expected of a federation, but it is subject to a maximum of RM150 million in any one year. The increase in revenue is only shared for the year concerned (Wee 2011).

<sup>38</sup> The grants to Sabah and Sarawak were given on the basis of the conditions for incorporation into Malaysia that were supposedly subject to later review, which has never taken place. Currently, RM26.7 million goes to Sabah and RM16 million to Sarawak (Jomo and Wee 2002).

<sup>39</sup> Kedah receives RM10,000 a year for territories handed over to the central British government in 1869, while Selangor receives annually RM18.3m for handing over Kuala Lumpur and RM7.5m for handing over Putrajaya to the federal government.

authority, it is the Economic Planning Unit (EPU) together with the Ministry of Finance that have in practice determined public revenue distributions and economic goals (Watts, 2003).

The federal constitution does allow for some flexibility, where revenue-sharing arrangements that are currently practised, and therefore states' revenue receipts, can be changed following Parliamentary approval. Article 110(4) states that Parliament may introduce a law where states are assigned the responsibility to collect proceeds of any tax or fee raised by the federal government, while Article 110(2) allows parliament to introduce a law where the sources of revenue can be substituted. Article 109(3) states that a law can be introduced where grants can be given to states, and Article 109(6) states that the federal government can give grants out of the state reserve fund after consultation with the NFC, for development purposes or "to supplement its revenue". The law thus provides for greater state financial autonomy, but the federal government has rarely exercised this.

The disparity between the federal and state governments' budgets is stark. Between 1985 and 1999, the central government's revenue increased from four times the consolidated state-level government revenues to seven times. Federal government revenue has contributed between 77 to 91 percent of total government revenue since 1963, and federal government operating expenditure made up more than 70 percent of total government operating expenditure from 1963-80, more than 50 percent in the 1980s and 40 percent in the 1990s (Jomo and Wee, 2002). In addition, federal government financing for state governments has shifted from grants to loans, which is unrealistic since states have limited revenue sources and hence repayments would be challenging. Federal-state transfers consistently represent less than 3% of the total federal government budget (Ministry of Finance). This has further reinforced federal control over states (Jomo and Wee, 2002).

Between 2005-2014, state governments generated between 77 and 80 percent of their own revenues, the rest made up by federal transfers. However, the miniscule ratio of state revenues to federal revenues also means state governments are limited in their ability to implement major projects, and the situation is even more dire within rural states where revenue generation is limited.

The federal government capture of state governments is more apparent when these are less developed states, where they are denied their due reward for resources obtained from their territories when such returns add substantially to the federal government's revenues (Nambiar, 2007). For instance, the federal government secured the bulk of petroleum rents extracted from oil-producing states Sabah, Sarawak, Kelantan and Terengganu, which also have the highest poverty rates in Malaysia. The Sarawak state assembly passed a motion in 2014 to increase its

petroleum royalty claim to from 5 to 20 percent, as part of the production sharing agreements with oil companies, Petronas (the national oil company) and the federal government, and negotiated for Petronas to employ more local workers (Yeoh and Toroskainen, 2017). The Sarawak state government set up its own oil and gas exploration company, PETROS (Petroleum Sarawak Berhad), to work with Petronas and in 2020 successfully received the 5% sales tax from the federal government. Sarawak is of great political significance to any ruling coalition at the centre, given that it contributes almost 14 percent of the national parliament's lower house, or 31 out of 222 seats. It was only after Pakatan took over federal government in 2018 that oil and gas concessions were given to Kelantan and Terengganu.

Article 111 of the federal constitution restricts the state government from borrowing or providing guarantees unless it obtains federal government approval. When permitted, a state is allowed to borrow from the federal government, private banks and other financial institutions for a period not exceeding five years and is subject to federal government conditions. Federal loans to states have been given to cover state government fiscal deficits as a result of their development expenditures. The following table shows net federal loans to all states between 2010 to 2017, where there has been a significant increase from RM1.76 billion in 2010 to RM6.57 billion in 2018.

RM million	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Federal Loans	1,757	18	115	2,049	2,742	5,565	5,477	6,779	6,572	6,971	6,717

**Table 4.5: Net Federal Loans to all States**

*Source: Economic Report 2014 and Fiscal Outlook Report 2022 (Ministry of Finance, Malaysia, p.223)*

#### 4.4 Opposition Subnational Politics in Malaysia

Up to 2008, five states had been controlled by various opposition parties in Malaysia. These are Kelantan under PAS (PAS has ruled Kelantan for two periods, namely 1959-1977 and 1990-present), Terengganu under PAS (1959-1961; 1999-2004), and Sabah under Parti Bersatu Sabah (1985-1994, during which time PBS was part of BN briefly from 1986-1990). From 2008 onwards, the opposition occupied the one-term Kedah (2008-2013), the short-lived Perak (2008-2009), Kelantan (2008-2020), and Selangor and Penang (2008-present) under

Pakatan. The following table categorises states under opposition party control by those that did not succeed in establishing opposition subnational strongholds and those that did.

<b>Opposition Subnational Strongholds</b>	<b>State</b>	<b>Years under opposition party control</b>
Opposition won, but strongholds were not established	Singapore (prior to independence)	1963-1965
	Terengganu	1959-1961; 1999-2004
	Penang	1969-1971
	Sabah	1986; 1990-1994
	Perak	2008-2009
	Kedah	2008-2013
Strongholds established	Kelantan	1959-1978; 1990-2020
	Penang	2008-2018; 2020-2021
	Selangor	2008-2018; 2020-2021
Opposition has never won	Perlis	
	Pahang <sup>40</sup>	
	Negeri Sembilan <sup>41</sup>	
	Malacca <sup>42</sup>	
	Johor <sup>43</sup>	
	Sarawak	

**Table 4.6: States in Malaysia under Opposition Control, 1957-2021**  
(Adapted from Dettman, 2018)

#### 4.4.1 Opposition Subnational Strongholds Not Established

Four sets of states are explored within the category of opposition parties that won but did not establish subnational strongholds in post-1969 Penang and Selangor, Terengganu under PAS, Sabah under PBS and the short-term wins in Perak and Kedah under Pakatan Rakyat.

<sup>40</sup> BN remained in power in Pahang at GE14, and was therefore an opposition state for the first time when PH controlled the federal government between May 2018 and February 2020.

<sup>41</sup> PH took over the Negeri Sembilan state government in GE14 and is considered an opposition state from February 2020 to present.

<sup>42</sup> PH took over the Malacca state government in GE14, but the state switched sides to the newly-assembled PN government in February 2020.

<sup>43</sup> PH took over the Johor state government in GE14, but the state switched sides to the newly-assembled PN government in February 2020.

## Post-1969 Penang and Selangor

In the 1969 state elections, Gerakan won a majority of Penang's state seats, taking over from the Alliance, with the late Lim Chong Eu as its Chief Minister. However, Gerakan was soon co-opted into the newly formed BN in 1973, making Penang no longer under opposition rule. A more ambiguous outcome of the same elections in Selangor was the Alliance having won 14 state seats out of 28, with the non-Alliance parties winning the other 14 (DAP with nine seats, Gerakan four and one independent), making it a hung assembly. The Alliance eventually held on to control of the state governments of Selangor and Perak without having won a majority of the seats in either state assembly (Ratnam and Milne, 1970).

The 'hung assembly' in Selangor is what eventually led to a series of events that resulted in the infamous ethnic clashes of 13 May 1969 in Kuala Lumpur (which was then still part of Selangor) and surrounding areas. As an Emergency was called, the National Operations Council (NOC) was set up to govern the country on 17 May, as well as State and District Operations Councils (SOCs) that took over state and local governments. The SOCs, except for East Malaysia, were gazetted on 21 May, which had a "Chief Minister, a senior civil servant and the senior public and army representatives" (Foreign and Commonwealth Office, 1969). During this Emergency, foreigners observed a "comprehensive censorship organisation and a committee set up to strengthen the mass media" with all party publications banned on 22 May.

During this time of Emergency, the Alliance strategised to bring the opposition parties into a broader coalition, where opposition Gerakan would be co-opted into a 'junior supporting partnership' or as a 'loyal opposition'. Following from the events of 13 May, Gerakan had taken the "studiously moderate line of seeking to help and of not contesting the Alliance assumption of office in Perak and Selangor" (Foreign and Commonwealth Office, 1969). Gerakan further continued conciliatory moves, negotiating with UMNO on the possibility of joining the Alliance and requiring three Cabinet seats if it were to do so (Foreign and Commonwealth Office, 1969).

Given these circumstances, Gerakan's control of the Penang state government does not fulfil the definition of running an opposition subnational government for several reasons. First, the country being under Emergency rule, states were operating under the SOC that was under strict control of the NOC. Second, Gerakan was practically co-opted into the Alliance. Third, under these conditions the Penang state government was not treated as a typical opposition-run state. In fact, this was Lim Chong Eu's dilemma, as co-operating with the regime meant surrendering his 'political self'. In the end, he chose this path of receiving the Alliance's

political backing under NOC rule and eventually transformed Penang by seizing the strategic initiative of Prime Minister Razak's New Economic Policy and making Penang a leading developmental state, thus creating an 'economic self' instead (Khoo and Toh, 2019).

### **Terengganu (1959-1961; 1999-2004)**

PAS won control over Terengganu twice but only survived a single term each time. Analysis of federal-state infractions is carried out in the section on Kelantan below, as UMNO has largely treated the two rural and predominantly Malay-Muslim states similarly. It also examines likely reasons for why PAS has been relatively more successful in Kelantan than Terengganu, despite both states being similar in demographic and geographic ways.

### **East Malaysia's Sabah (1986; 1990-1994)**

Sabah has had a fractious history with the federal government, particularly when the centre intervened multiple times in its electoral and political outcomes. When Parti Bersatu Sabah (PBS) won marginally in the 1985 Sabah state elections, the federal government initially took PBS' side to recognise its leader, Joseph Pairin Kitingan, as the chief minister and PBS decided to join BN in 1986. However, PBS' position in requesting for a review of the 20-point agreement (which contains commitments to Sabah during Malaysia's formation) was considered anti-federal, which several BN leaders were unhappy about.

Before the 1990 GE, PBS pulled out of BN to support Tengku Razaleigh, then political rival of incumbent prime minister Mahathir Mohamed, who promised to review the 20-agreement should he win. PBS was once again in opposition at the federal level. Tengku Razaleigh lost, and UMNO set up its Sabah-based branch following these events. Between 1986 and 1990, federal funds were no longer released to the state government but through federal government offices, large infrastructure projects were frozen resulting in Sabah's economic downturn (Chin, 1997) and the federal government imposed a ban on log exports from Sabah in 1991 that further undermined state government revenue since it was its main source of independent revenue (Jomo and Wee, 2002). Sabah's income fell by over one-fifth from 1992 to 1993, and in the period between 1990 to 1993, Sabah's economy grew at only four percent annually, compared with almost nine percent nationally (Loh, 1997). Pairin was also charged with corruption while his brother Jeffrey Kitingan was detained under the Internal Security Act for plotting to take Sabah out of Malaysia. At the 1994 state elections, when BN

placed conditions for Pairin to step down and he refused, the federal government mobilised resources to topple PBS by first funding a new party SAPP, providing funds to minor parties to fight PBS, and finally enticing PBS defectors to leave the party. Within one month, BN succeeded in replacing PBS with an UMNO-led state government in Sabah (Chin, 1997).

### **Short-lived wins in Perak (2008-2009) and Kedah (2008-2013)**

Prior to 2008, there had never been more than two opposition state governments at any one time. Apart from Selangor, Penang and Kelantan, Pakatan won control of both Perak and Kedah in 2008.

In Perak, Pakatan won with a slim margin, bagging 31 out of 59 state seats (DAP, 18; PKR, seven; PAS, six). Its state constitution explicitly requires that its chief minister is Muslim unless the Sultan specially appoints a non-Muslim chief minister; Pakatan appointed someone from PAS. After a year, however, the opposition coalition lost control of the Perak state government in 2009 when BN persuaded three Pakatan assemblypersons to defect (two from PKR and one from DAP), which took away the opposition's three-seat majority. The Perak Sultan rejected the Chief Minister's request to dissolve the legislature, ordering him to resign. When the Chief Minister refused, the police cordoned off the state secretariat building and demanded that he and his state executive councillors vacate the building. Here, a federal law enforcement agency actively intervened in state political affairs, taking BN's side.

The Perak Sultan installed a new Perak state government headed by UMNO (Chin and Wong, 2009), and although the High Court initially ruled the takeover of government as illegal, the Court of Appeal and Federal Court held that the new UMNO leader was the rightful Chief Minister. BN's actions in Perak were evidence of the centre intervening to determine political outcomes at the state, similar to what previously transpired in Sabah and Kelantan.

After one term, the Pakatan coalition also lost control over the Kedah state government to BN in the 13<sup>th</sup> general election in 2013, resulting in only three state governments remaining in opposition hands from 2013 onwards, namely Selangor, Penang and Kelantan. While in 2008 the coalition had a comfortable majority of six seats (21 out of 36 seats), in 2013 it lost 6 seats, with the biggest loss coming from PAS, reducing its 16 seats in 2008 to 9 seats in 2013. Several factors contributed to Pakatan's loss of Kedah.

First, there was internal factionalism within PAS, with rival groups from different divisions clashing over the selection of candidates for GE13, resulting in uncertainty over the post-election leadership line-up. Second, BN spent massively to fund campaign workers and

stressed developmental benefits that voters would gain from voting against the incumbent PAS (Chiok, 2014). The experience of Pakatan in Kedah, however, was relatively unmarred by friction with the federal government given its political and economic unimportance relative to Selangor and Penang, where attention was diverted to. A political activist from Kedah remarked that in largely Malay-Muslim rural Kedah, there was no significant difference between the actual administration of state governments when it was controlled by either BN-UMNO or Pakatan-PAS as both adopted similar policies<sup>44</sup>.

#### **4.4.2 Opposition Subnational Strongholds Established**

Two sets of states fall into the category of having successfully established opposition subnational strongholds: the Malay-Muslim state of Kelantan, and the highly urbanised states of Selangor and Penang.

##### **Strong Malay-Muslim Identity State of Kelantan (1959-1978; 1990-2020)**

PAS' control of Kelantan epitomises the hostile federal-state relationship of opposition controlled states. PAS has controlled Kelantan twice in Malaysia's history, the first time from 1959 to 1978, the second from 1990 to 2020. In both cycles, PAS established opposition subnational strongholds, as defined in this thesis. This section examines the experience of PAS governing the Kelantan state government as an opposition party, focusing on the impact that a highly centralised federal government had on opposition-controlled state governments. Some analysis includes Terengganu, which shares similar experiences. Kelantan's population is overwhelmingly Malay (more than 95 percent) and political contests have traditionally been between the "moderate or secular Muslims represented by UMNO and fundamentalist Muslims represented by PAS" (Chin, 1997, p.108).

Political intervention from the centre ensued when Prime Minister Razak successfully negotiated a coalition government deal with PAS at both the federal and state levels in 1973 and PAS became a founding member of BN in 1974<sup>45</sup>. However, by 1977, UMNO eroded its Kelantan base and PAS could not remove its defiant chief minister, Muhammad Nasir, who

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<sup>44</sup> Anonymous interview, 26 December 2020.

<sup>45</sup> PAS leader Asri Muda's decision to join the BN coalition eventually led to his undoing. At the time, his advisors believed PAS would profit from the move as Hussein Onn was a weak leader (Farish, 2004, p.343). However, it was the leadership crisis between Asri Muda and Mohamad Nasir that led to the political impasse in Kelantan, resulting in the state of emergency and consequent PAS defeat.

enjoyed UMNO's backing despite a successful no-confidence vote (Mohammad Agus, 2001). The Chief Minister chose not to resign, and instead sought dissolution of the state assembly, which the Sultan did not consent to. The federal government under Prime Minister Hussein Onn issued a proclamation of emergency in Kelantan, federal officers were given executive powers in the state and PAS exited from BN (Fong, 2008). Three months later, fresh elections were held and UMNO won the state with PAS winning only two seats (Kamlin, 1980).

Administratively and financially, Kelantan experienced discriminatory treatment, including delayed constitutional grants, frozen development projects and ceasing of new financial assistance (Musa et al, 2014). When PAS won in Kelantan and Terengganu in 1959, UMNO cancelled all promised projects in both states, including the bridge project at Pasir Mas and the pillars that were earlier erected were left standing (Farish, 2004). The federal government announced that it would stop giving fertiliser subsidy to the Kelantanese farmers (Mohammad Agus, 2001). The federal government initiated a court case against Kelantan for receiving mining and logging royalties from a private corporation on terms it considered to be 'borrowing', intended to finance a bridge, and when the court ruled in Kelantan's favour, the constitution was amended to include as 'borrowing' raising money by entering into an agreement requiring payment before any taxes, rates, royalties, fees, or any other payments are due (Shafruddin, 1987a). When Terengganu returned to UMNO control in 1961, it secured RM100 million within the following two years, whereas Kelantan only received RM45 million over the next five years (Farish, 2004).

On the developmental front, the federal government announced that unless Kelantan met its debt obligations to the federal government of RM711.67 million, it would not receive new financial assistance (Mohammad Agus, 2001). By the end of 1994, the federal government still owed the state constitutionally stipulated grants of RM93.85 million for the financial year of 1993, and the federal government withheld financial assistance owed to religious schools in Kelantan worth more than RM900,000 per year in 1992 and 1993 respectively and projects committed under the Fifth Malaysia Plan did not progress quickly. The state accused the federal government of blocking private firms from investing into Kelantan; Sony and Matsushita diverted planned investments to other states (Mohammad Agus, 2001).

BN was also reluctant to grant petroleum royalties to opposition-controlled states, leading Kelantan to file a lawsuit in 2010 against both the federal government and Petronas to demand the payment of outstanding petroleum royalties due since 1998 as set in the 1975 agreement. The federal government instead granted "goodwill payments" to Kelantan but refused to acknowledge royalty rights owed (Yeoh and Toroskainen, 2017). Terengganu went

through a similar experience when less than a year after PAS took over the state in 1999, the federal government stopped royalty payments. The funds were put under a central development fund administration, effectively removing 80 percent of Terengganu's annual budget (Meyer, 2000). PAS had originally aspired to make use of these resources to present alternative economic reforms and developments, but was unable to after having its revenues significantly cut (Stark, 2004). PAS has successfully augmented the narrative of oppositional politics, blaming its economically disadvantaged position on the federal government, further galvanizing local electorate support against a villainized UMNO that would "rather see the state suffer for its recalcitrance" (Aznil, 2018, p.241).

There were some attempts to mobilise state resources against the federal government. For instance, the Kelantan state government delayed approvals for federal government applications for rural projects (Wee, 2011). Section 40 of the National Land Code vests land in state authority, which has the sole right to acquire land by compulsion under the land acquisition law. The Finance Minister complained "the central government had to halt its economic and development plans because of the lack of required approval of land from the state government" (Berita Harian, 22 April 1991, ref. in Mohammad Agus, 2001, p.12).

In 2008, PAS as part of Pakatan Rakyat won again in Kelantan, taking 39 out of 45 state seats (PAS with 38 seats and PKR with one). The win was repeated in 2013, but with a smaller margin of 33 out of 45 seats (PAS reduced from 38 to 32 seats and PKR maintained its one seat) as UMNO's performance improved (doubling from six to 12 state seats between 2008 and 2013). As an opposition-controlled state, though there was no significant difference in the way the federal government treated Kelantan, being part of a coalition that controlled other states would have strengthened PAS' position.

How did PAS succeed in establishing an opposition subnational stronghold in Kelantan without being highly industrialised and wealthy? Kelantan comprises a 94% Malay-Muslim population, compared to an estimated<sup>46</sup> 51% nationally. Lipset and Rokkan's (1967) theory of cleavage structures, party systems and voter alignments contributes a useful understanding of when certain cleavages such as ethnic and religious identity are likely to be polarising, and how political parties are likely to take advantage of these. The state's "specific cleavage structure...and the rooting of parties in religious milieus" contributed to intensified mobilization (Ufen, 2009, p.325). PAS – a party so deeply identified with Islam and its

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<sup>46</sup> Official statistics released by the government only provides an aggregate of Bumiputera proportion of the population, which is not broken down into distinct Malay and non-Malay Bumiputera categories. This figure of the national Malay-Muslim population (51%) is from 2000 (Nagaraj et al, 2015).

accompanying practices – was able to take full advantage of strong ethnoreligious identities and successfully embedded itself within Kelantan. Hence, “Kelantan is leveraged politically on the element of *kekeramatan* (veneration). Once you reach that level, your leader can do no wrong. In political terms, rally on Tok Guru Nik Aziz’s (PAS leader) image and strength” (Interview, Saifuddin Nasution, 21 November 2019). Two stark examples of how the “religious fervor that borders on fanatical...animates the political struggle of PAS” in Kelantan are its President’s *Amanat Hadi* speech which exhorted Muslims to support the party as part of its religious duty and that PAS members must pledge allegiance to the party and divorce their spouses should they decide to leave (Aznil, 2018, p.245). In fact, one of the problems PAS as a ‘niche party’ has periodically faced is its inability to build a broader support based on its core identity (Dettman, 2018).

Have these identity cleavages been the sole factor of support for PAS? After all, PAS *has* lost state government control over the two states in several instances, with a poorer track record in Terengganu. If party-societal congruence of religion and ethnicity are all that account for PAS’ ability to establish its subnational stronghold, then there should not have been electoral variation, as the demographic makeup has not altered. But there has been electoral volatility for PAS even in Kelantan; it lost the state entirely between 1978 and 1990 having previously controlled it for 19 years, and it took another 12 years to regain it in 1990. Further, in the 2004 state election, it lost the 17 seats it gained in the previous 1999 election and barely maintained its state government position, with only a three-seat majority over UMNO. Such electoral volatility must be understood in the context of larger political trends, primarily PAS’ position in various coalitions it was part of.

PAS also employed state-level institutional and fiscal resources to enhance its own political party institutionalisation. As a former UMS, it possessed its own civil service without having to rely on federally-drawn government servants, allowing PAS greater independence and efficiency in implementing state policy and programmes.

It made strategic choices to strengthen its organisation and widen its public outreach through youth cadreisation, for instance making use of its vast network of Islamic schools, religious studies and religious sermons in mosques (Liow, 2011; Aznil, 2018). It mobilised popular loyalties through cultural, rather than developmental appeals, and given its hold on a vast number of religious institutions, it could control welfare and education. The practice of setting up of state GLCs, increasing tax revenues to fund popular welfare aid programmes also took place (which Pakatan state welfare programme after 2008 on elderly aid was modelled after). PAS too distributed institutional resources for political party cohesion, through political

appointments which came accompanied by status and monetary rewards. PAS created institutions such as the Secretariats of communication, youth and for *penghulu* (local leaders), where party members were appointed as directors and staff (Interview, Saifuddin Nasution, 21 November 2019).

Without access to oil and gas royalties, PAS had to turn to other natural resources such as forests, mining and water supply. For instance, until the late 1990s, PAS focused on “marble and granite, cement and wood-processing”, encouraging local companies to generate profits in these sectors (Stark, 2004, p.66). Logging also became the main source of revenue for Kelantan. In 2014, Kelantan experienced the worst floods in its history, and PAS was accused of corruption, irresponsible deforestation, and the transformation of agricultural land (Saadatkhan et al, 2016). Former Finance Minister Tengku Razaleigh said this is not sustainable as “states will go on chopping trees (as) there is no other way to earn the money” (Centre to Combat Corruption and Cronyism, 2016, p.51).

In states that have clear identity cleavages that niche parties can align themselves with (religion and ethnicity for PAS in Kelantan) and engage in resource mobilization for party cohesion and electoral support, they can establish opposition subnational strongholds. However, in states that do *not* possess these clear identity cleavages for parties to align themselves with, controlling wealthy states is therefore fundamental for opposition parties to institutionalise themselves and establish strongholds. PAS mobilised institutional, leadership and identity resources to institutionalise itself on all four dimensions of *systemness*, *decisional autonomy*, *value infusion* and *reification* (Chapters 2 and 3) and establish a stronghold in Kelantan. Pakatan mobilised not just institutional and leadership resources but also fiscal resources in Selangor and Penang. While the latter did take advantage of some emotive identity resources in Penang (especially DAP with the Chinese voters) and Selangor (DAP and PKR within the central mixed seats), these featured far less prominently than they did in Kelantan.

	<b>Societal-Party Alignment</b>	
<b>State Type</b>	<b>Clear identity cleavage</b>	<b>Less clear identity cleavage</b>
<b>Highly urbanised state</b>	<p>Opposition subnational strongholds are <u>likely</u> to be established.</p> <p><i>Penang:</i> <i>Gerakan 1969-1971</i> <i>PR/PH 2008-2021</i></p>	<p>Opposition subnational strongholds are <u>likely</u> to be established (having won control)</p> <p><i>Selangor:</i> <i>PR/PH 2008 to 2021.</i></p>
<b>Largely rural state</b>	<p>Opposition subnational strongholds <u>can</u> be established.</p> <p>Established: <i>Kelantan:</i> <i>PAS 1959-1978 ; 1990 to 2020.</i></p> <p>Not established: <i>Terengganu:</i> <i>PAS 1959-1961; 1999-2004</i></p> <p><i>Sabah:</i> <i>PBS 1986; 1990-1994</i></p> <p><i>Kedah:</i> <i>PR 2008-2013</i></p>	<p>Opposition subnational strongholds are <u>unlikely</u> to be established</p> <p><i>Perak:</i> <i>PR 2008-2009</i></p>

**Table 4.7: Likelihood of Establishing Opposition Subnational Strongholds by State Type (identity cleavage vs urbanisation of state), 1959-2021**

Why did Terengganu voters, with a similar Malay-Muslim demographic, not support PAS over longer periods of time; in other words, why did PAS not establish Terengganu as its stronghold? First, Terengganu is an UMNO stronghold, which PAS was only able to penetrate for short periods. Compared to Kelantan, oil-rich Terengganu held “much more economic value to the UMNO federal government for the latter to give up control of the state resources so easily” (Stark, 2004, pp.70-71). PAS originally set out to provide alternative economic development outcomes to Terengganu constituents, but as a result of federal withholding of revenues, PAS’ aspirations of reforming the economy and providing alternative development boosted by oil revenues “evaporated overnight” (Stark, 2004, p.71). The party, failing to offer an alternative to UMNO, had to fall back on Islamic rhetoric. Second, PAS only won control

of Terengganu for the second time in 1999 when it was in alliance with other *Reformasi* oriented political parties in the BA. The capture of a “large protest vote that was essentially dominated by non-Islamist voters” raised questions over whether PAS’ gradually reformist and power-driven agenda was diluting that of the core religious identity (Liow, 2011, p.385). Although Terengganu has a similar demographic profile to Kelantan, its voters tend to be more pragmatic and rational in their political preferences. They are unwilling to sacrifice “basic infrastructure, socioeconomic well-being and the quality of life” for religious needs, according to a Terengganu-based academic (Dr. Nazli Aziz, personal communication, 3 March 2021).

A second question is centred on cases where opposition-led states possess both identity and extractive material resources, but yet fail to persist. For instance, opposition parties in Sabah have certainly appealed effectively to indigenous grievances, while accessing natural resources. Analysis of states in East Malaysia requires an understanding of their relationship with the federal government that goes beyond the scope of this study. Nevertheless, it is worth noting that despite the two states possessing substantially more constitutional powers than Peninsular states<sup>47</sup>, they have experienced greater federal political intervention. This may be because “local elites... ruled Sabah and Sarawak with the support of the federal government” (Faisal, 2018, p.352), where Sarawak’s longstanding chief minister and BN-aligned Taib Mahmud was assured of his position by the centre as long as he continued to secure electorate support. Intervention from Kuala Lumpur came in the forms of “mild intervention”, “mid intervention” or “direct intervention” (Chin, 1997, p.96). The federal government has been adamant in maintaining a hold over the two East Malaysian states because of their well-endowed natural resources and overcompensated for the additional powers they possessed. Further, there was always the fear among the top federal UMNO leadership that “intervention is necessary to prevent another ‘Singapore’... and any moves in that direction (would) bring the full weight of the federal government security apparatus to bear” (Chin, 1997, p. 117).

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<sup>47</sup> Parliament’s powers to legislate for land and local government do not apply to Sabah and Sarawak. Sabah and Sarawak state governments have special powers to veto constitutional amendments affecting their states. Under Article 161E(2), the Federal Constitution cannot be amended without the Sabah and Sarawak state governments if the amendment affects Malaysian citizenship and the equal treatment of citizens, the constitution and jurisdiction of the High Court of Sabah and Sarawak, and the appointment, removal and suspension of its Judges, the states’ legislative and executive powers and financial arrangements between the Federation and the states, religion and language in the states, and the special treatment of natives, and the quota of MPs allocated to the states in proportion to the total number of MPs.

## Wealthy States: Selangor and Penang (2008 to Present)

This section offers only a brief foray into Pakatan’s control of Selangor and Penang, as the experience of these two states forms the basis of the subsequent three chapters.

The electoral gains made by the Pakatan coalition over the three general elections during the period under study are captured by Tables 4.8 and 4.9 below. Only federal and state elections that were held simultaneously<sup>48</sup> in the respective years of 2008, 2013 and 2018 are included. As seen in the tables below, the parties contesting under the Pakatan coalition made steady gains in both the numbers of parliamentary and state seats won progressively from 2008 to 2018 in Selangor and Penang. More importantly, Pakatan’s national support as measured by popular support increased significantly over the three election periods, from 55.4% in 2008 to 59.4% in 2013 and 79% in 2018 (Ong, 2013, 2018). The table also contains election results for 2018, in which the two new parties Parti Amanah Negara, the National Trust Party (Amanah) and Parti Pribumi Bersatu Malaysia, the Malaysian United Indigenous Party (Bersatu) contested for the first time.

Contesting Party	2008		2013		2018	
	Parliament	State	Parliament	State	Parliament	State
<b>BN</b>	5	20	5	12	2	4
<b>DAP</b>	4	13	4	15	4	15
<b>PKR</b>	9	15	9	14	10	21
<b>PAS<sup>†</sup></b>	4	8	4	15	0	1
<b>Amanah<sup>β</sup></b>	/		/		5	/
<b>Bersatu<sup>æ</sup></b>	/		/		1	6
<b>Independent</b>	0		0		0	

**Table 4.8: Selangor Parliamentary and State Election Results, Number of Seats Won (2008, 2013, 2018)**

Contesting Party	2008		2013		2018	
	Parliament	State	Parliament	State	Parliament	State
<b>BN</b>	2	11	3	10	2	2
<b>DAP</b>	7	19	7	19	7	19
<b>PKR</b>	4	9	3	10	4	14
<b>PAS<sup>†</sup></b>	0	1	0	1	0	1
<b>Amanah<sup>β</sup></b>	/		/		/	2
<b>Bersatu<sup>æ</sup></b>	/		/			2
<b>Independent</b>	0		0		0	

**Table 4.9: Penang Parliamentary and State Election Results, Number of Seats Won (2008, 2013, 2018)**

<sup>48</sup> Up to 2021, federal and state elections in Malaysia were held simultaneously in all states except for the state of Sarawak, which holds its state election separately. From 2021, Sabah and Melaka broke from the norm to hold its state elections independent of federal elections after defections caused both state governments to collapse.

Notes to Tables:

<sup>†</sup>*PAS contested under Pakatan Rakyat in the 2008 and 2013 elections, but left the coalition to contest as a separate party in the 2018 elections.*

<sup>‡</sup>*Amanah was formed in 2015 as a breakaway from PAS, and joined DAP, PKR and PPBM to contest under the Pakatan Harapan banner in the 2018 elections.*

<sup>§</sup>*Bersatu was formed in 2016, and joined DAP, PKR and PAN to contest under the Pakatan Harapan banner in the 2018 elections.*

Federal-state infractions against the two states (Chapters 5 and 6) were expected. The difference this time was that as highly industrialised states, the two states collectively contributed a third to the country's GDP – had the federal government intervened to the extent that Selangor and Penang's economy would have been adversely affected, this would have amounted to 'cutting off the nose to spite the face'. As will be shown in the next three chapters, the Pakatan coalition strategically mobilised state-level institutional and fiscal resources available within Selangor and Penang, which ultimately contributed to their political party institutionalisation in these two states.

#### **4.4.3 States in which Opposition Has Never Won Control**

It is necessary to address states in which up to 2018, opposition never won control of. As listed in Table 4.6 above, these are Perlis, Pahang, Negeri Sembilan, Malacca, Johor and Sarawak. Based on this thesis' hypothesis, we expect opposition parties to establish subnational strongholds when they control states that have *either* strong emotive identity resource mobilisation *or* are highly urbanised for developmental and fiscal resource mobilisation. But what about states in which opposition has never had the opportunity to take control over at all? This raises questions about how opposition parties cross the threshold to *win state-level elections*. This thesis does not examine the reasons for which Pakatan was able to topple BN in these states, but the conditions and strategic methods they adopt in establishing subnational strongholds. Nevertheless, it is worth discussing potential explanations for why these six states listed above have been so resistant to any form of opposition entry.

First, UMNO has strong and deep grassroots penetration in Johor, Pahang and Perlis, and it would be extremely challenging to displace the party. Johor has the highest number of UMNO members, the most number of UMNO divisions and has dominated the UMNO Supreme Council and Women's and Youth wings in the pre- and post-independence periods (Hutchinson, 2015); in fact, the UMNO charter was approved in Johor Bahru, the state capital

(Azeem, 2011). Pahang and Johor both have extensive FELDA plantations, traditional UMNO voter-strongholds. Even in GE14, UMNO easily retained its core FELDA parliament seats in Pahang and eastern Johor (Khor and Chia, 2020). Perlis is more mixed, in that PAS also has influence in the state, but has not been able to uproot UMNO, possibly because of local Muslims' preference of *Sunnah* Islam, reformists of which were mostly UMNO supporters, which may account for the party's continued support (see Maszlee and Hamidah, 2017).

The case of Sarawak is addressed above; opposition absence has had more to do with co-optation of local elite leaders into the BN fold and the promise of federal support in exchange. Negeri Sembilan and Malacca are geographically so close to the Klang Valley that many families would have, over time, migrated to Selangor in search of job opportunities. The relatively underdeveloped states of Negeri Sembilan and Malacca meant that state governments there would continually require BN's support; constituents were never willing to change this status quo, potentially risking economic threats from the centre. Ultimately this underscores again the importance of Selangor and Penang, in which the combined urbanisation and developmental features of the states with more highly educated, wealthier demographic profiles meant that these were the exceptional states the opposition was able to rely on not just in unseating BN but establishing subnational strongholds.

#### **4.5 Conclusion**

In the past, political, fiscal and administrative intervention from the centre eventually resulted in the opposition losing control of the states it won, with the exception of Kelantan. PAS' hold on Kelantan is well accounted for through cleavage theory (Ufen, 2009), in combination with resource mobilisation which it also practised. However, in cases with no clear ethno-religious identities, state resources available to the opposition must be large enough to counter federal interference, in order to hold on to their states they controlled.

The chapter demonstrates that there is a history of highly centralised government in Malaysia in both design and practice. Second, centralisation is intensified when states are controlled by opposition parties. The BN federal government has punished opposition-controlled states, at times intervening directly in state political matters, undermining the already 'minimalist federalism'.

Despite this, two sets of opposition parties achieved subnational strongholds: PAS in Kelantan, and then the Pakatan coalition in Selangor and Penang, the latter set of which this thesis examines in detail. PAS fully optimised the deep-set ethno-religious identities in Kelantan

to its strategic advantage. In Penang, ethnic sentiments also played a role in contributing to Pakatan's (mainly controlled by Chinese-dominant DAP) institutionalisation, given its larger proportion of Chinese voters<sup>49</sup>. However, these proportions fell over the decade between 2008 and 2018 and a significant percentage of the electorate is not ethnically Chinese.

Opposition subnational strongholds are likely to be established within states that have a strong ethnoreligious identity, which niche political parties can align themselves with (PAS in Kelantan). For states that have a relatively *weak* ethnoreligious identity, such strongholds can be established within states that are *highly urbanised and developed* (Pakatan in Selangor and Penang). The opposite is true; for states that are relatively rural and have weak ethnoreligious identities, it is unlikely that opposition parties would be able to establish subnational strongholds. Here, there are insufficient resources to successfully mobilise in order for opposition parties to institutionalise themselves.

Up to 2018, the opposition had never won control of the states of Perlis, Pahang, Negeri Sembilan, Malacca, Johor and Sarawak. The opposition did win control of Terengganu, Sabah, Perak and Kedah, but were defeated in the subsequent election. Among these, Perlis, Pahang, Negeri Sembilan, Malacca, Johor, Perak and Kedah are either rural or sub-rural in nature and do not have as deep an ethnoreligious identity as either Kelantan and Terengganu. The urbanisation rates within each of these listed states falls below 70%, with the exception of Johor and Malacca, the former of which is known as an UMNO stronghold and has deep UMNO historical roots, while the latter's urbanisation only forms a small percentage within the centre of the state, leaving the rest of the state largely rural<sup>50</sup>. For Terengganu, UMNO already with a strong foothold in the wealthy oil and gas-rich state competed on developmental grounds, which PAS within its single term in power was unable to successfully challenge.

In Sabah and Sarawak, the federal government has historically pressed for greater control over these two states. As such, the ruling party in Sarawak has remained in power because of its loyalties to BN, in exchange for support, whilst the opposition party in Sabah was co-opted into the BN, in both cases bowing to strong federal government pressure and

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<sup>49</sup> The Penang state population ethnic breakdown in 2005 was Chinese 43.01%, Malays 40.87% and Indians 10.02% (OECD, 2010). By 2018, the proportion of Chinese fell to 39.4%, with Bumiputera comprising 42.3% and Indians 9.4% (The Star, 2018). Nationally, the Chinese represent only 24.6% of the population, with Bumiputera representing 67.4% (of which Malays comprise 63.1%), Indians 7.3% and Others 0.7% (Department of Statistics Malaysia, 2015).

<sup>50</sup> Levels of urbanisation by state in Malaysia, in ascending order: Kelantan (42.4%), Pahang (50.5%), Perlis (51.4%), Sarawak (53.8%), Sabah (54%), Terengganu (59.1%), Kedah (64.6%), Negeri Sembilan (66.5%), Perak (69.7%), Johor (71.9%), Malacca (86.5%), Penang (90.8%), and Selangor (91.4%). (Department of Statistics Malaysia, 2011).

heavy interference. Despite both states possessing natural resources, the bulk of these are in the form of oil and gas, which due to the revenue-sharing arrangements drawn up in 1974, mostly accrue back to the federal government. The states do derive revenues from forestry, but these were nowhere near sufficient to act as political levers against the federal government bent on asserting control from the centre.

In sum, the chapter concludes that in states that do not possess strong ethno-religious identities that niche opposition parties can align themselves with, controlling highly urbanised and industrialised states with a wealth of resources is imperative in achieving political party institutionalisation and moving on to establishing opposition subnational strongholds. Possessing greater resource revenues and mobilising these resources – institutional and fiscal – was so powerful a combination under Pakatan in Selangor and Penang from 2008 onwards that even attempts at federal political intervention and exercising greater centralisation could not break Pakatan's control in these two states.

## Chapter 5: The Mobilisation of Institutional Resources

*“The paper was the most effective tool for the propagation of the state government’s policies... because the government had no access to the traditional media outlets, (which) were all controlled by Barisan Nasional.”*  
*(Interview, Sheridan Mahavera, Selangorkini Editor-in-Chief, 21 September 2019)*

### 5.1 Introduction

This chapter forms the first of three successive chapters that demonstrate how Pakatan in Selangor and Penang mobilised resources to achieve political party institutionalisation, ultimately establishing opposition subnational strongholds. This chapter examines how institutional resources were accumulated and utilised for the coalition to create a strong base. Federalism enabled the opposition to control state governments and access these resources, which affirms the literature that subnational executive offices allow valuable resources to be accessed (Rakner & van de Walle, 2009; Dobson, 2012; Lucardi, 2016). Indeed, federalism allows institutional safeguards to ensure the division of power between federal and state governments, and a combination of shared-rule and self-rule (Adeney, 2007).

This chapter begins with a section on the challenges faced by the state governments, followed by how Pakatan responded to make strategic use of five key state-level institutions: state bureaucracy, state government-linked companies (GLCs), state media, state policy domains, and good governance.

Despite Malaysia’s highly centralised administration, *some* administrative capacity is available. First, controlling states allowed opposition parties authority over a state civil service that was necessary to ensuring policies would be successfully implemented. Second, the parties had access and control over state GLCs. Greene (2010) has shown that DPARs’ control over the public bureaucracy gives them incumbency advantages; Pakatan adopted similar approaches through the restructuring of GLCs.

Third, under authoritarian conditions, opposition parties typically have minimal access to media (Schedler, 2002; Levitsky and Way, 2002), and controlling the states allowed them to challenge messages from the federal government. Fourth, state governments have some constitutionally-backed policy autonomy, which when well exercised, allow them leverage over the federal government, showing that federal systems guarantee that different public interests are expressed at different levels of government (Levy, 2007). Fifth, the opposition

gained by winning important subnational office and then creating a governance record to win even more new supporters. Many interviewees stated that the good governance “story-telling” message, combined with other institutional resources at the opposition’s disposal, was a powerful and emotive narrative that contributed to Pakatan’s political support within the two states of Selangor and Penang from 2008 to 2018, although this was more so the case in the first than the second term.

## **5.2 Institutional Challenges faced by Pakatan state governments**

When Pakatan took over Selangor and Penang, it immediately faced federal government encroachment on state policy jurisdictions: state governments had their domains contested, were forced to deal with controversial matters, and had their own initiatives blocked. Such behaviour was not new in Malaysia. Other DPARs have also punished opposition-controlled states, such as India’s federal government under Indira Gandhi who made excessive use of her Presidential Rule by dissolving opposition-led state governments, claiming secession plotting during its national emergency (Klieman, 1981), or Brazil’s federal government restricting the autonomy of state governments by eliminating gubernatorial elections in 1965 (Samuel and Mainwaring, 2004).

### **Civil Service**

It was challenging for Pakatan to manage a civil service that had never before worked with the opposition, and were naturally hostile at the very start. There were occasions in which federal civil servants displayed such hostilities, for example a Penang civil servant stating to Penang Executive Council member that he was a federal government officer and not a Penang officer, implying that he was not answerable to a state government leader (Interview, Phee Boon Poh, 4 December 2019). Before Pakatan took over in Selangor and Penang, administration of state development projects was done jointly between the federal and state governments. Regular State Action Council meetings were organised by the state implementation and coordination unit, chaired by the Chief Minister, to monitor federal funds in the state. During these meetings, all agencies (both federal and state) would give detailed explanations on the performance of their respective expenditure and projects. These were discontinued after GE12.

As former FMS and Straits Settlement states, senior officers are drawn from the common federal civil service at the Public Service Department. These are the state secretary, state financial officer, and state legal advisor, all three of whom attend exco meetings at which all major state government decisions are made. The federal government makes the ultimate decision of appointments and promotions of these significant senior positions. Although it is customary to consult with state governments, this was not done with opposition-led states. Selangor has its own state-based civil service, which only occupies junior-level functions such as clerks<sup>51</sup>. Penang does not have a state-based public service commission, but hires contract-based civil servants to occupy lower-level positions.

In 2010, a dispute emerged between Selangor and the federal government over the appointment of the new state secretary. The Selangor government submitted a list of recommended names to the federal-level PSC, but before any meaningful discussion took place between both parties, the PSC announced the name of the new state secretary. The Sultan of Selangor also gave a public endorsement of this appointment. The Chief Minister, not having been consulted, requested for the Selangor state assembly to convene to debate an amendment to the Selangor constitution, which would give the Chief Minister and the Sultan prerogative to select the State Secretary and other senior administrative officials, but this motion narrowly missed the required two-thirds majority (Hutchinson, 2014). Eventually the federally-appointed State Secretary was installed, against the Chief Minister's wishes.

In 2012, the Petaling Jaya city mayor was given a 24-hour notice of his transfer out of the council without the Chief Minister's knowledge, to be promoted as deputy state secretary. Following the backlash, the federal government decided to delay the transfer till two months later, allowing time for tasks to be delegated accordingly. Although the Local Government Act 1974 allows for mayors to be appointed by the state government, most are drawn from the federal service. He was therefore obliged to comply with federal PSC instructions.

The federal Minister of Agriculture issued a circular forbidding all its officers (including those stationed at the state office) from attending any meetings or courses sponsored by the Pakatan state governments (Yeoh, 2010). Additionally, schools in Selangor and Penang were directed not to invite Pakatan state legislators, and the federal Chief Secretary instructed

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<sup>51</sup> The Selangor Public Services Commission was formed in 1960 to aid the existing Federal Public Service. The Commission is governed by policies such as the Public Officers Regulations of Selangor State Government (Appointment, Promotion and Termination of Service) from 2005 and other circulars from the State Administration. Based on their 2015 annual report, the Commission spent RM1.74 million, the bulk of which was on salaries for some 1,717 employees (Selangor Public Services Commission, 2015). This may seem a modest number for so developed a state, but most of the civil servants that fill the remainder of the state government are in fact federally-appointed.

civil servants in opposition-led states to prioritise instructions and policies of the federal government in their work (Syed Husin, 2010). The Ministry of Tourism also cancelled its memorandums of understanding with Selangor and other opposition state governments and dissolved the state-controlled Tourist Action Councils, placing them under the federal ministry instead (Ostwald, 2017).

In Penang, the executive councillor in charge of women had “no machinery” to operate with because the previous government’s exco was resourced directly from the Ministry of Women and Family Affairs (Anonymous Interview, 8 December 2019). Staff from within the Penang state government were also found to have been making photocopies of internal documents and sharing them with UMNO, including exco meeting minutes and letters (Interview, Cheong Yin Fan, 4 December 2019).

In Selangor, the federal Malaysian Anti-Corruption Commission (MACC) investigated allegations that the Chief Minister used state funds to maintain his own vehicle and purchase cows for his parliamentary constituency outside Selangor as well as allegations of illegal sand operations of state-owned sand-mining company Kumpulan Semesta. The investigation into alleged wrongful use of financial allocations resulted in the overnight interrogation of political aide to a state exco member, the late Teoh Beng Hock, and his eventual death by having fallen from the 14<sup>th</sup> floor of the MACC Selangor premises. The Royal Commission of Enquiry into this incident revealed that there were instructions being received from the MACC Putrajaya as to what the MACC Selangor office should do in relation to the case. These investigations were perceived to be politically driven and a form of “weaponisation of MACC against... Selangor and Selangor GLCs... MACC would call the press before doing a raid” (Interview, Yin Shao Loong, 1 October 2019). Finally, the federal minister also froze all developers’ licenses in Penang in 2016, which are required for development projects (Interview, Lee Kah Choon, 10 December 2019).

Federal-state friction with regards to senior civil servant appointments was not exclusive to opposition-led states. Former Gerakan Penang Exco member stated that prior to 2008, former Chief Minister Koh Tsu Koon had wanted to replace a high-ranking officer within the state who was not cooperative, but was unable to, in contrast to the Perlis Chief Minister who was able to do so immediately with a quick phone call (Interview, former Penang official, 29 December 2019). Evidently, party alignment provided greater benefits since even within BN, UMNO leaders had greater sway compared to ‘junior’ party members.

## Bureaucratic Bypassing

Of note are also the Village Development and Safety Committees set up by the federal government's Ministry of Rural and Regional Development in opposition states (JKKKP) as well as the Residents' Representation Committee (JPP), where in opposition-aligned states these bodies by-pass the state governments, compared to federally-aligned states where these federal agencies also exist but information and resources flow through the state governments. The JKKKP are essentially duplications of the already existing village committees (JKKK) organised and controlled by the state governments, where the JKKKP receive direct funding and support from the federal government that bypass states completely<sup>52</sup>.

Such were the challenges that Pakatan faced within the institution of the civil service and bureaucracy given the highly centralised nature of Malaysia's federalism. The federal government's attempts to destabilise and encroach upon opposition-led states through bureaucratic administration were initially successful, but Pakatan eventually made strategic use of its resources to counter such actions.

### 5.3 Strategic Use of Institutional Resources

Given the infractions posed by the BN federal government, how did the opposition-led states of Selangor and Penang overcome what were seemingly insurmountable challenges? The BN had after all behaved in ways similar to other electoral authoritarian or hybrid regimes, in providing supporters access to opportunities and resources (Geddes, 1999; Magaloni, 2008; Svobik, 2009; Gandhi and Lust-Okar, 2009). For example, Chief Ministers from BN-aligned state governments would benefit by having exclusive meetings with the Prime Minister, who was also the BN National Chairman, while Pakatan state Chief Ministers did not get such access as they were in the opposition, who were "often openly critical and even acrimonious of the BN and the PM" (Interview, Koh Tsu Koon, December 2019). This left opposition parties with typically limited resources to operate under (Schedler, 2002; Greene, 2007), as they are unable to compete with the regime in offering material inducements (Gandhi and Lust-

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<sup>52</sup> Following the 14<sup>th</sup> general election in 2018, the Pakatan Harapan government renamed these bodies as follows: the *Jawatankuasa Kemajuan dan Keselamatan Kampung* (JKKK) was renamed as the *Majlis Pengurusan Komuniti Kampung* (MPKK), and they maintained the duplication of federal-led bodies within opposition-controlled states, renamed from *Jawatankuasa Kemajuan dan Keselamatan Kampung Persekutuan* (JKKKP) to *Majlis Pengurusan Komuniti Kampung Persekutuan* (MPKKP).

Okar, 2009). Five institutional resources are elaborated upon in the section below: state bureaucracy, state GLCs, state media, state policy domains, and good governance.

### 5.3.1 State Bureaucracy

Securing the support of the state bureaucracy was crucial and in fact the first step in ensuring the smooth running of the state governments. Yet, the civil service was uncooperative for the first two years of Pakatan taking over, as cited by many interviewees who served within Selangor and Penang. As such, “building relationships with the civil service was a policy challenge... it was the first change of government for them (Interview, Yin Shao Loong, 1 October 2019) and “the civil service was caught between loyalty to the federal government and the state” (Interview, Phee Boon Poh, 4 December 2019). It was only in its second term that Pakatan learned how to draw on the civil service as an important institutional resource.

In Penang, the civil service became slightly more responsive only after Anwar Ibrahim won the Permatang Pauh by-election with a landslide of more than a 15,000 majority in August 2008, several months in (Interview, Liew Chin Tong, 7 October 2019). When the Penang state secretary retired in March 2009, a year after Pakatan formed government, Chief Minister Lim Guan Eng started a “two to three-month battle with the federal government” to appoint the new state secretary of his choice (Interview, Liew Chin Tong, 7 October 2019). Lim’s choice candidate was relatively junior in terms of his civil service rank, not yet having been promoted to the appropriate rank for the position<sup>53</sup>. Eventually, the negotiation paid off and Zainal Rahim Seman was appointed the new Penang state secretary. Lim was determined to “make all the government servants see that, if you work hard, you follow my instructions 100%, you will get promoted” (Interview, Cheong Yin Fan, 4 December 2019). Sure enough, he followed through on these promises by giving state awards to local council cleaners and sweepers as rewards for their hard work.

It was important to secure the appointment of his choice, as the state secretary being the most senior state civil servant could command the co-operation of the entire state government machinery. Contrasted with the Selangor state secretary crisis, Lim’s strong leadership style in upward negotiations was key in keeping cordial and under the radar what could have grown into a potential political storm. In Penang, “the role we tried to play

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<sup>53</sup> The civil service follows a strict grading system, and state secretaries are only usually occupied by civil servants with the grade of at least Jusa C, which Zainal Rahim Seman had not yet been promoted to at the time.

especially PKR is to win the hearts of the civil servants and maintaining a good working relationship with them is (the) essence for us” (Interview, Afif Bahardin, 10 December 2019). DAP also had to fight to change the misperception that it was a “Chinese” party; innovative efforts needed to be taken to ensure the interests of Muslims were cared for, dispelling the notion that Malay villages were being destroyed, and the Muslim call to prayer was disallowed (Interview, Joshua Woo, 29 November 2019).

The Selangor government in 2008 introduced special sessions within existing civil servant sessions during which state representatives or Pakatan legislative assemblypersons would be invited to speak. This was initiated so the new governing coalition had an opportunity to interact with the state, sharing the new state vision, mission, and policy, including that of integrity and accountability. Selangor civil servants were directed to attend these training sessions, and were “initially sceptical... but (eventually) liked it because we had the chance to meet them personally... it helped the dynamic on both sides” (Interview, Former Selangor Civil Servant, 20 April 2020). Separately, senior civil servants were regularly consulted by Chief Minister Khalid Ibrahim in Selangor, which made them feel like they were involved in the decision-making process. For example, former State Secretary stated that “on a few occasions he called me directly, asking me to review several state contracts... sometimes his decisions would not be viewed favourably by politicians, but of course I as the then-head of the State Economic Planning Unit, I was answerable to him and given the responsibility by him” (Interview, Noordin Sulaiman, 26 November 2019). Another former civil servant said that “(Khalid) will ask me if this can be done or not... he believed that we could give him good advice” (Interview, Former Selangor Civil Servant, 24 September 2019). Their perception of him as a former corporate leader also sat well with the civil servants, who believed he would make decisions based on business instead of political reasons.

Azmin Ali who took over as Selangor Chief Minister in September 2014 was adept at dealing with the civil service, given his previous experience<sup>54</sup>. Azmin’s former state officers believed his ability to work with the civil service was a key factor in successful state delivery. One officer described him as someone who “has a deep appreciation for the civil service and makes it very clear” (Interview, Yin Shao Loong, 1 October 2019), while his chief strategy and research officer commented that “great political skill” is required to “cajole... and reward” civil servants to obtain their support (Interview, Khalid Jaafar, 9 October 2019). Azmin

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<sup>54</sup> Azmin Ali started working for Anwar Ibrahim who was Minister in the Prime Minister’s Department in 1987 and stayed with him through Anwar’s positions as Finance Minister and Deputy Prime Minister, also following him out of UMNO as one of the founding members of Parti Keadilan Nasional in 1998.

reportedly spent a lot of time with his senior civil servants to “empower” them, and would thank them publicly in his speeches. For one programme that had major financial implications on the state budget, he insisted that his officers first obtain the approval of the state financial officer before giving the go-ahead. Azmin’s familiarity with the government also allowed him to demonstrate more leadership, for instance “acting” like the government despite being in opposition, meeting with the “Malaysian Embassy and (its) staff” on overseas trips (Interview, Hilman Idham, 15 January 2020). This was so much so that “by the end of one year, everyone was eating out of his hands” (Interview, Elizabeth Wong, 3 October 2019).

The leadership styles differed in that Lim was known to be fierce and aggressive in his approach, confirmed by several former staff members, demanding work to be delivered by strict deadlines, leading to a more efficient and productive civil service. For instance, he was known to “call all the department heads” numerous times incessantly until they delivered what he expected (Interview, Cheong Yin Fan, 4 December 2019). This is contrasted to both Khalid and Azmin’s more consultative approach as described above. Nevertheless, it was evident that all Pakatan state chief ministers approached the civil service knowing they needed to obtain the support of the senior civil servants, which would translate into downward support of the state government machinery, necessary in ensuring effective public service delivery.

The state bureaucracy is a crucial institutional resource that the Pakatan coalition needed to first secure before it could utilise other state resources. Selangor wanted to “form expanded state ministries” but was constrained as “finances and pensions would involve the federal government”, eventually appointing three additional staff per Exco office (Interview, Iskandar Samad, 17 January 2020). Civil service being under the federal government also meant that for many years, there was “collaboration between BN-UMNO and state institutions”, referred to as a “deep state” (Interview, Toh Kin Woon, 29 December 2019). As a solution, Pakatan state governments bypassed the official civil service, where Penang’s Chief Minister hired a personal legal advisor because the State Legal Advisor was not being cooperative (Interview, Andrew Yong, 26 September 2019). In Selangor, private legal firms drafted the Freedom of Information Bills, and assisted in the water restructuring legal case and other legal matters (Interview, Arfa’eza Aziz, 30 August 2019). State governments also have control over local governments and land and district offices, two important third-tier institutions that implement state policies and programmes. By 2017, 58 to 60% of Selangor voters in the urban and rural areas felt that their local governments were performing well (Institut Darul Ehsan, 2017).

One remaining institution that requires attention, which is relevant for Selangor but not Penang, is that of the Ruler<sup>55</sup>. This is a crucial institution to examine, providing a key difference between the pressures faced by Pakatan within both states. In the 2009 Perak constitutional crisis, for example, it was the Sultan who ultimately made the decision not to allow the dissolution of state government when three state legislators defected away from Pakatan to BN. A long legislative battle ensued, but by then the Pakatan state government had fallen. Even in Selangor, as pointed out above, when Khalid Ibrahim was removed as Chief Minister, it was the Sultan who made the decision over which Chief Minister would be eventually selected (based on a list submitted by the coalition).

Hence Pakatan needed to maintain a cordial relationship with the Palace, the latter of which wielded tremendous influence in determining political outcomes. Had there been a political crisis between the two coalitions within the state of Selangor resulting in the Sultan's intervention, the latter would have had the power to end Pakatan's control of the state – and hence its ability to eventually establish a stronghold there. As documented by Yeoh (2020), when state legislators had previously shifted allegiances, Rulers have adopted different approaches in the past, either agreeing to dissolve the state assembly or denying the dissolution in support of the new party or coalition. To date, there are 10 cases in which the Rulers or governors opted for a new majority attained through defections to form a new state government, deciding that dissolution was not necessary (Terengganu, 1961; Sarawak, 1966; Kelantan, 1977; Sabah, 1994 and 2018; Perak, 2009; Johor, Malacca, Perak and Kedah, 2020). What is crucial is that in all cases, the political party that emerged as state government was the one aligned to or had the support of the political coalition forming the federal government: BN in 1961, 1966, 1977, 1994 and 2009, PH in 2018, and PN in 2020.

These cases seem to imply that the monarchy played a significant role in determining the outcomes within each of the states whenever a political crisis ensued. This begs the question of whether Pakatan (or any party) would be able to maintain control over states that have Rulers if the latter took a strong position against the party, thereby undermining, destabilising and eventually even ousting the party's position as state government. It is therefore crucial to establish that this thesis considers the institution of the monarchy as a very important resource

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<sup>55</sup>Only formerly Federated Malay States (Selangor, Perak, Negeri Sembilan and Pahang) and Unfederated Malay States (Johor, Kedah, Kelantan, Perlis, and Terengganu) have Rulers. Formerly Straits Settlement states have Governors whose powers are limited when compared to Rulers. For example, the Conference of Rulers comprises the Rulers of each of the former Malay states (both Federated and Unfederated), which plays a rotating kingship role amongst its members. Although the Governors of former Straits Settlements Penang and Malacca (and after 1963, Sabah and Sarawak) are members, they do not vote on kingship.

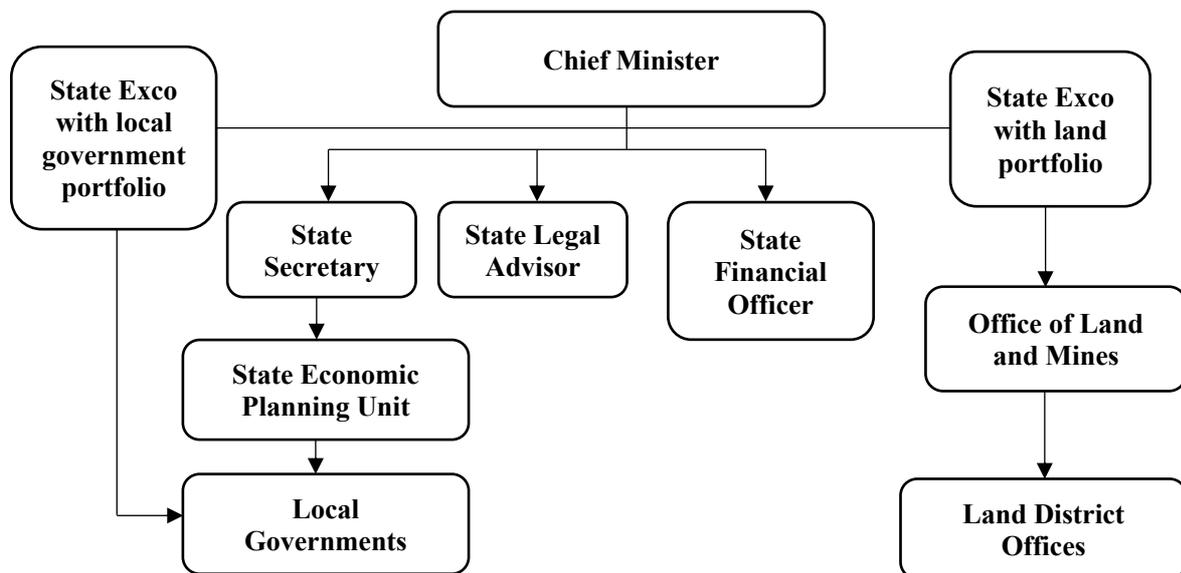
– part of the state bureaucracy – that political parties must, for their survival, engage with and make strategic moves to win over and influence. Hence, the role of strategic leadership in managing the Palace from the state government chiefs was imperative.

Hence, since BN was still very much the incumbent regime between 2008 and 2018, should there have been a political or constitutional crisis within Selangor, it would have certainly have been a precarious situation for Pakatan. It was therefore crucial for both Chief Ministers Khalid Ibrahim and Azmin Ali to cooperate with the Ruler, who is constitutionally the head of Islam. Hence, an interviewee stated clearly that:

“Although Selangor is a very modern state, in a way it is very traditional. The Sultan is important and Islam is very important. You have to be supportive of these two institutions. When people have the slightest doubt on this, you will get in trouble and Azmin always (made) sure that there (was) no doubt”.

(Interview, Khalid Jaafar, 9 October 2019)

As seen in Chapter 7, Selangor’s Palace (as in all other formerly Malay states) had representative appointees in the form of the *Orang Besar Daerah* (or variations of this term)<sup>56</sup> who administer districts – a traditional practice that continues till today. The Sultan is a crucial institution whose opinion on issues as deeply important as Malay and Muslim rights, and land matters, is of tremendous influence.



**Figure 5.1: State Bureaucracy Reporting Lines Of Local Governments And Land District Offices**

<sup>56</sup>In Perak, the term used is *Orang Besar Jajahan*. In Pahang, the term used is *Orang Kaya Indera*.

Dominant parties sustain their rule by setting up a large and heavily politicised public bureaucracy (Greene, 2007, pp.28, 41), which was the practice of BN at the federal government. Pakatan therefore inherited a public bureaucracy that was deeply politicised and up to 2008 heavily in favour of BN. Because civil servants employed and working in Selangor and Penang were ultimately hired, fired and promoted by their Putrajaya political leaders, they would adhere primarily to BN instructions. Pakatan therefore adopted a multifold strategy: First, they co-opted as much as possible of the civil service by negotiating their own appointees. Second, they lavished them with praise and distributed rewards to the civil servants too, with increased cash transfers during special occasions. Third, they engaged with the civil servants regularly. In Selangor weekly townhall meetings were held to inform the entire state bureaucracy what the state government's plans, policies and expectations would be, emphasising on good governance measures. By employing these methods, Pakatan could circumvent the highly politicised federal-leaning state bureaucracy and enlist them in implementing what would be state programmes crucial to winning over constituent voters.

### 5.3.2 State Government-Linked Companies (GLCs)

As at the federal level, GLCs are a valuable resource at the state level, where they are utilized to generate state income, channel investments into state development projects, fund state welfare schemes, provide key positions to loyalists and support the state government more generally. Pakatan's intention was to transform state entities that would be able to drive state economic development, without depending on federal government for financial support.

This section focuses on how the state governments enabled an efficient structure of GLCs under the direction of the two Chief Ministers to become important and powerful institutions. The Pakatan coalition inherited an array of pre-existing state-level institutions within both states, which broadly falls under four categories.

State	Economic Development	Investment Arm	Social	Religious
<b>General</b>	<ul style="list-style-type: none"> <li>• State Economic Development Corporation</li> <li>• State Agricultural Development Corporation</li> <li>• State Land/Resource</li> </ul>	<ul style="list-style-type: none"> <li>• State Secretary Incorporated</li> <li>• Chief Minister Incorporated</li> <li>• State Financial Secretary</li> </ul>	<ul style="list-style-type: none"> <li>• State Education Foundation</li> <li>• State Social Development Foundation</li> <li>• State Housing and Property Board</li> </ul>	<ul style="list-style-type: none"> <li>• State Islamic Religious Council</li> <li>• State Islamic Foundation</li> <li>• Zakat Board</li> </ul>

	Development Corporation		• State Sports Council	
<b>Selangor</b>	<ul style="list-style-type: none"> <li>• Selangor State Development Corporation (PKNS)</li> <li>• Selangor Agricultural Development Corporation (PKPS)</li> </ul>	<ul style="list-style-type: none"> <li>• State Secretary Incorporated (SSI)</li> <li>• Menteri Besar Incorporated (MBI)</li> </ul>	<ul style="list-style-type: none"> <li>• Selangor Foundation (Yayasan Selangor)</li> <li>• Housing and Real Estate Board (LPHS)</li> <li>• Selangor State Sports Council (MSNS)</li> </ul>	<ul style="list-style-type: none"> <li>• Selangor Islamic Religious Council (MAIS)</li> <li>• Selangor Zakat Board (Lembaga Zakat)</li> </ul>
<b>Penang</b>	<ul style="list-style-type: none"> <li>• Penang Development Corporation (PDC)</li> </ul>	<ul style="list-style-type: none"> <li>• State Secretary Penang Incorporated (SSI)</li> <li>• Chief Minister Incorporated (CMI)</li> </ul>	<ul style="list-style-type: none"> <li>• Penang State Sports Council (MSNPP)</li> </ul>	<ul style="list-style-type: none"> <li>• Penang Islamic Religious Council (MAIPP)</li> <li>• Penang Islamic Foundation (Yayasan Islam Pulau Pinang)</li> <li>• Penang Zakat Board (Lembaga Zakat)</li> </ul>

**Table 5.1: Four Types Of State Institutions (Adapted from Gomez et al, 2018b)**

Selangor’s SEDC (Selangor State Development Corporation, PKNS) was the earliest in the country to be incorporated in 1964 whereas Penang’s (Penang Development Corporation, PDC) was incorporated later in 1971. As seen in Table 5.1, state-level institutions were involved in a range of social and commercial activities. While Chapter 4 pointed to the inception of state economic development corporations (SEDCs), which require federally-appointed board members and ministerial oversight, the later generations of state GLCs were more independent and required minimal federal involvement, many formed as statutory bodies or under the Companies Act.

States began to form Chief Minister-led GLCs in the 1980s when Kedah’s Menteri Besar Incorporated (MBI) was incorporated in 1988. Selangor and Penang followed after, with Penang’s Chief Minister Incorporated (CMI) formed in 2009 after Pakatan took over (Gomez et al, 2018b, p.39). What is key about the MBI and CMI structure is that these do not require federal government oversight. The founding enactments of MBI and CMI in Selangor and

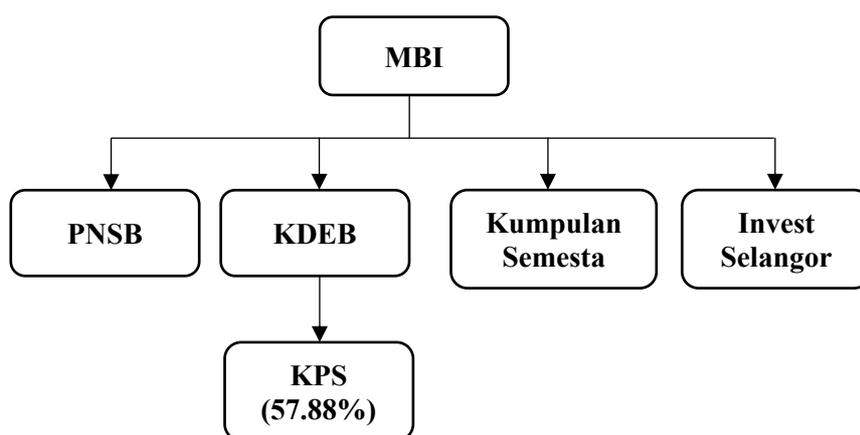
Penang both state that the body corporate represents the office of the Chief Minister who has ultimate control over the company<sup>57</sup>. Through the MBI or CMI, the Chief Minister can “enter into contracts and acquire properties, including shares of companies, for the state” (Gomez et al, 2018b, p.42). This is a distinguishing feature that enabled the Pakatan as an opposition coalition to manage and control their GLCs independently, without federal involvement.

When Pakatan took over Selangor in 2008, one of the state GLCs inherited was the State Secretary Incorporated (SSI), chaired by the State Secretary. It possessed a significant amount of state land, for which it was receiving some returns on. The assets were poorly managed under the previous government, where there were allegations that parcels of land had been handed out to friendly contractors by public servants working in the Land Office departments (Interview, Former Executive of MBI, 18 September 2019). Another state GLC, PNSB, had also been officially appointed to manage some parcels of state land. Both SSI and PNSB were at the time owners of a large number of abandoned projects on abandoned land, including quarries, most of which were not accruing revenues back to state government coffers.

Khalid’s intention was to consolidate the many state GLCs by making use of MBI, which up to then had been left dormant and under-utilised. Restructuring MBI as the parent company overseeing almost all of the other state GLCs (except statutory bodies) was a way to consolidate and monitor the numerous GLCs and assets they controlled, largely land-related. State subsidiaries under MBI were now PNSB and the Selangor State Investment Centre (SSIC), with the objective of making it easier to monitor and monetise state assets. With the Chief Minister as Chair of MBI, this gave him the ability to oversee a sizeable number of assets. The Chief Minister is also director of the following state subsidiaries: “Kumpulan Darul Ehsan, Permodalan Negeri Selangor, Tourism Selangor, Invest Selangor, Communication Corporation, Pendidikan Industri YS and Yayasan Warisan Anak Selangor” (Gomez et al, 2018b, p.44). The latter company, Yayasan Warisan Anak Selangor, is the company that disburses cash incentives to children born in the state of Selangor.

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<sup>57</sup> See the two enactments in Selangor and Penang respectively: the Menteri Besar Selangor (Incorporation) Enactment 1994 (Revised – 2011) and Chief Minister of Penang (Incorporation) Enactment 2009, Enactment 9.



**Figure 5.2: Restructuring of Selangor GLCs After 2008, Placing MBI As Parent Company Over Major GLCs**

*Note: Only selected GLCs are displayed.*

MBI was powerful in that it reported only to the Chief Minister, with no statutory requirements of tabling financial or annual reports to the state assembly. Here the Chief Minister was also singularly powerful; he approved the disbursement of voluntary separation scheme (VSS) packages for eight MBI officers for a total severance package of RM2.7 million without the Board’s approval (Interview, Edmund Bon, 11 October 2019). It became an institution in parallel to the state government itself, managing the state government’s subsidiary GLCs and oversaw the seizing of land parcels that had been poorly regulated under UMNO, or that had been unsatisfactorily monetised. One of the new state subsidiaries set up under MBI was Kumpulan Semesta, a sand-mining company that generated a large amount of income, which indeed “made tonnes of money... that’s where accumulated wealth of MBI subsidiaries contributed to MBI’s financing” (Interview, Former Executive of MBI, 18 September 2019).

Before leaving, Khalid had planned to undergo a GLC restructuring exercise to consolidate the numerous Selangor state GLCs and had instituted a GLC reform committee in 2013, but this did not come to fruition as he was removed from office in September 2014. When his successor Azmin Ali took over, MBI underwent yet another transformation in being significantly upsized<sup>58</sup>. Its staff size grew from 20 to more than 100, and it upgraded its office premises in a new building.

<sup>58</sup> MBI appointed as its new CEO Raja Shahreen Raja Othman, a former Chief Financial Officer of several oil and gas companies and Pos Malaysia, lending a sheen of corporate professionalism.

<b>Name of GLC/Statutory body</b>	<b>Method of Incorporation</b>	<b>Objective</b>	<b>Key Features and Contributions to state</b>
Menteri Besar Selangor (Incorporated)	Menteri Besar Selangor Enactment, 21 Sept 1994 (Enactment No. 31994)	Established to administer assets and investments of the state government and to represent the state in economic and business activities that are beyond the state government's jurisdictions. Supports the state government's development efforts and social responsibility obligations for the public.	<ul style="list-style-type: none"> <li>• Investment Holding</li> <li>• Property Development</li> <li>• Waste Management</li> <li>• Water Management</li> <li>• Mineral + Mining</li> <li>• Road and Facilities Management</li> <li>• Innovation + IT Infrastructure</li> <li>• State social welfare programmes</li> </ul>
Perbadanan Kemajuan Negeri Selangor (PKNS)	1 August 1964 under the Selangor State Development Corporation Enactment (1964)	Develop new growth centres for Selangor to fulfil "economic distribution and socio-economic growth".	Property and real estate development.
Selgate Corporation Sdn Bhd	Subsidiary of PKNS. SELGATE Healthcare, a fully-owned subsidiary of SELGATE Corporation, incorporated on 14 December 2015	Improve the quality of life of the people of Selangor. Spearheads Selangor's medical and health services.	Building of private hospitals in Selangor.
Kumpulan Darul Ehsan Bhd (KDEB) Berhad	An investment holding company incorporated as a public limited by shares company, incorporated on 3 December 1985.	Investor of major development projects in the state, with social obligation of ensuring that every project serves the community.	Infrastructure and utility, property, hospitality and recreation
Kumpulan Perangsang Selangor Berhad (KPS)	Listed on Bursa Malaysia's Main Board on 22 July 2003 with	Stimulating economic growth in Selangor.	The only publicly-listed GLC in Selangor. Has business operations

	original paid-up capital of RM431.4m,		in manufacturing, trading, licensing, infrastructure and oil and gas.
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**Table 5.2: Key State GLCs in the State of Selangor**

The above table displays several key state GLCs and statutory bodies in Selangor, which contribute to the economic development in the state. With the exception of KPS, the Chief Minister plays a direct role as Chair or Director. During the decade under Pakatan, MBI grew to be a significant super-entity, and with the Chief Minister having “direct control of these GLCs”, it was hence able to “control the state media agency<sup>59</sup>, education institutions and welfare schemes which may benefit him politically” (Gomez et al, 2018b, p.45). By controlling these state entities, this allowed the Chief Minister direct control over public state resources, enabling more efficient decision-making powers, reallocating and redistributing resources toward priorities of his administration. This route was valuable because the Chief Minister did not require state executive council or legislative assembly oversight – he could direct the activities on his own, with only a handful of loyal staff members within his office.

In Penang, there also pre-existed a similar SSI. Following in Selangor’s footsteps, Chief Minister Incorporated (CMI) was set up via state enactment in 2009. However, all transactions were conducted via the consolidated state fund. CMI also did not have its own Board, where all decisions were made directly by the Chief Minister, approved by the Exco (as chaired by the Chief Minister). Following criticism of accountability, CMI only a decade later in 2019 under the new Chief Minister Chow Kon Yeow formed an oversight committee to evaluate investment submissions by the private sector, and settle financial and administrative issues. The committee would be empowered to decide on projects below RM5 million, and then if necessary approach the Exco for a second level of decision-making (Interview, Bharathi Suppiah, 6 December 2019).

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<sup>59</sup> In Selangor, the state GLC called MBI fully owned a subsidiary CCSB Sdn. Bhd., which operated all the media infrastructure including weekly Malay newspaper SelangorKini and its broadcast television channel TV Selangor.

<b>Name of GLC/Statutory body</b>	<b>Method of Incorporation</b>	<b>Objective</b>	<b>Key Features</b>
Chief Minister Incorporated (CMI)	Chief Minister of Penang (Incorporation) Enactment 2009, Enactment No. 9.	Empowered to enter into contracts and engage in property arrangements on behalf of the state.	Was actively used by the Penang state government to engage in property development agreements on behalf of the state.
State Secretary, Penang Incorporated (SSI)	State Secretary Penang (Incorporation) Enactment, 1988.	Manage housing and commercial development projects on state land.	Owens InvestPenang, George Town World Heritage Incorporated Incorporated, and the publicly-listed PBA Holdings Bhd.
Penang Development Corporation	Established as a statutory body in 1969.	Spearheading socio-economic growth, creating employment and improving the quality of life of the people of Penang.	Owens many GLCs, involved in multiple sectors including property development, tourism, hospitality, services, and investment.
PBA Holdings Bhd	Listed on Bursa Malaysia in 2002 (subsidiary PBAPP was corporatized in 1999).	Meeting the water supply needs of the Penang state.	Parent company of PBA Pulau Pinang (PBAPP), which provides all of Penang's water supply.
George Town World Heritage Incorporated	Established in 2010.	Promote cultural heritage education and safeguard the Georgetown UNESCO World Heritage Site.	Operates the annual George Town Festival, and other educational activities.

**Table 5.3: Key State GLCs in the State of Penang**

A second key shift within state GLCs and statutory bodies is that they began to incorporate new subsidiaries as private limited companies under the Companies Act, which meant these companies had the powers to operate like any other corporation. The tables below provide a brief summary as an example of these subsidiaries in Selangor and Penang, which demonstrates that first, the state governments became active in business, and second, Pakatan intensified these activities from 2008 onwards by pursuing investment opportunities, sometimes providing supply-chain services within the GLC eco-system itself. For instance, in Selangor, two companies secured contracts from the water services company Air Selangor, all

three companies of which are linked to KDEB, a fully-owned subsidiary of MBI while in Penang a PDC subsidiary won a contract to provide telecommunication services to the Penang state government. It was also important to work together with federal agency MIDA, and thus Penang “played the Malaysian card as well” (Interview, Lee Kah Choon, 10 December 2019).

<b>Main GLC</b>	<b>Subsidiary 1</b>	<b>Subsidiary 2</b>	<b>Subsidiary 3</b>	<b>Subsidiary 4</b>	<b>Comments</b>
<b>MBI</b>	<b>PNSB</b>	PNSB Development Sdn Bhd	Noble Right Sdn Bhd		The majority of PNSB activities lie in the area of property development.
		PNSB Management and Consultancy Sdn Bhd			
		PNSB Supplies and Services Sdn Bhd			
		PNSB Properties Sdn Bhd			
		PNSB Construction Sdn Bhd			
		Canal City Construction Sdn Bhd (30%)			
	<b>KDEB Waste Management</b>	Hebat Abadi			KDEB Waste Management holds the monopoly over waste management services in all parts of Selangor.
	<b>KDEB</b>	KHSB (94.79%)	Central Spectrum (M) Sdn Bhd (76.67%)		KHSB is the property vehicle of KDEB, Selangor’s investment arm.
			SAP Holdings Bhd		

			KHSB Properties Sdn Bhd		
		Landasan Lumayan Sdn Bhd			Incorporated in 2012 and appointed by the Selangor state government to rejuvenate the Klang River under the Selangor Maritime Gateway.
		Konsortium Air Selangor Sdn Bhd			Bought over by Air Selangor in 2015 (see section 5.3.4).
		Pengurusan Air Selangor Sdn Bhd			Air Selangor runs water services in Selangor.
		Kumpulan Perangsang Selangor Bhd (57.88%)			KPS is the only publicly listed GLC in Selangor.
			Nadi Biru Sdn Bhd	Smartpipe Technology Sdn Bhd (60%)	Smartpipe Technology secured a RM20m contract from Air Selangor to replace pipeworks in Hulu Langat and Kuala Lumpur on 2 July 2018.
			Aqua-Flo Sdn Bhd (51%)		Aqua-Flo secured a RM162.5m contract from Air Selangor to supply and deliver chemicals on 17 Oct 2018.

			Viabale Chip Sdn Bhd	Syarikat Pengeluar Air Selangor Holdings Bhd (30%)	SPLASH was taken over by Air Selangor in 2018 (see section 5.3.4).
			Titisan Modal (M) Sdn Bhd (90.83%)	Konsortium Abass Sdn Bhd	Abass was taken over by Air Selangor in 2015 (see section 5.3.4).
		Syarikat Bekalan Air Selangor Sdn Bhd (30%)			SYABAS was taken over by Air Selangor in 2015 (see section below).
<b>PKNS</b>	PKNS Engineering & Construction Sdn Bhd				PKNS, Selangor's SEDC, is involved in multiple sectors. Selgate was formed by the Pakatan government in 2015 to pursue healthcare services.
	Worldwide Holdings Bhd				
	PKNS Real Estate Sdn Bhd				
	Selgate Corporation Sdn Bhd	Selgate Healthcare Sdn Bhd			

**Table 5.4: Selected Subsidiaries Of MBI And PKNS, Two Key Selangor State-Level Institutions**

<b>Main GLC</b>	<b>Subsidiary 1</b>	<b>Subsidiary 2</b>	<b>Comments</b>	
<b>State Secretary Incorporated (SSI)</b>	Invest-in-Penang Berhad		Non-for-profit entities.	
	George Town World Heritage Incorporated			
	PBA Holdings Bhd.	PBA Pulau Pinang Sdn Bhd		Suppliers of water services for Penang, the main SSI subsidiary.
		PBA Resources Sdn Bhd		

		PBA Green Technology	
<b>Penang Development Corporation (PDC)</b>	PDC Premier Holdings Sdn Bhd	PDC Nusabina Sdn Bhd	PDC owns multiple GLCs; this list is not exhaustive. PDC is active in property development, tourism, hospitality, services and investment sectors. PDC Telco was appointed by CMI to provide <i>Common Trenching</i> services to the Penang state government in 2014.
	PDC Consultancy Sdn Bhd		
	PDC Properties Sdn Bhd		
	PIHH Development Sdn Bhd		
	PDC Telecommunication Services Sdn Bhd		
	Penang Global Tourism		
	Island Golf Properties Bhd		

**Table 5.5: Selected Subsidiaries Of SSI And PDC, Two Key Penang State-Level Institutions**

GLCs grew and expanded rapidly under Pakatan in both Selangor and Penang, primarily driven by the Chief Ministers in each of the states. First, the *number* of GLCs grew within each state, new subsidiaries set up to drive economic and social development. Second, the *nature* of GLCs changed, venturing into private sector arrangements such as property development in Penang, and private healthcare in Selangor.

Third, the *state autonomy* granted by these set-ups enabled the two states to conduct their activities much more independently without federal government intervention, especially since the Chief Ministers were given much stronger decision-making roles, many of which set up under the Companies Act, giving them the same legal rights of any corporation. This enabled them to control and direct GLC institutions without state legislative assembly oversight. The GLCs allowed the state governments to also bypass the civil service. In Penang, this had been practised under Gerakan, whose then Chief Minister formed the PDC to have a parallel government, considered more efficient and effective (Interview, Zairil Khir Johari, 5 December 2019). Especially in Penang then, the DAP made much more concerted efforts to create a government of its own, in which greater control of resources would be made possible under the ambit of its CMI. When examined in the context of ‘good governance’, however, there are serious gaps in accountability since in both Selangor and Penang cases, the Chief Ministers intentionally controlled the major GLC without the governance and oversight of their respective ExcOs or the state legislative assemblies (also addressed in Chapter 8).

Greene's (2007) central theme of incumbent DPARs accessing and using public resources for partisan gain rings true for BN at the centre. BN-controlled states adopted similar practices as that of the BN federal government where state GLCs were also used to drive economic and social development. Over its decade in power, Pakatan effectively used state GLCs to its political benefit, accumulating revenues and distributing welfare-oriented programmes to its constituents.

### 5.3.3 State Media

Opposition parties in Malaysia had always operated on an unlevel playing field when it came to media presence. This is not unusual in hybrid regimes, where the ruling party typically uses media control to deny legal opposition parties any real chance of competing for power (Diamond, 2002: p.25; Schedler, 2002; Greene, 2007; Levitsky and Way, 2010). As such, national mainstream news (newspapers, TV, radio) were dominated and controlled by companies linked to the BN. Within the first term (2008-2013), both the Selangor and Penang governments were regularly criticised in the mainstream media. Federal BN-linked Malay-based newspapers would “twist everything, especially NST and Utusan”, publishing that because Penang implemented open tenders, they would no longer practise the NEP<sup>60</sup> (Interview, Cheong Yin Fan, 4 December 2019).

Pakatan's control over Selangor and Penang coincided with the increased usage of online media and social media platforms such as Facebook and Twitter, which were optimised by both state governments. Alternative media like Malaysiakini and The Malaysian Insider continued to provide alternative news to the traditional news sources, which should also be taken into consideration when examining the impact of media on the erosion of dominant party authoritarian regimes – and the elevation of the political opposition in the eyes of the public. As such, opinion polls by the Merdeka Center for Opinion Research demonstrated the growth in use of alternative media over time. In 2009, a poll conducted in Selangor showed that 72% of respondents depended on newspapers as their primary source of obtaining updates on politics and current affairs, with 15% from television and only 3% from the internet. By 2017, this number had changed significantly, with only 35% citing newspapers as their primary

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<sup>60</sup> The New Economic Policy (NEP) was announced in 1970, then included into the Second Malaysia Plan in 1971 following ethnic clashes between the Malay and Chinese communities in Kuala Lumpur, as an effort to alleviate poverty and restructure society according to race, largely to ensure poor sections of the Malay communities would not be left behind. Since then, it has been a source of great contention, given some elite abuse of the race-based affirmative action policy to benefit a select few of the community.

source, followed by 33% from television and 27% from the internet. When asked further, while 69% said they referred to mainstream media, while 25% cited alternative media. Between 2008 and 2018, voters continued to depend on traditional media as their primary source of information, but over the decade it is clear that there was an increasing number of individuals relying on alternative sources of information, especially from the internet.

Controlling a state government provided a critical opportunity for the opposition to challenge the dominant party through its control over media. Section 25(1) of the Printing Presses and Publications Act exempts publications by state governments from publication licenses that are normally required from the federal government. This exemption is valuable; newspapers critical of the federal government have had their licenses threatened for suspension or revocation, and opposition party newsletters have been similarly threatened, where the Malay version of DAP's *Rocket* faced resistance from the Home Ministry to register itself as *Roket* (Interview, Wan Hamidi, 19 November 2019). Official state government publications could freely operate without similar fears.

Selangor set up *Selangorkini*, a Malay-medium newspaper targeting Malay audiences in 2009, run by its parent company CCSB<sup>61</sup>, a fully-owned subsidiary of MBI. With a circulation of 350,000 papers printed each week, the paper was distributed largely to Malay-speaking communities, with state government funding. A key distribution strategy was to ensure that copies were sent to constituencies that had the poorest showing in popularity polls. Hand distribution was also important to ensure that UMNO political operatives would not remove newspapers placed in stacks in public places. A publishing strategy was to have the papers printed by Thursday, so that papers would be distributed at mosques throughout Selangor during Friday prayers. Stories on democratic ideals, for instance on Bersih 2.0's campaign and local government elections were published (Interview, Sheridan Mahavera, 21 September 2019).

*Selangor Times*, an English community newspaper, emerged to cater to a very different segment of English-speaking urban voters. Despite *Selangor Times* not depending on the state government for financial resources<sup>62</sup>, state GLCs were used to place advertising in its pages, as was the case in *Selangorkini* (Interview, Chan Kok Leong, 13 September 2019). Interestingly, property developers also advertised as many of their projects were located in the

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<sup>61</sup> Under CCSB, two other communication arms TV Selangor and Radio Selangor were set up.

<sup>62</sup> *Selangor Times* ran on donations and print advertising, but the financial model was not sustainable. The Selangor state government rejected its request for funds in the lead-up to the 13<sup>th</sup> general election, preferring to fund the Malay-language newspaper *Selangorkini*, as it felt that the Malay constituents were the more important electoral target market. *Selangor Times* ended its print run in April 2013, one month before the general election.

Klang Valley and advertising in a community paper was cheaper as well as targeted. Some of these developers were also keen to establish a closer rapport with the state government as the latter presided over local government authorities (Interview, Chan Kok Leong, 13 September 2019). These newspapers played a crucial role in ensuring that state programmes were being regularly reported on, which the mainstream newspapers would never carry – metro sections of mainstream newspapers would regularly carry stories of other BN-state activities but not that of Selangor. Elected representatives who performed their constituency duties were featured regularly, allowing the community to keep the government accountable.

Opinion polls commissioned by the Selangor state government showed that there was, though not significant, growth in the number of people who were reading these state newspapers. In 2009, only 10% of those polled had read *Selangorkini*, and by 2014, this rose to almost a third of the state population, at 32%. The readership of *Selangor Times* was lower, with only 3% polled having read the English weekly in 2011, which rose to 5% a year later (Merdeka Center for Opinion Research, 2008-2018).

A special edition newspaper, *Wardah*, was published daily for an intense two-week period in the lead-up to the 2013 GE, a compilation of stories from the various political party newspaper arms (The Rocket from the DAP, Suara Keadilan from PKR and Harakah from PAS, *Selangorkini* from Selangor), containing articles on why Pakatan should be supported. Funded by Selangor's CCSB, this paper was distributed to states across Malaysia. With the exception of Johor (as it was felt that it was near impossible to swing that UMNO bastion), 350,000 copies of *Wardah* were distributed to especially the "frontline states" of Kelantan, Terengganu, Negeri Sembilan, Malacca, Kedah and Perak, which "couldn't have been funded if the state was Kelantan, Melaka, Negeri Sembilan... it had to come from Selangor" (Interview, Sheridan Mahavera, 2019). Similarly, in the lead-up to the 2018 election, *Selangorkini* was published and distributed to all states including Kedah and Perak (Interview, Arfa'eza Aziz, 30 August 2019).

Crucially, political representatives from respective political party newspapers also coordinated closely with state-based media to obtain stories and messages they could then further disseminate. Selangor Chief Minister Azmin Ali's political secretary was also the PKR Selangor state information chief, and coordinated messages. Selangor state Exco member and PAS representative Iskandar Samad was on the board of his party's newspaper Harakah, and ensured that the paper's messages included Selangor's success stories (Interview, Iskandar Samad, 17 January 2020).

In Penang, Chief Minister Lim Guan Eng was acutely aware of the need to ensure a strong communication strategy from the state government. Almost all interviewees from Penang shared that it was Lim Guan Eng's strong leadership that led to the government creating messages that were well-coordinated and responsive. He called press conferences every day of his administration over the ten-year period, whereas Selangor held only these weekly after state Exco meetings and exceptionally during special programmes. His emphasis on strong communication was evidenced by recruiting "press officers...(as) 50% of all officers" (Interview, Andrew Yong, 26 September 2019) as opposed to only one or two in the Selangor Chief Minister's Office. The official state communications portfolio was placed directly under the Chief Minister's watch (Interview, Yap Lee Ying, 11 December 2019).

Penang also emerged with its own state newspaper, since it was felt that "we have no control (over) mainstream media" and would need to "depend on our own" and also engaged in "propaganda... like underground" (Interview, Yap Lee Ying, 11 December 2019). Initially named the *Suara CAT*, it was renamed as *Buletin Mutiara* in April 2010 with multiple languages: Malay, Chinese, Tamil and English, each respectively having slightly different emphases targeted at different ethnic communities. Wholly funded by the state government at RM10m a year, it distributed as many as 200,000 copies to the whole of Penang. Initially distributed through the state elected representatives' office, it was found to be ineffective, and two private distribution companies were hired to distribute to targeted locations including mosques, residential areas, and villages. The person who ran *Buletin Mutiara*, a former journalist, referred to her work as "underground propaganda", reangling stories to suit different target audiences, crafting Penang state successes in ways that would be palatable to even the Malay communities (Interview, Yap Lee Ying, 11 December 2019).

Similar to the experience of Selangor, key messages emerging from the Penang state government successes were also utilised heavily by the DAP headquarters. Political officers managing DAP newspaper 'The Rocket' reported regular communications with the Chief Minister's Office in Penang, alongside *Buletin Mutiara*, to obtain stories, photos and information that they would translate into materials for national consumption. With the onset of social media's importance in campaigning, a large amount of material was regularly required to feed into the party's multiple platforms, providing a perspective of Pakatan-led states not otherwise presented. *Buletin Mutiara* also included a list of all names and contact information of state assemblypersons and local councillors whom the public could contact for assistance and accessing state welfare programmes. State GLCs sponsored advertisements in *Buletin Mutiara*, although the larger number of advertisements came from private property developers

(Buletin Mutiara Archives, 2008-2018). The rise of technology from 2008 onwards – social media particularly – also contributed to the opposition’s ability to get its message out, without having to depend on government-controlled or -influenced mainstream media.

Penang Institute, the state funded think tank, published a monthly English magazine the Penang Monthly. Containing articles on arts, culture, and policy, it also regularly featured newsworthy individuals from Penang. Its chief editor believed that one of the objectives of starting the magazine was for Penang to “rediscover itself... it’s our mirror, it has to remember itself and have stories about itself... it’s a narrative” (Interview, Ooi Kee Beng, 17 December 2019). Targeted at elites, it was useful in promoting the institutional and cultural change that the Pakatan supporters at the time believed the coalition represented. Initially selling between 2000 to 3000 copies, the publication and sales increased to 4000 copies by the end of 2018. It was an important resource for the intellectuals in recognising belonging; the head of Penang water company PBA called it “a cult item” after 10 years in the making (Interview, Ooi Kee Beng, 17 December 2019).

As other parties controlling hybrid regimes or DPARs do, so too did BN employ methods of stifling media for its own partisan use, much to the detriment of the political opposition. BN-UMNO’s use of media outlets to provide them a distinct electoral advantage (Case, 1996) has been long established. This did not change from 2008 to 2018, with mainstream newspapers still very much controlled by BN, especially heightened during election campaigns (featuring large full-page advertisements condemning opposition parties, for instance). Controlling state governments opened the doors to the legitimate setting up of state-based newspapers to propagate state government policy in both Selangor and Penang and counter politically targeted messages from BN.

The two states’ newspapers and broadcast facilities featured the Pakatan’s positions on controversial and highly politicised issues such as the water restructuring impasse in Selangor and advocacy towards local government elections in Penang, and were especially utilised to showcase state successes during the GE12 and GE13 political campaigns, and any by-elections. Thus state-based media was a crucial resource for the opposition that previously had minimal access to media platforms, enabling the dissemination of narratives that ran counter to that of BN, and act as a mouthpiece to showcase Pakatan states’ initiatives.

As pointed out in the above section, while constituent voters continued to rely primarily on mainstream media as their source of political and current affairs updates, Selangor and Penang’s control over local media did provide an alternative platform to convey policies and programmes. The two states’ media facilities, both in print and online, may not have enjoyed

the same access and readership penetration levels when compared to existing traditional media, but the fact that there was *some* avenue to demonstrate performance effects was of great value.

#### **5.3.4 State Policy Domains**

Although the federal government made incursions into opposition-led states, nevertheless state governments do have existing constitutional powers. This section explores specific state powers, which Pakatan exercised as an available resource. The ability of Pakatan to control state governments by electoral means, thereby obtaining the legal rights over state-governed policy jurisdictions, affirms that federalism under certain circumstances can contribute to the democratisation process. Even in highly centralised contexts as is Malaysia, federalism does provide for distribution of government authority and administration (Young, 1941) and of power and resources between levels of government (Gibson, 2004). Most pertinent is Levy (2007, p.469), who believed “one of federalism’s potential virtues ... is the capacity of the provinces to be oppositional.”

#### **Water Services**

Water services was moved from the state to concurrent list under the Federal Constitution in 2005, with plans to consolidate and restructure the industry. The federal government would be given regulatory powers, in reality reducing the states’ bargaining power. Nevertheless, the Selangor case study of water services negotiations demonstrates how the Pakatan coalition, despite being disadvantaged as a result of these legal changes, harnessed its own resources as negotiating tools to create leverage over the federal government.

The Pakatan-led Selangor government was embroiled in a long drawn-out negotiation process with the four water companies over more than a decade. Between 2008 and 2018, it faced obstacles in buying out the four private concessionaires, which it intended to consolidate under one company. All three offers made by the Selangor government between February 2009 and May 2010 failed to achieve agreement of all companies. Two of the four companies, PNSB and SYABAS, were linked to a former UMNO Selangor treasurer Rozali Ismail. The Pakatan administration used this relationship to accuse the former UMNO-led Selangor government of selecting cronies to carry out the long-term water concession, further claiming that the concession was not favourable to the state nor its citizens. Throughout the 10-year period,

UMNO continued to provide favourable loans to SYABAS, which made negotiations with the company challenging for Selangor.

This came to a head in December 2010 when the Selangor state government, together with civil society organisations, organised a street rally to support the state's takeover and reject the federal government's approach. An appeal was delivered to the Agong on the grounds of ensuring fair returns to the state government and people of Selangor. The street rally attracted up to 10,000 people, with at least 60 people arrested by the police and teargas and water cannons used to disperse the crowd. Law enforcement is governed centrally, where state police receive instructions from the federal government; convenient tools utilised by the BN federal government to act against its political opposition.

Simultaneously, a Pahang-Selangor raw water transfer project<sup>63</sup> was underway, led by the federal government, aimed at supplying water from Pahang to the states of Selangor, Kuala Lumpur and Negeri Sembilan. The Selangor government exercised its state powers over land, refusing to approve the development order required for the construction of the related Langat 2 water treatment plant, which would be situated within Selangor, until the federal government was willing to co-operate with Selangor's offer to take over all four companies at the same time. The federal government was at the time under pressure to proceed with the project, having signed an agreement with the Japanese company that was to construct it. This was powerful leverage at the hands of the state government, which it utilised strategically to negotiate the water deal with the hitherto uncooperative federal government.

Under Chief Minister Azmin Ali, the Selangor government finally came to an agreement with three out of the four companies, PNSB, SYABAS and ABASS<sup>64</sup>. The full takeover succeeded only after Pakatan ascended to power at the federal government level in 2018. Throughout the negotiations, Pakatan exercised its state position as joint decision-maker effectively, accusing its predecessors of engaging in corrupt concessions that did not benefit citizens, using its federal constitutional powers of approving land development orders as a negotiating tool against the restructuring process, and employing its media bodies to portray the state government's perspective.

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<sup>63</sup> The project includes a transfer tunnel, a dam, a pumping station, dual water pipelines, access roads, a telemetry system and the construction of the Langat 2 water treatment plant.

<sup>64</sup> In September 2015, RM2 billion worth of water assets were transferred from Air Selangor to PAAB, which Selangor would then lease from PAAB, and Air Selangor would be given Facilities and Service Licenses. This was received positively by the industry, as the impasse had lasted close to seven years at that point, since consistent water supply is necessary for business activities in manufacturing, retail and other sectors.

Penang did not inherit the complicated water services industry of Selangor, and was fortunate to have had its water body Perbadanan Bekalan Air (PBA) corporatized in 1999. In short, the restructuring of Penang's water supplies and services did not require its state government to stake a claim over any unresolved matter<sup>65</sup>. State opposition Gerakan criticised Chief Minister Lim Guan Eng for being disingenuous for claiming it had reduced its state debt by 95 percent, when in fact the RM655 million it supposedly owed the federal government had been simply converted into a 45-year lease of state water assets.

## **Land Matters**

States have full control over land matters as set out in the federal constitution, and although there exists the federal-level National Land Council, approvals for land transfer, land use conversion, development orders and other land-related approvals all fall under state or local council purview. Federal projects that take place on state land require the state's approval. The Pakatan state government in Selangor took neutral positions in issues involving economic development, since the state would benefit from them, and bargained when it did not stand to benefit or if it received negative feedback from voters.

The federal government recognised the need to engage with the states given its land powers. It would also have had to engage with opposition-controlled rural states given such land powers. However, development projects would have been considered more crucial within the developed states of Selangor and Penang given their size and importance of contributions to the national economy. As such, development projects in states like Kedah or Kelantan were rarely even proposed to begin with.

The Performance Management and Delivery Unit (PEMANDU), which then reported to the Prime Minister's Office, initiated a series of federal projects under its Greater Kuala Lumpur Plan and its Economic Transformation Programme (ETP) that encroached into Selangor. The federal government consulted the Selangor government on its various projects, including its Light Railway Transit (LRT), Mass Rapid Transit (MRT) lines, 'River of Life' project (which required co-ordination with the local authorities upstream Ampang Jaya and

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<sup>65</sup> In the Penang water deal, the government transferred RM655.2mil worth of water-related assets (or 50% of the total) to Pengurusan Aset Air Bhd (Paab) in exchange for a restructuring of the state's outstanding loans into a grant. Under the arrangement, the assets would be leased back to the state for 45 years for an annual fee of RM14.56mil. The Penang government would retain control over any future revision in water tariffs in the state, whilst the state would be given a further grant of RM1.2bil for the expansion project of the Mengkuang Dam.

Selangor), and the development of the ‘Sungai Buloh New Township’. Such consultations were necessary, since state approvals for development orders were required. PEMANDU conducted a Penang state-specific “lab”, consulting state officials for an economic development plan, which included proposals for the upgrading of infrastructure and public transport but the plans were never executed “for political reasons” (Interview, Zairil Khir Johari, 5 December 2019).

The Pakatan-led Selangor government exercised its powers over land, refusing to approve projects that were deemed unpopular amongst voters. The Kinrara-Damansara Expressway (Kidex), a major tolled highway involving the federal and state government that would change the face of suburban Petaling Jaya, faced vehement protests by residents and NGOs. The Pakatan state government initially gave an approval in principle, which provoked ire and Chief Minister Azmin Ali later cancelled the Kidex project. Another blocked federal government programme involved the federal government-promoted speed cameras in 2012, the Automated Enforcement System (AES), on the technical grounds that the Transport Ministry had failed to get the state’s approval, since they would be installed on state land. The state government also played the role of facilitator. Federal government-linked company Tenaga Nasional Berhad (TNB) faced residents’ protests when it wanted to build high-tension towers in Kampung Sungai Terentang, Rawang, in 2011, based on concerns these would cause health problems and would destroy a school and several houses along the way. The Selangor state government negotiated between residents and TNB on the grounds of land jurisdiction, eventually resulting in a compromise.<sup>66</sup> The Pakatan-led government intervened on the residents’ behalf, using its state powers to ensure their welfare was protected, deftly exercising political leverage against the federal government.

In a display of clientelistic practices, land was also used to entice political support, for instance during the Hulu Selangor by-election in April 2010, election goodies in the forms of land titles and financial aids by the state government were promised by the Selangor state government (Kuek Ser, 2012).

### **Other Blocked Federal Government Policies**

All civil servants and national scholars in Malaysia are obliged to attend courses by the controversial National Civics Bureau (BTN). The Selangor state government accused the BTN

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<sup>66</sup> The Selangor government hired an independent consultant to present a report, and both sides agreed to a compromised solution that some structures would be demolished, but not all. Residents were also given financial compensation amounting to RM10.4 million (The Sun Daily, 6 May 2010).

of promoting racism and “seeking to divide the multi-racial and multi-religious community”, stating that it was an indoctrination process by the BN government (Loh, 2010, p.138). It banned state civil servants, employees of state subsidiaries and students at state-owned institutions from attending BTN courses, a course of action that was followed by Penang. Selangor designed its own version of such courses in appreciation of other cultures and ethnicities in opposition to BN’s ethnocentrist version.

In the weeks leading up to the World Cup in 2010, business tycoon Vincent Tan announced that his company received approval for a football betting licence. Pakatan states of Selangor, Penang and Kedah responded immediately to say they would not approve business licences for football betting, and would revoke the premise licences of outlets that collect sports bets. Prime Minister Najib Razak was forced to capitulate to the popular public opinion that followed and announced the government’s decision not to issue the said licence nationwide.

By exercising state powers over either state or concurrent matters, the Pakatan coalition blocked unpopular federal policies and projects, and in so doing successfully established itself as the champion of citizens’ rights and their accompanying demands.

### **5.3.5 Good Governance**

Pakatan Rakyat came into government under the banner of good governance, and its pre-election campaign messages heavily targeted then UMNO Chief Minister Khir Toyo’s corruption scandals. In Malaysia, the term ‘good governance’ is used relatively loosely to refer to a more efficient, corrupt-free, rules-based environment. Given the multiple contexts within which the term is used, this thesis draws from the development discipline to define ‘good governance’, where the United Nations Development Programme (Graham et al, 2003) refers to five broad principles of good governance, namely legitimacy and voice, direction, performance, accountability and fairness. While Pakatan in control of the two state governments set out to put in place practices to fulfil what it believed good governance to entail, it was more successful in some areas than in others. This section examines the measures that Pakatan put into place in both states, the end of which an assessment is provided against the principles and whether or not this was successfully fulfilled.

Good governance measures were an important intangible institutional resource for both state governments, which was translated into tangible forms, from which they built a strong moral narrative that effectively countered UMNO. Over the following decade, this proved to strike a moral chord with the electorate, especially when contrasted against the scale of grand

corruption in the form of the 1MDB scandal perpetrated by then Prime Minister Najib Razak. Many political official interviewees in both states cited this as a compelling reason they could provide to voters to continue their trust in Pakatan: these practices enabled them to increase state income and savings, whilst being able to return a “good governance dividend” to voters. The intention was “to make Selangor an inspiring model” (Interview, Yin Shao Loong, 1 October 2019), as well as to “Penang a role model that Pakatan can be a better government, as long as we are not corrupt” (Interview, Cheong Yin Fan, 4 December 2019), and “the narrative was we give you money because of CAT (competency, accountability, transparency), a very convincing narrative” (Interview, Zairil Khir Johari, 5 December 2019). This was effective as it “raised the public’s confidence (based on) the track record of both governments, that we could govern” (Interview, Ong Kian Ming, 11 January 2020). The leadership stressed on integrity, capitalising on its social capital.

Selangor formed a select committee on competency, accountability and transparency (Selcat) and held public hearings on past alleged discrepancies in the running of the state, including on the wrongful expenditures of BN’s ‘Wives of Elected Selangor Representatives Welfare Organisation’, which was well-received by the public. Selangor also passed, for the first time in the country, a Freedom of Information (FOI) Enactment, countering the federal-level Official Secrets Act which makes all government documents classified by default. When the Selangor chief minister attempted to exercise his rights under Section 2(c) of the Official Secrets Act to declassify documents related to a landslide that caused five deaths and destroying 14 bungalows in Bukit Antarabangsa, the Works Ministry stated the document was issued by the federal Cabinet and only they had the right to declassify such information. In March 2009, the chief minister and all exco members implemented an asset declaration scheme that listed all assets obtained and disposed of since assuming office in 2008. Both the FOI Enactment and asset declaration practices were later adopted by the Penang state government. However, Penang’s FOI Enactment was weaker in depth and breadth, and it performed less well in legislative transparency where the state government did not set up any house committees for monitoring purposes.

Improved transparency and accountability measures led to financial prudence in their procurement and contracting activities, which led to increased state income. The Auditor-General’s 2011 report praised Selangor for its financial performance, increase in savings, revenues, investments and financial management. Nine out of 12 of its local councils and five statutory bodies recorded surpluses; there was an increase in state revenues; healthy public debt repayment; and state development was positive based on expenditure and the number of

approved projects. Eight agencies were awarded a 4-star rating. Selangor's act of having its local councils take over waste management service from its previous contractor Alam Flora saved the state RM80.95mil through the use of open tenders. These savings were then used to provide a 25% rebate for quit rent (land tax) to low cost flats. Contracts worth RM446.9 million were awarded via open tender from January to October 2012, which reportedly saved the state 18.6% or RM102.2mil (original tenders were estimated at RM549 million). Then Chief Minister Khalid Ibrahim announced that Selangor had saved RM40 million by carrying out an open tender on the upgrade of Phase 1 of the Sungai Selangor Water Treatment Plant in March 2013. Selangor was able to increase its cash savings to RM1.2 billion in 2011, which rose even further to RM3.62 billion in October 2016, its highest since 1998. These open tenders were contrasted to the practices of the previous government, where "projects like roads, religious schools, mosques, requests for land... whoever had a political association would qualify to get these... this was not the case during Khalid's time" (Interview, Noordin Sulaiman, 26 November 2019). Similarly, the previous administration engaged in "90% direct negotiations", usually given to the party "division chiefs" (Interview, Former Selangor Civil Servant, 24 September 2019).

The Penang government said that it saved nearly 12% of its operating expenditure in 2008 of RM36 million, and expected to save RM20 million annually and reducing the cost by 45% through transparent negotiation over solid waste treatment contracts (Lim Guan Eng, 2009). Penang was praised by the Auditor-General as the state with the best fiscal management, recording a 46.8% increase in its revenue collection in 2011. It was by employing this slew of methods that the states had additional funding to manoeuvre. It should also be noted, however, that prior to 2008, Penang was already performing relatively well, where "Penang has always been praised in the Auditor-General's reports... we had the best financial management system among the states since (former Chief Minister) Chong Eu's times" (Interview, Koh Tsu Koon, December 2019). Pakatan states also committed to including 30% of civil society members into local governments, allowing greater accountability. However, this practice did not last beyond the first term of government.

To further strengthen public participation in decision-making, both Penang and Selangor state governments had written to the Election Commission separately to ask for local government elections to be held in their respective states. Penang took this several steps further by having its state legislative assembly exempt its two local councils from section 15 of the Local Government Act 1976, which in effect abolishes local government elections in Malaysia (The Edge, 2013). It then proceeded to pass an enactment to provide for the Election

Commission to hold local government elections. When the commission did not respond, Penang filed a suit against it in the Federal Court, which eventually ruled that the state government did not have the jurisdiction to conduct local government elections. The decision to restore local government elections would have to come from the National Council for Local Government, which the federal government controls.

The Selangor state government commissioned a study to a civil society group to consider the implementation of local government elections, but because of such divided opinion amongst the Pakatan component parties, no such pilot in Petaling Jaya was actually carried out. One strong concern of even the reform-minded Pakatan coalition was that if local government elections were eventually held, there would also be a loss of local authority councils and “would represent a significant loss over the course and conduct of vast amounts of state funds” (Khoo, 2010) since local council budgets represent a large percentage of the entire state government’s budget.

Nevertheless, Selangor did conduct elections for the village chiefs of its Chinese new villages in Jenjarom, Pulau Ketam and Pandamaran, which the locals participated in. However, a Selangor DAP leader stated that these were actually initiated due to internal disputes between different factions over the appointment of their village chiefs. (Interview, Tony Pua, 25 November 2019). Both Selangor and Penang also introduced mosque committee elections for local residents to vote for the first time, where in the past, their respective religious councils the Penang Islamic Religious Council (MAIPP) and the Selangor Islamic Religious Council (JAIS) would appoint politically linked individuals. These were alternative ways in which some form of democratic elections took place at the community level. In Penang, a unique project on “Our Money, Our Rights” allowed local communities to emerge with their own ideas of how to use an allocated RM100,000 (Interview, Lee Khai Loon, 12 October 2019).

In a 2015 survey, Selangor think tank *Institut Darul Ehsan*’s found that 44% of respondents believed that transparent and credible leadership drove their support for the Pakatan state government. Public polling consultant Merdeka Center for Opinion Research that conducted roundtable discussions for Selangor in 2013 stated that respondents were most concerned about cost of living, and that “there were less concerns about issues related to transparency because at that point in time, Tan Sri Khalid ... embodied the new values brought by the party” (Interview, Ibrahim Suffian, 3 October 2019).

Ultimately, the good governance narrative was powerful and especially in the lead-up to the 2018 election, the governance record of Pakatan in Selangor and Penang was a bankable campaign slogan, where “in the lead up to 2008, 2013 and 2018, Pakatan were telling

convincing stories related to corruption, certain storytelling trends (and) narratives (Interview, Fahmi Fadzil, 20 September 2019). Nevertheless, in Pakatan's second term in Selangor and Penang, the good governance label was increasingly challenging to hold onto. There were mounting political pressures from within the parties to distribute greater positions and projects, for example where a former civil servant shared that the "pressure was less under Tan Sri Khalid's time compared to UMNO, but pressure came from people surrounding him, party people would come and knock on the door" (Interview, Former Selangor Civil Servant, 24 September 2019) (see Chapter 7 for more), but the coalition's popularity still outweighed the criticisms levelled against it.

That said, there is a remaining question over whether good governance has a conditional quality; when does good governance matter to constituent voters and when does it not? As noted in Chapter 1, regimes that lack "moral authority" (Alagappa, 1995, pp.22-23) at times rely on performance legitimacy as a basis of support, which certainly worked for the BN during its years in power – until it didn't. What the cut-off point is exactly, at which voters punish parties for what they view as poor governance, is challenging to determine. In the BN's case in its colossal loss of central power in 2018, it was then Prime Minister Najib Razak's 1MDB scandal. Pakatan's experience indicates that despite internal challenges of adhering to the system it inherited, eventually practising patronage and clientelism through resource distribution (Chapter 7), it did successfully mobilise the good governance resource to its advantage during the decade under study, leading to its reification externally.

In terms of the five broad principles of good governance set out at the beginning of this section, it is clear that Pakatan took more seriously *performance*, *accountability* and *fairness* where as demonstrated above, efforts were made towards greater accountability through public hearings and procurement practices. An exception, however, is spelled out above in the ways in which the two Chief Ministers used state GLCs to create 'shadow governments' without state government oversight, more so in Penang than Selangor. In Chapter 6, evidence is demonstrated of the coalition's ability to distribute programmatic welfare policies to its voters regardless of ethnicity. There was some evidence of *direction*, although this differed between the Chief Ministers of the two states especially given their respectively distinct leadership styles. Pakatan's weakest point would have been in its *legitimacy and voice*, as community participation over decision-making processes was minimal, despite some attempts to include civil society representatives within local councils and early investigations into local council elections, the latter of which was never translated into reality even when there were clear opportunities to conduct pilot local elections.

## 5.4 Conclusion

Opposition parties in control of states are able to demonstrate performance legitimacy, thereby creating a governance record. In Pakatan's case, political party institutionalisation enabled them to establish subnational strongholds.

First, it required the co-operation and loyalty of a state bureaucracy that had only ever worked under a BN regime; securing the administration's trust allowed policy and programmes to be executed smoothly with understanding on both sides. Second, inheriting a slate of GLCs and statutory bodies, the Pakatan governments deepened the economic activities of state GLCs, depending on these as an opposition coalition without financial support from the federal government. Third, control of an independent media was a crucial resource made possible only through coming into power at state governments, effectively used to counter BN messaging of mainstream media especially during election campaigns. Fourth, Pakatan optimised on its existing state policy domains as provided for by the constitution, especially its legal rights over water services and land, to negotiate with the federal government over disputes, block federal projects and create further political capital when BN implemented unpopular policies within the states. Finally, it created a strong record of transparency and good governance through various means that it strategically used in campaigns across the country.

The experience of Selangor and Penang complements dominant party literature especially in the role that opposition parties play when in subnational government, where a strong track record in subnational government is a key piece of electoral appeal (Langfield, 2014). Because voters rarely risk handing power to an untested party (Willey, 1998), creating a governance record was important. The anti-corruption and good governance theme of Pakatan was strikingly similar to that of the Democratic Alliance (DA) in South Africa, against dominant party the African National Congress (ANC), where the DA's record in Cape Town was contrasted against ANC's scandal over an arms deal (Feinstein, 2007). Especially in the lead-up to the GE14 in 2018, this comparison was effectively utilised by Pakatan when comparing the good governance record of Selangor and Penang and the national-level 1MDB corruption scandal under BN's watch.

The experience of Pakatan in the two states indicates that opposition parties through coming into power at the subnational level improve their '*decisional autonomy*', one of the four dimensions in Randall and Svåsand (2002)'s criteria for party institutionalisation. Parties now had control and decision-making abilities over important resources that would be utilised

for political gain. By successfully co-opting the state bureaucracy, it secured the machinery necessary to execute important state programmes. Although this was challenging within the first few years, the relationships eventually smoothed over and Pakatan could navigate the vast state bureaucracy consisting of government agencies, statutory bodies, GLCs, local councils, land and district offices. Controlling the media allowed strong opposition messages to emerge, publicise state plans and policies, and demonstrate that elected leaders were ‘working the ground’. Pakatan could also exercise its constitutional power over distinctive state policy domains that it utilised for political ends to block unpopular BN projects and wield as negotiating tools for political leverage.

Controlling the two states also allowed the parties to become more institutionalised both internally to their own members, supporters and loyalists, and externally to the voting public through *value infusion* and *reification* (see Chapter 8). Control over institutional resources enabled the opposition to finally achieve political gains, thereby indicating that Greene (2007) was only partially right in that DPARs lose dominance through the loss of control of *national-level* public resources; they do so also when the opposition successfully gains control of *state-level* resources. Despite UMNO’s “circumventing” resources from Pakatan, the latter now gained its own gold mine of institutional resources it could also wield and mobilise – powerfully. Although the institutional resources still available to BN at the federal government level were evidently far greater in scale compared to what Pakatan possessed, the opposition in the two states it controlled was able to incrementally increase its control over meaningful resources such as GLCs and policy autonomy in ways that could narrow the resource asymmetry. Pakatan mobilised resources to institutionalise itself, and this “mobilise to institutionalise” method is what allowed it to establish its opposition subnational strongholds in Selangor and Penang.

## Chapter 6: The Mobilisation of Fiscal Resources

*“This is your clean government dividend.  
Because we ran clean government, we’re giving the money back to you.”  
(Interview, Selangor State Government consultant and  
Merdeka Center for Opinion Research Director Ibrahim Suffian, 3 October 2019)*

### 6.1 Introduction

This chapter is the second of three chapters that demonstrates how the Pakatan coalition in Selangor and Penang utilised and mobilised state-level resources to entrench themselves politically within the two states over 10 years. It first elaborates upon how revenues rose steadily over the decade, owed primarily to the industrialised nature of the states, which led to higher land value and land-based revenues, and secondarily to self-imposed good governance measures, amongst other innovative strategies employed to increase state incomes. Upon having generated fiscal resources, it then proceeded to distribute these in the form of state welfare-based programmes and allocations to aid community development. These were valuable public service delivery mechanisms that contributed to voters’ perception of the state governments’ governing abilities.

### 6.2 Fiscal Challenges

Chapter 4 established first, that Malaysia is a highly fiscally centralised system in which the federal government controls the majority of national finances, leaving state governments financially dependent on the centre, and second, that the federal government has exercised discretion over transfers to states, especially those controlled by the opposition. This did not bode well for the Pakatan coalition taking over new states in 2008, since history dictated that the BN regime would punish opposition-controlled states. Further, opposition parties have found it challenging to build credibility for themselves in highly clientelistic systems (like Malaysia) in which goods and services are exchanged contingent upon political support (Scheiner, 2006). Hence, although some scholars have posited that parties can focus scarce resources more easily at the subnational level and hence the entry costs are lower in the subnational electoral market (Magaloni, 1997), “financially centralised political systems that

are founded on clientelistic linkages ought to hinder local new and opposition party success” (Scheiner, 2006, p.22). Yet, Pakatan succeeded against the odds.

For instance, prior to the Pakatan coalition taking over Selangor, transfers to the state for the fiscal year of 2007 were particularly large owing to a one-off grant of RM63.5 million, the purpose of the grant not stated. A grant for a ‘local coordinator’, which was allocated as much as RM28 million in 2006, disappeared after 2008. The federal government also channelled funds intended for SEDCs in Selangor (and other opposition-led states) to the federal body Majlis Amanah Rakyat (MARA) instead (Puthuchearry, 2011).

In opposition-led states, the federal government channelled development funds through a separate entity altogether called the State Development Office (SDO)<sup>67</sup>, which reports to the Implementation and Coordination Unit under the Prime Minister’s Office. In Penang, the Chief Minister and team were initially not permitted to use several rooms within the Chief Minister’s office because they were owned by the SDO. Later, both the SDO offices were physically relocated to buildings separate from the respective state government buildings of Selangor and Penang. In Penang, the SDO even removed air-conditioning units from the state government building, claiming ownership over these (Interview, Cheong Yin Fan, 4 December 2019).

Both Selangor and Penang governments experienced project funding cuts that the federal government previously paid for. For instance, the Tourism Minister diverted already approved tourism project funds away from Selangor to Pahang, and had to rely on state funding for renovations, when previously federal funds were used (Interview, Elizabeth Wong, 3 October 2019). The majority of flood mitigation project funds were also denied to both states. In Penang, allocations were given under the Ninth Malaysia Plan for its Sungai Pinang flood mitigation scheme in 2006, but only a small proportion of funds was transferred to the state government up to 2018 compared to other states where “hundreds of millions (of projects) have been done” (Interview, Zairil Khir Johari, 5 December 2019), while further requests were met with silence<sup>68</sup>. Some road construction works were carried out, but were tendered out selectively to companies connected with the UMNO Division Chiefs of that particular area (Interview, Zairil Khir Johari, 5 December 2019). These restrictions on development funding propelled the states to turn to existing resources available to them, then harness these for use.

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<sup>67</sup> The State Development Office was later renamed as the Federal Development Office in 2011.

<sup>68</sup> The Penang state government requested additional allocations of RM970 million from the federal government for flood mitigation projects, following major floods in the state in September and October 2008 (2009 Penang Budget Speech, 2008).

As described in Chapter 4, the laws do not permit state governments to raise their own funds. However, in May 2017, the Penang state government through its legislative assembly passed a law allowing it to borrow money from a bank or financial institution to pay for new public infrastructure and other projects, called the Loan (Bank and Other Financial Source) Enactment 2017, where all loans by the Penang government would be charged to the state's Consolidated Fund. This was primarily to allow the state government to borrow money from the Export-Import Bank of China (Exim Bank of China) to finance the Penang Transport Master Plan (PTMP) (New Straits Times, 2017). As clarified earlier, the federal constitution makes it clear that any state government loan must first be approved by the federal government. Penang made the request, but since BN controlled the federal government, it was not surprising that the loan was not approved.

### **6.3 Generation and Accumulation of Fiscal Resources**

Winning in highly industrialised states gave Pakatan unprecedented access to state-level fiscal resources, later distributed in various forms of cash aid and incentives to different communities. This chapter presents data on how these resources were accumulated and distributed.

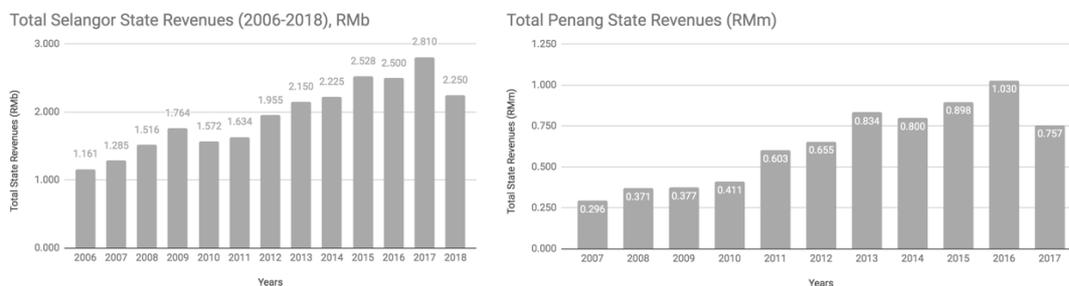
Chapter 4 laid out the fiscal rules governing the federation of Malaysia, showing the limits that state governments have in raising funds, since the bulk of tax revenues are collected by the federal government. The objective of saving money was clear from the outset; Selangor Chief Minister Khalid Ibrahim “wanted to show that we could run a government efficiently and he could make money”, believing that the governments had wasted money in the past through leakages, corruption and cronyism (Interview, Elizabeth Wong, 3 October 2019), and thus would “calculate every *ringgit* and *sen*”, making it “difficult to get funds from him and you would need to justify a project you want approved” (Interview, Iskandar Samad, 17 January 2020). His goal was to have “enough reserves to last one year for operational expenses, (if there was) no income coming in”, when the previous convention was to have sufficient reserves of six months (Interview, Elizabeth Wong, 3 October 2019).

Similarly, in Penang, Chief Minister Lim Guan Eng set out the principles of “Competency, Accountability, Transparency” in 2008, stressing the importance of obtaining the best value for state expenditure and financial management. Both leaders were cognisant of the need to prove their abilities of saving money through good governance practices, sharing a

background of financial management. Khalid had the experience of having led large corporations like PNB and Guthrie, while Lim was a qualified accountant. This directly contrasted with their predecessors they had unseated on allegations of corruption and inefficient financial management. Nevertheless, there were also accusations especially towards the second term of inconsistencies in these policies. For example, it was alleged that the Penang state government practised not open tenders especially for large infrastructure projects but “requests for proposals”, in which developers were aware of the specifications beforehand (Interview, Penang-based activist, 5 December 2019).

Various strategies were therefore undertaken to ensure the objective of prudent financial management was met. Then Selangor exco member recalled that “we had to cut budgets and make sure the money stretched a long way, we implemented an open tender for a lot of things (and) managed to save...between 20 to 30%” and squeezed previous contractors for better value in contracts that had been signed by the previous government (Interview, Elizabeth Wong, 3 October 2019).

In both states, revenues increased rapidly for most of the ten-year period. As seen in Figure 6.1, both Selangor and Penang’s total state revenues grew steadily between 2008 and 2017.



**Figure 6.1: Total Selangor and Penang State Revenues (2006-2018)**

*Source: Selangor and Penang State Budgets, Various Years*

Years	2008	2009	2010	2011	2012	2013	2014
Federal-State Transfers (RMb)	0.551	0.563	0.59	0.605	0.689	0.770	0.808
Selangor State Revenues (RMb)	1.516	1.764	1.572	1.634	1.955	2.15	2.225
<b><i>Federal Transfers as % of State Revenues</i></b>	<b>36.3</b>	<b>31.9</b>	<b>37.5</b>	<b>37</b>	<b>35.27</b>	<b>35.8</b>	<b>36.32</b>

Years	2015	2016	2017	2018
Federal-State Transfers (RMb)	0.759	0.759	0.784	0.844
Selangor State Revenues (RMb)	2.528	2.5	2.81	1.486
<b><i>Federal Transfers as % of State Revenues</i></b>	<b>30</b>	<b>30.34</b>	<b>27.9</b>	<b>56.8</b>

**Table 6.1: Federal Transfers to Selangor State Government, 2008-2018**

*Source: Selangor State Government Budget and the Ministry of Finance, Various Years*

Table 6.1 displays the total amount of transfers from the federal government to the Selangor state government between 2008 and 2017, indicating that while federal transfers represented as high as 37.5 percent of total state revenues in 2010, state dependence on federal transfers declined, forming 27.9 percent of the budget in 2017. Although dependence on the federal government for close to one-third of its revenues was still evident, the Pakatan-led Selangor government increasingly generated its own revenues, drawing from its own state-level resources. Note also that federal-state transfers to Selangor increased significantly in 2018, the year Pakatan ascended to federal government, representing almost 57 percent of state revenues. Penang was highly dependent on federal transfers before 2008, forming 43 percent of state revenues, but this fell to between 20 to 30 percent towards the latter half of the decade, as displayed in Table 6.2.

Years	2007	2008	2009	2010	2011	2012
Federal-State Transfers (RMm)	126.9	118.4	133.2	144.3	152.2	170
Penang State Revenues (RMm)	295.86	371.14	376.51	410.7	602.89	654.55
<b><i>Federal Transfers as % of State Budget</i></b>	<b>42.9</b>	<b>31.9</b>	<b>35.4</b>	<b>35.1</b>	<b>25.3</b>	<b>26</b>

Years	2013	2014	2015	2016	2017	2018
Federal-State Transfers (RMm)	186.5	206	235.7	216.83	220.3	239.04
Penang State Revenues (RMm)	833.71	799.71	897.66	1,029.85	757.01	1,074.63
<b><i>Federal Transfers as % of State Budget</i></b>	<b>22.4</b>	<b>25.8</b>	<b>26.3</b>	<b>21.1</b>	<b>29.1</b>	<b>22.2</b>

**Table 6.2: Federal Transfers to Penang State Government, 2007-2018**

*Source: Penang State Government Budget and the Ministry of Finance, Various Years*

State reserves also grew in both states as displayed below. Selangor's reserves grew rapidly by more than 600 percent from RM500m in 2008 to a peak of RM3.62b in 2016, which

then fell again as expenditure increased between 2016 and 2018, in the lead-up to the 14<sup>th</sup> general election as more programmes were introduced. Penang’s reserves grew from RM850m in 2008 to RM1.8b in 2018, a growth of more than 100 percent. There was some criticism that the Selangor government need not have such high reserves, given that a state’s primary duty, unlike a corporation that prioritises profits, is to spend on its citizens. Nevertheless, this feat of increasing state reserves was touted by Pakatan as having improved the states’ financial positions through efficient management and better governance, an essential part of its narrative. Combined with its delivery of welfare-based programmes, this created an image of a government that not only improved fiscal performance, but increased its welfare spending. The next section demonstrates that land-based revenues contributed the highest proportion to state revenues.

State	2008	2011	2012	2013	2014	2015	2016	2017	2018
<b>Selangor (RMb)</b>	0.5	1.21	1.9	2.71	3.31	3.26	3.62	3.24	2.34
<b>Penang (RMb)</b>	0.85	1.1	1.19	1.29	1.46	1.56	1.83	1.97	1.97

**Table 6.3: State Reserves in Selangor And Penang, 2011-2018**  
(Source: Selangor budget speeches, Penang Financial Accounts, various years)

Further, the states of Selangor and Penang are not as heavily dependent on the federal government in comparison to some other states, whose state finances are not as healthy. For instance, Table 6.4 below shows that Selangor and Penang’s debt as a percentage of total state debt to the federal government were lower than Pahang, Kedah, Sabah, Sarawak, Negeri Sembilan and Kelantan. In fact, Penang had one of the smallest debt relative to other states, although for Perlis and Perak this may be due to the fact that their state budgets are relatively small. This is important, as dependence on federal government financing would mean less leverage.

<i>Year</i>	<b>Pahang</b>	<b>Kedah</b>	<b>Sabah</b>	<b>Sarawak</b>	<b>Negeri Sembilan</b>	<b>Kelantan</b>	<b>Selangor</b>	<b>Terengganu</b>	<b>Melaka</b>	<b>Perak</b>	<b>Johor</b>	<b>Perlis</b>	<b>Penang</b>
<b>2008</b>	11.85%	12.8%	13.66%	9.53%	11.10%	5.65%	6.3%	5.57%	7.47%	4.91%	5.5%	2.12%	3.60%
<b>2009</b>	11.69%	12.6%	12.86%	9.36%	11.83%	5.38%	5.8%	5.44%	7.78%	4.80%	6.6%	2.20%	3.70%
<b>2010</b>	12.52%	14.2%	14.09%	11.80%	7.43%	6.14%	5.5%	5.68%	4.84%	5.24%	6.5%	2.29%	3.79%
<b>2011</b>	14.29%	15.4%	14.42%	13.23%	8.86%	6.76%	5.8%	5.98%	5.31%	5.99%	1.7%	2.04%	0.22%
<b>2012</b>	15.96%	16.5%	14.80%	14.47%	6.06%	7.60%	5.7%	6.21%	5.58%	2.52%	2.1%	2.16%	0.31%
<b>2013</b>	16.35%	16.4%	14.48%	14.30%	5.54%	7.74%	5.5%	6.01%	5.50%	3.01%	2.6%	2.22%	0.32%
<b>2014</b>	16.57%	15.9%	14.64%	14.23%	5.54%	7.85%	5.8%	5.52%	5.27%	3.39%	2.7%	2.16%	0.37%
<b>2015</b>	17.24%	13.7%	15.35%	15.09%	5.53%	8.00%	6.1%	5.34%	5.07%	3.59%	2.6%	2.09%	0.41%
<b>2016</b>	17.45%	13.9%	16.49%	14.94%	5.52%	8.17%	6.5%	5.23%	4.98%	1.98%	2.4%	2.09%	0.38%
<b>2017</b>	17.60%	15.2%	16.48%	14.33%	5.38%	8.16%	6.4%	5.07%	4.85%	1.84%	2.3%	2.03%	0.36%
<b>2018</b>	17.67%	15.4%	16.47%	14.21%	5.52%	8.46%	6.5%	4.17%	4.95%	1.85%	2.3%	2.15%	0.34%
<b>2019</b>	20.1%	17.2%	18.2%	13.5%	6.2%	5.4%	7.3%	2.0%	5.4%	1.7%	1.0%	1.6%	0.4%

**Table 6.4: State Debt as a Percentage of Total State Debt to Federal Government, 2008-2019**

Source: Federal Government Financial Statements, Various Years

### 6.3.1 Land-based Revenues

States have limited sources of revenue as per the Federal Constitution, but one very important source is that of land. State governments are constitutionally permitted to collect all land-based revenues, which are made up of land conversion charges, quit rent, land premiums and a host of other fees. Under the previous UMNO Selangor government, “friends of Khir Toyo after converting the land did not pay the premium rent... even (state GLC) PKNS did the same thing” (Interview, Former Selangor Civil Servant, 24 September 2019). Transferring land titles to politically-connected individuals resulted in poor state collections.

#### Land-Based Revenues Rise Steadily Under Pakatan

Shortly after Pakatan assumed power in 2008, it implemented a lease renewal policy titled the “Omega Plan” to increase state revenues, in which owners of leasehold property in Selangor would be permitted to either pay RM1000 to renew their lease for up to 99 years, or pay for it in full upfront with a 30 percent discount<sup>69</sup>. Chief Minister Khalid Ibrahim believed that the property value would increase exponentially and the corresponding property taxes would also be returned to the state (Interview, Elizabeth Wong, 3 October 2019). The policy was hugely successful; the take-up rate amongst Selangor residents was high, considered popular since they would continue to be property-owners of their own land, despite it being under lease from the state. Property ownership was crucial in ensuring people felt a sense of ownership of the state, and was crafted as “a plan to secure the permanency of Pakatan Rakyat in Selangor” (Interview, Derek Fernandez, 16 June 2019).

Khalid took on a strict approach towards developers, confiscating land if developers did not comply with state instructions, failed to pay quit rent, or abandoned their housing projects. Any area could be rezoned into an industrial zone after adequate infrastructure was made available. Agriculture lands would not be permitted ownership by foreigners who intended to develop these into industrialised sites, in order to protect the value of the land and its potential (Selangor State Secretariat, 2010).

One of the initiatives the state government pursued in 2009 was a ‘Collection Operation’ (*Ops Kutip*), where the Selangor land office in collaboration with all district land

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<sup>69</sup> The lease renewal policy was as follows: if the property-owner chose to pay RM1,000 for lease renewal, then at any point when the person sold the property thereafter the original price of the property would have to be returned to the state government, while the property-owner would be allowed to make a small profit.

offices throughout the state and the information, communications and technology department would instate a ‘knock-door policy’ where land-owners of premises would have to settle their previously unpaid land premiums. Incentives to reduce fines for late payments from individuals and companies of up to 50 percent were introduced to increase land premium collection, whilst fine reductions were subject to stricter terms and conditions. Incentives were also given to motivate district land offices to expedite collection, while state revenues from land were increased through specific strategies<sup>70</sup>. These contributed to the increase in the state’s revenues derived from land resources, as seen in the table below.

Type of Revenue Source by Year (RMm)	2006	2007	2008	2009	2010	2011
Quit Rent	392.38	383.91	433.23	426.18	461.73	455.96
Fines for Late Quit Rent	9.08	9.47	11.04	16.6	10.8	11.22
Land Title Transfers	18.68	19.79	24.23	1.63	29.3	40.96
Various Fees <sup>1</sup>	0.04	1.74	4.89	5.89	8.67	13.4
Land Premiums	309.28	330.03	458.93	268.45	465.48	533.04
<b>Total Revenue from Land</b>	<b>729.45</b>	<b>744.94</b>	<b>932.32</b>	<b>718.76</b>	<b>975.99</b>	<b>1,054.59</b>
<b>% Share of Total Government Revenue</b>	<b>62.8</b>	<b>58</b>	<b>61.5</b>	<b>40.8</b>	<b>62.1</b>	<b>64.5</b>
<b>Total Government Revenue</b>	<b>1,161.21</b>	<b>1,284.93</b>	<b>1,516.34</b>	<b>1,763.87</b>	<b>1,571.5</b>	<b>1,634.01</b>

Type of Revenue Source by Year (RMm)	2012	2013	2014	2015	2016	2017	2018
Quit Rent	463.52	453.54	449.51	473.06	473.95	537.53	519.96
Fines for Late Quit Rent	10.47	9.04	7.65	8.48	9.58	8.99	7.69
Land Title Transfers	42.62	43.34	47.53	45.11	39.91	39.08	42.96
Various Fees <sup>1</sup>	14.87	16.04	15.45	16	14.75	15.81	14.38
Land Premiums and Special Payments for Land <sup>2</sup>	869.94	1,118.93	1,139.96	1,292.52	1,317.41	1,539.97	627.75
<b>Total Revenue from Land</b>	<b>1,401.42</b>	<b>1,640.89</b>	<b>1,660.1</b>	<b>1,835.17</b>	<b>1,855.6</b>	<b>2,141.39</b>	<b>1212.74</b>
<b>% share of Total Government Revenue</b>	<b>71.7</b>	<b>76.3</b>	<b>74.6</b>	<b>72.6</b>	<b>74.2</b>	<b>76.2</b>	<b>60.7</b>
<b>Total Government Revenue</b>	<b>1,954.8</b>	<b>2,149.97</b>	<b>2,225.08</b>	<b>2,527.69</b>	<b>2,499.66</b>	<b>2,810.10</b>	<b>1,998.52</b>

**Table 6.5: Selangor State Revenue from Land, 2006-2018**

*Source: Selangor State Government Budgets, Various Years*

<sup>1</sup> Various Fees’ include fees for Appeals, Title Searches and Auctions

<sup>2</sup> ‘Special Payments for Land’ (Bayaran Khas Tanah) is a budget line item that was only introduced from 2012 onwards.

Table 6.5 above shows the breakdown of Selangor state revenues from land sources between 2006 and 2018. The total revenue from land grew tremendously over the ten-year period between 2007 to 2017, from RM729.45 million to RM2.14 billion, an increase of almost 200 percent. The contribution from land revenue to the total state government revenue also grew rapidly, contributing 58 percent to total revenue in 2007, increasing to 76.2 percent in

<sup>70</sup>These strategies included the speeding up the process of land title applications to increase premium collection, increase land premium through e-payment online, increase payment counters throughout the state, providing incentives to land-owners to extend their leases after 99 years, and the state government would acquire land if sand-stealing was found to occur on their property (Selangor State Secretariat, 2010).

2017. The largest contributor to this increase came from land premiums and special payments for land, which increased by more than 360 percent. In fact, ‘special payments for land’ was a new budget line item that was only introduced from 2012 onwards. Economic activity in the ‘mining and quarrying’ sector recorded annual percentage increases of 28.6 percent in 2016 alone (Department of Statistics, 2017), signifying that the sudden increase of land revenues over the years can be attributed to sand and stone mining.

Another plausible reason for the growth in land-based revenues for Selangor was simply that land market value within the highly industrialised, developed state was one of the highest compared to other states. Table 6.5 shows that state land-based revenues are derived from two main sources: quit rent (and fines related to late quit rent) and land premiums. Quit rent is a form of land tax annual payment made to the state government via the Land Office, imposed on owners of all alienated land both freehold and leasehold and charged at a set amount per square metre of property. Land premiums are paid when an individual purchases a plot of agricultural land and wishes to convert the land status to either residential, mixed development or commercial status, and is a one-off payment made to the state government. The land premium is calculated based on the market value of land multiplied by a factor determined by the State Valuation and Property Services Department, which former Selangor State Financial Officer confirmed can be as high as 20 percent for a conversion to residential land status, 25 percent for mixed development land status, and 30 percent for commercial land status (Interview, Noordin Sulaiman, 26 November 2019).

Type of Revenue Source by Year (RMm)	2008	2009	2010	2011	2012	2013
Quit Rent	101.52	102.77	105.23	106.04	104.25	107.65
Fines for Late Quit Rent	3.31	4.1	4.3	3.49	3.22	3.03
Land Title Transfers	21.34	17.07	26.45	29.95	32.2	35.77
Various Fees <sup>1</sup>	12.52	12.41	12.6	12.76	12.67	12.8
Land Premiums	69.46	90.85	83.23	84.64	286.79	364.49
<b>Total Revenue from Land</b>	<b>208.15</b>	<b>227.2</b>	<b>231.82</b>	<b>236.89</b>	<b>439.13</b>	<b>523.73</b>
<i>% share of Total Government Revenue</i>	<i>56.1</i>	<i>60.3</i>	<i>56.5</i>	<i>39.3</i>	<i>67.1</i>	<i>62.8</i>
<b>Total Government Revenue</b>	<b>371.14</b>	<b>376.51</b>	<b>410.7</b>	<b>602.89</b>	<b>654.55</b>	<b>833.71</b>

Type of Revenue Source by Year (RMm)	2014	2015	2016	2017	2018 <sup>a</sup>
Quit Rent	116	113.94	116.88	118.4	117.73
Fines for Late Quit Rent	3.75	2.64	2.37	4.45	3.89
Land Title Transfers	50.31	35.6	32.23	37.28	34.61
Various Fees <sup>1</sup>	18.19	17.4	15.41	14.52	16.23
Land Premiums	360.23	414.14	386.49	130.9	102.23
<b>Total Revenue from Land</b>	<b>548.49</b>	<b>583.72</b>	<b>553.38</b>	<b>305.55</b>	<b>274.69</b>
<i>% share of Total Government Revenue</i>	<i>68.6</i>	<i>65</i>	<i>53.7</i>	<i>40.4</i>	<i>54.5</i>
<b>Total Government Revenue</b>	<b>799.71</b>	<b>897.66</b>	<b>1,029.85</b>	<b>757.01</b>	<b>503.76</b>

**Table 6.6: Penang State Revenue from Land, 2008-2018**

Source: Penang State Government Budgets, Various Years  
<sup>1</sup> 'Various fees' includes fees for land title searches and other documentation  
<sup>a</sup> Revised Estimates

In Penang, land-based revenues also contributed more than half of state revenues, which grew steadily throughout the decade, as confirmed by Table 6.6, illustrating the increase in value of the land development transactions within the state. Penang earning the UNESCO Heritage status also drove up land prices significantly. Land reclamation projects were particularly lucrative for Penang, where “one big key revenue spinner” (Interview, Zairil Khir Johari, 5 December 2019) was the development agreement for property developer Ivory Properties to develop a mixed residential and commercial project in Bayan Mutiara for RM1.07 billion. Of the 41.5ha, 14.2ha of land would have to be reclaimed. The state government received RM200 million a year from 2011 for five consecutive years. Penang has the second smallest land mass in the country, and even so most of it is privately owned as a result of British rule. With little alternative of resource generation, “selling land (was) one way for the state to create cash and ... gain revenue, but when we don’t have land, we sell the right to reclaim” (Interview, Zairil Khir Johari, 5 December 2019). Because the state does not have many alternative sources of revenue, land was one of the main sources (Interview, Chow Kon Yeow, 6 December 2019). Land reclamation, however, has been highly criticised by civil society groups who cite potential adverse impacts on the marine environment and fishing communities. The criticism was that the Penang state government was selling off large parcels of land, including doing land swap deals, to make money easily for the state (Interview, Penang-based activist, 10 December 2019).

### The Growth of Land Development Transactions

Data from land development transactions within the states confirm that the Selangor and Penang state governments enjoyed increased income from land-related sources.



**Figure 6.2: Land Development Transactions in Selangor and Penang (2008-2018)**  
 Source: National Property Information Centre, Valuation and Property Services Department of Malaysia, Various Years

Figure 6.2 above shows the total number and value of land development transactions in Selangor and Penang from 2008 to 2018. In both Selangor and Penang, the number and value of such transactions grew significantly from 2008 to 2018, thereby increasing land value and land-based revenues to the state. Property prices in both states also rose rapidly between 2008 and 2013, an indication of the market value of land.

### **Land Disputes in Selangor and Penang**

As land is a state matter, both states were embroiled in disputes over land that if managed well, would be a lucrative source of income. One example was a case in Alam Perdana, Ijok, in which settlers had been promised housing. This project was initiated in 1999 and then abandoned under the previous UMNO government. Chief Minister Khalid Ibrahim acquired the land from its developers, exercising his powers under the National Land Code in 2009. As many as 30 court cases, over multiple pieces of land, between the state, banks, developers and settlers ensued. The new Chief Minister Azmin Ali eventually reached an out-of-court settlement with the original developer, in which the land would be resold to Eco World Development for RM1.18 billion in 2015 on the condition that all lawsuits against the state would be dropped. Critics of this move alleged that Azmin Ali permitted the original developer – linked to UMNO – to escape responsibility for having abandoned the project. By resolving the dispute, this however secured large land-related payments to the state through transaction and other fees. Azmin also avoided possible pay-outs if the legal suits had been decided in favour of the developer and banks against the state<sup>71</sup>. This illustrates the leadership differences between the two leaders, one who preferred parties to be subject to the law regardless of cost and the other who preferred practical solutions and outcomes. The eventual sales agreement contributed significantly to state revenues.

Even more controversial was the ambitious Penang Transport Master Plan, initially a solution to the state's public transportation woes, and which Pakatan leaders believed necessary to stimulate economic growth and financial strength. The original plan quickly escalated into an ambitious plan with three highways, a tunnel and LRT lines that ballooned the project's value to RM46 billion. Without federal funding, the government intended to auction off three

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<sup>71</sup> The Azmin Ali administration claimed that the state government would have had to pay RM1.4 billion in compensation if the state had gone ahead with the land acquisition (Interview, Yin Shao Loong, 1 October 2019).

islands of reclaimed land to the south of Penang, which would contribute an estimated RM11 billion to the state. The state government also planned to reclaim areas off the eastern and northern coastlines, which would contribute additional state revenues. However, this was criticised by civil society for the potential resultant social and environmental damage<sup>72</sup>. Another land-related project that contributed financially to the state was the sale of 6.4 acres of land in Peel Avenue via CMI to Island Hospital, where RM156 million was transferred to the state. The sale was criticised by state opposition Gerakan for not having been conducted via open tender; CMI CEO revealed that an open tender would have taken too long a process, the private investor was willing to pay above market value, and that the Ministry of Health had made the license contingent upon certain conditions only Island Hospital could fulfil (Interview, Bharathi Suppiah, 6 December 2019).

This section has demonstrated that the Selangor and Penang state governments greatly benefited from having governed a state which experienced rapid growth in the market value of its land and property. The high value of land development transactions naturally translated into the state government deriving increased revenues from this resource.

However, rapid industrialisation within these states also mutually reinforced Pakatan's planning and administration capacity such that the government continued to drive the industrialisation process from which they benefited. They facilitated and sped up development transactions and strategically increasing the derived quantum value from every land-related transaction, demonstrated by the growth in every land-based line item in the two states' revenues over the decade.

### **6.3.2 Use of GLCs to Increase Revenues**

Chapter 5 described GLCs as an important public institutional resource that the Pakatan government harnessed, especially through the rejuvenation of MBI in Selangor and the formation of CMI in Penang. In Selangor, Khalid Ibrahim derived greater financial resources from its state GLCs by making them pay the market equivalent rate of quit rent owed to the state government, where under the previous UMNO government they would only pay a nominal fee, in fact "not paying a cent until they find a partner, who would then pay the

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<sup>72</sup> The Pakatan state government has responded to these criticisms in various ways, stating that the previous Gerakan state government had also carried out land reclamation which forms important parts of the island today. It also claims that the Penang South Island project has received the necessary approvals from government agencies, including from the Department of Environment.

premium” (Interview, Elizabeth Wong, 3 October 2019). Many GLCs were unable to afford to pay the years of accumulated debt of quit rent owed and were forced to give up some parcels of land in their possession, returning it to the state government, which attempted to monetise the land through its own deals. For instance, ‘Request for Proposals’ were advertised for available parcels of land within the land office or the MBI website.

As Chapter 4 described, state governments must obtain federal government approval for any loans or funds they raise. However, this rule is not so clear when it comes to state government-linked companies (GLCs), and this is where the Pakatan-controlled states had additional space and decision-making autonomy. While some state statutory bodies (those set up by way of state enactment) explicitly require federal government approval, such as State Economic Development Corporations (SEDCs), other state statutory bodies do not explicitly state this requirement, like Selangor’s Menteri Besar Incorporated (MBI) and Penang’s Chief Minister Incorporated (CMI). Furthermore, numerous other state-owned companies exist today whose balance sheets operate completely separate from the state governments’. As these are not guaranteed by the state government, the conditions for raising financing are not as clear. For instance, many of the second and third-tier state GLCs are incorporated under the Companies Act 2016. Governed by company law, it is assumed that they would have the rights of any other such company with respect to financing<sup>73</sup>.

One good example of how GLCs were monetised was when Selangor recovered the debt of RM392 million owed by Talam Corporation<sup>74</sup> that had previously not been accounted for. Although a large proportion of the land parcels allocated to MBI by Talam as a result of this recouping of debts consisted of ponds and lakes, therefore not resaleable, some parcels of land were sold and contributed RM200 million to MBI (Interview, Former Executive of MBI, 18 September 2019).

Despite the large number of subsidiaries under MBI, only a small number of GLCs were financially profitable, and the only two initially able to contribute funds were PNSB, a state property development company, and Kumpulan Semesta, set up to consolidate sand-

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<sup>73</sup> Another route is for any corporate body to be included under the list of gazettes under the Loans Guarantee (Bodies Corporate) Act 1965 (Revised 1972). Once included, the federal government is confirmed to provide federal government loan guarantees to the entities, at which point the bodies are permitted to raise their own financing via bond issuances or otherwise.

<sup>74</sup> In 2001, Maxisegar Sdn Bhd (MSSB), a wholly-owned subsidiary of Talam Corporation, entered into a contract with the Selangor state government to finance and construct the main campus of Unisel in Bestari Jaya. In consideration of the cost incurred, the Selangor government alienated three parcels of leasehold land to MSSB in Batang Berjuntai, Taman Puncak Jalil and Saujana Damansara. MSSB defaulted in the final delivery of the Unisel project, and Talam eventually stated publicly that it was unable to meet its financial obligations to bear the development and maintenance costs of about RM134 million (Dzulkefly, 2010, p.185).

mining business (Interview, Former Executive of MBI, 18 September 2019). That said, MBI still accumulated as much as RM120 million and 5000 acres of land at the end of Khalid Ibrahim's tenure (Interview, Faekah Husin, 30 August 2019). MBI's value was largely realised through land transactions. For example, Khalid confiscated land that was not being utilised by private owners and transferred it to MBI for "safekeeping for the state government" and upon selling the land, the government would earn revenues from conversion fees if the land was sold, "which is a lot of money" (Interview, Former Executive of MBI, 18 September 2019).

Under Azmin Ali, other MBI subsidiaries became more profitable, for instance those involved in water, waste management, and property (Anonymous Interview, 15 November 2019). It is important to note that dividends would stay within the MBI accounts, and were not transferred to the state government. In fact, Selangor state government funds were allocated instead to MBI subsidiaries responsible for the implementation of welfare programmes.

This is directly contrasted with Penang's CMI, which does not have its own accounts and any profits made with partners were directly debited back into the state's consolidated fund. Having CMI as a separate entity from the state government enabled it to take control and ownership over alienated land, subsequently to enter into any number and form of land concession and joint-venture agreements that the state was not able to. The benefit of this was legal flexibility in negotiating with third parties to obtain financially favourable terms and conditions for the state. The standard state government lease agreement only allowed for a very restricted form of revenues to the state, in the form of quit rent, whereas CMI was now able to enter into cost-sharing and revenue-sharing agreements that were more lucrative. From 2013 onwards, CMI started to make annual contributions to the state of between RM10 to RM15 million. The CEO of CMI confirmed that contributions increased rapidly from 2016 onwards, primarily due to the sale of land, with RM30 million contributed in 2016, RM50 million in 2017, and RM100 million in 2018 (Interview, Bharathi Suppiah, 6 December 2019).

State GLCs, having been strategically reorganised (Chapter 5), were now powerful centres for the generation and management of revenues. Systematically utilised to maximise returns to both states respectively, both Chief Ministers ensured they had direct control over decision-making especially over MBI and CMI, but without good governance mechanisms to keep them accountable. The intention was clear; to demonstrate leadership effectiveness and efficiency, and without the support of the federal government, Pakatan as an opposition would need to maximise revenues. Now flush with funds, the states were empowered to engage in mass distribution of welfare programmes as the next section demonstrates.

## 6.4 Distribution of Fiscal Resources

This section forms the second part of the chapter, expanding upon how the Pakatan coalition mobilised and distributed fiscal resources after having amassed them. It was clear that both states believed it important to have these funds, where “money can solve problems” (Interview, Lee Khai Loon, 12 October 2019), and “Selangor performs better because they have a lot of money; any good policies will need money to be implemented” (Interview, Ong Jing Cheng, 9 December 2019).

The distribution came in several different forms, categorised here as state welfare-based programmes, community projects and public service delivery. In Selangor, Azmin Ali was more politically astute and agreed to spend more easily than his predecessor, for example “approving RM10 million for flat residents who never received their grant for 20 years... which was not yet discussed at the Exco meeting”. In fact, “many things that were not approved under Khalid were approved by Azmin, if something was politically beneficial” (Interview, Iskandar Samad, 17 January 2020). Khalid Ibrahim being stringent in his spending eventually was a source of frustration amongst his political colleagues, who complained that state reserves were too high and that they should be spent on voters (Anonymous Interview, 7 December 2019). Hence, upon Azmin taking up the position in Selangor, “he said you have to spend on social (programmes), and if you don’t, the people won’t believe you did something for (them)” (Anonymous Interview, 15 November 2019). On that note, he was reported to have been “very focused and meticulous”, for example wanting lists of roads drains that need to be fixed within selected constituencies” (Interview, Ibrahim Suffian, 3 October 2019). Similarly, Penang’s Chief Minister Lim Guan Eng was politically savvy and successfully accumulated and distributed fiscal resources.

### 6.4.1 State Welfare-Based Programmes

Contrasted to clientelistic policies and practices in which goods and services are exchanged contingent upon political support or votes, Pakatan states implemented *programmatic* policies through which all constituents who qualified benefited. Within its first year, Pakatan in Selangor introduced a slew of attractive welfare programmes, using the tagline “The People’s Economy”, expanded further by his successor Azmin Ali under the “People’s Caring Initiative”. Similarly, Penang’s Chief Minister Lim Guan Eng implemented welfare

policies under the “Fair Economic Agenda”. The repeated usage of the word ‘people’ in all of its state programmes underpinned Pakatan’s narrative of being centred on its constituents. Because state governments are limited in their policymaking abilities, Pakatan chose to serve voters through programmes that they could spend their accumulated fiscal resources on. Both states referred to their governments as taking care of their voters “from the cradle to the grave” (Interview, Ong Kian Ming, 11 January 2020).

<b>Programme/ Target Group</b>	<b>Selangor</b>	<b>Penang</b>
<b>Water</b>	The first 20m <sup>3</sup> free for all households in the state.	RM100 rebate and deposit exemptions for low-income households.
<b>Elderly</b>	RM2500 to named beneficiary of deceased senior citizen.	RM100 to senior citizens annually and RM1000 upon death.
<b>Education</b>	<ul style="list-style-type: none"> <li>• RM1000 to university-enrolled students from families earning below RM1500 a month.</li> <li>• Free tuition classes</li> <li>• Scholarship to children of estate workers.</li> <li>• PhD scholarships.</li> <li>• Allocations to religious schools, Chinese and Tamil vernacular schools, missionary schools.</li> <li>• Universiti Selangor (UNISEL)</li> </ul>	<ul style="list-style-type: none"> <li>• Cash aid for primary and secondary students from low-income households.</li> <li>• RM1000 to university-enrolled students from households earning below RM4000 a month.</li> <li>• Balik Pulau Education hub</li> <li>• Education loans</li> <li>• Allocations to religious schools, Chinese and Tamil vernacular schools, missionary schools.</li> </ul>
<b>Women</b>	<ul style="list-style-type: none"> <li>• One-Stop Crisis Centre to aid women and children victims of domestic abuse.</li> <li>• 90 days maternity leave for civil servants (14 days paternity leave)</li> <li>• Pre-school and nursery cash assistance.</li> <li>• <i>Kasih Ibu Smart Selangor</i>: RM200 per month for mothers (B40)</li> </ul>	<ul style="list-style-type: none"> <li>• RM100 given annually to single mothers.</li> <li>• Free mammograms</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>• <i>Skim Peduli Sihat</i>: Health card for basic healthcare (B40)</li> <li>• Free mammograms for women</li> <li>• Medical treatment for low-income</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Program Penang Sihat</i>: Health card for basic healthcare</li> </ul>

<b>Differently-abled</b>	<ul style="list-style-type: none"> <li>• Special car stickers for greater accessibility.</li> </ul>	<ul style="list-style-type: none"> <li>• RM100 given annually.</li> </ul>
<b>Children</b>	<ul style="list-style-type: none"> <li>• Registered children to receive RM1500 upon turning 18.</li> </ul>	<ul style="list-style-type: none"> <li>• RM100 given for every baby born.</li> </ul>
<b>Public services</b>	<ul style="list-style-type: none"> <li>• Free bus services</li> <li>• Free Wi-Fi services</li> </ul>	<ul style="list-style-type: none"> <li>• Free bus services.</li> </ul>
<b>Entrepreneurs</b>	Various micro-credit schemes.	<ul style="list-style-type: none"> <li>• Micro-credit schemes for young farmers.</li> </ul>
<b>Housing</b>	Various affordable housing schemes.	<ul style="list-style-type: none"> <li>• Assessment fee exemption for low to middle cost homes.</li> <li>• Affordable housing initiatives.</li> </ul>

**Table 6.7: State Welfare-Based Programmes in Selangor and Penang, 2008 – 2018**

As seen in Table 6.7, the package of programmes targeted a range of communities in both states, where the especially popular initiatives were those targeting the elderly and women groups, as well as the free water programme in Selangor. The Selangor state government spent a total of RM2.557 billion on these programmes throughout the 10-year period between 2008 and 2018 (Selangorkini, 2018), representing 11.07% of the state’s total expenditure over the decade. The Penang state government spent RM412.63 million on such programmes from 2008 to 2018 (The Star, 20 May 2017). It was argued that the BN cash transfer, BR1M (*Bantuan Rakyat 1Malaysia*, or 1Malaysia People’s Aid) initiated in 2012 was a response to the Pakatan’s slate of welfare policies targeting the poorest communities, although an UMNO MP denied this, saying instead it was a response to a Central Bank’s proposal on cash assistance (Interview, Khairy Jamaludin, 10 February 2020). The Selangor government also built more affordable houses at cheaper prices than the federal government’s PR1MA programme was able to, thus “beating the federal BN at their own game” (Interview, Sheridan Mahavera, 21 September 2019). Tillin and Pereira (2017, p.329) have argued that a feature of federalism that shaped social policy expansion was competition between different levels of government to “claim credit for anti-poverty programmes in the eyes of voters, which was certainly on full display in the case of Malaysia from 2008 onwards. Thus the federal and Pakatan state governments sharpened the other’s welfare programmes in this process of intergovernmental policy competition, vying for the public’s appeal and ultimately, political support.

In both Selangor and Penang, the magnitude of the welfare programmes grew steadily in the lead-up to the 14<sup>th</sup> general election. Expectations rose that the election was close, and as such the 2018 and 2019 state budgets (announced at the end of 2017 and 2018 respectively) were the most generous.

In Selangor, a programme in which cash assistance was given to single mothers for purchasing food items (KISS) was formulated to increase popular support. Although support for the Pakatan coalition in Selangor among Malay voters had increased from 13% in 2015 to 18% in mid-2017, this was still insufficient to win an election. Noticing that the issue of greatest concern among Malay women was the cost of living (whereas men complained more about politics), the state government implemented an aid package targeting women, a “clean government dividend” that is “better than BR1M” (Interview, Ibrahim Suffian, 3 October 2019). Announced in the 2018 state budget in November 2017, it received widespread popular support even before its implementation. A December 2017 poll showed Malay support for the Pakatan coalition had already jumped from 18% to 31%, which was “enough” and “even if PAS planned three-corner fights, we crossed the line already” (Interview, Ibrahim Suffian, 3 October 2019). Programmes like KISS and a health card were intended to plant the seeds of “esprit de corps” (Interview, Hilman Idham, 15 January 2020) among Selangor voters – creating a feeling of pride and loyalty to the Pakatan government, translated into political support.

The public level of support for these welfare programmes was evident, where in 2009, just a year after the Selangor government began implementing these, at least a third of respondents polled had heard of six out of the nine available programmes, with the free water programme coming in as the most popular at 92%, since it was rolled out state-wide to all households with no exception. Knowledge of two specific welfare programmes (for the elderly and Selangor-born babies) grew from 43% and 36% respectively in 2009 to 58% in 2012. When asked about their general satisfaction with all state welfare programmes in 2014, 77% of those polled indicated they were either ‘satisfied’ or ‘very satisfied’ (Merdeka Center for Opinion Research, various years).

Penang, which had a much smaller budget and revenue base to draw from compared to Selangor, was still able to replicate many of Selangor’s welfare programmes, contributing to the perception of a well-governed state. The “welfare programmes directly touched people” and were “popular... everybody gets a handout” (Interviews, Zairil Khir Johari, 5 December 2019; Chow Kon Yeow, 6 December 2019). The cash aid of RM100 per low-income family in many schemes (elderly, single mothers, differently-abled) also achieved a secondary objective of plugging the money back into the system for economic circulation, creating further liquidity in the market which contributed to a better business environment (Interview, Phee Boon Poh, 4 December 2019). In a series of focus group discussions conducted by Penang Institute to ascertain voters’ responses to Penang state policies, respondents cited school allocations,

affordable housing and poverty elimination efforts as programmes they most liked. However, there were significant differences between ethnic group responses. Younger Malay voters expressed strong pessimism and cynicism about the state government's ability to deliver, fearing that expensive housing would push them away from Penang island. They also responded sceptically to the claims of reduced state debt, open tenders practised, and elimination of hardcore poverty. Where Malay and Indians preferred policies relating to their "basic and fundamental needs", Chinese respondents emphasised the state's financial performance, green policy, and attracting FDI into Penang (Penang Institute, 2013).

Despite the mixed responses, in the lead-up to the general elections in both 2013 and 2018, candidates from the Pakatan coalition cited examples of these welfare-based policies that the Selangor and Penang government had executed in their campaign speeches. In the 2018 election campaign, Dettman and Weiss (2018) describe how PH politicians in state and federal legislative office built "ties with potential supporters through ostensibly programmatic state-level welfare schemes via strategic brokerage and credit-claiming, or help individuals navigate the bureaucracy, or offer other forms of intermediation". Further, the Pakatan coalition's state manifestos of other states – Kedah, Johor, Pahang, and Terengganu – in the 2018 election campaign also included many welfare-based policies that had already been implemented in Selangor and Penang.

To apply for these schemes, constituents would need to register their information either with the state government, through elected representatives or district land offices. This was important since valuable voter information was stored in a database for future electoral campaign reference. Second, every contact point provided important personal interaction with a political or bureaucratic officer, increasing the "personal touch" so vital in Malaysian politics. These "in-person, individualized connections represent the core of Malaysia's "relational" political clientelism, which Weiss (2020a, p.103) rightly points out is "reinforced, but not solely defined, by material patronage". Sure enough, interviewees confirmed that these allowed politicians access to voters' database and they would be sent postcards "on a very personal level, to provide some personal touch with the voters" (Interview, Nik Nazmi Nik Ahmad, 10 September 2019).

Apart from welfare programmes to constituents, the civil servants were also provided with bonuses. Civil servants in Selangor, for example, "were proud" to receive bonuses more than their counterparts in Putrajaya and other states. Where Penang civil servants received a 1.5 month bonus, Selangor civil servants received a 2-month, and later 3-month bonus (Interview, Hilman Idham, 15 January 2020).

## 6.4.2 Community Projects

Spending on community projects allowed Pakatan politicians to deepen these ‘ties’ even further. Selangor channelled recouped debts from Talam (see Chapter 5) into a “Selangorku Grant” of RM300 million, which NGOs, resident associations and non-profit companies could apply and obtain funds to pursue projects on infrastructure, women empowerment, democracy strengthening and education (Selangorkini, 2013). The grant also funded Selangor’s minimum wage programme for state-employed civil servants, in which the government would top up salaries below RM1500. This formed the country’s first minimum wage programme. However, the grant was criticised by PKR saying the criteria were too stringent. True enough, in the final count only 20 to 30 percent of the total grant was disbursed to its intended communities (Interview, Former Executive of MBI, 18 September 2019).

The grant committee however maintain that expenditure from its programme contributed to securing Pakatan Rakyat’s improved electoral results at the 2013 general election, considering “how many miles of roads we tarred” (Interview, Arfa’eza Aziz, 30 August 2019). The majority of the grant was spent on upgrading works including the tarring of damaged roads, refurbishment of mosque toilets and the building of futsal courts across the 56 state constituencies, most of which were issues important to their respective constituencies as identified by Pakatan elected representatives. The grant committee was aware that they were expected to utilise these funds for the “constituencies” to “help the party perform better in the coming election, but everything was done proper(ly), the local councils did open tender, lowest prices” (Interview, Arfa’eza Aziz, 30 August 2019).

Azmin Ali took this a step further. Recognising through a survey on local councils that concerns over rubbish collection and dengue infections were rising, Merdeka Center collaborated with the Selangor government to launch “Team Selangor” in 2017, a state-funded RM10 million project that encouraged “civic education, voter education, voter registration and *gotong-royong* activities at the community level” (Interview, Ibrahim Suffian, 3 October 2019). Team Selangor identified marginal constituencies in semi-urban and rural areas that also had the highest incidents of dengue and poor waste management, and used this to build machinery through recruiting “young party people”, volunteers, students, and pensioners and coordinated activities with state elected representatives, local councillors, and village chiefs (*ketua kampung*). Projects were as basic as the building of badminton or *takraw* courts, as requested by the local communities themselves.

“By organising these activities, the party machinery in the grassroots was activated. The areas where the party presence was strong, (machinery) became even stronger...(going) house to house to distribute Selangorkini and policies. This activated the local people, the *ketua kampung* (village heads), local councillors and party activists, people from the communities who were waiting to be involved. Normally it’s just a price of *mee goreng* (fried noodles), no money was paid...”

(Interview, Ibrahim Suffian, 3 October 2019).

‘Activating’ communities seemed a clear political objective, since this would also increase personal interactions with political party leaders and members. As earlier established, party-based networks are essential for “cultivating and maintaining both parties and the ‘personal touch’” (Weiss, 2020a, p.103). Community projects across the state allowed additional opportunities to enhance such in-person and individualized connections. Data collection was key; programme participants were included in a database for later electoral campaign messaging. Azmin Ali also approved RM10 million for the Selangor’s think tank for women.

In Penang, local rights NGO Suaram collaborated with the Penang state government to organise a Local Democracy Week. Starting from 2010, a Youth Parliament was held as part of the week’s activities to promote local participation among youth. Members of the Youth Parliament would submit motions and debate these topics, one year held within the actual state assembly hall. Trainings on participatory democracy and good governance were also held, many participants of which later became active politically and were selected as candidates in the subsequent general elections. The coordinator of this programme claims that the Minister of Youth and Sports took the idea from Penang and organised the Youth Parliament at the national level (Interview, Ong Jing Cheng, 9 December 2019). Similarly, Penang formed the Penang Women’s Development Corporation with similar objectives to activate and develop women talent in the state.

### **6.4.3 Public Service Delivery**

This section explores programmatic innovations undertaken by the Pakatan state governments premised on public service delivery. As state governments had minimal control of public policy, the Pakatan coalition provided programmatic aid in cash or in kind, made possible through its fiscal capacity. Pakatan proceeded with these innovations independent of the federal government, regardless of constitutional responsibilities.

The two states took the initiative to provide services in the areas outside their jurisdiction, such as in matters of the environment, native customary rights, public transportation, solid waste management and security. Collectively, these provided the opportunity for the opposition to prove their governing abilities beyond convention, in turn claiming performance legitimacy to improve their governance record, eventually attempting to occupy in their voters' minds a credible alternative to the incumbent BN. In competitive fashion, some programmes were imitated by other BN states or the federal government itself.

## **Environment**

Environment does not exist in the constitutional lists, making it unclear which level of government is responsible over the matter. Both Selangor and Penang implemented 'No Plastic Bag' days<sup>75</sup>, later followed after by BN state Malacca. Selangor also mooted the idea of the Klang River cleaning project, which although ran to a halt because of funding constraints, was the catalyst for the federal government's 'River of Life' project, to clean the Klang River. The Selangor Maritime Gateway project was later formed under one of Selangor's GLCs (see section below), to manage the river-cleaning project, where maintaining the quality of raw water sources is a state responsibility. In Penang, the state government formed a Penang Green Council in 2011 to facilitate environmental causes.

## **Native Customary Rights (NCR)**

Although native customary rights does not appear in the Ninth Schedule of the constitution, the federal government has a Department of *Orang Asli* Affairs. Pakatan in Selangor recognised native customary rights by withdrawing from the controversial Sagong Tasi case to uphold the High Court decision that the Orang Asli were entitled to compensation for acquisition of 38.4 acres of land. The previous BN-led Selangor government, together with the federal government, the Malaysia Highway Authority and the highway developer UEM had appealed against the decision, not wanting to provide compensation<sup>76</sup>. This was a landmark decision, celebrated by the Orang Asli and civil rights communities. Selangor then set up its

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<sup>75</sup> Selangor also exercised its own decisions that were under its state purview by gazetting the Kota Damansara Forest Reserve as well as a Special Protection Zone for fireflies.

<sup>76</sup> The federal government, LLM and UEM eventually agreed in a consent judgment on 26 March 2010 to withdraw their appeal and pay the Orang Asli plaintiffs a total of RM6.5 million in compensation.

Selangor Orang Asli Land Task Force, headed by an Orang Asli, with the task of documenting land status and the socio-economic situation of Orang Asli villages. This compelled the federal government's Department of Orang Asli Affairs to upgrade into a more empowered Department of Orang Asli Development in 2011, whilst the National Human Rights Commission published a lengthy 'Report of the National Inquiry into the Land Rights of Indigenous Peoples' in 2013, stating that the Department had failed in its fiduciary duties to protect the Orang Asli (Suhakam, 2013); Pakatan succeeded in demonstrating it had taken the initiative to provide leadership, representing an important human rights angle that was strongly championed and celebrated amongst its core supporters.

### **Public Transportation**

In public transportation, also controlled by the centre, the Selangor state government bought over several bus routes in Petaling Jaya, Shah Alam, Klang and the suburbs of Selayang and Sepang to provide free community buses to locals, eventually expanding the free bus services state-wide. In a survey, 44% of respondents stated that the free bus service increased their support for Pakatan in Selangor (Institut Darul Ehsan, 2016).

In Penang, federal public transportation agency Rapid Penang was rejected by local bus companies, but the Pakatan state government put aside federal-state conflict by "helping each other to work on an issue that affects the people" (Interview, Chow Kon Yeow, 6 December 2019). Nevertheless, the Penang state government was not permitted to amend bus routes without federal approval, and Chief Minister Lim Guan Eng's offer to pay for a free bus service during peak hours was initially denied at the federal level. Penang set up a Penang Transport Council in 2010, which played a major role in managing the Penang Transport Master Plan (PTMP). As public transport was key in Penang's local politics due to the increasing traffic problems on the island, the Pakatan coalition dedicated a large portion of its finances and energy into the PTMP.

### **Solid Waste Management**

As pointed out in Chapter 4, the federal government privatised and centralised solid waste management services, previously a local government responsibility. However, both Selangor and Penang under Pakatan resisted the newly approved law, which would have required local councils to surrender their solid waste assets and human resources to the federal

government. They decided to manage their solid waste services independently, as “it doesn’t make practical sense that my public cleansing would fall under federal rather than state” (Interview, Penang Aide, 7 December 2019). In 2011, local councils in Selangor took over from the previous concessionaire Alam Flora and from 2016 onwards a state GLC, KDEB Waste Management gradually took over all domestic waste management in the state. In Penang, both local councils manage the services independent of federal government, with the Penang Island Municipal Council contracting rubbish collection out to a private company, and the Seberang Perai Municipal Council handling it on its own.

### **Safety and Security**

Safety and security was central in the Pakatan election manifestos throughout the decade, given the rapid increase in street and violent crimes. Although law enforcement responsibilities are under the federal government’s purview, Pakatan states also explored their own state-run entities to boost safety in their vicinities. Such initiatives included allocating funds to set up CCTVs in hotspot locations. Selangor’s Petaling Jaya City Council and the Penang City Council wrote to the police to approve a setting up of an auxiliary police, but were rejected. Despite this, the Petaling Jaya City Council proceeded to appoint auxiliary policemen, whose powers were limited to guarding council buildings. The Seberang Perai Municipal Council set up a police-help unit tied to its municipal court, and the Penang state government took things a step further by setting up its Voluntary Patrol Unit (PPS) in 2010, boasting a membership of 10,000 members as at August 2014. This caused significant friction with the federal government, when the Inspector-General of Police and Registrar of Societies declared PPS an illegal organisation, calling it “Lim Guan Eng’s private army” and the Federal Court ruled that it “must be registered under ROS” (Interview, Phee Boon Poh, 4 December 2019). Pakatan again used its fiscal resources to boost safety of the two states, demonstrating its governing abilities – even on policy areas it had no legal jurisdiction over.

#### **6.4.4 Use of State GLCs as Distribution Vehicles**

This section demonstrates how state GLCs in both Selangor and Penang were used as distribution vehicles of state programmes. These are not unique practices; BN and UMNO have been shown to enlist GLCs to advance their own political objectives in Malaysia (Gomez, 2018a). This is in congruence with the methods by which DPARs have been shown to

monopolise control over public resources that they can “divert for partisan purposes” (Greene, 2007). One difference is that these state programmes were not partisan as they were *programmatic* and not *particularistic* in their distribution.

GLCs were used to sponsor state programmes and activities. Most of the Selangor’s social programmes were “practically being put up by MBI”, which would assist in contributing to state projects if the state was short of funds (Anonymous Interview, 15 November 2019), hence MBI was built up with the explicit institutional purpose as the central distribution arm of state welfare programmes. Similarly in Penang, GLCs were considered as “not revenue-based, they are all cost-centres” (Interview, Bharathi Suppiah, 6 December 2019). CMI in Penang was employed to engage in social projects, for example developing the public Penang Digital Library via a Public-Private Partnership (PPP) arrangement. CMI only had to spend RM500,000 for fixtures and fittings, and two other corporations contributed the rest<sup>77</sup>, although RM10 million was later invested into the project (Interview, Bharathi Suppiah, 6 December 2019). Similar “CSR projects” for education and tourism were carried out in Penang through various revenue-sharing arrangements with private corporations. Given that the Penang state government was not financially well-endowed and could not afford to invest heavily into infrastructure projects, the Chief Minister made strategic and efficient use of CMI to enable these PPPs, innovating new forms of joint-ventures with other financial partners.

As seen in Table 6.8, one difference is that Penang’s distribution of welfare programmes was not administered by GLCs, but instead by the state government directly (via an online system, *i-Sejahtera*), because CMI had no accounts of its own.

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<sup>77</sup> Luxury property developer E&O contributed RM1 million to refurbish an old bungalow, private corporation Keyside contributed its technology and systems.

State	State GLC	Programmes Administered
<b>Selangor</b>	Selcare Management Sdn Bhd	Smart Selangor Mothers' Love ( <i>Kasih Ibu Smart Selangor</i> , or KISS)
	Menteri Besar Incorporated	Wifi Smart Selangor Waste Management (KDEB Waste Management) Free Water of 20m <sup>3</sup> (Initially MBI, then KDEB) Back to School programme (for B40)
	Selgate Corporation Sdn Bhd	Health Care Scheme
	YAWAS	Women's Health Scheme (MammoSel) Smart Child Care Scheme ( <i>Asuh Pintar</i> ) Selangor Kindergarten Assistance Scheme (TUNAS) Elderly Care Scheme (SMUE) Youth Wedding Incentive
	Selangor Public Library Corporation	Smart Selangor Moving Library
	HIJRAH Selangor	Selangor Hijrah Scheme
	Selangor Housing and Property Board	Selangorku Housing Scheme Smart Rental Scheme DanaSel Scheme Low Cost Apartment Repair Scheme ( <i>Skim Ceria</i> )
	Yayasan Selangor (Selangor Foundation)	Online Tuition Programme
<b>Penang</b>	Chief Minister Incorporated	Penang Digital Library Islamic Digital Library Asian Women's Leadership University (in progress)
	George Town World Heritage Incorporated	George Town Festival Heritage Conservation Workshops and Trainings
	Penang Global Tourism	Promotes tourism in Penang
	Penang Women's Development Corporation	Gender Responsive and Participatory Budgeting projects Women's Empowerment and Leadership
	Penang Green Council	Promotes environmental programmes.
	Tech Dome	Penang Science Discovery Centre

**Table 6.8: Selected State Programmes Administered by State GLCs in Selangor and Penang**

However, there were also examples where political influence was used to determine the nature of such distributions. Subsidiaries under Selangor's MBI sponsored between 2000 to 3000 cows a year for the *Hari Raya Haji* celebration to various constituencies, dependent on requests from the state assemblypersons (Interview, Former MBI Executive, 18 September 2019). The distribution of these resources can be considered *particularistic*, as they are dependent upon the potentially biased selection of political representatives. Apart from cows, *kompang* (musical instruments) and *kenduri* (distribution of meat) were also GLC-sponsored during this and other festivals like the Chinese lantern festival in the more rural parts of Selangor (Anonymous Interview, 15 November 2019). In a controversial case, a former special officer to Khalid Ibrahim, who was eventually removed, used his position to "force the GLCs of Selangor to donate at least RM100-RM150,000 each to celebrate 100 days of Pakatan Rakyat in Selangor" (Interview, Faekah Husin, 30 August 2019). Separately, when a state officer wanted to alter the distribution method of welfare programmes to increase their targeted segments and for efficiency, resistance was faced from within the Penang Exco itself (Interview, former state officer, 2 October 2019). Removing the dependency on political officers for disbursement methods would have cut off the linkage between political representatives and the public, as pointed out earlier a crucial point of contact with voters. Evidently, clientelistic practices were also increasingly the norm in both states.

The section above has demonstrated that the mass of revenues earlier accumulated led to resource distribution methods such as the implementation of welfare programmes, community projects, improving upon public service delivery and enlisting GLCs as distribution vehicles. The slate of welfare programmes was increasingly popular, especially as the number of programmes increased alongside the quantum spent by each state over time. Both the distribution of programmes as well as community projects enabled "administrative grassroots engagement" (Read, 2012; Weiss, 2020b) as an additional benefit. Pakatan was also seen as contesting traditional federal-state boundaries by actively pursuing improvements in public service delivery areas that were not conventionally under state government purview, adding to the leadership and performance legitimacy narrative (Yeoh, 2010).

Finally, the strategy of utilising state GLCs was aligned with earlier analysis of Pakatan's use of state GLCs; they were useful organisations that existed parallel to, and not directly integrated under, the auspices of the state government bureaucracy in itself. This allowed greater creativity over their use, and more importantly, independence away from the often scrutinising eyes of a civil service that would ultimately report to the federal government (as pointed out in Chapters 4 and 5). Indeed, there was some criticism as to why the state GLCs

did not need to adhere to the stringent procurement policy requirements dictated to all government ministries and state governments. Within the highly centralised DPAR, Pakatan successfully manoeuvred state finances to enable its own performance to shine.

## **6.5 Conclusion**

This chapter first described the fiscal challenges that Pakatan faced in its two states Selangor and Penang, then proceeded to demonstrate the strategies and methods undertaken to accumulate state fiscal resources, contributed to primarily by land-based revenues and the employment of state GLCs. The coalition benefited by inheriting rich, industrialised states, but it also worked at strategically taking advantage of these resources and in a process of continuous iterations, succeeded in growing the revenue base of the states. Selangor was undoubtedly the richer of the two states, visible from the large annual revenues and budgets compared with Penang, but both states saw their revenues grow over the decade. Although the scale of revenues that Pakatan benefited from control of Selangor and Penang may have paled in comparison to that which was possessed by UMNO – as an incumbent that continued to control the federal government – the process of shrinking the tremendous resource asymmetry that previously existed between the two had begun.

The distribution of fiscal resources was then shown, in the forms of state welfare-based programmes, community projects and public service delivery, including through GLCs. Such resource mobilisation was crucial in establishing good performance. The slate of welfare programmes was especially important in securing popular support of voters. As distribution of these programmes expanded, so did the voter database, containing valuable information about place of residence, political affiliation and demographic profile. Service delivery is the “mainstay of quotidian outreach for BN and Pakatan alike” (Weiss, 2020a, p.106) and “embeds parties within communities in ways that selective conditional cash transfers of public sector jobs and contracts do not” (Thachil, 2011, p.465). Apart from expenditures on official programmes, the Penang state government under PH also provided allocations to sponsor, usually partially, events organised by Chinese guilds, clan associations and NGOs to win them over, much like what BN did when it was in power, so as to gain support through what may be described as some form of “money politics” (Interview, former state leader, December 2019). These Chinese community leaders are also prominent businesspeople in the state and are therefore involved in wealth and power brokerage, whose festivals “are a platform politicians would not want to miss because that is the place you can get in touch with people (Interview,

Chow Kon Yeow, 6 December 2019). As such, the Penang government contributed funds, growing steadily from RM200,000 in 2018 to RM800,000 in 2020 (Interview, Cheong Yin Fan, 4 December 2019). Importantly, leaders of some associations also raise funds for the political parties in their personal capacity. Some even donated and sponsored dinners on both sides of the political divide, “for insurance” (Interview, former state leader, December 2019).

This chapter described how fiscal resources were mobilised and distributed to obtain mass constituent support. Adopting a powerful ‘story-telling narrative’ was fundamental; that the opposition could do what their predecessors BN could not in the two states was testament of its ability as an alternative federal government. Pakatan performed better financially, which contributed to their *systemness* (how the parties and coalition organised themselves) and *value infusion* (party members and supporters seeing Pakatan’s core values bearing fruit). By returning a ‘transparency dividend’ in the form of social programmes, this contributed to the parties’ institutionalisation process in the form of *decisional autonomy* (greater scope of decision-making) and *reification*, which created a strong presence in the public imagination (Randall and Svåsand, 2002). This institutionalisation process was crucial in building a clear image in the minds of the voting mass that the coalition was able to proffer valuable benefits.

It was able to do so despite the vastly unequal access to public resources relative to BN at the federal level, primarily due to the federalist structure permitting it control over a state government and its executive arm. This in turn allowed it constitutional powers over legislature that passed annual budgets, the collection of land-based revenues, the formation of GLCs and a state bureaucratic machinery to distribute aid programmes. The coalition strategically mobilised fiscal resources through saving, accumulating and optimising land value and then distributing these through generous welfare programmes as well as spending in new areas outside their constitutional mandate to demonstrate initiative. It is important to note that Pakatan engaged in *programmatic* distribution of its fiscal resources, as opposed to *particularistic* distribution. This is a key feature, distinguishing it from its predecessor within both states, stressing that programmes were inclusive in nature, without regard for race or political affiliation.

However, heading toward the 2018 general election, both states spent excessively. One local councillor admitted that after being directed by the state to spend money and release reserves, the amounts spent were “too much”, resulting in deficit spending from 2018-2019), in stark contrast to the very financially prudent period under Khalid’s administration, which he depicted as the “renaissance of Pakatan Rakyat” from 2008-2012 (Interview, Derek Fernandez, 16 June 2019). This may have been short-lived, and whilst the first term in both Selangor and

Penang was about savings, the second term was more about expenditure for political gain. After 2018, Penang's new Chief Minister had to hike property assessment rates which were unpopular and in Selangor, the new Chief Minister had to remove or reduce the magnitude of several welfare programmes.

Ultimately, was Riker (1969) wrong to conclude that federalism hardly made a difference? The experience of Malaysia informs us that even in politically and fiscally centralised systems, opposition parties in control of states in federated DPARs *can* employ strategies to achieve political party institutionalisation, ultimately establishing opposition subnational strongholds in these states as there is some degree of administrative decentralisation. This adds a valuable aspect to Greene's (2010) theory of why dominant parties lose, which is that the subnational factor should be taken into careful consideration. Slater (2003) whose important work on an "iron cage in an iron fist" in describing UMNO had not considered the possibility of opposition parties obtaining resources from the subnational level. Further, it seems to validate the belief that federalism, under the right conditions, can indeed contribute to democracy. These findings also seem to counter what the literature on federalism and party strength generally agrees; that parties are more likely to strengthen at the subnational level within politically and fiscally decentralised systems (Desposato, 2004). Indeed, the reverse was true in Pakatan's experience in Selangor and Penang: despite operating within a highly politically and fiscally centralised country, *even* opposition parties could strengthen from the bottom up.

## Chapter 7: The Mobilisation of Resources for Political Party Cohesion

*“The institutionalisation is important for us not only organisationally, but also how you really prepare our new people and young blood for the future.”*

*(Interview, PKR Penang State Assemblyman Lee Khai Loon, 12 October 2019)*

### 7.1 Introduction

The previous two chapters described how the Pakatan coalition through its two state governments of Selangor and Penang generated and accumulated institutional and fiscal resources, crucial in delivering the central message of improved outcomes within these states. These led to indirect benefits for the political coalition, by way of seizing a relatively strong moral narrative of governance versus corruption that UMNO admits it was unable to counter despite tremendous efforts to win over Selangor in the 2013 and 2018 general elections. Indeed, any attempt of criticisms against the Pakatan-led Selangor government simply “fell flat” (Interview, Shahril Hamdan, 7 January 2020). Approval ratings of Pakatan were high, where Selangor’s first Chief Minister Khalid’s approval ratings state wide was 60%, and support for the Pakatan Penang state government it was 88%, but this was only 50% among the Malays, which gradually eroded over time to 30% (Interview, Ibrahim Suffian, 3 October 2019).

Unlike the previous two chapters that demonstrated *indirect effects* of resource mobilisation towards party institutionalisation, this chapter analyses how institutional and fiscal resources were mobilised for *direct effects* on political party and coalition cohesion and institutionalisation. Although Pakatan in both Selangor and Penang took careful measure to avoid directly benefiting the political parties as a result of being in the state government<sup>78</sup>, the parties did derive benefits. The growth in party resources enabled Pakatan parties to deepen their party institutionalisation individually and collectively as a coalition. Without state governments to govern, the coalition would not have been established.

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<sup>78</sup> Some even criticised the state government for not having contributed to the party even more. For example, Selangor Chief Minister Khalid Ibrahim initially agreed to bear the costs of the 2013 campaign bus and truck, but he did not pay the party eventually (Interview, Saifuddin Nasution, 21 November 2019).

## 7.2 Accumulation of Resources for Political Party Cohesion

This section argues that the accumulation of resources and effective leadership contributed significantly to the individual parties' *systemness*, one of the four dimensions of party institutionalisation developed by Randall and Svåsand (2002). As identified in Chapter 2, five factors contribute to party *systemness*, that of party origins, resources, leadership, factionalism and clientelism. Among the three component parties of Pakatan Rakyat, PAS and DAP were the oldest parties, PAS having been formed in 1951, PAS in 1965 and PKR only in 1998 (first as KeADILAN, and then as PKR) following the removal of then Deputy Prime Minister Anwar Ibrahim. PAS and DAP therefore had several decades to develop their party organisation, while PKR had not experienced many electoral campaigns as an opposition party, even up to 2008. It is unsurprising that the two older parties were already well-institutionalised, having popular party newspapers *Harakah* and *The Rocket* respectively, with a strong following (Weiss, 2014). The same cannot be said about the amount of resources they had access to.

The ruling parties of Malaysia (UMNO), and previously Taiwan (KMT) and Indonesia (Golkar), being amongst the wealthiest parties in the world (Sachsenroder, 1998) were able to “build their own massive business empires, giving them effective financial self-sufficiency” whereas their opponents faced tremendous challenges in raising the funds needed for office space, staff, and other facilities to compete effectively in elections (Randall and Svåsand, 2002, p.18). The more resources available to support party operations and party machinery for electoral campaigns, the more systematic and organised, and hence the more institutionalised a party becomes. As explained later in this chapter, this is precisely what transpired after taking over Selangor and Penang, allowing PAS and DAP to institutionalise even further, while PKR was the party that most benefitted, having had a shorter history relative to its two partners.

It is common for personalities leading opposition movements to have a strong charisma, and indeed all three parties PAS, DAP and PKR had charismatic leaders. Personalistic leadership, however, contributes to the initial stages of party cohesion and survival, but this actually inhibits institutional development in the long run, if there is no accompanying routinization (Randall and Svåsand, 2002). Parties based on charisma are ephemeral in that “they are parties which pass like a meteor over the political firmament, which spring up and die without ever institutionalising” (Panebianco, 1988, p.53). It was therefore important that all parties absorbed new talent to demonstrate leadership, not just focus on the charismatic personality of one leader alone. A good example is PKR's selection of Khalid Ibrahim as

Selangor's first Chief Minister, who had a strong corporate background. This gave PKR the opportunity to rise above its personalistic *raison d'être* of its de-facto party leader Anwar Ibrahim, who was still in prison at the time of the 2008 election.

Factionalism, often portrayed as being detrimental to party cohesion, can sometimes play a positive role. The compatibility of factionalism and institutionalisation was described in the case of Japan's LDP (the transition from one factional leader to another resulted in public popularity and improved public image) and Italy's Christian Democratic Party (Randall and Svåsand, 2002). This was not the case in Selangor and Penang.

The successive series of events of the Chief Minister change, break-up of Pakatan Rakyat and consequently formation of Pakatan Harapan meant that factionalism impaired the systemness and party institutionalisation of *both* PKR and PAS, as well as DAP by extension, where public support fell drastically for the coalition as a whole. DAP leader shared that "because Pakatan broke up" and despite the formation of a new coalition Pakatan Harapan later that year consisting of PKR, DAP and PAN, "the entire 2016 was the worst year for Pakatan Harapan, because in that year all hope was lost. Nothing was deemed possible, because of the realignment, it was very difficult" (Interview, Liew Chin Tong, 7 October 2019).

Finally, on the count of clientelism, although all programmes were programmatic and not particularistic in nature, this began to change in the second term especially as the parties were more selective in which segments of the community should be targeted. Welfare packages and incentives would be given, for example, to constituents to whom Pakatan's popularity was either low or borderline, according to polling data. It should be noted that despite PAS leaving the coalition in 2015 formally, positions to PAS leadership were maintained in both Selangor and Penang state governments. PKR decided to maintain PAS in Selangor specifically for politically expedient purposes, as it would be left without the latter's party machinery on the ground (Interview, Ibrahim Suffian, 3 October 2019).

Institutional and fiscal resources contributed to the *systemness* and *value infusion* of each of the three Pakatan component parties, which in turn factored positively in their ability to achieve deeper party institutionalisation (see Chapter 8). Four measures of resource-accumulation were utilised, namely absorption of new talent, enhanced political machinery, demonstration of leadership and growth in party finances. Resource distribution methods included party elite appointments (to the State Exco and GLCs), party cadre appointments (local councillorships, community heads, quasi-bureaucracy), and an increase in allowance to political representatives.

### 7.2.1 Absorption of New Talent

Upon winning state governments in Selangor and Penang, many new and young individuals, previously not affiliated with the opposition, joined as staff and political aides eager to contribute. Talent is an important resource for political parties wanting to stay relevant among their constituents. Interviewees from PKR, DAP and PAS described having benefited in this manner; young professionals were especially keen to participate in the reform process. This helped parties tap on talent that led to potential political candidates in the future, as well as talent that contributed to each of the three parties in the Pakatan coalition (Interviews, Saifuddin Nasution, 21 November 2019; Tony Pua, 25 November 2019; Iskandar Samad, 17 January 2020). This is captured well in Table 7.1, which shows the rise in the number of younger elected candidates into Parliament entering the fray, classified by those under the age of 40 at the time of GE12, increasing steadily from 2008 to 2018, and rising still in the period following GE14. Although there were no PAS parliamentarians under the age of 40 throughout this period, this should be understood in the context of PAS being a hierarchical party where politicians need to bide their time and climb the ranks of leadership before being selected for candidacy.

Position	Political party	2008-2013	2013-2018	2018-2020
Members of Parliament	PKR	3	4	6
	DAP	8	12	12
	PAS	0	0	N/A*
	Amanah**	N/A	N/A	0
	<b>TOTAL</b>	<b>11</b>	<b>16</b>	<b>18</b>

**Table 7.1: Number of Members of Parliament under the Age of 40 between 2008 and 2020**

\*PAS left the Pakatan Rakyat coalition, which split up in June 2015. PAS contested separately from the newly-formed Pakatan Harapan in the 14<sup>th</sup> general election in 2018.

\*\*The faction that left PAS formed the new party, the National Trust Party (Amanah) that contested with PKR and DAP under the Pakatan Harapan banner in the 14<sup>th</sup> general election in 2018.

The parties worked aggressively to recruit young talent, where DAP through its party programme ‘School of Democracy’ to inculcate political education especially among young Malays. Led by media stalwart Wan Hamidi – who himself represented talent absorbed into the predominantly Chinese DAP – this programme has produced several hundred alumnus members, from which party candidates were also drawn. Young Syefura and Edry Faizal, both recruits in the programme, are state elected representatives today, having contested in GE14.

The Penang state government introduced a ‘Young Democrats’ Meeting’ programme targeted at youth in 2011; several alumnus became candidates and elected state representatives, including Daniel Gooi, Kumaresan, Chris Lee and Satees Muniandy, while others became local councillors<sup>79</sup>. A Selangor local youth programme funded by the state government (*Penggerak Belia Tempatan Selangor*), targeting 16 to 35 year olds, also cultivated promising youth leaders earmarked to become future local councillors (Interview, Amirudin Shari, 18 October 2019).

PAS had always been a grassroots party with strong organisational educational (*tarbiyah*) and training networks throughout the country. However, after being endowed with executive power in Selangor, the party further strengthened both their formal educational institutions (schools, *madrassahs* and a college university in Taman Melewar, Selangor) as well as training educational programmes throughout Malaysia. There were various forms of programmes, some weekly, monthly and periodically, whereas others “were mass gatherings which were more motivational and ideological ‘indoctrination’ in nature” (Interview, Dzulkefly Ahmad, 4 April 2020). PAS also strengthened its international network amongst Malaysian students overseas (as well as with international Islamic movements and political parties). The combined education, training and programme efforts absorbed new talent into the party. Ironically, however, it was also the young talent absorbed into PAS – recruited from scholars returning from Egypt and Jordan – who became the overnight *penceramah-pengkuliah* (religious speakers) within mosques and *surau* who began the demonisation of ‘liberals and moderates’ within PAS, finally mobilised to oust the group of 18 individuals from PAS leadership in 2015 (Interview, Dzulkefly Ahmad, 4 April 2020)<sup>80</sup>.

Talent was also deployed across party and state lines, recruited into various state governments or their agencies, where for instance PKR’s Saifuddin Abdullah was given a position at Selangor’s Institut Darul Ehsan, Amanah’s Dr Dzulkefly Ahmad was a fellow at the Penang Institute (Interview, Ong Kian Ming, 4 March 2020), and PKR’s Saifuddin Nasution was special advisor to Penang Chief Minister Lim Guan Eng (Interview, Saifuddin Nasution, 21 November 2019). There was a “younger generation and talent pool of civil

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<sup>79</sup> The names listed here were elected as representatives of the following constituencies in the 2018 general election: Young Syefura Othman (Ketari, Pahang), Edry Faizal (Hulu Langat, Selangor), Daniel Gooi (Pengkalan Kota, Penang), A. Kumaresan (Batu Uban, Penang), Chris Lee (Pulau Tikus, Penang), Satees Muniandy (Bagan Dalam, Negeri Sembilan).

<sup>80</sup> These leaders, having lost all positions in PAS, left the party to form Parti Amanah Negara (PAN), which formed Pakatan Harapan to overthrow BN in the 14<sup>th</sup> general election in 2018.

society, retirees and academics” who offered their work to the Penang state government especially (Interview, former Penang state officer, 7 December 2019).

### 7.2.2 Enhanced Political Machinery

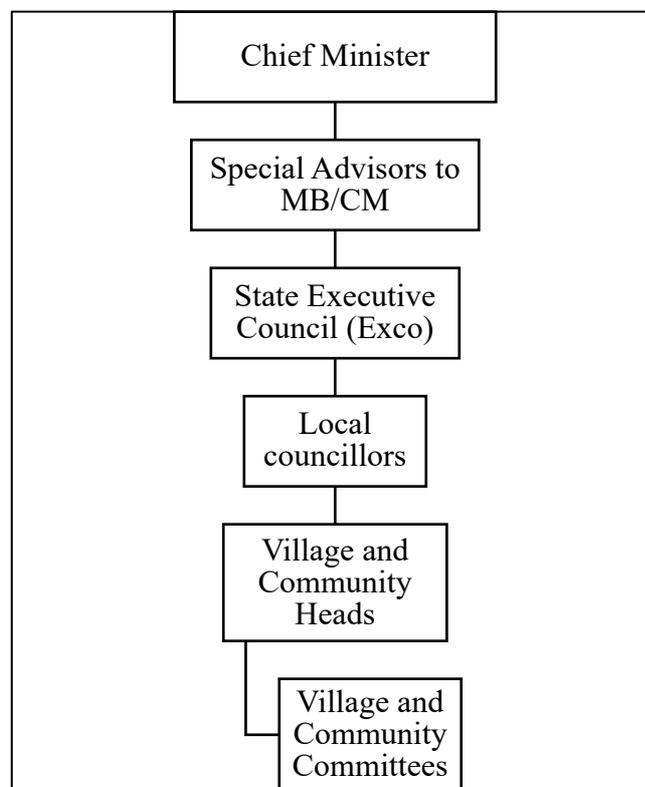
The political parties in Pakatan post 2008 had expanded its capacity, with more experienced political machinery in handling election campaigns. Winning in elections allowed the parties to access the state resources needed to tackle the requirements of a good election campaign: strong messaging, a cohesive team for political strategising, mobilisation of party workers, and experience in training volunteers to be polling and counting agents throughout the country. With new talent, professionals from the private sector were included in Pakatan’s policy-making efforts and joined the parties’ think tanks, DAP-linked REFSA and PKR-linked Institut Rakyat, as well as the state think tanks, Penang Institute and Selangor’s Institut Darul Ehsan. The two think tanks engaged in research (more so the former) and opinion polls (more so the latter) to gauge constituents’ feedback, which contributed to deepening state governments’ understanding of their needs. The documents produced as a result were used by the coalition to showcase its intellectual capital and what it would do as federal government, including the Orange Book (*Buku Jingga*), Common Policy Platform, annual alternative budgets between 2012 and 2018, and two election manifestos in the GE13 and GE14.

Experience in the election process itself was valuable for the parties, especially for a party like PKR, whose founding leaders had little technical experience of election rules and whose primary focus was “*lawan tetap lawan*” (keep on fighting), a phrase used during street protests against the BN government during Anwar’s incarceration in 1998 (Interview, Saifuddin Nasution, 21 November 2019). For a party that only had experience of two general elections prior to 2008, going through additional election cycles over a larger number of constituencies in the country over the following decade, most of which were in Selangor, greatly improved the party’s machinery. According to the party’s Secretary General, this peaked in GE14 when Rafizi Ramli, a PKR parliamentarian, set up Invoke, an entity that made use of big data to target marginal seats (Interview, Saifuddin Nasution, 21 November 2019). Invoke conducted crowdfunding on a large scale, eventually raising RM10.2 million which it claims contributed to Pakatan’s winning in 42 of the 44 targeted parliamentary seats through its campaigning methods of direct phone calls and going door-to-door. This was carried out by a team of more than 100 young Malaysians between ages 23 and 27 who quit their jobs to join

Invoke, further underscoring the argument that the absorption of young talent contributed to the enhanced political machinery.

### 7.2.3 Demonstration of Leadership

The parties directly benefited from state government platforms in both states, as they had now the opportunity to assume and demonstrate leadership positions and management abilities in the various positions that the Pakatan leaders occupied, as shown below.



**Figure 7.1: State-Based Leadership Positions**

Starting from the very top, these positions included the Chief Minister, Exco members, local government councillors, and village and community committees. A similar structure to all other states in Malaysia, occupying these positions in the two rich states was a prized resource. This is especially so within Malay communities that culturally place a high value on titles, considering leaders to be influential only upon occupying high status positions.

Crucially, controlling the two states allowed the Pakatan coalition to develop a team of leaders who would then be featured as major political leaders. Azmin Ali, although already a senior PKR member at the time of his appointment as Chief Minister in 2014, grew in influence among Selangor grassroots and within the party, eventually appointed as Minister of Economic Affairs when Pakatan took over federal government. Lim Guan Eng, also Secretary General of his party, helmed Penang as Chief Minister and strengthened his position within the party and coalition, also later appointed into the 2018 Cabinet as Minister of Finance. Nine out of the 29 ministers and four out of the 27 deputy ministers had experience governing – and hence also the opportunities of displaying their leadership abilities to the electorate – within Selangor or Penang between 2008 and 2018, whether in official or advisory positions<sup>81</sup>.

Being Chief Ministers of opposition-led states also gave them opportunities to lambast the federal government; they behaved in ways that were precisely *oppositional* in nature. Apart from blaming the previous Gerakan state government for past practices<sup>82</sup>, the Penang Chief Minister also regularly blamed the federal government for not providing additional funds to aid in its various state needs, which gave him tremendous media publicity, although some believed this was excessive<sup>83</sup>. The oppositional nature suited DAP in Penang; having been in the opposition for many years, it was easy to continue being vocal. This is contrasted with the Selangor Chief Minister Khalid Ibrahim, who had not spent significant years within opposition.

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<sup>81</sup> Apart from Azmin Ali and Lim Guan Eng, between 2008 and 2018, Xavier Jayakumar (Minister of Water, Land and Natural Resources) and Teresa Kok (Minister of Primary Industries) were former Selangor state exco members, Dzulkefly Ahmad (Minister of Health), Zuraida Kamaruddin (Minister of Housing and Local Government), Saifuddin Abdullah (Minister of Foreign Affairs), and Yeo Bee Yin (Minister of Energy, Science, Technology, Environment and Climate Change) served in various advisory capacities within the Selangor state government, and Saifuddin Nasution (Minister of Domestic Trade and Consumer Affairs) served as special advisor to the Penang Chief Minister. Among the deputy ministers, Hannah Yeoh (Deputy Minister of Women, Family and Community Development) was former Speaker of the Selangor State Legislative Assembly, while Ong Kian Ming (Deputy Minister of International Trade and Industry) advised the Selangor government on an economic plan. Liew Chin Tong (Deputy Minister of Defence) and Steven Sim (Deputy Minister of Youth and Sports) both served as special advisors to the Penang Chief Minister. Ministers and deputy ministers listed here are appointments made following the Pakatan victory in GE14 in 2018, who served until the collapse of the PH government in February 2020.

<sup>82</sup> “At the tea party following Guan Eng’s swearing-in ceremony as the new Chief Minister, he requested me to brief him on various aspects of Penang’s development. Actually, I was prepared to advise him privately, but within a month he started whacking me publicly. He also lied by saying that I removed all the files from the Chief Minister’s Office. He should have given me the respect that I handed everything to him that very night when he and other DAP leaders came to the Chief Minister’s Office. As they remained in opposition to Barisan Nasional, they were able to say, “Oh, we are not in the federal government. Everything wrong is the fault of UMNO, UMNO... This was an advantage to them”” (Interview, Koh Tsu Koon, December 2019).

<sup>83</sup> “(Upon winning in 2008), I actually wanted to tell him that maybe one way to minimise the friction between the state and federal government is for you to scale down your attacks on the Barisan... I felt that he blamed the previous administration a bit too much for whatever weaknesses there were. That is one thing I found different in Chong Eu (previous Penang Chief Minister)”. (Interview, former Penang official, 29 December 2019).

The next section of this chapter will demonstrate how the distribution of positions in each level of state government machinery achieved elite cohesion within the parties, in providing promising career opportunities up the political ladder from the positions of local councillor to state elected representative and then parliamentarian.

#### 7.2.4 Growth in Party Finances

As described in Chapter 4, opposition parties in Malaysia prior to 2008 had always struggled financially to keep afloat. There is a dearth of data with regards to the financial status of opposition parties. Without similar access to resources like UMNO and other BN component parties had, opposition parties have had to rely on “grassroots financing” consisting of (token) membership fees, sales of publications, fundraising dinners, levies on legislators’ salaries, and sporadic business and individual contributions (Weiss, 2020, p.126). Some PAS members pay *zakat* (alms) to the party and DAP generates some rental income from its properties (Gomez, 2012, pp.1383-84; Transparency International, 2010, pp.96-99). Upon assuming power in the states of Selangor and Penang, the parties benefited directly by being part of the newly formed state governments. As demonstrated in Table 7.2, the opposition parties experienced growth in their party assets, which included current (property, plants and equipment) and non-current (cash and fixed deposits) assets. Over the 10-year period, DAP’s assets grew by almost 500% from RM1.3 billion in 2008 to RM8.5 billion in 2018. PKR did not fare as well, but still experienced an overall growth in assets from RM4.12m in 2008 to a peak of RM6.14m in 2016.

<b>Total Assets</b>	<b>DAP (RM)</b>	<b>PKR (RM)</b>
<b>2008</b>	1.3b	4.12m
<b>2009</b>	1.09b	2.65m
<b>2010</b>	1.34b	1.86m
<b>2011</b>	1.03b	597,839
<b>2012</b>	2.84b	N/A
<b>2013</b>	6.05b	5.62m
<b>2014</b>	5.1b	5.68m
<b>2015</b>	7.61b	5.75m
<b>2016</b>	7.03b	6.14m
<b>2017</b>	6.41b	5.57m
<b>2018</b>	8.5b	5.08m

**Table 7.2: Growth in Current and Non-Current Assets of Pakatan Parties, 2008-2018**

*Source: Democratic Action Party (DAP) and Parti KeADILAN Rakyat (PKR)*

*Note: Data for the growth in financial assets of PAS was unavailable*

First, all three parties in Pakatan experienced increased memberships. DAP membership grew nationally from 77,611 members in 2008 to 163,019 members in 2018 (prior to GE12), an increase of 10 percent over the ten-year period. PKR membership grew from 300,000 to 470,000 between the same period of time, a tremendous increase of almost 57 percent, likely owing to the significance of the party within Selangor. PAS also experienced membership growths in Selangor. All three parties recorded jumps in the numbers of party branches, more significantly so for DAP in Penang, and correspondingly PKR in Selangor.

State	1966-2007		2008-2012		2013-2017		2018-2019		Total	
	Branches	Members	Branches	Members	Branches	Members	Branches	Members	Branches	Members
Penang	37	6,931	139	11,725	4	6,147	70	2,001	250	26,804
Selangor	53	10,896	160	14,777	3	5,169	49	3,039	265	33,881
Perak	88	17,115	137	11,034	7	3,421	91	4,598	323	36,168
Kedah	4	1,680	12	1,694	1	1,247	46	2,520	63	7,141
Kelantan	1	412	4	274	3	141	10	667	18	1,494
Kuala Lumpur	18	4,119	13	1,548	0	666	17	883	48	7,216
Other states	159	36,458	160	16,669	26	10,896	282	17,875	627	8,1898
<b>Total</b>	<b>360</b>	<b>77,611</b>	<b>625</b>	<b>57,721</b>	<b>44</b>	<b>27,687</b>	<b>565</b>	<b>31,583</b>	<b>1,594</b>	<b>194,602</b>

**Table 7.3: Growth in Branches and Memberships of Democratic Action Party (DAP)**

Source: DAP

State	Up to 2006	2007		2008-2012		2013-2017		2018		Total	
	Members	Branches	Members	Branches	Members	Branches	Members	Branches	Members	Branches	Members
Penang		11	7,152	2	25,136	0	9,467	0	11,362	13	53,117
Selangor		18	16,901	4	90,406	0	54,578	0	77,700	22	239,585
Perak		24	13,517	0	19,627	0	4,531	0	21,121	24	58,796
Kedah		12	3,980	3	22,744	0	3,556	0	19,447	15	49,727
Kelantan		14	4,907	0	12,407	0	5,897	0	20,448	14	43,659
Kuala Lumpur		11	8,350	1	8,130	0	3,556	0	13,780	12	33,816
Other states		78	38,618	40	109,291	0	39,631	0	159,564	118	347,104
<b>Total</b>	<b>32,168</b>	<b>168</b>	<b>93,425</b>	<b>50</b>	<b>287,741</b>	<b>0</b>	<b>121,216</b>	<b>0</b>	<b>323,422</b>	<b>218</b>	<b>857,972</b>

**Table 7.4: Growth in Branches and Memberships of Parti KeADILAN Rakyat (PKR)**

Source: PKR

Note: the number of branches refers to “cabang”, while there is one more layer below called “ranting”

Table 7.3 illustrates the growth in branches and memberships into DAP between 2008 and 2017, showing that the largest increases came during Pakatan’s first term in government whereas growth moderated in the second term (2013-2017) during which “people lost hope and apathy ... kicked in” (Interview, Tony Pua, 25 November 2019). Quite unsurprisingly, DAP experienced the largest increases in the states of Penang, Selangor and Perak, the three states that Pakatan controlled. DAP also benefited in neighbouring state Kedah and federal territory Kuala Lumpur, bordering Selangor. The massive increases in branches and

memberships from 2018 to 2019 bring into even sharper relief the implications of forming federal government at GE14. There were “benefits” derived from joining parties, about “connections and cables” to secure transactions (Interview, KW Mak, 25 September 2019). PKR also experienced its largest increase in membership in its first term, as seen in Table 7.4, most significantly within the state of Selangor, followed by a distant second within Penang. Evidently, Selangor was PKR’s stronghold where throughout the decade, new memberships rose highest within that state, significantly lower in other states. Similar to the DAP, PKR also saw a rapid rise in memberships in 2018 after GE14.

DAP membership fees up to September 2018 were RM5 for annual membership and RM100 for life-time membership (Democratic Action Party, 2018); PKR membership fees were RM2 for annual membership and RM300 for life-time membership (Parti Keadilan Rakyat, 2018), and PAS membership fees were RM2 for annual membership and RM102 for life-time membership (Parti Islam Se Malaysia, 2018). Income into the party from membership fees therefore increased with the corresponding growth of the respective political parties.

Second, each of the parties required their members appointed to leadership positions to contribute a portion of their monthly salaries back to the party. The rules varied by party, as table 7.5 illustrates.

Position	DAP		PKR	PAS
	Full-time politicians	Part-time politicians		
Chief Minister	20%	No contribution required	20%	30%
Member of State Exco	20%	No contribution required	20%	30%
Members of Parliament	15%	25%	20% (for states in government) 10% (for states not in government)	30%
Elected state representatives	10%	25%	20% (for states in government) 10% (for states not in government)	30%
Special appointments (e.g. Board membership)	10%		10%	No contribution required
Local government councillors	One month per year		One month per year	By donation

Head of Village Committees or <i>Ketua kampung</i>	No contribution required	No contribution required	No contribution required
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**Table 7.5: Required Monthly Contributions of Salaried Political Party Appointees to their respective Parties, 2008-2018**

Source: DAP, PKR, PAS

These contributions formed a significant amount of revenues into the three respective parties. Interviews with representatives from each of the parties confirmed that the parties grew financially over the decade partly due to these contributions and other membership donations. As such, the “cut of 15% from MP and ADUN’s basic salary” was a “source of funding” for PKR (Interview, Saifuddin Nasution, 21 November 2019); and for PAS, “if we have 4,000 members who give RM10 each, we can collect a lot, so donations from party members were a source of funding (Interview, Iskandar Samad, 17 January 2020). PKR, for example, increased its total revenue collections from RM4.36m in 2008 to a height of RM6.06m in 2018, although there was significant variation within the decade, as seen in Table 7.6 below.

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues (RM million)</b>	4.36	0.53	1.74	2.0	N/A	N/A	1.69	2.18	2.94	1.96	6.06
<b>Expenditure (RM million)</b>	0.75	2.06	2.53	3.27	N/A	N/A	3.2	1.67	2.42	2.39	6.97

**Table 7.6: Revenues and Expenditures of PKR, 2008-2018**

Source: Annual Financial Reports (2008-2018), *Parti Keadilan Rakyat (PKR)*, obtained in November 2021

Donations from Members of Parliament and State Assemblypersons saw a tremendous rise from RM90,413 in 2008 to RM1.55m in 2018, an increase of more than 17 times. Apart from these, there were also opportunities for individual party members appointed into state GLCs who received board directorship fees to contribute back to the party voluntarily. For instance, “financial assistance to the party” was enabled “through the percentage taken... we had some financial stability” (Interview, Elizabeth Wong, 3 October 2019).

Chief Minister Khalid Ibrahim despite clearly distinguishing between funds intended for state and party, nevertheless developed a system through which state resources could be legitimately channelled for party benefit. In his position, he was the chair of multiple state GLCs and received allowances and fees amounting to between RM600,000 to RM700,000 a year. He set up a separate bank account under MBI for all such allowances to be placed into, from which he would contribute donations to political party related activities (including purchasing the bus that PKR used for its 2013 pre-election campaign roadshow) or directly pay for PKR and PAS party conventions (Interview, Faekah Husin, 30 August 2019). In both

incidents of purchasing the bus and sponsoring the PKR party convention, the MACC investigated Khalid on suspicion of corruption, but examination of the bank accounts showed there was no wrongdoing seeing as the money had come from his personal allowances and not state government funds. From this account, Khalid was also able to contribute RM3 million to the Sarawak state election campaign in 2016 (Interview, Faekah Husin, 30 August 2019).

Finally, being in state government also directly increased the financial support of individuals to political parties either through donations or fundraising initiatives. Businesspeople were “more willing to donate if they know you are going to win”, which “indirectly strengthened party resources” (Interview, Tony Pua, 25 November 2019). Although one businessman was financially punished by the BN regime for openly supporting PKR<sup>84</sup>, others were discreet in contributing anonymously to the parties, more emboldened after Pakatan returned with a stronger mandate in the second term. DAP fundraising dinners in Penang had “certain developers... buying tables and make big favours” in the hope that they would be considered favourably in business dealings and “receive land for development” (Interview, Yusmadi Yusoff, 3 October 2019). Worse, “over time, (Lim Guan Eng) actually began to shift his focus from civil society to developers”, so much so that there were references to the DAP being the “Developers’ Action Party”, “which angered him to no end” (Anonymous Interview, 27 December 2019). More accusatory was an interviewee who shared that “the word on the ground (is) that the (state) is controlled by real estate companies” (Anonymous Interview, 27 December 2019). Contributions from developers – and indeed, any other forms of businesses – are of course not new, and this had been practised for decades under BN-UMNO, with the “businesspeople doing business in Selangor will want to support the government, (and) will cut the cheques out to UMNO Selangor as well” (Interview, Khairy Jamaluddin, 10 February 2020).

The above sections indicate that the control of Selangor and Penang enabled Pakatan parties to accumulate valuable institutional (absorption of new talent, enhanced political machinery, the ability to demonstrate leadership skills) and fiscal (growth in party finances through membership fees) resources that directly led to their ability to enhance their party institutionalisation (Randall and Svåsand, 2002). More precisely, these resources enabled the opposition parties to increase their “scope, density and regularity of the interactions that

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<sup>84</sup> Businessman Stanley Thai was Managing Director of Supermax Corporation, a publicly listed producer of rubber gloves. In 2013, he publicly supported Pakatan Rakyat in GE13. In November 2017, he was fined RM5m for insider trading.

constitute the party as a structure”, which led to their overall improved *systemness* and deepening their party organisation (p.13).

While it is challenging to obtain an accurate figure of UMNO’s total wealth and therefore ascertain precisely the scale to which Pakatan was successful in closing the resource asymmetry that so drastically existed between the two, the growth in party finances through the methods illustrated above is indicative of the fact that the Pakatan parties in Malaysia were able to move closer to shrinking this resource gap. By the end of the decade, as laid out in Chapter 1, UMNO was still aflush with funds given its continued control of the federal government, and would have continued to control resources in excessive amounts when compared to Pakatan. However, the incremental gains experienced by the individual Pakatan parties, as a result of controlling the wealthy states of Selangor and Penang, were evidently able to provide them the additional leverage to increase their own financial resource base – and therefore narrow the gaping resource asymmetries.

### **7.3 Distribution of Resources for Political Party Cohesion**

It is well-established in the literature that DPARs routinely practise patronage distribution to achieve party cohesion during normal times (Slater, 2003; Greene, 2010; Levitsky and Way, 2010). This most frequently occurs in the form of public sector appointments and jobs to loyal political operatives and supporters (Greene, 2010). Indeed, Slater’s (2003) theory of ‘packing, rigging and circumventing’ addresses how UMNO in Malaysia precisely filled government and political bodies with loyal members, and rigged institutional rules to its advantage. Distribution of positions has been extensively explored in explaining the resilience of UMNO in Malaysia (Greene, 2010; Case, 2011; Gomez, 2016).

When opposition parties come into controlling state-level public sector institutions, do they indulge in similar behaviour for similar ends? Gomez et al (2018b) usefully list elite appointments to state GLC boards to argue that the conduct of patronage is extensive in both states under Pakatan. However, as their focus is only on GLCs they omit other valuable appointments and job provisions that were utilised effectively to placate party elites. This section maps out public sector appointments of two major groups in both states: party elites (appointed into state Executive Councils, and GLCs) and party cadres (appointed as local government councillors, heads of local community committees and other state institutions). Appointments into local community committees also achieved a second political goal; this increased contact points between political party representatives and local communities,

establishing the “in-person, individualized connections” and deep community networks so important in Malaysia’s relational politics (Weiss, 2020). In other words, it was now possible for the opposition to also “pack” its own government and political bodies with loyalists and trusted supporters. In short, appointments are made because of “party politics... you need to feed them” (Interview, Tony Pua, 25 November 2019).

Figure 7.1 below illustrates how the seniority of party positions determined the profile of state appointments that were typically made. Those occupying the most senior party positions would be appointed into high-profile state positions, which would provide greater visibility, valuable political capital. Those within junior positions would be given councillorships or jobs within the state’s quasi-bureaucracy.

**Seniority of Party Positions**

High ←————→ Low

<b>High</b> ↑ <b>Profile of State Appointments</b> ↓ <b>Low</b>	<b>Very Senior</b>	<b>Senior</b>	<b>Junior</b>
	Chief Minister	-	-
	Exco Member	Exco Member	-
	GLC Chair	GLC Directorship	Councillorships Quasi-Bureaucracy

**Figure 7.2: Seniority of Party Positions and Profile of State Appointments**

### 7.3.1 Party Elite Appointments

#### i. State Executive Councils (ExcOs)

The State Executive Council (or Exco) positions are considered the most important appointments within the state government, where coalition parties negotiate to ensure they receive the number of positions they believe is commensurate with their state legislators’ representation. In Selangor, which had 15 PKR assemblypersons, 13 DAP and 8 PAS, the designated party quota within the Exco was, excluding the Chief Minister, 4: 3: 3. The following table maps out the Exco (along with the Speaker and Deputy Speaker) positions throughout the 10-year period, according to the positions held within their respective political parties. The party positions are classified by their seniority, by ‘very senior’ (holding a high

national-level position), ‘senior’ (holding a national-level position, or a high state-level position), and ‘junior’ (holding a state-level position, or an insignificant position, or no position).

Party	Name	Party Position	Seniority
<b>1<sup>st</sup> Term: 2008-2013</b>			
<b>PKR</b>	Khalid Ibrahim	Vice-President; Selangor Party Chair (until 2010)	Very Senior
	Yaakob Sapari	Central Leadership Council Member	Very Senior
	Rodziah Ismail	Women’s Deputy Chief	Senior
	Elizabeth Wong	Central Leadership Council Member	Senior
	Xavier Jayakumar Haniza Talha (Deputy Speaker)	Deputy Secretary-General Women’s Deputy Chief, Selangor Women’s Chief	Senior Senior
<b>DAP</b>	Ronnie Liu	Central Executive Committee Member	Very Senior
	Teresa Kok	Women’s Secretary	Senior
	Ean Yong	Selangor Chairman	Senior
	Teng Chang Khim (Speaker)	Former Selangor Opposition Leader	Senior
<b>PAS</b>	Hasan Mohamed Ali	Selangor Commissioner	Very Senior
	Halimah Ali	Deputy Chair, National Unity Cttee	Senior
	Iskandar Samad	Selangor Deputy Commissioner III	Senior
<b>2<sup>nd</sup> Term: 2013-2018</b>			
<b>PKR</b>	Khalid Ibrahim (up to Sept 2014)	Vice-President	Very Senior
	Rodziah Ismail (up to Sept 2014)	Women’s Deputy Chief	Senior
	Azmin Ali (from Sept 2014)	Deputy President	Very Senior
	Daroyah Alwi	Women’s Deputy Chief	Senior
	Elizabeth Wong	Women’s Information Chief	Senior
	Nik Nazmi Nik Ahmad (Deputy Speaker up to Sept 2014; Exco)	Communications Chief; Youth Chief from Aug 2014	Senior
	Amirudin Shari (from Sept 2014)	(Contested and lost as Youth Chief), Member of National Leadership Council in 2015	Junior
<b>DAP</b>	Teng Chang Khim	Central Executive Committee Member	Senior
	Ean Yong	Former Selangor Chairman	Senior
	Ganapathi Rao	Selangor State Committee Member	Junior
	Hannah Yeoh (Speaker)	Selangor Vice Chairman	Senior
<b>PAS</b>	Iskandar Samad	Selangor Commissioner	Very Senior
	Sallehin Mukhyi (up to Oct 2014)	Chair, Sabak Bernam District	Senior
	Halimah Ali (up to Oct 2014)	Chair, National Education Committee	Senior
	Ahmad Yunus Hairi	Chair, Kuala Langat District	Senior
	Mohd Zaidy Abdul Talib (from Oct 2014)	Chair, Selayang District	Senior
	Mohd Shafie Ngah (Deputy Speaker, from Oct 2014)	Chair, Serdang District	Senior

**Table 7.7: Selangor Exco Members and Political Party Positions, 2008-2018**

*Source: Political Party Websites, Media Reports*

As can be observed in table 7.7, almost all Exco appointees occupied either ‘very senior’ or ‘senior’ party positions. The two instances in which ‘junior’ politicians were appointed into the state Exco were clear: first, Ganapathi Rao was a member of the Selangor State Committee when appointed in 2013, a relatively junior party position. His appointment is most likely owed to the role he played as a central figure of the Hindu Rights Action Force

(HINDRAF), which organised a mass gathering in 2007 against the BN government’s alleged failure to support Indians’ rights in Malaysia. His activism – and the reputation he cultivated as a defender of the Indian community – likely outweighed his party position in the appointment decision, as this would potentially secure Indian support.

Second, Amirudin Shari, even more junior by not holding any party position at the time of his appointment, had contested for but lost as PKR Youth Chief. His inclusion into the Exco in September 2014 was therefore anomalous, but can be attributed to his close personal relationship with the then-incoming Chief Minister Azmin Ali, who replaced Khalid Ibrahim in September 2014. Although these are two exceptions, it is possible then that the decision for elite appointments was not merely based on the seniority of political party position, but also to placate well-connected ‘losers’; collectively achieving party cohesion.

Party	Name	Party Position	Seniority
<b>1<sup>st</sup> Term: 2008-2013</b>			
<b>DAP</b>	Lim Guan Eng	Secretary-General	Very Senior
	P Ramasamy	Deputy Secretary-General	Very Senior
	Chow Kon Yeow	National Vice-Chairman, State Chair	Senior
	Lim Hock Seng	Former Central Exec Cttee Member	Senior
	Law Heng Kiang	State Political Education Director	Senior
	Phee Boon Poh	State Committee Member	Junior
	Wong Hon Wai	Chair, Air Itam District	Junior
	Ong Kok Fooi	No position	Junior
<b>PKR</b>	Mohd Fairus Khairuddin (up to 2009)	Secretary of National Unity Development; Selayang Division Communications Head	Senior
	Mansor Othman (from 2009)	Chair, Penang Liaison Committee	Senior
	Abdul Malik Kassim	Party Liaison Secretary	Senior
	Law Choo Kiang	State Information Head	Senior
	Abdul Halim Hussain (Speaker)	Penang Vice Chairman	Senior
<b>2<sup>nd</sup> Term: 2013-2018</b>			
<b>DAP</b>	Lim Guan Eng	Secretary-General	Very Senior
	P Ramasamy	Deputy Secretary-General	Very Senior
	Chow Kon Yeow	National Vice-Chairman, State Chair	Senior
	Lim Hock Seng	Former Central Exec Cttee Member	Senior
	Law Heng Kiang	State Committee Member	Junior
	Phee Boon Poh	State Publicity Secretary	Senior
	Jagdeep Singh Deo	State Deputy Chief	Senior
	Chong Eng	Assistant Secretary-General, Education Bureau Chief	Very Senior
<b>PKR</b>	Mohd Rashid Hasnon	State Vice-Chairman	Senior
	Abdul Malik Kassim	Party Liaison Secretary	Senior
	Afif Bahardin	Deputy Youth Chief	Senior
	Law Choo Kiang (Speaker)	Deputy Chief, State Leadership Council	Senior

**Table 7.8: Penang Exco Members and Political Party Positions, 2008-2018**

*Source: Political Party Websites, Media Reports*

In Penang, DAP won 19 state seats, PKR nine and PAS one. PAS was excluded from the Exco but was given other leadership positions as outlined in the sections below. PKR was

allocated three Exco positions, while DAP occupied the dominant position of holding seven positions (excluding the Chief Minister). All Exco members were either ‘very senior’ or ‘senior’ in their party positions. An exception was Jagdeep Singh Deo, appointed in the second term, who did not hold a high party position, but who is the son of DAP’s famed lawyer and then National Chairman, Karpal Singh. There were also several other ‘junior’ level party members who were included into the Penang state Exco in the first term.

## ii. State Government-Linked Companies (GLCs)

State GLCs offered lucrative positions as chair or members of their Boards of Directors. With monthly board directorship salaries and meeting allowances, these were financially profitable positions that could potentially be sources of party funding, should appointees choose to donate a proportion of funds back to their respective parties. Tables 7.7 and 7.8 list key state politicians appointed into GLCs in Selangor and Penang respectively between 2008 and 2018, mapped against their political party positions. In most cases, appointees were either ‘senior’ or ‘very senior’, and when they were considered ‘junior’ (based on their party positions), there were likely other reasons that motivated their appointments. For instance, in Selangor, several junior politicians were still appointed into boards that were less significant or lucrative such as the state library board. In a few cases, even those without any party positions were appointees, perhaps for other reasons, including political relationships with strong party factions (Amirudin Shari, as pointed out above; Lee Kee Hiong who had been the general manager of DAP’s headquarters for many years) or active in community efforts externally lending them credibility beyond the party (Manoharan was also a HINDRAF activist that had been imprisoned). Under Azmin, GLC appointments grew steadily, where he expanded MBI, moved MBI out of the state government building to another premise, and employed more than 100 people (Interview, Ronnie Liu, 6 September 2019). In Penang, new DAP member Athi Isvar Athi Nahappan was also a GLC appointee despite being junior, possibly because he is the son of famed historical politician Athi Nahappan<sup>85</sup>.

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<sup>85</sup> The party celebrated with great overtures the entrance of Athi Isva Athi Nahappan into DAP. Athi Nahappan was former Deputy President of MIC, deputy minister for law, and famously, Chairman of the Royal Commission of Enquiry into the workings of local government in Malaysia. Amongst the “Athi Nahappan Report”’s recommendations was the restoration of local government elections in Malaysia, and is often cited amongst proponents of local elections, which to reformist-minded DAP supporters symbolises good governance.

Both Selangor and Penang included elected representatives who were not originally from these states, and in several instances positions were allocated even when they had lost or were not fielded as candidates in the previous election. This bolsters the argument that public sector positions are both *rewards* and *pacifiers* for party loyalists. Jostling for board directorships between parties was normalised, and was an important consideration for coalition cohesion within Pakatan. For instance, DAP representative in 2016 issued a statement defending the appointment of DAP parliamentarian Anthony Loke into the board of Penang Hill Corporation, arguing that PKR had 30 GLC directors in Penang, compared to five GLC directors for DAP in Selangor, and that these included the chairmanship of two Penang GLCs (Press Statement by Zairil Khir Johari, 2016). There was therefore constant negotiation and comparisons between which concessions PKR and DAP were providing for members of other component parties, with PKR largely viewed as the primary decision-maker in Selangor and DAP in Penang.

It should also be noted that PAS who had held Kelantan for a longer period was also indulging in similar practices of politically appointing loyalists into its state GLCs. Its Chief Minister and Deputy Chief Minister hold directorships in key state institutions, including the Kelantan MBI (Gomez et al, 2018b, p.53). Other political appointees into boards of GLCs include state assemblypersons, Members of Parliament, former politicians and local division leaders from PAS.

The literature describes how UMNO provides directorship appointments to its GLCs (Gomez and Jomo, 1999; Gomez, 2012), which the Pakatan coalition has evidently emulated within the two states it occupied from 2008 to 2018 (Gomez et al, 2018b) as shown in the tables below. Not only do DPARs exercise control over public resources in distributing jobs (Greene, 2007; 2010) to placate elites and achieve party cohesion (Svolik, 2009); opposition parties do the same when they have control at the subnational level. Both Exco and GLC directorship positions were awarded to Pakatan component party elites, most of whom were predominantly senior in their respective parties.

Party	Name	State Position	Party Position	Seniority	GLC
<b>1<sup>st</sup> Term: 2008-2013</b>					
<b>PKR</b>	Khalid Ibrahim	Chief Minister	Vice-President; Selangor Party Chair (until 2010)	Very Senior	MBI Selangor PKNS PKPS Yayasan Selangor Invest Selangor Bhd Tourism Selangor Sdn Bhd Kumpulan Darul Ehsan Bhd Permodalan Negeri Selangor Bhd Communication Corporation Sdn Bhd Pendidikan Industri YS Sdn Bhd Yayasan Warisan Anak Selangor Pengurusan Air Selangor Sdn Bhd Perumahan dan Hartanah Selangor Sdn Bhd
	Azmin Ali	MP and State Assemblyperson	Deputy President	Very Senior	PKNS
	Kamarul Bahrin Abbas	MP (Terengganu)	Secretary-General; Negeri Sembilan State Chief	Very Senior	Kumpulan Perangsang Selangor Bhd
	Sivarasa Rasiah	MP	Vice-President	Senior	Kumpulan Perangsang Selangor Bhd
	Mustaffa Kamil Ayub	None	Vice-President	Senior	Kumpulan Perangsang Selangor Bhd
	Lee Kim Sin	State Assemblyperson	Deputy Chairman of KeADILan Hulu Langat Division.	Junior	Perbadanan Perpustakaan Awam Negeri Selangor (PPAS)
	Amirudin Shari	State Assemblyperson	None	Junior	Majlis Sukan Negeri Selangor (MSNS)
<b>DAP</b>	Manoharan Malayalam	State Assemblyperson	None	Junior	Perbadanan Perpustakaan Awam Negeri Selangor (PPAS)
	Lee Kee Hiong	Local Councillor	Political Secretary to prominent DAP leader Lim Kit Siang General Manager, DAP Headquarters	Junior	Perbadanan Perpustakaan Awam Negeri Selangor (PPAS)

<b>PAS</b>	Raja Idris Raja Kamarudin	None	None, but strong links with PAS Terengganu and to PAS President Hadi Awang <sup>86</sup>	Very Senior	Kumpulan Perangsang Selangor Bhd (Chairman)
	Hasan Ali	Exco Member	State Commissioner	Very Senior	Majlis Agama Islam Selangor (MAIS)
	Halimah Ali	Exco Member	Deputy Chair, National Unity Cttee	Senior	Perbadanan Perpustakaan Awam Negeri Selangor (PPAS)
<b>2<sup>nd</sup> Term: 2013-2018</b>					
<b>PKR</b>	Azmin Ali	Chief Minister	Deputy President; Selangor State Chief	Very Senior	MBI Selangor PKNS PKPS Yayasan Selangor Invest Selangor Bhd Tourism Selangor Sdn Bhd Kumpulan Darul Ehsan Bhd Permodalan Negeri Selangor Bhd Communication Corporation Sdn Bhd Pendidikan Industri YS Sdn Bhd Yayasan Warisan Anak Selangor Pengurusan Air Selangor Sdn Bhd Perumahan dan Hartanah Selangor Sdn Bhd
	Xavier Jayakumar	State Assemblyperson	Vice-President	Very Senior	Pengurusan Air Selangor Sdn Bhd
	Sivarasa Rasiah	MP	Vice-President	Very Senior	Kumpulan Perangsang Selangor Bhd Perangsang Water Management Sdn Bhd Hydrovest Sdn Bhd
	Nik Nazmi Nik Ahmad	Exco Member	Youth Chief	Senior	Yayasan Selangor Pendidikan Industri YS Sdn Bhd
	Amirudin Shari	Exco Member	Member of National Leadership Council in 2015	Senior	PKPS
	Daroyah Alwi	Exco Member	Women's Deputy Chief	Senior	Rangkaian Mesra Sdn Bhd
	Lee Kim Sin	Former State Assemblyperson	Deputy Chairman of KeADILan Hulu Langat Division.	Junior	SACC Convec Sdn Bhd
	Hee Loy Sian	MP	Member of National Leadership Council	Senior	PKNS Engineering & Construction Bhd

<sup>86</sup> "Raja Idris in Perangsang... was Hadi's guy" (Interview, Elizabeth Wong, 3 October 2019).

	Abdullah Sani	MP	Member of National Leadership Council	Senior	De Palma Management Services Sdn Bhd
	William Leong	MP	Member of National Leadership Council	Senior	Cash Band (M) Sdn Bhd
	Shamsul Iskandar	MP (Malacca)	Vice-President; Malacca State Chief	Senior	PKNS
	Mustaffa Kamil Ayub	None	Vice-President; Perak State Chief	Senior	Kumpulan Perangsang Selangor Bhd
<b>DAP</b>	Yeo Bee Yin	State Assemblyperson	Assistant National Publicity Secretary	Junior	Pengurusan Air Selangor Sdn Bhd
	Teng Chang Khim	Exco Member	Pakatan Rakyat Bureau Committee	Senior	Invest Selangor Bhd PKNS
	Teresa Kok	MP	Deputy Secretary-General	Very Senior	SACC Convec Sdn Bhd
<b>PAS</b>	Iskandar Samad	MP (Terengganu)	Selangor Commissioner	Very Senior	PKNS
	Kamarul Bahrin Abbas	Exco Member	Negeri Sembilan State Chief	Senior	Kumpulan Perangsang Selangor Bhd KPS-HCM Sdn Bhd Cash Band (M) Sdn Bhd
	Zaidy Talib	Exco Member	Chair, Selayang District	Senior	PKPS (SADC) Pengurusan Air Selangor Sdn Bhd
	Ahmad Yunus Hairi	Exco Member	Chair, Kuala Langat District	Senior	Majlis Agama Islam Selangor (MAIS)
	Che Rosli Che Mat	MP	Chair, State Welfare Committee	Senior	Pendidikan Industri YS Sdn Bhd

**Table 7.9: Selangor GLC Board Directors and Political Party Positions, 2008-2018**

*Source: Gomez et al (2018b), Political Party Websites, Media Reports*

Party	Name	State Position	Party Position	Seniority	GLC
<b>1<sup>st</sup> Term: 2008-2013</b>					
<b>DAP</b>	Lim Guan Eng	Chief Minister	Secretary-General	Very Senior	PDC Penang Hill Corporation Shorefront Development Sdn Bhd Penang Global Tourism Sdn Bhd PBA Holdings Bhd PBAPP Sdn Bhd InvestPenang
	P Ramasamy	Deputy Chief Minister	Deputy Secretary-General	Very Senior	PDC PBA Holdings Bhd PBAPP Sdn Bhd
	Phee Boon Poh	Exco Member	State Committee Member	Junior	PDC
	Tanasekharan Autherapady	State Assemblyperson	State Committee Member	Junior	PDC
	Lim Hock Seng	Exco Member	State Deputy Chair	Senior	PBA Holdings Bhd PBAPP Sdn Bhd
	Athi Isvar Athi Nahappan	None	None	Junior	PBA Holdings Bhd
	Liew Chin Tong	MP , Chief Minister's Advisor	Central Executive Committee Member; Political Education Director	Senior	Penang Institute Penang Hill Corporation Penang Library
	Lau Keng Ee	State Assemblyperson	State Committee Member	Junior	PBAPP Sdn Bhd
	Tan Cheong Heng	State Assemblyperson	Assistant State Organising Secretary	Junior	PBAPP Sdn Bhd
	Zairil Khir Johari	MP , Chief Minister's Political Secretary	Political Secretary to Lim Guan Eng (DAP Secretary-General)	Senior	Penang Institute
Steven Sim	Local Councillor	State Youth Treasurer	Junior	Penang Institute	
<b>PKR</b>	Mohd Fairus Khairuddin	Deputy Chief Minister (up to 2010)	Secretary of National Unity Development; Selayang Division Communications Head	Senior	PDC
	Abdul Malik Kassim	Exco Member	Party Liaison Secretary	Senior	PDC

					PBA Holdings Bhd
	Mansor Othman	Deputy Chief Minister (2010-2013)	Chair, Penang Liaison Committee	Senior	PDC PBA Holdings Bhd PBAPP Sdn Bhd
	Raveentharan Subramaniam	State Assemblyperson	Deputy Chair, PKR Penang	Senior	PBAPP Sdn Bhd
<b>PAS</b>	Mohamad Sabu	Former MP	Deputy Chair, Politics and Elections Committee	Senior	PBA Holdings Bhd
<b>2<sup>nd</sup> Term: 2013-2018</b>					
<b>DAP</b>	Lim Guan Eng	Chief Minister	Secretary-General	Very Senior	CMI PDC Penang Hill Corporation Shorefront Development Sdn Bhd Penang Global Tourism Sdn Bhd PBA Holdings Bhd PBAPP Sdn Bhd
	P Ramasamy	Deputy Chief Minister	Deputy Secretary-General	Very Senior	PDC PBA Holdings Bhd PBAPP Sdn Bhd
	Jagdeep Singh	Exco Member	State Deputy Chair	Senior	PDC Penang Hill Corporation
	Chow Kon Yeow	Exco Member	National Vice-Chairman, State Chair	Very Senior	PDC PBA Holdings Bhd
	Lim Hock Seng	Exco Member	Former Central Executive Committee Member	Senior	PDC PBA Holdings Bhd
	Phee Boon Poh	Exco Member	State Publicity Secretary	Senior	PBA Holdings Bhd
	Ng Wei Aik	MP	Chief Minister's Political Secretary	Junior	PBAPP Sdn Bhd
	Zairil Khir Johari	MP	Central Executive Committee Member; Assistant National Publicity Secretary; State Vice-Chair	Senior	PIHH Development Sdn Bhd Penang Institute Penang Hill Corporation
	Tony Pua	MP (Selangor)	National Publicity Secretary	Very Senior	Island Golf Properties Bhd
	Anthony Loke	MP (Negeri Sembilan)	National Organising Secretary	Very Senior	Penang Hill Corporation Penang Global Tourism Sdn Bhd
	Wong Hon Wai	State Assemblyperson	Chief Minister's Political Secretary	Junior	PDC
	Yeoh Soon Hin	State Assemblyperson	State Political Education Director	Senior	Island Golf Properties Bhd
	Law Heng Kiang	Exco Member	State Committee Member, then State Treasurer	Senior	Penang Global Tourism Sdn Bhd

	Tanasekharan Autherapady	State Assemblyperson	State Assistant Secretary	Junior	Island Golf Properties Bhd
	Tan Cheong Heng	Former State Assemblyperson	No position	Junior	PDC
	Steven Sim	MP	Political Education Director	Senior	Penang Institute
<b>PKR</b>	Rashid Hasnon	Deputy Chief Minister	State Vice-Chairman	Senior	PDC PBA Holdings Bhd PBAPP Sdn Bhd
	Abdul Malik Kassim	Exco Member	Party Liaison Secretary	Senior	PDC MAIPP Yayasan Islam Pulau Pinang PBA Holdings Bhd Penang Global Tourism Sdn Bhd PIHH Development Sdn Bhd
	Mansor Othman	MP	Chair, Penang Liaison Committee	Senior	Yayasan Islam Pulau Pinang PIHH Development Sdn Bhd
	Sim Tze Tzin	MP	Strategic Director	Very Senior	PBAPP Sdn Bhd
<b>PAS</b>	Salleh Man	State Assemblyperson	Former State Commissioner	Very Senior	MAIPP Yayasan Islam Pulau Pinang PIHH Development Sdn Bhd
	Mohamad Sabu	Former MP	State Commissioner	Very Senior	PIHH Development Sdn Bhd

**Table 7.10: Penang GLC Board Directors and Political Party Positions, 2008-2018**

*Source: Gomez et al (2018b), Political Party Websites, Media Reports*

### 7.3.2 Party Cadre Appointments

#### i. Local Councillors

Local governments are important institutions for state governments; states have direct control over this third tier of government, as stipulated in the State List of the Federal Constitution's Ninth Schedule. For political parties, appointing lower-level party cadre members into the positions of local councillors fulfilled several objectives: rewarding party loyalists and supporters, as well as test-trialling them as potential future party leaders and election candidates.

Each council has a maximum of 24 local councillors. Selangor with 12 councils would therefore be able to fill 288 seats with party members or supporters, with each of the three coalition parties receiving an estimated third of these positions (DAP was given more seats in urban areas, PAS in semi-urban and rural areas, in keeping with the targeted demographic profile of each party). Penang only had two councils, which therefore meant it had only 48 positions to distribute to party loyalists.

The following table lists local councillors in both states that were successfully elected. Some councillors serving within the states of Selangor and Penang were selected as candidates in different states from that in which they served, such as Pahang. Local governments in the two states proved to be a significant 'training ground' for new leadership, which the individual Pakatan coalition parties used to their advantage. Perhaps more importantly, it was also useful for the parties to ascertain the individuals' party loyalty, and if they would act in accordance with party interests, under which circumstances they would be further rewarded by being reappointed for additional terms (Interview, Teh Chi-Chang, 12 November 2019). Loyalists were therefore reappointed multiple times, staying in their positions for, in some cases, up to 10 years<sup>87</sup>. Since councillorship is a "stepping stone to become an ADUN, to projects you can give your cronies", those who were not aligned were removed, where a PKR councillor in Penang who "went against Guan Eng" was sacked (Interview, KW Mak, 2019). Apart from

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<sup>87</sup> To illustrate, the following were individuals maintained in their positions for 10 years: Tang Fui Koh (PKR), Terence Tan Teck Seng (DAP) in Petaling Jaya City Council; Francis Joseph (PKR), Harvinder Singh (DAP) in Penang City Council; Kept for more than five years: Lim Ching How (PKR), Md. Sabri Md. Taib (PKR) in Selayang Council; David Marshel (DAP), Tan Cheong Heng (DAP) in Seberang Perai Municipal Council. Tan Cheong Heng of Penang is an interesting personality, having been dropped from contesting in GE13, but was immediately appointed not just as councillor from 2013-2018 but was also maintained as PDC Board Member up to 2018.

local councillors, potential candidates were also drawn from amongst aides to existing politicians<sup>88</sup>.

Party	Name	Local Council	Seat Contested and Won
PKR	Halimey bin Abu Bakar (2008-2012, 2014-2017)	Petaling Jaya	Seri Setia (2018)
	Lee Khai Loon (2011-2012)	Selayang	Machang Bubuk (2013) <sup>a</sup>
	Gunaraj George (2010-2014)	Selayang	Sentosa (2018)
DAP	Tiew Way Keng (2008-2013)	Petaling Jaya	Teratai (2013)
	Lim Yi Wei (2016-2018)	Petaling Jaya	Kampung Tunku (2018)
	Jamaliah Jamaluddin (2016-2018)	Petaling Jaya	Bandar Utama (2018)
	Wong Siew Ki (2016)	Subang Jaya	Balakong (2018)
	Syerleena Abdul Rashid (2015)	Pulau Pinang	Seri Delima (2018)
	Satees Muniandy (2013-2017)	Seberang Perai	Bagan Dalam (2018)
	Chris Lee (2013-2018)	Pulau Pinang	Pulau Tikus (2018)
	Ong Ah Teong (2010-2018)	Pulau Pinang	Batu Lanchang (2018)
	Joseph Ng Soon Siang (2014-2018)	Pulau Pinang	Air Itam (2018)
	H'ng Mooi Lye (2013-2018)	Seberang Perai	Jawi (2018)
	Eric Tan Pok Shyong (2009-2013)	Selayang	Pandamaran (2013)
Tengku Zulpuri Shah bin Raja Puji (2009-2013)	Selayang	Mentakab (2013) <sup>a</sup> Raub (2018) <sup>a</sup>	
PAS	Zaidy Abdul Talib (2009-2013)	Selayang	Taman Templer (2013)

**Table 7.11: Sample of Local Councillors in Selangor and Penang Later Nominated as Electoral Candidates in the Subsequent General Election, 2008-2018**

<sup>a</sup> Contested in seats outside of states in which they served as local councillors

The process of appointment was that each component party was to submit nominees and the final councillor list for each state would be decided upon by the Exco member in charge of local government. However, lobbying for councillor positions was a regular phenomenon whenever new terms were about to begin. There were also several instances during which the list of appointees were changed several times even close to the official swearing-in ceremony. Initially committing to a 25% quota for non-governmental organisations' (NGO) representation, this was fulfilled within the first term but eventually dwindled down to almost none, as political parties had to increasingly accommodate a growing pool of members contesting for seats. Some of the 'NGO' appointees were in fact linked to political parties, and

<sup>88</sup> For instance, in Penang, Daniel Gooi was aide to exco member Jagdeep Singh and Heng Lee Lee to Lim Guan Eng. They were elected as state assemblypersons for Pengkalan Kota and Berapit in 2018. In Selangor, Lee Khai Loon and Chua Yee Ling were first aides to Exco Elizabeth Wong before becoming councillors, and then state assemblypersons.

eventually all nominees went through the party system. By 2014, almost none were independent as “over the years, they started to lobby and politicise the whole thing, wanting more seats” and “they saw us being check and balance (as) a problem for their administration (Interview, Cynthia Gabriel, 16 October 2019).

Councillorships were highly sought after and considerably important positions from the political parties’ perspective. Governed by the Local Government Act 1974, local councils are responsible for a wide array of local services, ranging from procuring cleaning services, and issuing market permits, to big-ticket items such as approvals of building licenses and permits. Being a local councillor facilitated the development of patron-client relationships with anyone requiring bureaucratic approvals, a potentially highly lucrative position. Because “every aspect of local authority involves the exercise of discretion or power to regulate a trade, activity, or a business, party patronage is expected, in some cases insisted (upon)” (Interview, Derek Fernandez, 16 June 2019). Scholars such as Gomez (2012, 2018a) have expanded on the nature of patronage and political and business ties in Malaysia. Councillor positions were therefore a crucial resource for the Pakatan parties for several key reasons.

First, party representatives were able to capitalise on their abilities to provide development approvals for projects on any parcel of land, in exchange for gifts and ultimately, political party donations. Because of “how corrupt the whole property development industry is”, there were instances where developers offered exclusive club memberships to councillors sitting in the one-stop centre (OSC) committee approving development projects, planning committee and procurement department, while other forms of bribes and gifts were also regularly offered (Interviews, Teh Chi-Chang, 12 November 2019; Cynthia Gabriel, 16 October 2019). Especially in the lead-up to the 14<sup>th</sup> general election, favours were granted to patrons, for instance increasing plot ratios, which would be a “mechanism to raise money through patronage” (Interview, Derek Fernandez, 16 June 2019). Thus such businesses or individual business people, mostly property developers given that they would be most incentivised to do so, increased financial support to Pakatan parties post 2008, especially those seeking approvals for a range of licenses and projects (Interviews, Former Penang official, 27 December 2019; Ong Kian Ming, 11 January 2020).

Because local councils played such a crucial role in approving development projects, the state government was cited as often intervening in council decisions. Although the State Planning Committee was meant to only approve states’ structural plans, former councillor in Penang shared that “The mayor is under (Chief Minister Lim’s) thumb... the council is a doormat and just a rubber stamp...everything (is) to be approved by the SPC” (Interview,

Former Penang Councillor, 5 December 2019). In Selangor, similarly, they would “control by issuing circulars... sending letters to stop the process or proceed”. Although the councils did do their work through activities and projects, former councillor also agreed that ultimately, “the council actually had no power and was just an implementation arm of the state; the states knew very well they needed councils’ resources, the institutions, the space, to help build their political base, can control the policy on planning, landscape, procurement...that is how it flourished in Selangor and Penang” (Interview, Cynthia Gabriel, 16 October 2019).

Second, apart from developer donations, councillor positions also offered other methods of providing potential funds. By presiding over procurements that could run into the millions each year especially in large city councils like Petaling Jaya – where for instance, procurement committees would oversee budgets of “RM300 to RM400 million every year” (Interview, Cynthia Gabriel, 16 October 2019) – there was the potential of bribery, with the further potential of contributions back to the party. Councils also regulate business outlets, many of which may not fulfil health or safety requirements, under which circumstances payments would be given to councillors who would “settle everything”, and ensure council enforcement officers would no longer clamp down on errant businesses (Interview, Teh Chi-Chang, 12 November 2019). More legitimately, as pointed out in the above section, parties required councillors to contribute a proportion of their allowances back to the party, thereby a source of further party funding.

Third, as decision-makers, they could also distribute the spoils of such access should they choose to, for instance nominating individuals for small contracts, such as cleaning or grass-cutting, which former councillor said would “trickle down to your party members (and) cronies” (Interview, KW Mak, 25 September 2019). Selection of lots for limited stalls at weekly night markets, or annual street bazaars during the *Ramadhan* fasting month, were also highly dependent on clientelistic linkages. Non-elite party loyalists on the lower rung would hence be rewarded for their support.

## ii. Quasi-Bureaucratic State Institutions

### *Ketua Kampung and JKKKs*

The UMNO-led federal government introduced *Jawatankuasa Keselamatan dan Kemajuan Kampung* (JKKK, or Village Safety and Development Committees) in 1962, in fifteen thousand villages, headed by the *ketua kampung* (village head, who was typically chair

of the local UMNO branch). These were to be the “government’s eyes and ears on security matters and aid in poverty eradication” (Weiss, 2020, p.73), whose responsibilities would also later include administrative, developmental and patronage-channeling roles within the rural areas. Since local governments were no longer elected, such political machinery served as “party-aligned village-level governments” (Weiss, 2020, p.73). This was one way UMNO deftly exercised party control to supplant service-providing bureaucracy while simultaneously consolidating party machinery for clientelistic purposes. As such, when Pakatan took over state governments in 2008, they inherited the golden opportunity of taking control over the vast network of these village committees, which would cultivate crucial grassroots relationships, therefore representing extremely important political platforms and “conduits for influence” (Weiss, 2020, p.134).

Initially maintaining the same name in the rural areas<sup>89</sup> and introducing a *Majlis Pimpinan Penduduk* (MPP, People’s Leadership Council) in the urban areas of Selangor, this was later renamed as *Jawatankuasa Keselamatan dan Kemajuan Komuniti* (Community Safety and Development Committees) in Penang which could encompass a larger section of society including urban areas. Being the “grassroots...nearest to the people”, they were the “eyes and ears of the government” (Interview, Lee Khai Loon, 12 October 2019) and “the main movers on the ground...the party workers” (Interview, Afif Bahardin, 10 December 2019). The JKKKs served several functions. First, they were used to organise events with the communities, which increased the interactions between grassroots and political representatives, either parliamentarians or state assemblypersons. This in turn served the objective of having constituents see their elected representatives visibly performing their community service. Second, in the absence of higher-level parliamentarians or state assemblypersons, the JKKK leaders could “represent us to solve the people’s problems” (Interview, Ong Jing Cheng, 9 December 2019) as political proxies.

Third and most importantly, grassroot politics being especially important among Malay constituents in Selangor, activating the JKKKs in the early years of having taken over the states would enable the new political parties to firmly secure themselves within the community. The intention was to uproot incumbent UMNO networks that had been for so long established in the *kampung* vicinities. As the *ketua kampung* (village chiefs) were the chairs of the JKKKs

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<sup>89</sup> This was renamed as *Majlis Pengurusan Komuniti Kampung* (Village Community Management Council) in 2018, standardised across the country by the then-Pakatan Harapan federal government.

by default, and acknowledging that villagers were more dependent on government than their urban counterparts, PAS leader shared that

“The *ketua kampung* roles were very important to us because the Malay grassroots are more inclined that way. We too had to focus on the grassroots, and less on the urban areas. But UMNO had a firm grasp on the grassroots, so we had to take over the *ketua kampung* and replace the UMNO appointees”.

(Interview, Iskandar Samad, 17 January 2019)

The *ketua kampung* were therefore positions that could be filled by loyalists, who were nominated by each respective component party and appointed by the state governments. These were evidently more important positions for PAS and PKR, more highly-dependent on the Malay rural voter base than the DAP. In fact, *ketua kampung* and local councillorships became hotly contested trading cards, which the political parties negotiated over: “One councillorship for three or five *ketua kampung*, we traded until we got a balance” (Interview, Tony Pua, 25 November 2019). So important were these positions in securing networks into the communities that incumbents from the previous parties would inevitably be removed. Upon taking over in 2008, DAP took over the whole machinery in Penang and sacked BN representatives as did Pakatan in Selangor. They were able to then “work deep to win the hearts of the community and the people there” (Anonymous Interview, 8 December 2019), and a former Penang local councillor shared that:

“DAP has never had this network before. This is the first time they’re dropping roots into these local communities, through these village committees. There’s a badminton court, a big hall, a market downstairs, so they double up to keep the market clean, give dustbins to these people... this was why the DAP could not dislodge Gerakan for so long, because the latter had these kinds of tentacles”.

(Interview, Francis Loh, 5 December 2019)

### ***Other bodies***

Apart from the formal institutions and positions within these, there were also numerous other new and more informal set-ups that employed either political party members or supporters, many of which were within communication positions given the ambiguous task of spreading political messages on the ground. In Selangor, Communication Officers (*Penyelaras Komunikasi Selangor, or PKOM*) were tasked with communicating official state policy with the communities. These positions were originally occupied by elites PKR elites, who at the

time did not hold any elected positions<sup>90</sup>. Later, headed by the then PKR Information Chief, two people were appointed for each of the 56 constituencies and each co-ordinator was paid RM1500 per month, funded by state GLC MBI via its subsidiary CCSB (Interview, Arfa'eza Aziz, 30 August 2019). Another CCSB subsidiary, Radio Selangor, was given a budget of RM3m a year, but “it is useless (and) redundant... people don't even know about (it)” (Interview, Sheridan Mahavera, 21 September 2019).

This was also an exercise in managing coalition politics, since there was only a limited number of positions to be distributed; DAP demanded why all 60 people in CCSB were “from PKR”, asking for at least 10 per party for equal representation (Interview, Medaline Chang, 21 November 2019). Those appointed as PKOM officers were “not answerable or answerable to the state government hierarchy... it is very obvious and understood among the political circles, they will hand out pamphlets (and) *makan gaji buta* (get paid to do nothing)” (Interview, Nathaniel Tan, 2 September 2019). Many older political activists from PKR had “spent their own money during *Reformasi* and thought this is payback time”, now that “they got Selangor which they said was a gold mine” (Interview, Faekah Husin, 30 August 2019). As such, ‘packing’ and patronage political appointments were common practices.

### iii. Increase in State Allowances to Political Representatives

One direct way state governments’ financial resources could be legitimately used for political ends was to allocate constituency development funds (CDFs) and allowances to political representatives. With the introduction of the Constituency Development Fund (CDF) in 1971, this allowed BN politicians the opportunity to apply for minor development projects within each constituency (Washida, 2019). Still very much in existence today, these are an important source of funds for politicians within the state, given that constituency demands for elected representatives to provide for a range of items are prevalent, whether to fix flood-affected roofing or build futsal pitches for local communities. This way, they can be seen to be performing their duties as expected of them within the Malaysian political environment, especially important within the semi-urban and rural areas. At the federal level, it is the Implementation and Coordination Unit (ICU) under the Prime Minister’s Department (PMD) that disburses these funds to individual parliamentarians under various types of headings, while

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<sup>90</sup> Zakaria Abdul Hamid, Khairul Anuar Othman, Fariz Musa and Badrul Amin Bahrin held the positions of Chair, Deputy Chairs and Selangor Information Chair from 2009-2011. All occupied or were former senior party position holders within PKR.

state governments allocate funds to elected state representatives (See BERSIH 2.0 and IDEAS, 2021 for a detailed analysis of CDFs in Malaysia). From 2008 to 2018, parliamentary CDFs were not allocated to opposition MPs.

As such, controlling the states of Selangor and Penang allowed the Pakatan state government to distribute state CDFs both to Pakatan-aligned MPs and state assemblypersons. These financial allocations rose rapidly throughout the decade, peaking between 2016 and 2018, in the years leading up to the 14<sup>th</sup> general election. The following table presents the funds given to the various political representatives within each layer of the state politico-bureaucratic machinery: Members of Parliament, state assemblypersons, councillors, *ketua kampung* and *penghulu* (see Figure 7.2 below). This was a deliberate move by the state government, under Azmin Ali, to “empower every layer of the state government structure” (Interview, Hilman Idham, 15 January 2020). Local councillors receiving project and activity grants were to be “made like small time ADUNs”, meaning they could behave as elected representatives conducting community activities like mooncake festival celebrations and more (Interview, Ronnie Liu, 6 September 2019).

Position	Annual Financial Allocations given by Selangor state government (RM)		Annual Financial Allocations given by Penang state government (RM)	
	2008-2013	2013-2018	2008-2013	2013-2018
Members of Parliament	100,000	250,000 (outright grant) + 50,000 (office expenses)	None	120,000 (programmes) + 80,000 (infrastructure)
State Assemblypersons (ADUNs)	500,000 (projects)	800,000 (outright grant) + 200,000 (project allocation)	300,000	300,000 (supplies and small projects) + 200,000 (outright grant)
Local councillors	5,000-100,000, depending on council	20,000-100,000, depending on council	70,000	70,000 (programmes and supplies)
MPP or JKKK	10,000	20,000	Limited (dependent on ADUN allocation)	Limited (dependent on ADUN allocation)
<i>Penghulu</i>	None	20,000-30,000	None	

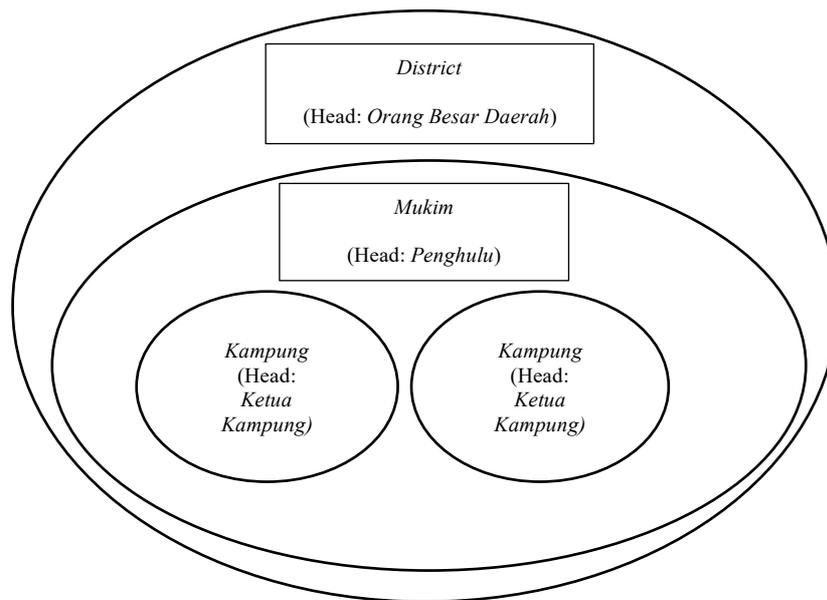
**Table 7.12: Financial Allocations to Political Representatives in Selangor and Penang, 2008-2018**

(Interview Sources: Selangor: Hilman Idham, Ronnie Liu, Ong Kian Ming, 2019; Penang: Zairil Khir Johari, Ong Jing Cheng, Lee Khai Loon, 2019; refer to Appendix B for full details; Weiss, 2020 also provides similar estimates and adds that senators in Pakatan-held states also received CDFs of about RM100-150,000 (p.125))

Table 7.12 shows how development and programme-based financial allocations increased between the first and second terms in government, most obviously for state assemblypersons in Selangor, doubling from RM500,000 a year to RM1 million. The table does not include salaries and allocations, which also rose throughout the 10-year period. These were important resources that the state assemblypersons would use to conduct programmes that although were officially not party-oriented, would invariably involve use and distribution of party paraphernalia: flags, pamphlets, food packs containing political party logos, thus establishing that this was the party representing the state government making such provisions available to constituents. This conduct was not dissimilar to that displayed by UMNO in its own constituency activities; there were incumbency advantages once having won over control of state governments to increase resource distribution, enabling Pakatan to do the same.

These CDFs were also crucial for elected leaders to provide aid to their constituents, where for instance a “care allocation” of RM200,000 was added for each state assemblyperson, who needed to “visit and bring hampers” (Interview, Hilman Idham, 15 January 2020). It was widely accepted that such allocations are to “take care of your constituencies, take care of your office, employ people, to help you work” (Interview, Ronnie Liu, 6 September 2019). Pakatan in Penang chose not to provide its state opposition with any CDFs, stating that their MPs were not given CDFs at the federal level, and hence that they should not do so either. This demonstrated that Pakatan had adapted to “long-term BN praxis of spinning state resources to their own maximal advantage” (Weiss, 2020, p.125). Selangor initially took a similar path, but later in 2013 provided an allocation but in smaller amounts to their state opposition. Ultimately, “it was public service that was important”, where previously constituents may have seen PAS as an opposition and even as “alien and gangsters... but now they knew we were able to govern and provide services to the public, and even Chinese NGOs received us well” (Interview, Iskandar Samad, 17 January 2020).

The following figure illustrates the structure of *kampung* leadership, much more important within the state of Selangor than Penang, with its larger rural Malay electorate.



**Figure 7.3: Leadership Structure Within Rural Areas**

*Note: Orang Besar Daerah and Penghulu are appointed by the Sultan (in the case of Selangor). In Penang, there is no Orang Besar Daerah, and Penghulu are appointed by the state government. Ketua Kampung are nominated by political parties and appointed by the state government in both states. Ketua Kampung act as default Chairs of the JKKKs.*

Each district is managed by a District Officer (appointed by the state government but typically drawn from the federal government public service), and also has a Palace-appointed representative called the *Orang Besar Daerah* (a loose translation would be District Chief, a position which carries with it special standing as the appointee enjoys a direct relationship with the state’s Palace, and hence, its Ruler). Within every district, there are several *mukim* headed by a Palace-appointed *Penghulu*, and in turn every *mukim* has a number of *kampung* (villages)<sup>91</sup>. Where the Khalid Ibrahim administration engaged only minimally with the *Penghulu* in Selangor, aide to second Chief Minister Azmin Ali shared how they adopted a new strategy of empowering the *Penghulu* by providing financial allocations for projects, working closely with the *Orang Besar Daerah*, and involving them in state programmes and meetings.

This was key for several reasons. First, it allowed the state government to ensure a cordial relationship with the Palace (*Istana*), known to be more conservative in its political preferences, having worked with the BN coalition for so long previously. Second, closely related to the first, is that because the positions of *Penghulu* and *Orang Besar Daerah* were

<sup>91</sup> In Selangor, there are a total of nine *Orang Besar Daerah* (one for each of the nine districts), 58 *Penghulu* representing the 63 *mukim* (some represent more than one *mukim*), and up to 366 *Ketua Kampung*s, as well as 48 Chinese village heads and 40 Indian community heads in Selangor.

Palace representatives, the federal government would engage them on federally-funded projects. As such, “by using and empowering them, we can also get resources from federal” (Interview, Hilman Idham, 15 January 2020). The difference in Penang is that there were no such Palace appointees into the state structure, and the state government could work with the District Officers and *ketua kampung* more directly.

For instance, weekly District Action Committee Meetings held in both the states of Selangor and Penang were important centres of discussion, bringing the various bureaucratic layers together including political representatives, even Members of Parliament who were not part of the state administration. Importantly, this would be the only meeting involving the state government directly (through state assemblypersons) that discussed federal government projects disbursed from the Prime Minister’s Office’s Implementation and Co-ordination Unit (ICU) (Interviews, Hilman Idham, 15 January 2020; Ong Kian Ming, 4 March 2020). Such meetings would also enable the efficient distribution of the states’ welfare-based policies (as described in Chapter 6), as although applications could be made online or to elected representatives’ offices, local *kampung* folk – especially affiliated with UMNO – preferred to seek assistance from their *Penghulu* and *Orang Besar Daerah* in Selangor (Interviews, Hilman Idham, 15 January 2020; Ong Kian Ming, 4 March 2020). As such, even UMNO-affiliated electorates received the benefits of state resources, a strategic target of the Pakatan government.

The above sections have pointed out clearly how Pakatan in both states “packed” its institutions and quasi-bureaucracies with political appointees at both party elite (Exco members and within state GLCs) and cadre (local councillorships, community heads and in other institutions) appointments. Rewarding loyalists and compensation for failed candidates at the ballot box were the surest ways of maintaining elite cohesion from among party members and leaders. Finally, increasing allowances and constituency development funds to political representatives was crucial, since in Malaysia politics is all about ‘service’, including disbursement of funds to societies, contributing crisis aid, constructing futsal stadiums and tarring of roads, for example. The distribution of important state resources contributed to the party institutionalisation’s dimensions of *decisional autonomy* and *reification*. As the parties had more resources to make use of, it could determine where to allocate those resources, for instance organising and spending on more programmes. With such allocations, parties could “organise activities, and MPs and ADUNs can meet residents”, and ultimately “get people on your side” (Interviews, Ong Jing Cheng, 9 December 2019; Afif Bahardin, 10 December 2019).

It is also worth noting that, based on annual party accounts that were made available upon request, PKR’s annual expenditures grew tremendously from RM746,765 in 2008 to

RM3.26m in 2011 and thereafter to almost RM7m in 2018, the latter presumably in relation to the GE14 campaign. The growth in salaries and allowances was the largest, increasing from RM125,440 in 2008 to RM1.3m in 2018, as the party hired more staff.

#### 7.4 Conclusion

This chapter has set out the ways in which the Pakatan coalition in the states of Selangor and Penang accumulated and distributed fiscal and institutional resources for directly political objectives, which I argue was an essential component in contributing to its political party institutionalisation over the ten-year period, leading it to establish opposition subnational strongholds in those states. This fills the gap in the literature which has thus far only shown that dominant party authoritarian regimes weaken their grip when they lose access to national resources (Greene, 2007). It has been argued that opposition parties under such regimes are left with limited resources (Schedler, 2002; Greene, 2007).

However, when opposition parties take control of subnational units especially in federal units, they are able to access state-level resources that contribute to the erosion of the dominant party authoritarian regime at the federal level. This provides additional data to the understanding of how DPARs and opposition parties within such DPARs function; the opposition was able to also employ similar “packing” methods of filling its own appointees into key leadership positions, and in an inverted sense, also “circumvented” state resources from flowing into the hands of state opposition (read: BN-UMNO). Indeed, from 2008 onwards BN was very much cut off from the available resources within the states of Selangor and Penang. Positions previously given to senior party members in both UMNO and Gerakan were respectively now no longer available; the parties lost standing after the state losses accordingly. Hence, it was in the 2000s and “especially after 2008” that the DAP gained “sufficient credibility, funding and volunteers” to extend their network of service centres, which was also similarly carried out by PKR (Weiss, 2020, p.137).

The accumulation of fiscal resources contributed to the absorption of new talent, enhanced political machinery, permitted leadership demonstrations and the growth of party finances that the opposition had not had the opportunity of previously possessing. These led to the deepening of party *systemness* as part of the ‘internal’ and ‘structural’ dimensions of party institutionalisation, and hence contributed tremendously to the party institutionalisation process of all three parties (Randall and Svåsand, 2002). The distribution of institutional resources through party elite and party cadre appointments in the vast array of state institutions

(executive councils, GLCs, local councils, community and *kampung* committees, and more) led to party cohesion as both senior and junior political party loyalists were compensated (Levitsky and Way, 2012; Greene, 2010). This added to the *value infusion* dimension, an assurance to party members that loyalty and service were rewarded. The states' ability to increase state allocations to these individuals throughout all levels of the state machinery invariably helped to deepen these loyalties, as politicians were able to demonstrate that being part of the winning coalition reaped benefits to their constituent voters. The ability of the coalition to make these distributions meant that its *decisional autonomy* was expanded, as part of the 'structural' and 'external' dimensions, which also contributed to the party institutionalisation process. Finally, Pakatan's demonstration of leadership added to the element of *reification* by the voting public, observing for the first time how the coalition managed two states (Randall and Svåsand, 2007). Grassroots politics and personal linkages with voters are extremely important for politicians in Malaysia; in fact this is often expected of them. Hence, Pakatan inherited the most crucial of networks in its institutionalisation process: party machinery to mobilise communities, provide developmental and welfare services, ultimately to connect with constituent voters.

Especially towards the end of Pakatan's second terms in both states, then, the coalition and its parties seemed to have put in place practices of patronage and clientelism that began to look remarkably similar to that of their predecessor BN. A discussion on the institutional flaws of Malaysia's political system is beyond the scope of this thesis, but it is suffice to note that the country's institutions tasked with combating political corruption, such as the MACC and the Election Commission, are insufficiently equipped to truly change established practices. Neither are the political parties incentivised to make those changes, as they consider them ultimately beneficial for party and coalition cohesion. Additionally, the first-past-the-post electoral system embeds a "winner-takes-all" default posturing. However, there were differences in how each party behaved in each state; with the coalition more strongly systematised in Selangor, accountability measures were in existence relative to that within Penang, where DAP was dominant. Pakatan in Selangor (but not Penang) eventually provided partial CDFs to state opposition legislators, while BN denied any form of CDFs to Pakatan federal opposition parliamentarians. In order to minimise patronage and clientelistic practices, it seems apparent that strong internal checks and balances – even within the coalition – can account for relative improvements.

These, combined with the utilisation of resources as described in the previous chapters, secured the Pakatan's hold on Selangor and Penang, achieving political party

institutionalisation and establishing opposition subnational strongholds in these two states. Effective and strategic resource mobilisation enabled Pakatan's hold on the states to endure; thereby allowing the party to strengthen – against the odds, despite operating within highly a centralised federation – and ultimately establish subnational strongholds in the two states. Apart from the examples illustrated above, state governments would also organise programmes officially but they would include political party members and supporters to demonstrate the way the states were well-functioning, for instance showcasing that “Penang allows the *azan* (mosque calls to prayer)” (Interview, Afif Bahardin, 10 December 2019), another direct way that the parties strengthened by being in control of states.

Why did the BN in the federal government not do more to stop such leadership resources from being accessed and translated into direct political party advantages? As established in previous chapters, as a DPAR it could not possibly control every facet of opposition politics, deeply embedded though its police Special Branch may have been. As set out in Chapter 4, opposition parties *have* had a long history of operating in Malaysia – more so DAP and PAS, relative to PKR – and so directly attacking these parties may not have been received well by the electorate. Pakatan benefited from the arms-length approach taken by BN in not getting involved in directly dismembering opposition parties.

## **Chapter 8: Analysis of Opposition Subnational Strongholds in Selangor and Penang**

*“Penang has always been an outlier. There was institutional memory of Penang being an opposition state before, so it was just waiting to happen. Selangor... had greater implications on not just politically urban voting patterns but also development, because a lot of things go through Selangor... Whoever ends up in Selangor has a very strong base.”*  
(Interview, UMNO Member of Parliament, Khairy Jamaludin, 10 February 2020).

### **8.1 Introduction and Revisiting Research Questions**

The thesis' key puzzle is that prior to 2008, all opposition parties that took control of state governments in Malaysia rarely managed to win a second consecutive election. The only exception was PAS in Kelantan, where unique circumstances enabled this Islamic party to establish a stronghold there (Chapter 4). All other parties failed to do so for various reasons. Given the highly centralised nature of Malaysia's federation, where administrative, fiscal and political powers are centrally concentrated by a DPAR, any opposition taking control of states would operate under challenging conditions. How, then, did Pakatan maintain its control of Selangor and Penang for 10 years over two election cycles?

This gave rise to the key research questions: First, under what conditions can opposition parties in control of states within DPARs attain political party institutionalisation and establish subnational strongholds? Second, what are the strategies and methods by which these opposition parties attain such political party institutionalisation to establish their subnational strongholds? These strategies and methods have already been set out.

The task of this chapter is to compare systematically the approaches taken in both states, and examine how these differences featured in producing varying or similar outcomes. This allows for a comparative assessment of the specific resources that were mobilised, and how these contributed to achieving political party institutionalisation. Following this, the key concepts of the thesis are revisited, which provide further analysis of how the establishment of opposition subnational strongholds was made possible, given the variables of resource mobilisation and party institutionalisation. This section then concludes by demonstrating how party institutionalisation was deepened over time within the parties and coalition as a whole.

## 8.2 Comparative Analysis of Selangor and Penang

This section is categorised by the resource types as defined in this thesis: institutional and fiscal resources, followed by resources mobilised for political party and coalition cohesion. While Pakatan in both states shared similarities, there were also vast differences.

First, the DAP dominated in Penang given its majority of the state legislative assembly's composition and hence its state Exco, while in Selangor, despite PKR holding the position of Chief Minister, there were much stronger aspects of coalitional politics given the more equal proportion of the three parties' representation and hence interests within the state government. In comparison to Penang, Selangor required "greater consultations among the parties, at least at the leadership level" (Interview, Nik Nazmi Nik Ahmad, 23 September 2019). In Selangor, a Pakatan Selangor leadership council was formed, consisting of five party representatives, mainly Members of Parliament or State Assemblypersons. The council met every quarter, but this lasted only for three to four years before Chief Minister Khalid Ibrahim no longer took members' demands seriously. Subsequently, Azmin Ali who took over initially started off well but eventually "was not interested in coalition building" (Interview, Tony Pua, 25 November 2019). Selangor's state Exco, however, had at least three representatives from each of the three parties, which was the default platform for coalition decision-making.

In Penang, a similar set-up was established called the "MPSA" meeting, with all Members of Parliament and State Assemblypersons gathering every Friday afternoon, akin to a "management meeting" for elected representatives to discuss any issues faced within their constituencies, and chaired by the Chief Minister (Interview, Joshua Woo, 29 November 2019). Legislative backbenchers also had the opportunity to participate in the state administration via standing committees, which was not the case in Selangor. However, as eight out of 11 exco members were from DAP (the remaining going to PKR), it was clear that DAP was the main party driving state government decisions.

A second clear difference came in the form of the respective states' Chief Ministers. Penang's Chief Minister Lim Guan Eng was simultaneously DAP's Secretary General, who is also son to former DAP stalwart Lim Kit Siang. The fact that Lim possessed a high-level party leadership position whilst being Chief Minister meant that he could clearly direct both party and state, both positions being held by one and the same person. Hence, "whether it's Lim Guan Eng as Pakatan Harapan Chair or Lim Guan Eng as Chief Minister or Lim Guan Eng as Secretary-General of DAP, he calls the shots on everything. The buck stops with him" (Interview, Zairil Khir Johari, 5 December 2019). Lim held his position as both party Secretary

General and Chief Minister of Penang for the full decade from 2008 to 2018, making it possible for him to consolidate his bases within DAP in Penang – at both central and state levels – and the state government, strengthening his office and senior civil servant support.

This singular line of leadership is clearly distinguished with that of Selangor's two Chief Ministers. Khalid Ibrahim and subsequently Azmin Ali, while both holding very senior positions in the party, were not the central party leaders. Khalid was PKR Vice President, and Azmin was its Deputy President. In both cases, there were numerous other party leaders and factions to contend with. For example, both Khalid and Azmin were expected to attend the party political bureau meetings, so that "the party could give advice where it can" and the Chief Ministers could receive "instructions to take certain positions, whether or not they were executed" (Interview, Fahmi Fadzil, 20 September 2019).

Factionalism within PKR between various leaders also affected decision-making and governance processes. There was ongoing tension between the party and state (Anwar Ibrahim was appointed as Economic Advisor partly to mitigate this fractiousness<sup>92</sup>) and towards the end of Khalid's tenure, this deteriorated "to the point that the belief was that ... (it was) insubordination". The situation did not change when Azmin replaced Khalid, since "it was not the party position" to appoint him but instead was a name proposed by PAS (Interview, Fahmi Fadzil, 20 September 2019)<sup>93</sup>. The rift between Anwar and Azmin began in 2008 when the latter was not appointed as Chief Minister. This rift widened in 2013 when Azmin, now PKR Chief in Selangor, was again not selected, indicating further drift in party-state alignment (see Yeoh, 2021, p.19). Thus, while Anwar had official control over PKR, Azmin wielded strong influence within Selangor, an important power base he utilised well. Pakatan continued to win in consecutive state elections despite public displays of PKR factionalism due to its policy record and an increasingly weaker Selangor UMNO.

These significant differences meant that strategies undertaken by each state government varied. The Pakatan coalition in Penang was less 'coalition' and more 'party' in its decision-making process. This led to a strongly top-down leadership style, with Lim at the helm.

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<sup>92</sup> PKR's Rafizi Ramli represented Anwar Ibrahim at the Office of the Economic Advisor. Later, it was Rafizi who authored a 91-page document giving a list of reasons for which Khalid Ibrahim should be removed from office, including a significant salary increase of state public officials, the water restructuring saga that resulted in water cuts, and an out-of-court settlement between Khalid and Bank Islam in a personal dispute that PKR accused of being a shady deal in collaboration with UMNO-friendly individuals in exchange of a lucrative housing development deal and signing of the water deal (PKR Headquarters 2014)

<sup>93</sup> The party had instead vacated the Kajang state seat to enable Anwar Ibrahim to contest, win and take over as Chief Minister (the 'Kajang Move'), which failed due to the Court of Appeal's conviction of Anwar's sodomy case.

Selangor was much more broad-based. Even when state-party relationships were fraying, coalition interests were represented via the state Exco. Even after both Lim and Azmin became federal ministers in 2018, Lim retained some control over Penang (for instance, attending press conferences with his successor), whereas Azmin's influence in Selangor waned.

In Selangor, criticisms against the state government came directly and regularly from backbenchers when they disagreed with state decisions (for instance, three DAP state assemblypersons vehemently opposed the KIDEX highway in 2014). In 2015, five Penang PKR state assemblypersons abstained from voting on UMNO's motion in the state assembly, urging that the state government stop all reclamation projects until the Environmental and Social Impact Assessments were carried out. Chief Minister Lim was "very angry" and the PKR party whip "had to bear a lot of pressure". Selangor's Khalid Ibrahim may not have liked DAP's response to state decisions but it was Penang's Lim who issued public statements, placing "tremendous pressure" on those who were "seen as not part of the government" (Interview, Lee Khai Loon, 12 October 2019), and removed a PKR state assemblyperson as Penang GLC board member for this reason (Interview, Afif Bahardin, 10 December 2019) – he did not tolerate disagreement within the coalition<sup>94</sup>.

Lim's leadership style was hence "very interfering"; "doesn't listen, but decides" (Anonymous Interviews, 5 and 8 December 2019); "bold... authoritarian" (Interview, Lee Kah Choon, 10 December 2019); "fierce and strict" (Interview, Yap Lee Ying, 11 December 2019); but "instinctively a strong character who understands power quite well... strong and effective in galvanising the party nationally" (Interview, Liew Chin Tong, 7 October 2019).

A third clear difference between the two states was the fact that there was much more political scrutiny of and pressure on Pakatan within Selangor, given its proximity to the seat of federal government. Although BN was alarmed over Penang's falling to DAP in 2008, the state was already considered more of a "Chinese" bastion, given it was previously under Gerakan. The stakes were much higher in Selangor, an UMNO power base. In the 2013 general election, great efforts were taken in the campaign to wrest Selangor back to BN hands, since "Selangor is a barometer of how you (perform) nationally" (Interview, Saifuddin Nasution, 21 November 2019). Hence,

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<sup>94</sup> Lim Guan Eng's concern over his reputation was so great that he hired a legal advisor specifically to deal with defamation cases, who advised him on at least 50 cases between 2013 and 2018. He believed that "... every article is an attack on him, and of course, defamation means lowering your reputation" and "his reputation is valued since he was the Chief Minister of Penang and Secretary General of DAP and a Member of Parliament" (Interview, Officer at the Chief Minister's Office, 17 December 2019).

“UMNO in 2013 targeted a large proportion of its resources and political machinery to get back Selangor. I know that Selangor has always been... a top priority for us to recover. I assume a lot of funds from the ICU were diverted to Selangor, maybe out of 100% the weightage is quite high, about 20%. Najib spent ... millions of ringgit, doing big dinners... The Selangor UMNO or BN war room in 2013 gave indication to Najib that we could win. He thought he could get Selangor back again (and) was quite disappointed (when the) results were even worse.”

(Interview, Khairy Jamaludin, 10 February 2020)

These direct pressures that were regularly asserted even in between election campaigns (examples illustrated in Chapters 5 and 6) therefore set the context for strategies and decisions the Pakatan coalition took in Selangor. Managing Penang was less challenging.

This leads to the fourth clear difference: state demographics and ethnic leadership of the parties in power. DAP, as a predominantly Chinese party leading a state that had a significant Chinese population and whose power-brokers (such as clan and Buddhist associations as outlined in Chapter 7) were the primary constituent stakeholders, had its tasks clearly laid out. Yet, there were struggles. UMNO and other “ultra-Malay rights groups” organised weekly demonstrations on Fridays “to create racial tension... related to Malays losing their rights” (Interview, Susan Loone, 6 December 2019). In a series of focus group discussions conducted in 2013, it was found that while Chinese respondents were “glowingly positive” about the state government, Malay communities generally felt marginalised by what they perceived to be an “unfettered, uncontrolled Chinese-dominant private sector” that would not leave any economic opportunities or jobs for them (Penang Institute, 2013). Thus, Penang made great efforts to increase allocations to mosques and religious schools, send its Malay Exco members to the ground, and communicate these programmes widely. However, because there was great attention to the perceived Chinese state government’s treatment of the Malays, and “very small mistakes became big issues... we could perform very well”, keeping the state government on its toes (Interview, Cheong Yin Fan, 4 December 2019).

In contrast, Selangor was led by a multi-ethnic coalition that managed a multi-ethnic population. PKR’s own multi-ethnic makeup in both leadership and membership drove its “commitment to multi-ethnic politics”, which thrived during Pakatan’s “heyday (2008-2014) when PAS under Nik Aziz Nik Mat’s guidance lived its most tolerant period of the early 21<sup>st</sup> century” (Khuo, 2021, p.5). Thus, it was Selangor that contended more seriously with the implications of PAS leaving Pakatan and the reconfiguration of the coalition. Preaching and

practising multi-ethnic politics required Pakatan in Selangor to be more vigilant of societal trends to manage diverging community, religious and cultural demands.

## 8.2.1 Institutional Resources

### a) State bureaucracy

Feature	Selangor	Penang
<b>Approach to civil servants</b>	<ul style="list-style-type: none"> <li>Introduced special training sessions for civil servants to share new vision, mission and policies.</li> <li>Adopted a consultative approach with civil servants, incorporating them into decision-making.</li> <li>Azmin Ali would “cajole and reward” civil servants to obtain their support.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Minister was more demanding, confrontational and aggressive in approach towards civil servants.</li> <li>Chief Minister with high expectations of civil servants and promising promotions and rewards in exchange for delivery.</li> </ul>
<b>Response to federally appointed civil servants</b>	<ul style="list-style-type: none"> <li>Hired private legal firms and individual lawyers.</li> </ul>	<ul style="list-style-type: none"> <li>Hired private legal advisor to Chief Minister.</li> <li>External academicians/experts as advisors.</li> </ul>
<b>High-level state civil servant appointments</b>	<ul style="list-style-type: none"> <li>Negotiated to obtain preferred appointees of State Secretary and Mayors of local governments.</li> <li>Used relationships with the Palace.</li> </ul>	<ul style="list-style-type: none"> <li>Negotiated internally through connections within the government bureaucracy.</li> </ul>
<b>Response to political intervention</b>	<ul style="list-style-type: none"> <li>During the Chief Minister crisis, political parties accepted Sultan’s preference over new Chief Minister.</li> <li>The Palace and Sultan crucial player in the state; State government ensured good relations with the Palace and district representatives.</li> </ul>	<ul style="list-style-type: none"> <li>Absence of a Sultan; Penang did not contend with this layer.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> <li>State Secretary, State Financial Advisor, State Legal Advisor</li> <li>Federal Public Service Commission/Department</li> <li>Palace/Sultan</li> </ul>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> <li>State Secretary, State Financial Advisor, State Legal Advisor</li> <li>Federal Public Service Commission/Department</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>Civil servants felt involved and part of state transformation.</li> <li>Occasional conflict between civil servants and private advisors.</li> <li>Civil servants eventually loyal and cooperative with state government.</li> <li>In the first term, unsuccessful in obtaining senior civil servants of choice.</li> <li>State constantly caught off-guard with federal appointees.</li> <li>With Palace presence, state government unable to make decisions freely.</li> <li>Knowing Sultan’s preferences was key.</li> </ul>	<ul style="list-style-type: none"> <li>Civil servants were rewarded and promoted if productive outcomes demonstrated.</li> <li>Top-down approach requiring Chief Minister’s approval for all actions.</li> <li>Initially hostile, civil servants eventually cooperative with state government.</li> <li>Successful in negotiating appointee of choice with federal government.</li> <li>Quicker decision-making process without Ruler or Palace.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>Pakatan had authority and control over a state civil service, which otherwise would not have been possible.</li> </ul>	

<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Ensured top-down responsive co-operation from entire state bureaucracy.</li> <li>• Possessed the authority to make autonomous decisions beyond the political party realm.</li> </ul> <p style="text-align: center;">⇒ <i>Deepened decisional autonomy.</i></p>
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**Table 8.1: Comparison of Strategy and Outcome: State Bureaucracy**

*b) State GLCs*

<b>Feature</b>	<b>Selangor</b>	<b>Penang</b>
<b>MBI/CMI</b>	<ul style="list-style-type: none"> <li>• Restructured GLCs, placing MBI as parent company.</li> <li>• Chief Minister as Chair of MBI, with state bureaucracy within Board; own ledger of accounts.</li> <li>• Included several political party representatives in decision-making.</li> <li>• No statutory requirements of reports to state executive council or legislative assembly required.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up CMI via state enactment.</li> <li>• Absence of Board, own set of accounts or audit process – only Chief Minister and CEO of CMI made decisions independently.</li> <li>• No statutory requirements of reports to state executive council or legislative assembly required.</li> </ul>
<b>Newly incorporated subsidiaries</b>	<ul style="list-style-type: none"> <li>• Set up numerous new private subsidiaries.</li> <li>• Business transactions took place within the same eco-system, e.g. provision of services to parent or sister companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up numerous new subsidiaries, some of which were for non-profit purposes.</li> <li>• PDC actively used in property development and state economic development.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• MBI: Chief Minister, MBI Board which included MB's Political Secretary, MBI CEO</li> <li>• Other state GLCs: Chief Minister as Chair and Director in MBI subsidiaries</li> <li>• Appointed professionals in MBI</li> <li>• Selected political directorships</li> </ul>	<ul style="list-style-type: none"> <li>• CMI: Chief Minister and CMI CEO</li> <li>• Exco Members high directorships in GLCs (not CMI)</li> <li>• Political appointments include non-Penang politicians</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• MBI emerged as key entity and parallel government in enabling land and other financial transactions (see Table 8.7).</li> <li>• Poor accountability with minimal oversight outside of MBI Board.</li> <li>• MBI engaged in transactions without knowledge of Exco or state assembly, but would respond to questions in state assembly.</li> <li>• Expansion of state-driven economic and social development, making use of GLCs.</li> <li>• New areas of state-driven development such as private healthcare.</li> </ul>	<ul style="list-style-type: none"> <li>• CMI became primary entity to engage in property development on behalf of the state (see Table 8.7).</li> <li>• No accountability with no oversight, even from Exco.</li> <li>• CMI engaged in transactions without knowledge of Exco or state assembly.</li> <li>• Expansion of state-driven social development in tourism and heritage conservation.</li> <li>• State active in property development sector.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• Enabled the formation of, and independent control over GLCs and statutory bodies.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Placed political leader as key decision-maker over GLCs, with access to wide socio-economic resources.</li> </ul> <p style="text-align: center;">⇒ <i>Deepened decisional autonomy.</i></p>	

**Table 8.2: Comparison of Strategy and Outcome: State GLCs**

c) State media

Feature	Selangor	Penang
<b>Setting up of state newspapers</b>	<ul style="list-style-type: none"> <li>• Set up Selangorkini and Selangor Times newspapers.</li> <li>• Source of alternative information featuring state government initiatives, countering mainstream media messages.</li> <li>• Featured democracy and youth voices.</li> <li>• Special election newspaper published and distributed throughout Malaysia.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up Buletin Mutiara newspaper.</li> <li>• Source of alternative information featuring state government initiatives and countering mainstream media messages.</li> <li>• Published Penang Monthly, an elite English magazine on arts, culture and policy.</li> <li>• Featured political representatives' service centres.</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• Selangorkini received state funds and advertisements</li> <li>• State GLCs encouraged to advertise</li> <li>• Selangor Times did not receive state funds</li> </ul>	<ul style="list-style-type: none"> <li>• Buletin Mutiara and Penang Monthly funded by state funds.</li> <li>• Penang Monthly initially sold at a nominal fee.</li> </ul>
<b>Languages</b>	<ul style="list-style-type: none"> <li>• Selangorkini: Malay</li> <li>• Selangor Times: English</li> </ul>	<ul style="list-style-type: none"> <li>• Buletin Mutiara: Malay, Chinese, English, Tamil</li> </ul>
<b>Message coordination with political party</b>	<ul style="list-style-type: none"> <li>• Regular coordination with political party newspapers (PKR's Suara Keadilan, PAS' Harakah).</li> <li>• Weekly post-Exco meeting press conferences.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular coordination with political party newspapers (DAP's Rocket).</li> <li>• Heavy focus on communication with large press and media team at Chief Minister's Office.</li> <li>• Active use of party social media platforms to elevate these messages.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• Chief Minister's Press Secretary</li> <li>• CCSB (State media GLC)</li> <li>• Selangorkini editorial team</li> <li>• Selangor editorial team</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• Chief Minister's Office: multiple press officers</li> <li>• Buletin Mutiara editorial team</li> <li>• Penang Monthly editor</li> <li>• Penang Institute Management and Board</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Public outreach of state initiatives and messages in Malay (targeting semi-urban and rural) and non-Malay (targeting urban) communities.</li> <li>• Distribution of such messages in other states (online papers were also available).</li> </ul>	<ul style="list-style-type: none"> <li>• Public outreach of state initiatives in multiple communities (Malay, Indians, Chinese).</li> <li>• Provided intellectual space for Penang to "rediscover" itself.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• States had the legal right to form state newspapers without publication licenses issued by the federal government.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Countered political messaging from BN federal government.</li> <li>• Public could access and absorb new narratives from Pakatan, through greater reach.</li> <li>• Pakatan parties extracted key messages and content from state newspapers, repackaged them into more "political" messages.</li> <li>• Greater circulation of common narratives on different platforms.</li> <li>• <i>Demonstrated decisional autonomy.</i></li> <li>• <i>Contributed to public reification.</i></li> </ul>	

**Table 8.3: Comparison of Strategy and Outcome: State Media**

d) State policy domains

Feature	Selangor	Penang
<b>Exercising of state rights</b>	<ul style="list-style-type: none"> <li>Exercised joint state powers over water services, using land rights to withhold approval of federal project until federal government agreed with state government on water restructuring approach.</li> <li>Exercised land powers to reject approval of unpopular projects.</li> </ul>	<ul style="list-style-type: none"> <li>Exercised land powers to reject approval of unpopular projects.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> <li>Water issue: State Water Committee (politicians and external experts)</li> </ul>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>Delay of several federal projects.</li> <li>Water restructuring took 10 years to complete.</li> <li>Gained popular support for rejecting federal projects deemed publicly unacceptable.</li> </ul>	<ul style="list-style-type: none"> <li>Gained popular support for rejecting federal projects deemed publicly unacceptable.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>Constitutional provisions assuring legal rights over policy domains.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>Blocked unpopular federal projects and aligned with mass. ⇒ <i>Deepened decisional autonomy.</i></li> </ul>	

**Table 8.4: Comparison of Strategy and Outcome: State Policy Domains**

e) Good governance

Feature	Selangor	Penang
<b>Transparency and accountability</b>	<ul style="list-style-type: none"> <li>Formed legislative select committees; held public hearings.</li> <li>Freedom of Information (FOI) enactment.</li> <li>Declassified documents.</li> <li>More efficient procurement and contracting.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent negotiation over contracts.</li> <li>Chief Minister's emphasis on integrity, top-down approach.</li> <li>Second term: less transparency, more direct negotiations.</li> </ul>
<b>Community participation</b>	<ul style="list-style-type: none"> <li>Quota of 30% of civil society included into local governments.</li> <li>Commissioned study on local council elections</li> <li>Conducted village-level elections and mosque committee elections.</li> <li>Orang Asli Land Taskforce formed.</li> </ul>	<ul style="list-style-type: none"> <li>Quota of 30% of civil society included into local governments.</li> <li>Initially explored local council elections through court case.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> <li>Chief Minister's Office</li> <li>SELCAT: Speaker of the House</li> <li>Chief Minister's Political Secretary</li> <li>Local Councillor appointments: Pakatan party representatives</li> </ul>	<ul style="list-style-type: none"> <li>Chief Minister and Exco</li> <li>Chief Minister's advisors including Political Secretary and other informal advisors (including Penang Institute)</li> <li>Local Councillor appointments: Pakatan party representatives</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>In first term, strong public perception of good governance exercised, less so in second term.</li> </ul>	<ul style="list-style-type: none"> <li>Strong narrative on good governance, known by the public.</li> <li>In second term, questions over state government's compromise on</li> </ul>

	<ul style="list-style-type: none"> <li>• Increased savings for state: Khalid’s administration known as the one that “saved” during the “golden years”; Azmin’s administration as the one that “spent” (see Table 8.7).</li> <li>• State government was influential in local council decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• property development (see Table 8.7).</li> <li>• State government made clearly top-down decisions over local councils.</li> </ul>
	<ul style="list-style-type: none"> <li>• Civil society quota positively received, better local council governance but not maintained.</li> <li>• Local council elections never conducted.</li> </ul>	
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• Authority over state legislative and executive arms of government, which were utilised to materialise ‘good governance’ pledges.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Presented strong narrative and “story-telling” on good governance record to win voters’ support.</li> </ul> <p>⇒ <i>Contributed to value infusion amongst party supporters and members.</i></p> <p>⇒ <i>Contributed to public reification.</i></p>	

**Table 8.5: Comparison of Strategy and Outcome: Good Governance**

Pakatan in both Selangor and Penang mobilised institutional resources to their advantage. Penang’s leadership was more confrontational and aggressive in approaching the state bureaucracy, whereas Selangor was more consultative through its two Chief Ministers, both of whom had prior experience within government or GLC entities, understanding more comprehensively the government’s operating culture. In some instances, this won Penang some victories, for instance securing senior civil servants of choice, but ultimately the civil servants were perceived as much less cooperative in Penang than Selangor.

Both states’ primary GLCs (MBI and CMI) operated practically as parallel governments, placing the Chief Ministers as decision-makers without external oversight. Yet there were differences. MBI had its own Board and Chair. However, there was contention over the powers of the Chief Minister as its Chair. For example, a court case was lodged against Khalid Ibrahim over his decision to make lucrative payments to his state government staff before they left from office. The question was whether MBI as the “corporate personification of the (Chief Minister) could act in his name” or whether decisions could go through the Board, which was “an important question of law of public interest” (Interview, Edmund Bon, 11 October 2019).

This record contrasts with that of CMI, where “MBI is a real proper thing; CMI is just basically two people (who) are doing everything, nobody really knows what’s going on” (Interview, Zairil Khir Johari, 5 December 2019). As also seen in the following section below, both leaders made use of the GLC ecosystem as platforms to accumulate and distribute resources, most of which they placed themselves Chair of. In Penang, particularly, “(Lim)

started all sort of agencies...and made himself chairman” because “he needs loyalists... the state and civil service is not on his side” and hence “was his alternative government system” (Interview, Ooi Kee Beng, 17 December 2019).

Ultimately, both state leaders knew there was only so much they could do to motivate the civil service. While remaining conciliatory and consultative (in Khalid and Azmin’s case) and demanding and emphasising productivity (in Lim’s case) may have worked to prompt and encourage some civil servants, they both required a second arm of bureaucracy they could directly exercise control over.

The BN too made use of state-level GLCs. Gomez et al (2018b) document the operations of SEDCs and CMIs in the states of Perak and Johor (pp.55-64). In both states, SEDCs had been used to generate economic development as was the case in all states (Chapter 4). However, it was only relatively recently that the Perak state government formed the Amanjaya Group under its MBI, also to ensure greater Chief Minister control over its activities. Johor, interestingly, is cited as having “low political directorship” in its GLC institutions (Gomez et al, 2018b, p.64). Further research is required to compare between all state governments’ use of state GLCs.

In Selangor and Penang, while emphasis was given on public good governance, corporate governance and accountability was relatively poor especially for the latter’s CMI. Thus, while good governance featured importantly in Pakatan’s narrative, this may not have been fully transformative in nature and merely exhibited incremental improvements in comparison to their predecessors. Further, political appointments into boards continued. Finally, while accountability and participation accompanied the coalition’s good governance narrative, this commitment waned especially in their second term.

In both states, federalism enabled resource mobilisation in a number of ways. Pakatan had the authority and control over state governments, with both legislative and executive bodies that it harnessed. They possessed legal and constitutional guarantees to execute its policies, including the setting up of state media, state GLCs, and controlling policy areas under state jurisdiction. These crucial institutional resources, available only because they won and controlled state governments, led to deeper political party institutionalisation.

## 8.2.2 Fiscal Resources

### a) Accumulation of fiscal resources

Feature	Selangor	Penang
<b>Increase in land-based revenues</b>	<ul style="list-style-type: none"> <li>• Khalid imposed discipline on developers.</li> <li>• Introduced programmes to increase unpaid land-based payments.</li> <li>• Azmin used negotiation with developers to avoid complicated legal cases in court.</li> <li>• Capitalised on increase in land value as industrial state.</li> </ul>	<ul style="list-style-type: none"> <li>• Aggressively pursued land reclamation projects.</li> <li>• Capitalised on increase in land value due to heritage status.</li> </ul>
<b>Use of GLCs to increase state revenues</b>	<ul style="list-style-type: none"> <li>• MBI used to increase value of state assets, primarily through land transactions.</li> <li>• MBI subsidiaries became slightly more profitable.</li> </ul>	<ul style="list-style-type: none"> <li>• CMI used to enter into business arrangements more beneficial to the state.</li> <li>• CMI took control and ownership over alienated land.</li> <li>• Pursued strategy of increased land development deals with the private sector.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• Chief Minister through MBI</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Minister through CMI</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Rapid increase of land-based revenues.</li> <li>• Increased collections of unpaid or late payments.</li> <li>• Existing state assets (land &amp; property) were monetised for state gain.</li> <li>• Increase of state government revenues and state reserves.</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid increase of land-based revenues.</li> <li>• Land reclamation projects as primary source of rapid cash injection into state.</li> <li>• Generated concern among environmental groups.</li> <li>• Increase of land development and property development projects.</li> <li>• Criticism from civil society groups concerned with over-development of state land.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• Access to land-based revenues (which formed bulk of revenues) and control over land policy.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Contributed to good governance narrative of responsible steward of resources, and comparable alternative government.</li> <li>⇒ <i>Contributed to value infusion amongst party supporters and members.</i></li> <li>⇒ <i>Contributed to public reification.</i></li> </ul>	

**Table 8.6: Comparison of Strategy and Outcome: Accumulation of Fiscal Resources**

b) Distribution of fiscal resources

Feature	Selangor	Penang
<b>State welfare-based programmes</b>	<ul style="list-style-type: none"> <li>• Khalid: more stringent and careful with spending.</li> <li>• Azmin: more politically astute, spending significantly more, especially on social programmes towards 2018.</li> <li>• Strategy of returning state-owned wealth to the people (people-based economy).</li> </ul>	<ul style="list-style-type: none"> <li>• Lim Guan Eng: increased spending towards the election year.</li> <li>• Strategy of 'good governance' could benefit voters.</li> </ul>
<b>Community programmes</b>	<ul style="list-style-type: none"> <li>• Translated revenues into community grants.</li> <li>• Community activities organised to activate youth party supporters.</li> </ul>	
<b>Use of GLCs as distribution vehicles</b>	<ul style="list-style-type: none"> <li>• GLC eco-system relied on heavily to deliver on most welfare-based programmes.</li> <li>• MBI had its own set of accounts.</li> <li>• GLCs relied on for contributions that would benefit constituencies.</li> </ul>	<ul style="list-style-type: none"> <li>• CMI and GLCs under it used to deliver social projects and became "cost centres" and not revenue-generating.</li> <li>• CMI did not implement programmes; state government did.</li> <li>• CMI did not have its own accounts; incorporated into state government accounts.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• MBI</li> <li>• MBI's subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>• CMI</li> <li>• Penang state government</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• During Khalid's administration, significant state savings with measured expenditure.</li> <li>• During Azmin's administration, rapid escalation of state spending and increase in number of programmes</li> <li>• Azmin's successor had to roll back selected programmes due to concerns over escalating budget.</li> <li>• Popular feedback to programmes.</li> <li>• Close interactions between political party/ state actors and community actors on the ground.</li> <li>• Potential to recruit new talent into political parties/party activities.</li> <li>• Almost complete dependence on GLCs to deliver programmes, creating a parallel state government.</li> <li>• State bureaucracy not fully aware of GLCs' activities and financial status.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in number of social assistance programmes in Penang.</li> <li>• Feedback to programmes inconsistent (Malay communities more sceptical).</li> <li>• Close interactions between political party/ state actors and community actors on the ground.</li> <li>• Potential to recruit new talent into political parties/party activities.</li> <li>• While state government implemented programmes, CMI engaged in social projects.</li> <li>• Parallel or shadow state government.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• Control over state executive, state administration and 'politico-bureaucratic complex' enabling distribution of aid and support.</li> <li>• Control and authority over state GLCs that were used for distribution purposes.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Increased personal interactions between politicians and constituents;</li> <li>• Ensured efficient public service delivery;</li> <li>• Secured support of mass constituents.</li> <li>⇒ Contributed to value infusion amongst party supporters and members.</li> <li>⇒ Demonstrated decisional autonomy.</li> <li>⇒ Contributed to public reification.</li> </ul>	

**Table 8.7: Comparison of Strategy and Outcome: Distribution of Fiscal Resources**

Both state governments increased their fiscal revenues over the decade, primarily through the growth of land-based revenues. The most significant difference was that Penang equated economic growth with property and infrastructure development; Selangor emphasised broader economic sectors, channelling investments into property as well as other industries.

The usage of GLCs to accumulate and distribute fiscal resources was not uncommon; BN had long done the same at both state and federal levels. The Selangor and Penang GLCs did not display greater efficiencies, and very few of them were profitable enough to pay dividends to the state government. For example, MBI subsidiaries Permodalan Nasional (PNSB) and KDEB recorded losses as at February 2019, according to their company profiles.

Ultimately, an accurate critique was that “GLCs continued to be used as state instruments to expropriate income by being given concessions rather than a policy to make our markets more efficient... (Pakatan) continued the same old policies of feeding and creating opportunities for inefficient state enterprises” (Interview, Tony Pua, 25 November 2019). What was different and new under Pakatan was the translation of fiscal assets into direct welfare programmes. GLCs perpetuated existing market inefficiencies, but channelled these towards citizens as state beneficiaries and shareholders.

Second, Pakatan practised more fair and equitable contracting. Under the BN government in Selangor, it was customary for projects to be given to those politically associated with the party, especially the “large projects with high value, through direct award” (Interview, Noordin Sulaiman, 26 November 2019). A former senior civil servant noted that contracts were given more fairly, where “UMNO (was) very selective in terms of giving out their money to only their supporters... but during Tan Sri (Khalid)’s time, he gave to development according to the needs, every penny spent was wise.” (Interview, former civil servant, 24 September 2019). Such practices were progressive.

As was the case for institutional resource mobilisation, the accumulation and distribution of fiscal resources was only made possible by Pakatan’s control of state governments. Constitutionally, states have control over land matters and therefore receive all land-based revenues, especially large in the case of both highly-industrialised Selangor and Penang. Controlling the state bureaucracy and GLC eco-system enabled distribution of aid. This in turn contributed to political party institutionalisation through its increased decisional autonomy, value infusion and public reification of Pakatan’s ability to perform well in its financial management, eventually presenting itself as an alternative government.

### 8.2.3 Resources for Political Party Cohesion

The following tables set out in detail the accumulation and distribution of both institutional and fiscal resources compared between the two states (as per Chapter 7), but is here distinct from the previous two sections as resources that directly led to political party cohesion, and therefore towards greater institutionalisation.

#### a) Accumulation of resources

Feature	Selangor	Penang
<b>Absorption of new talent</b>	<ul style="list-style-type: none"> <li>• Included political talent into state bureaucracy.</li> <li>• Concerted effort to organise recruitment programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Concerted effort to organise programmes to recruit young talent.</li> <li>• Included political talent into state bureaucracy.</li> <li>• In the first term: recruitment of civil society, retirees and academics to assisting the state government.</li> </ul>
<b>Enhanced political machinery</b>	<ul style="list-style-type: none"> <li>• Individuals from private sector contributed to election campaign manifestos and materials.</li> <li>• State-based think tank (IDE) and state government conducted opinion polls, deepened understanding of constituencies' needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals from private sector contributed to election campaign manifestos and materials.</li> <li>• State-based think tank (Penang Institute) conducted research, deepened understanding of constituencies' needs, less reliant on opinion polls.</li> </ul>
<b>Demonstration of leadership</b>	<ul style="list-style-type: none"> <li>• Chief Ministers and other leaders used opportunity to prove themselves in leadership role.</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Minister aggressively used media platforms, criticised federal government and former Gerakan state government.</li> </ul>
<b>Growth in party finances</b>	<ul style="list-style-type: none"> <li>• PKR's financial assets grew moderately.</li> <li>• PKR's expenditures grew significantly, with highest spending on staff.</li> <li>• PKR had increase in memberships in Selangor, contributing to higher membership fees.</li> <li>• Increased corporate donations.</li> </ul>	<ul style="list-style-type: none"> <li>• DAP's financial growth was exponential, assets growing almost 500%.</li> <li>• DAP had increase in memberships in Penang, contributing to higher membership fees.</li> <li>• Significantly increased corporate and property developer donations.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• PKR – central and state</li> <li>• DAP and PAS – state</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• DAP – central and state</li> <li>• PKR and PAS – state</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Targeted policies more accurately based on polls.</li> <li>• Both states benefited from more sophisticated campaign manifestos.</li> <li>• Showcased Chief Minister's leadership styles; Khalid (corporate-like, slightly more "gruff"), Azmin (politically astute, consultative, inclusive)</li> </ul>	<ul style="list-style-type: none"> <li>• Civil society more engaged in the first term. State-civil society breakdown in second term.</li> <li>• Showcased Chief Minister's leadership style: Lim Guan Eng (determined, confrontational, aggressive)</li> <li>• Accusations of close ties between state government and developers;</li> </ul>

		shift in focus from civil society to developers.
<b>Common Outcomes</b>	<ul style="list-style-type: none"> <li>• Young professional talent contributed to both state governments.</li> <li>• Recruitment programmes for youth.</li> <li>• Governing states allowed leadership to be demonstrated, with otherwise little opportunity.</li> <li>• Increased contributions to party from elected representatives.</li> </ul>	
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• The ability for states to be “oppositional”, where the Pakatan coalition came into power and controlled state resources towards direct political benefits.</li> </ul>	
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Enabled political parties and coalition to be more systematic and structured.</li> <li>• Enhanced political campaign machinery.</li> </ul> <p>⇒ <i>Deepened internal systemness of political parties and the coalition.</i></p>	

**Table 8.8: Comparison of Strategy and Outcome: Accumulation of Resources for Political Party Cohesion**

a) *Distribution of resources*

Feature	Selangor	Penang
<b>Party elite appointments</b>	<ul style="list-style-type: none"> <li>• Placement of senior or very senior party officials into State Executive Councils and GLC boards.</li> <li>• Less ‘junior’ appointments.</li> <li>• Selangor had to do more ‘coalition negotiation’ to manage 3 parties.</li> </ul>	<ul style="list-style-type: none"> <li>• Placement of very senior, senior and junior party officials into State Executive Councils and GLC boards.</li> <li>• Junior appointments had other political connections to DAP (e.g. CM’s former political secretary).</li> <li>• Penang predominantly one party (DAP) with some PKR concessions.</li> </ul>
<b>Party cadre appointments</b>	<ul style="list-style-type: none"> <li>• Selangor’s grassroots politics weighed more significantly, needed to target Malay &amp; Muslim communities through village committee heads.</li> <li>• Able to dislodge UMNO networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Able to dislodge Gerakan networks.</li> </ul>
	<ul style="list-style-type: none"> <li>• Appointment into local councils and other quasi-bureaucracies of junior party officials.</li> <li>• Local councillors had rent-seeking opportunities as councils approve development projects.</li> </ul>	
<b>Increase in allowance to party representatives</b>	<ul style="list-style-type: none"> <li>• Rapid, significant escalation of political representative allowances.</li> <li>• Provided financial aid to additional layer of <i>penghulu</i> to maintain cordial relationship with the Palace.</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate increase in allowances to party representatives.</li> </ul>
<b>Key Actors</b>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• PKR – central and state</li> <li>• DAP and PAS – state</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Minister</li> <li>• DAP – central and state</li> <li>• PKR and PAS – state</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Access to communities through grassroots-level appointments, including in mosque and <i>kampung</i> (village) communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Access to communities through grassroots-level appointments, including Chinese village and clan associations.</li> </ul>
<b>Common Outcomes</b>	<ul style="list-style-type: none"> <li>• Achieved both political party and coalition cohesion.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Party loyalists (senior and very senior) and promising leaders (junior) ‘packed’ into state institutions.</li> <li>• Heavy reliance on constituency development funds, akin to BN.</li> <li>• Created dependencies on state governments as only source of financial allocations.</li> </ul>
<b>How federalism enabled resource to be mobilised</b>	<ul style="list-style-type: none"> <li>• The ability for states to be “oppositional”, Pakatan controlled state resources towards direct political benefits.</li> </ul>
<b>Contribution to political party institutionalisation</b>	<ul style="list-style-type: none"> <li>• Achieved political party and coalition cohesion;</li> <li>• Increased visibility and individualized connections between political representatives and voters.</li> </ul> <p>⇒ <i>Deepened internal systemness of political parties and the coalition.</i></p> <p>⇒ <i>Contributed to value infusion amongst party supporters and members.</i></p>

**Table 8.9: Comparison of Strategy and Outcome: Distribution of Resources for Political Party Cohesion**

The resources mobilised by Pakatan in both states successfully contributed to political party cohesion. The leadership displayed by the three Chief Ministers throughout their time in office was markedly different from each other’s, where, as pointed out in Table 8.8, Khalid Ibrahim was more corporate-like, described as more “gruff” (Interview, Elizabeth Wong, 3 October 2019), while Azmin Ali was more consultative and inclusive. In opinion polls conducted in Selangor, Khalid’s performance ratings grew steadily from 55% in 2008 to 65% in 2014. Respondents were most satisfied with an ‘efficient government administration’ and his character that was made out to be ‘fair, good, responsible and co-operative’. Azmin’s performance was also high, with satisfaction levels at 65% in 2017, which declined to 60% in 2018. Respondents perceived him as someone ‘concerned with the welfare and problems of the people’ and were satisfied with an ‘efficient government administration’ (Merdeka Center for Opinion Research, 2008-2018). Penang’s Lim Guan Eng received positive feedback for certain practices, such as using “cheap flights when travelling” and being the first to declare his assets, but Malay communities felt he was not equal to all (Penang Institute, 2013). His assertive and demanding leadership was also evidently displayed.

The state-civil society breakdown in relationship was more significant in Penang than in Selangor, with the focus against the DAP government’s embarking on the Penang Transport Master Plan, land reclamation and property development drive. Second, interviewees more obviously referred to the rise of corporate donations and relationship between the Penang state government and developers. These relationships were selective, where “there are favourite developers who get almost everything, for example low-cost apartments in paddy fields” (Interview, Yusmadi Yusoff, 2 October 2019). Simultaneously, the state government also

strategically targeted good publicity by bringing property developers involved in landslide incidents to court. Penang chose not to be “enemies with the developers, (as) they need them” (Interview, Susan Loone, 6 December 2019).

Were there major differences in the way political parties were financed under BN and Pakatan, since both readily accepted corporate donations? The exact quantum is difficult to ascertain, but there may have been differences in the amounts channelled to the parties, for instance “instead of 60% being skimmed off for political funding or for favours, maybe 30% is profit, because ... open tender means the profit margin is also very competitive” (Interview, Lee Kah Choon, 10 December 2019). Hence there were attempts at greater transparency, but in the end party financing was still a priority.

In both cases, political appointments throughout state institutions and increase in funding to political representatives deepened individual politicians’ dependence on the state governments. Selangor increased allocations rapidly especially in the second term, much more than Penang (could afford to). Selangor also offered reduced constituency development funds to opposition state legislators.

Federalism as an institution allowed for Pakatan to be “oppositional”, where it controlled state resources and successfully translated these into direct political benefits. These directly contributed to the parties’ and coalition’s internal *systemness* and *value infusion* as elaborated further below. In both states, the federal government did attempt to use federal agencies to destabilise conditions within the states (Chapters 5 and 6). In some instances, some state policies were blocked by the federal government, such as both Selangor and Penang’s setting up of auxiliary police (security is under federal domain). However, BN could not completely undermine the implementation of many state policies as water services and land are within state jurisdiction and given constitutional protection.

Did Pakatan ‘mirror’ BN practices, to mobilise resources for their own political, economic and social agenda? Their broad goals were certainly similar, in order to achieve political support and greater durability in tenure. In fact, an argument can be made that Pakatan used and refined methods and institutions created by the BN to fight BN; this is true especially in the case of political appointments into state-level GLCs (more Penang than Selangor), local councils and quasi-bureaucratic bodies. The practice of ‘packing’ government agencies (Slater, 2003) was replicated by Pakatan within these two bodies, so that on this specific dimension, there was no significant difference between how the two opposing coalitions behaved. Hence, Pakatan seems to have both adopted *and* adapted practices established by UMNO. They *adopted* practices that were already in existence, such as control over land, GLCs and the

distribution of political appointments. Pakatan took these a step further, *adapting* existing controls and expanding them through various innovations such as restructuring of the state GLC network and introducing new schemes in order to reap even higher land-related revenues that eventually benefited them fiscally.

Given that, especially in mobilising resources for political party cohesion, the similarities between the two coalitions seemed to be fairly similar, how then can there be clear distinctions drawn between the opposition and incumbent dominant party? In other words, given the complex Malaysian political environment, and relatively high volatility within coalitions and parties – especially so after 2018 – is it possible to distinguish between different political forces? As far as Pakatan’s behaviour and practices within Selangor and Penang are concerned, between 2008 and 2018, it is clear that there were indeed attempts at “procedural democracy” (Stepan, 1990) especially within the first term. As the coalition became more secure in its position, indeed institutionalised within those states, over time, these attempts were increasingly diluted in nature. An argument can be made, perhaps, that *even for the opposition*, political competition matters to ensure performance over claims of good governance is maintained. The state opposition – UMNO and Gerakan in the respective states of Selangor and Penang – became increasingly weaker and incapable of meaningfully questioning the Pakatan state governments to the extent that Pakatan party legislative members were in fact more critical of the state administrations. Nevertheless, on balance Pakatan’s overall performance still demonstrated incremental improvements in the management of state resources. The practice of political patronage (Chapter 7) might have been similar, but it is the incremental improvements in the form of increased open tenders and better translation of state resources into constituent-centred programmatic policies (Chapters 5 and 6), that might ultimately most clearly distinguish it from its predecessor.

### **8.3 Establishment of Opposition Subnational Strongholds**

This section revisits the core theoretical concepts introduced in the thesis’ framework, demonstrating how opposition subnational strongholds were established through resource mobilisation and political party institutionalisation.

## Opposition Parties in Dominant Party Authoritarian Regimes

Dominant parties in electoral authoritarian regimes have perpetuated their political positions through multiple strategies. Amongst the incumbency advantages is the control over resources – institutional and fiscal – which are what dominant parties strategically use to ensure their political durability. Greene (2010), using PRI in Mexico, theorised that dominant parties persist (or fail) based primarily on their ability to politicise public resources. I argue in this thesis that it is not only when dominant parties begin to lose control over national-level public resources that the resource gap exists, leading to the erosion of incumbency advantages, but that when opposition parties access public resources at the subnational level that this can take place. Opposition parties that establish subnational strongholds provide useful demonstration effects of good governance and leadership which can contribute to performance legitimacy.

This is precisely what transpired in the case of Malaysia. My thesis has shown that Pakatan’s control of the two wealthy states of Selangor and Penang over ten years from GE12 led to its equally unprecedented access to state-level public resources that it accumulated and distributed. Pakatan practised a method of “mobilise to institutionalise”, thereafter establishing subnational strongholds there.

As anticipated, interviews with representatives of parties that were defeated in the respective states, UMNO and Gerakan, confirmed that the loss of Selangor and Penang were emotively devastating and instrumentally detrimental to their parties. What UMNO and Gerakan lost, Pakatan directly gained: access to a pool of resources, institutional positions and the ability to demonstrate performance legitimacy. Just as parties can institutionalise when they come into power, the losing parties – UMNO in Selangor and Gerakan in Penang – can also *deinstitutionalise*, more keenly felt by the latter given that was its only hold on power, compared to UMNO which still held federal government. Yet, the loss of Selangor was “catastrophic” for UMNO, losing access to resources from “the most industrialised state” such as “patronage, positions, and anything that comes with that... (we) lost a big engine of (our) political machinery” (Interview, Khairy Jamaludin, 10 February 2020).

Hence, for example, UMNO and Gerakan’s inability to recover from their losses of 2008 certainly helped Pakatan to continue to retain power in both states. UMNO Selangor was deeply factionalised and had no strong leader, where “the problem was that we didn’t have a clear candidate to lead” (Interview, Khairy Jamaludin, 10 February 2020). Gerakan had also all but collapsed, never having recovered from its loss of Penang in 2008, no longer possessing a pool of resources. Heading the Penang state government

“... gave Gerakan a stronger leverage at the federal level, even on federal issues. After having lost Penang, it was a coup de grace, Gerakan was crippled. Even after I became a federal minister from 2009 to 2013, the “Penang” leverage was no longer there. It was just power dynamics, the reality of power. After 2008, all those who used to flock to us would flock to the DAP”. (Interview, Koh Tsu Koon, December 2019)

As such, it was “annihilation... complete and total” (Interview, Toh Kin Woon, 29 December 2019). In neither of these states were the state opposition benches strong enough to provide a realistic alternative. Importantly, economic success in Selangor and Penang could no longer be tied to BN’s performance.

For Pakatan, access to state-level resources was crucial in explaining its steady rise in political support over the decade that followed. In both states, revenues increased rapidly over the ten-year period, mainly attributed to high land value (see Chapter 6). The second term had greater variation, as the coalition was under increasing pressure to spend more and increase its commitments to constituent voters heading towards GE14. Control over urbanised states also offered a unique demographic that was highly educated and therefore open to the Pakatan’s appeals over good governance and its multi-ethnic accommodation.

Members of the Pakatan coalition used both states as benchmarks against which they measured BN’s performance in other states, and Selangor and Penang initiatives were repeatedly used as campaign points during both GE13 and GE14. Selangor Chief Minister Azmin Ali regularly referred to his state’s programmes, boasting that he would do the same in Putrajaya were he given the mandate to lead at the federal government level. Interviewees concluded that had Pakatan not controlled the two states over the preceding decade, it would not have been possible for them to win over the federal government in 2018.

### **Federalism and Political Party Institutionalisation**

Federalist guarantees can contribute to opposition parties developing political party institutionalisation when in control of subnational units. This runs counter to the literature on dominant party systems in Malaysia, which has argued that the country practices a form of centralised, “retractable” (Case, 2007) federalism. The scholarly consensus is that the highly centralised DPAR of UMNO exercised discretionary control over states, especially when opposition-led, to strengthen its own political durability. While it is true that Malaysia is highly centralised, Pakatan’s record in Selangor and Penang demonstrates that federalism can provide

enabling conditions in which opposition parties can, when availed of additional resources, institute and defend subnational strongholds.

Second, gaining control over industrialised and developed settings can contribute to the opposition parties' institutionalisation process, as they can mobilise high-quality institutional and substantive fiscal resources.

<b>Dimension</b>	<b>Internal</b>	<b>External</b>
<b>Structural</b>	<p><b>Systemness</b></p> <ul style="list-style-type: none"> <li>• Absorption of new talent</li> <li>• Enhanced political machinery</li> <li>• Demonstration of leadership</li> <li>• Growth in party finances</li> <li>• Party elite and cadre appointments</li> </ul>	<p><b>Decisional Autonomy</b></p> <ul style="list-style-type: none"> <li>• State bureaucracy</li> <li>• State GLCs</li> <li>• State media</li> <li>• State policy domains</li> <li>• Distribution of fiscal resources</li> <li>• Growth in party finances</li> <li>• Increase in allowances to political representatives</li> </ul>
<b>Attitudinal</b>	<p><b>Value Infusion</b></p> <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Accumulation of fiscal resources</li> <li>• Distribution of fiscal resources</li> <li>• Party elite and cadre appointments</li> </ul>	<p><b>Reification</b></p> <ul style="list-style-type: none"> <li>• State media</li> <li>• Good governance</li> <li>• Accumulation of fiscal resources</li> <li>• Distribution of fiscal resources</li> <li>• Demonstration of leadership</li> </ul>

**Table 8.10: How Resource Mobilisation Contributed to Political Party Institutionalisation**

Table 8.10 summarises the resources that were mobilised and how each of them contributed to the specific dimensions of the party institutionalisation matrix used in this thesis (Randall and Svåsand, 2002).

A distinction must be made as to whether it is the party or coalition that is being examined for its institutionalisation. Individual parties benefited from deepening their *systemness*, but for the three other dimensions of *decisional autonomy*, *value infusion* and *reification*, it was *both* the individual parties as well as the coalition more broadly that derived benefits and underwent the institutionalisation process.

State institutional resources (Chapter 5) enabled Pakatan to expand the scope of their *decisional autonomy*, given their ability to formulate state policy. Although limited by the dictates of the Federal Constitution and the fact that they were not formerly UMS (Chapter 4) hence not having their own civil service, there was still significant room to manoeuvre, challenge and contest the domains they were given. State media contributed to Pakatan's ability

to showcase its policies to the voting public, creating a reified entity. It became easier for party actors and supporters to identify with and commit to a distinct culture and value system, which improved their *value infusion* internally within party members and supporters, while also adding to the public *reification* of the coalition.

It is important to distinguish between the “good governance” narrative, successfully promoted by effective use of state media, and the reality of what was practised. Evidence increasingly emerged in the second term of poor public governance practices especially in the case of MBI and CMI, and the use of GLCs for political patronage purposes. While Pakatan exercised some accountability practices, this did not incorporate other aspects of good governance such as ‘legitimacy and voice’, emphasising instead ‘performance’ and ‘direction’. Pakatan’s version of good governance was to ensure financial rewards to state and voter; it did not matter that this came as a result of top-down authoritarian leadership approaches (Penang more than Selangor). The good governance message as displayed to the public was therefore powerful enough for its electoral purposes, which UMNO could not counter.

Mobilising fiscal resources (Chapter 6) was a powerful way of deepening *value infusion* amongst members. Pakatan could now distribute these accumulated resources, adding to its external-facing dimensions of *decisional autonomy* and *reification*. Implementing welfare programmes deepened *value infusion* for Pakatan members and supporters, especially since this was the first time the coalition could materialise what had only previously existed in the form of ideas. In 2008, Anwar Ibrahim had presented his economic vision in two documents, ‘A Malaysian Economic Agenda’ and the ‘KeADILan Manifesto 2008 – A New Dawn for Malaysia’. Amongst the commitments were a “an economic agenda that seeks to assist and affirm all poor Malaysians, regardless of their race”, “a transparent culture of... awarding of government contracts and tenders” and sharing of the country’s wealth, which in Selangor and Penang the coalition demonstrated.

Finally, mobilising institutional and fiscal resources for political party cohesion (Chapter 7) was most useful in deepening the *systemness* of each of the parties. The leadership resource was particularly functional in increasing *reification*, while growth in party finances that in turn contributed to higher allowances for political representatives enhanced their *decisional autonomy*. Appointments of elite and cadre members both deepened the *systemness* of party structures, while sending a strong message to members that loyalty and service reap rewards, and that there was a clear career ladder to ascend. This is not the only means of securing party institutionalisation and establishing strongholds; the case of PAS in Kelantan shows that it is possible within rural states. Here, PAS mobilised resources of state religious

institutions as well as practised patronage and the distribution of party positions (Chapter 4). It is important too to recognise that possession of tangible resources such as access to land and finances was not sufficient; as expanded upon in Chapters 5, 6 and 7, it is clear that the intangible resources of strategic leadership, experience and recruitment of talent were equally crucial in ensuring resources were meaningfully translated into productive outcomes for Pakatan in the states of Selangor and Penang.

One incident may seem to contradict the argument of coalition cohesion, namely that of the dissolution of Pakatan Rakyat in July 2015 following the exit of PAS. However, in the states of Selangor and Penang, PAS continued to maintain state government leadership positions all the way till the 2018 election, a further testament to the coalition's institutionalisation within those states, despite having formally dissolved. This informal, unnamed version of a state-level Pakatan Rakyat co-existed in parallel with the newly formed Pakatan Harapan coalition in September 2015, the latter of which was focused on national-level electoral campaign discussions.

Figure 8.1 below illustrates the changes in institutionalisation experienced by both the individual parties as well as the Pakatan coalition at large between 2008 and 2018.

**DAP (party)**

2008		2018	
<b>Systemness</b> High	<b>Decisional Autonomy</b> Low	<b>Systemness</b> High	<b>Decisional Autonomy</b> High
<b>Value Infusion</b> Moderate	<b>Reification</b> Moderate	<b>Value Infusion</b> High	<b>Reification</b> High

**PKR (party)**

2008		2018	
<b>Systemness</b> Low	<b>Decisional Autonomy</b> Low	<b>Systemness</b> Moderate	<b>Decisional Autonomy</b> High
<b>Value Infusion</b> Moderate	<b>Reification</b> Moderate	<b>Value Infusion</b> High	<b>Reification</b> High

**PAS (party)**

2008		2018	
<b>Systemness</b> High	<b>Decisional Autonomy</b> Moderate	<b>Systemness</b> High	<b>Decisional Autonomy</b> High
<b>Value Infusion</b> High	<b>Reification</b> High	<b>Value Infusion</b> High	<b>Reification</b> High

**Pakatan (coalition)**

2008		2018	
<b>Systemness</b> Low	<b>Decisional Autonomy</b> Low	<b>Systemness</b> High	<b>Decisional Autonomy</b> High
<b>Value Infusion</b> Low	<b>Reification</b> Low	<b>Value Infusion</b> High	<b>Reification</b> High

**Figure 8.1: Changes in Party and Coalition Institutionalisation Between 2008 and 2018**

*Note:*

*Indicators of 'Low', 'Moderate' and 'High' are based on my assessments of interviews and existing literature. The party institutionalisation matrix is derived from Randall and Svåsand (2007). Johnson (2002, p.731) and Tomsa (2008, p.186) in their analysis of Indonesia's parties' institutionalisation have both ascribed numerical scores to each of the four dimensions based on Mainwaring and Scully's (1995, p.17) measuring units (3.0 as the highest score to indicate 'high' institutionalisation, 2.5 'medium high', 2.0 'medium', 1.5 'medium low' and 1.0 'low' institutionalisation). I have chosen not to apply scores to my assessment of the degree of party institutionalisation attained, as it is not this thesis' aim to emerge with a ranking of each party's institutionalisation levels. The primary aim is to demonstrate that there was incremental change in a positively incremental direction over a period in time, which is displayed here.*

Where there were variations among the parties when they started out in 2008, for instance with both PAS and DAP possessing high *systemness* compared to PKR, given their relative advantage of having simply existed for a longer time, all three parties experienced a significant change in that they succeeded in deepening and strengthening themselves on *all four dimensions* by 2018. As described in Chapters 4 and 7, PKR had been deprived of

resources throughout its existence. It was only in 2008 that it emerged clearly that PKR ceased to be the “opposition’s weakest link when its parliamentary representation leapt from a single seat in 2004 to 30 in 2008” (Khoo, 2021, p.4), which increased in the following 10 years. Given its crucial role of being the coalition’s ‘spine’, deeper party institutionalisation of PKR also equated greater coalition institutionalisation for Pakatan.

Thus, for the Pakatan coalition, all four dimensions were high by the end of the decade. It is important to note that by 2018, the composition of the Pakatan coalition was not the same as from when the decade began; PAS was no longer officially part of the coalition. However, as stated above, the party maintained its state-level positions in Selangor and Penang until GE14 in 2018 and had already established strong ties with other party members PKR and DAP at both elite and working levels. There were mutual interests in staying intact as an unofficial coalition, to maintain the state governments in their existing form till the very end. In addition, while Bersatu was a new member of the official coalition by 2018, the reality was that it only joined Pakatan for the purposes of contesting GE14 – and winning nationally – and had little to do with the coalition within the states of Selangor or Penang.

The *reification* dimension stands out as a key feature for both the individual parties and the collective coalition, for it is not necessarily the case that party institutionalisation leads to electoral success. Indeed, in Pepinsky’s (2010, p.977) review on Tomsa’s (2008) book examining how Indonesia’s Golkar institutionalised itself, his critique is that institutionalisation is not sufficiently explained as a causal explanation of the party’s electoral success. My explanation for this phenomenon is straightforward, as below.

### **Resource Mobilisation and Political Party Institutionalisation**

Pakatan’s policy innovations demonstrated through the mobilising of institutional and fiscal resources aided institutionalisation in three distinct ways. First, it built a party and coalition brand that was distinct from other parties, hence distinguishing it from the incumbent BN parties (UMNO in Selangor, Gerakan in Penang). Second, as the coalition acted on this new labelling, this attracted candidates and voters to invest in that label as well, hence imbuing it with meaning (*value infusion*). Third, the beneficiaries of programmatic parties, both individuals and groups, began to develop lasting attachments to the coalition, resulting in deeper rootedness and *reification*. The parties and coalition that were reified in the minds of mass constituents succeeded in securing consecutive electoral victories, enabling them to establish their strongholds at the subnational level. This may also account for why Pakatan,

despite employing similar strategies of political appointments into various state institutions (as pointed out above) as did BN previously, did not alienate its constituents the way BN eventually did. Both *value infusion* and *reification* lie within the ‘attitudinal’ dimension of the political party institutionalisation framework of Randall and Svåsand. Pakatan’s public positioning through a clear, consistent narrative was strong enough for attitudes both internal (members and supporters) and external (voters) to shift in Pakatan’s favour despite the latter engaging in similar practices to some extent.

Federalism, then, can contribute positively to increasing opposition parties’ electoral competitiveness within DPARs. However, opposition parties do not automatically represent democratisation upon taking hold of subnational units, since it is also possible for them to behave in equally authoritarian ways within the state it controls. Pakatan did attempt to behave in democratic ways, for instance by adopting new good governance practices within the legislative (select committees on transparency, freedom of information enactment), and executive (more open procurement), but fell short of fully constructing a system of procedural democracy (Stepan, 1990), especially from the second term onwards, where it too began to practise patronage. Yet throughout its years of controlling the two states, it steadily maintained its practice of distributing resources along *programmatic* as opposed to *particularistic* lines, ensuring constituents were beneficiaries regardless of race or political affiliation.

In Selangor, party factionalism ensued, which ended in the replacement of its Chief Minister. In Penang, great dissatisfaction arose regarding the state government’s increasingly close and compromised relationship with property developers. Neither state government chose to restart local council elections, citing federal intervention, although they could have experimented with pilot elections. Pakatan did not wish to put at risk the council institutions that it now controlled (Weiss, 2020). Pakatan was also unable to follow through on its 30 percent local councilor quota of civil society and industry representation.

At the minimum, Pakatan’s electoral competitiveness presented opportunities for political alternation with the DPAR of BN-UMNO, and this changed Malaysia’s political landscape. Indeed, what transpired in 2008 and the following decade were the beginnings of BN’s deinstitutionalisation, eroding the dominance it had enjoyed up to then. By establishing and maintaining opposition subnational strongholds in Selangor and Penang, Pakatan successfully positioned itself as a serious contender to the incumbent BN.

## 8.4 Conclusion

This chapter has expounded upon the differences between the two states' conditions, and therefore strategies employed by the respective Pakatan state governments. In sum, in Penang we observed DAP domination and greater executive power concentration, greater distance from, and hence, less scrutiny by the federal government, and sharper distinctions between Chinese and Malay communities compared to Selangor. Despite these differences, this did not ultimately change Pakatan's ability to secure subnational strongholds in both states by winning in consecutive election cycles.

Indeed, the similarities still stand out: both states were highly developed and industrialised, had relatively higher levels of urbanisation and a more highly-educated population. This enabled Pakatan to mobilise resources both institutional and fiscal to achieve mass constituent support and political party cohesion. Both states being highly urbanised and developed contributed tremendously to higher revenues – especially through increments in land value – that Pakatan converted into popular social programmes. Institutions like state GLCs and media were especially functional, whilst exercising constitutional control over policy domains allowed Pakatan to demonstrate previously unused autonomy. As parties became more systematised with the absorption of talent, political machinery was enhanced, and ultimately Pakatan achieved institutionalisation in both states. In fact, Pakatan in Selangor and Penang began to imitate each other, following in the steps of best practice in an iterative cycle of inter-state competition (Penang followed after Selangor in practices such as asset declaration, the freedom of information enactment and a 'No Plastic Bag Day'). Such co-operation between the two states allowed for strategic similarities to emerge, in attempts to publicly showcase the Pakatan model as a consistent alternative coalition government.

The incumbent BN at the federal government continued to control an authoritarian regime at the centre and Malaysia's system of highly centralised federalism continued to be in place. Yet, Pakatan successfully mobilised resources upon helming state governments. Federalism therefore contributed to eroding BN's grasp of state largesse, permitting states to be "oppositional", providing alternative policy ideas and deepening political party competition at both state and eventually, federal levels. What were the specific conditions that allowed Pakatan to control these two states?

First, it was important that despite the authoritarian nature of BN at the federal government, its hybrid nature meant it respected the legal and constitutional frameworks governing the country. Having a central government that adhered to Malaysia's institution of

federalism was crucial. In that respect, the institution of the monarchy is relevant; infringing on state rights would be an affront to the Rulers, which no political party would be willing to risk. Second, controlling highly industrialised states allowed Pakatan to amass fiscal resources, which it may not have been able to in rural states. Doing so allowed Pakatan to demonstrate its governing and leadership abilities. Third, controlling states that were either demographically mixed (Selangor) or had a greater proportion of Chinese ethnicity (Penang) allowed it to retain support of its policies that were more multi-ethnic and programmatic, as opposed to being race-based and highly selective.

These factors collectively led to Pakatan's ability to obtain mass constituent support and achieve coalition and party cohesion, both contributing to political party institutionalisation. Securing public support and achieving coalition cohesion was much more complex and complicated in Selangor than it was in Penang, given the demographic differences. The former had more dynamic coalitional (as well as internal factionalism in PKR) politics compared to the latter's DAP. In addition, the public support of Pakatan in Selangor may have had much more to do with the inability of UMNO to coalesce within the state, as well as more national-level politics, given its proximity to the centre. Pakatan in Selangor had to contend much more with Malay politics, such as dealing with the Ruler and navigating the relationship with PAS and its corresponding demands. Penang too had to manage infractions with the Malay community, but through a much more reactive and less layered approach.

The next chapter concludes this thesis by going further afield to compare the case of Malaysia to two other countries and finally offers thoughts on additional research.

## **Chapter 9: Opposition Subnational Strongholds in Comparative Perspective**

*“...Federal features were influential institutions in the promotion of Mexico’s democratic transition. The opening of new electoral spaces at the subnational level allowed opposition parties to enter into competition with the PRI and activated Mexico’s federal system.”*

*(Enrique Ochoa-Reza, 2004, p.292)*

*“With varying degrees of explicitness, the opposition parties (in South Africa) acknowledged that they had found a path for maintaining subnational power in a dominant party system.*

*Thus a new opposition strategy was born.”*

*(Danielle Langfield, 2014, p.299)*

### **9.1 Introduction**

This chapter extends the theory of opposition subnational strongholds, thus far applied to Malaysia, beyond its shores. In doing so, it examines whether the variables explored within the thesis such as federalist guarantees, state levels of development, resource mobilisation and political party institutionalisation are useful measures of understanding opposition party success at the subnational level, in the context of authoritarian systems. There are valuable lessons for political parties – both in government and opposition – from the case of Malaysia that could be useful for other countries; lessons in party and coalition-building, making use of institutional and fiscal resources for constituent and political advantage, thereby increasing political competition.

Following from this comparative perspective, the chapter ends with a section examining post-2018 developments as Pakatan won in GE14 to form federal government, if only for a brief period, and how the preceding 10-year period allowed the coalition to continue its hold on Selangor and Penang, well past its demise at the centre. Finally, theoretical implications and further potential research questions are explored.

### **9.2 Opposition Subnational Strongholds beyond Malaysia**

Opposition parties that take over subnational units within DPARs can mobilise institutional and fiscal resources to achieve mass constituent support, political party cohesion and party institutionalisation, all of which allow them to establish opposition subnational strongholds. To what extent can these arguments be applied in comparative context? This

chapter analyses two other countries in which opposition parties took control of subnational units within dominant party regimes to examine how the theory of opposition subnational strongholds (OSS) can be tested beyond Malaysia, across countries and continents (Latin America and Africa) that have varying levels of authoritarian practices and economic development.

Country	Authoritarian vs Democratic	System of Government	Dominant Party	Opposition Party	Subnational unit controlled by opposition	OSS established?
Malaysia (up to 2018)	Authoritarian	Federation	BN-UMNO	Pakatan Rakyat (later Harapan)	Selangor Penang	Yes
Mexico (up to 2000)	Authoritarian	Federation	PRI	PAN	Baja California Guanajuato	Yes
South Africa (from 1994)	Democratic	Federation	ANC	DA	Western Cape	Yes

**Table 9.1: Variation in Comparative Cases**

While all three cases have in common a dominant party system in which an opposition party took over a subnational unit to demonstrate some form of governing abilities, which contributed to party strengthening, the variation between them is clear. First, South Africa's ANC, while being a dominant party regime, has practised a democratic form of government since its democratic election of 1994. While Mexico was authoritarian up to 2000, its central governments took strategic steps to democratise in the 1990s, which ultimately decentralised politics and empowered subnational-level leadership through local elections and increased representation at the bottom and middle layers.

Second, all are federations and have official constitutions that set out clear demarcations of the administrative responsibility of each level of government. States in Malaysia and Mexico, and provinces in South Africa, have elected governments that are capable of a much wider array of administrative responsibilities than in unitary states. Nevertheless, there is variation here too; while in Malaysia and Mexico state governments can legislate (their ambit is smaller in Malaysia), in South Africa legislating and policymaking is

limited, while administrative management powers are wide, empowered to manage education, healthcare and social services while adhering to centrally-determined norms and standards.

Third, the presence of identity politics is stronger in Malaysia and South Africa, and less so in Mexico. In Malaysia, identity polemics of both race and religion had to be carefully navigated, which opposition parties both took advantage of (in the case of PAS and to a smaller extent, DAP) or attempted to overcome. One, they adopted coalition broadening strategies (adapted from Dettman (2018)'s 'party broadening strategies') by bringing DAP and PAS together in 2008, and two, demonstrating good governance practices and public service delivery quality. South Africa's DA did the same, co-operating with other parties to form coalition governments in several municipalities it won control over, as well as demonstrating a positive governance record in the Western Cape. Identity appeals in and of themselves were a resource too; in Malaysia, PAS strategically mobilised state government control of Islamic institutions (mosques, religious schools, religious centres), harnessing these to build its political party institutionalisation both in Kelantan (from 1990) and Selangor (from 2008).

## **Mexico**

This thesis has referred substantially to Mexico; this section offers a closer examination of opposition parties' strategies, demonstrating that PAN benefited from the country's federalist structure, using subnational wins to project itself as a valid alternative to PRI.

Mexico's Partido Revolucionario Institucional (PRI) maintained hegemonic control of power from its creation in 1929 through 2000. Mexico under the PRI has been classified as a single-party regime by Geddes (1999), a competitive authoritarian regime by Levitsky and Way (2010), a dominant-party regime (Geddes, Wright and Frantz, 2014), and a DPAR by Greene (2016). Freedom House's Freedom in the World Index rated Mexico as "partly free" under the PRI, and it was only classified as "free" starting from 2000<sup>95</sup>. During PRI's time in power, it used its control over public policy to appease voters and strategically undercut the appeal of opponents (Greene, 2007, p.73). As a dominant party, it employed both state intervention and market forces depending on what was necessary at the time, bought support via patronage goods, and repressed opposition activists (Greene, 2007, p.75).

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<sup>95</sup> However, from 2010 onwards, Mexico has been reclassified as "partly free" and has not since recovered its "free" status.

Two main opposition parties existed in the shadow of the PRI as niche parties (Greene, 2007; Dettman, 2018), the National Action Party (PAN) on the right and the Party of the Democratic Revolution (PRD) on the left. PRI's dependence on authoritarian practices, the country's institutional arrangements and uncompetitive economic conditions created significant barriers to opposition parties' ability to organise and develop themselves (Shirk, 2005, p.31). The PRI spent 13 times more than PAN and PRD combined during the 1994 election, with a potential ratio of 20:1, evidence of the major resource disparities between the dominant and opposition parties (Levitsky and Way, 2010, p.11). Greene's (2007) primary thesis is that the PRI persisted precisely because of the party's control over public resources.

The country's institutional structure exacerbated PRI's pre-existing advantages. Mexico's 1917 Constitution outlines the jurisdiction between the central government and its 31 state governments. Like Malaysia, Mexico's federalism was known in the late 1990s as "centralised federalism" primarily because of the subordination of state and local governments to the central government and the executive's domination over the legislative and judicial branches of government. The federal executive was predominantly powerful in most areas including in education, health, agricultural, labour, and food policy (Mizrahi, 1997, pp.1-2, 5). It also exercised discretionary powers to distribute resources and intervene in policy areas at the subnational level. Opposition state governments would have to "come to terms" with this political, legal and financial reality (Mizrahi, 1997, p.3). PAN governors that adopted a confrontational approach with the federal government (like Ernesto Ruffo in Baja California) were financially punished by the centre.

Much like UMNO in Malaysia, the PRI exercised its hegemony through the convenient combination of both its dominant authoritarianism and centralised federation, from which it stood to gain. States and municipal governments were heavily financially dependent on the federal government, which retained 71.2% of total tax revenue, distributing the remaining 28.8% to state and municipal governments. Priorities and guidelines for spending these resources were defined by the federal government without consultation with the states (Mizrahi, 1997, p.6). It was therefore centralised in all three ways: political, administrative and fiscal. While the country remained fiscally centralised, by 2000 there was significant political decentralisation and some administrative decentralisation that took place, enabling opposition parties to increase their competitive positions.

The PRI instituted a series of electoral reforms in 1977, needing to adapt the political system to a fast changing and increasingly restless society, in order to enhance opposition presence and participation while safeguarding its hegemonic position (Ochoa-Reza, 2004). The

reforms opened new spaces for political contestation, allowing opposition parties to gain a foothold in multiple levels of government. New constitutional conditions also created the conditions for free and fair elections. The 1977 reforms were critical as opposition parties now had greater opportunities to compete at the subnational level, had unprecedented access to “political positions, public resources, and the local and national media” and could also provoke political mobilisation whenever cases of electoral abuse emerged (Ochoa-Reza, 2004, p.262).

The democratisation wave took on greater urgency in the early 1980s. In 1982, Mexico faced a debt crisis, which in turn led to domestic economic instability throughout the decade; between 1983 and 1988, total social spending and real wages both fell by 40% respectively. Hence this economic crash was severe, and patronage was only a “temporary analgesic” for the PRI (Greene, 2007, p.92). In 1983, PAN won over a string of victories in northern municipal elections, which “altered the terms of political competition” (Loaeza, 1994, p.111). Although opposition forces were still weak compared to PRI’s dominant national position, by the early 1990s Mexico was negotiating to be part of the North American Free Trade Agreement (NAFTA). The “pursuit of international credibility” led the PRI to exercise restraint in responding to uprising (Levitsky and Way, 2010, p.156) and develop credible electoral institutions, in which it undertook electoral reform, recognising PAN gubernatorial election victories for the first time. This coincided with PAN and PRD’s capacity to mobilise massive protests within their regional strongholds in the early 1990s. Simultaneous to the electoral reforms were decentralisation reforms in which healthcare services were decentralised to states in 1984<sup>96</sup> and education in 1992<sup>97</sup>.

By the early 1990s, PAN and PRD made significant inroads. PAN won three states in the 1994 elections, namely Baja California, Jalisco and Guanajato, and added two more economically important states in the subsequent 1997 elections. In the same year, an opposition coalition made up of the PRD, PAN and two other parties took control of the lower house of congress. By 2000, PRI lost its two-third majority in Parliament, from 73% in 1985 to 52% in 1998, and had to concede to the opposition. PAN correspondingly increased its percentage of party seats from 8.4% in 1976, to 20.2% in 1988, 24.2% in 1997 and 41.6% in 2000. Vicente

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<sup>96</sup> The first healthcare decentralisation efforts began in 1984, which resulted in 14 out of 31 states taking over healthcare services, but studies show that it failed to improve efficiency, increased health inequities and negatively impacted quality. The second wave of decentralisation resumed in 1994, which did increase coverage but inefficiency remained high (Homedes and Ugalde, 2009).

<sup>97</sup> The central government transferred to the 31 states responsibility over basic and teacher education in May 1992 (Ornelas, 1999).

Fox from PAN, who was the governor of Guanajuato, eventually contested and won at the 2000 presidential election with 42.5% of the vote.

The case of Mexico is clear. Democratic and political change took place at the subnational level and there was a renewal of federalism through administrative decentralisation. PAN clearly employed its subnational executive offices as “springboards for the accumulation of victories in (future) races” (Shirk, 2005, p.109; Lucardi, 2016, p.1861) by obtaining access to resources, gaining experience in government and sending the signal that the incumbents can be defeated in elections (Lucardi, 2016, pp.1862-3). PAN adhered to a “municipalisation” strategy of winning subnational office and used them for further victories (Lucardi, 2016). This strategy seemed to work, since by 1998 it had won nine governorships in six states, hundreds of state and local deputyships and over 200 municipal governments, including the most important cities in the country (Shirk, 1999, p.50). How did PAN demonstrate its governing abilities in the states it governed, despite the high degree of administrative and fiscal centralisation? This section focuses on PAN’s opposition subnational strongholds that it successfully established in two states, having won governor positions over two election cycles in Baja California (1989 to 2001) and Guanajuato (1991 to 2001)<sup>98</sup>.

In Baja California, PAN optimised on its first governorship and its “special relationship” with the Mexican president. The strategy was to “close in on the political centre, taking ground bit by bit until it reached the heart of the system” (Valle, 1999, p.79). Its governor undertook several administrative strategies including modernising work processes, restructuring municipal offices and reducing the state budget to increase private sector participation in economic development (Valle, 1999). However, there were several instances of federal-state friction, where PAN contested the share of federal funding provided to the state, criticising the prevalent fiscal centralisation exercised by PRI.

In Guanajuato, PAN mobilised citizen participation in the electoral process, as well as protested local and state fraud, conducted demonstrations, hunger strikes and marches (Shirk, 1999, p.58). Importantly, PAN’s financial base grew as it experienced a growth in party membership, and these allowed the party – especially in the municipality of Leon, the party’s base – to professionalise the party organisationally. PAN governors and mayors in the states and local governments they occupied throughout the country collected a larger proportion of

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<sup>98</sup> PAN controlled Baja California for two terms under the governorship of Ernesto Ruffo (1989-1995) and Héctor Terán Terán (1995-2001); PAN controlled Guanajuato for two terms under the governorships of Carlos Medina (1991-1995) and Vicente Fox (1995-2001).

own revenues than their PRI counterparts<sup>99</sup> (Cleary, 2007; Diaz-Cayeros, 2004; Grindle, 2006; Shirk, 2005). It also emerged with policy innovations that were later adopted by other PAN governments throughout Mexico (Shirk, 2005: p.181), such as the “Citizen Wednesday” program, in which citizens could take their complaints directly to city officials. In Baja California, the administration emerged with a voter identity card that included a photograph, which was later adopted at the federal level (Valle, 1999, p.80).

Despite centripetal tendencies in Mexico, opposition parties were still able to make use of subnational office for political gain and achieve party institutionalisation. In fact, opposition parties had to “demonstrate to their political supporters that they are capable of introducing substantive changes without really having the economic and legal resources to bring them about” (Mizrahi, 1997). How did PAN use their governorships to institutionalise themselves and eventually achieve their subnational strongholds in Mexico?

The electoral reforms that democratised Mexico from the bottom and the federalist structure were ultimately beneficial to PAN. First, electoral reforms were crucial in allowing opposition leaders to occupy governorship positions, with access to resources. Proportional representation at the local, state and federal levels created incentives for opposition parties to build support at the subnational level. Second, they could now engage in negotiation over state and local budget allocations. Such plural negotiations over public policy also gave them greater public visibility, even if they were not responsible for those policy areas (Ochoa-Reza, 2004). Third, it experienced political party institutionalisation through ‘*systemness*’ as it was given access and opportunities to mobilise resources: finances, membership growth, organisational development, and leadership opportunities that were well-demonstrated. PAN brought innovative approaches to public administration, advocated for subnational government autonomy, improved public services, and created new expectations amongst citizens and government officials (Shirk, 2005).

What role did federalism play in PAN’s electoral success at the subnational level, given that administrative and fiscal functions were centrally controlled? The fact that the country was a federation was significant; federal features were influential in opening up Mexico’s democratic space from the bottom. This system was what enabled opposition politicians to contest and assume power in the states, without which multiparty competition would not have been permitted. Thus began an iterative cycle in which opposition governors and leaders

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<sup>99</sup> These policy strategies resulted in the ratio of central to local revenues changing from 70 percent central funding to over 70 percent local funding.

negotiated over public policy, forcing even more electoral and decentralisation reforms. Federalism in Mexico played a critical role in opposition parties' institutionalisation at the subnational level. Similar to Taiwan's mayor Chen Shui-Bian, the governor of an existing subnational unit, in this case Vicente Fox in Guanajuato, eventually went on to win the presidential election in 2000. Both Fox and Chen used their time and experience in office to promote presidential ambitions, which indicate that subnational strongholds can propel opposition parties in dominant party regimes upward into national prominence. These case studies demonstrate the change trajectory that Malaysia would finally undergo in 2018.

## **South Africa**

The African National Congress (ANC) has won every one of the six general elections in South Africa since its first post-apartheid national election in 1994, and is established by scholars as a dominant party regime (Southall, 1997; Giliomee, Myburgh and Schlemmer, 2001). The ANC had successfully built an adept electoral combination of “business elites, the national union organisation and ... both the urban and rural poor who credit the (party) with ending apartheid” (Butler, 2008; Seekings, 2005 in Langfield 2014).

In fact, Southall (1997) draws comparisons between the party dominance of both UMNO and ANC, in which both parties “view themselves as the primary embodiment of an all-inclusive nationalism” and have also simultaneously used “electorally legitimated state power to contest the economic domination of their societies by a non-indigenous minority of citizens on behalf of a much poorer, indigenous majority” (pp.5-6). Indeed, the ANC has over its years in power emerged with a series of affirmative action programmes and policies that have attempted to secure its electoral position within the country, starting from its Reconstruction and Development Programme (RDP), its 1994 election manifesto, which sought to challenge racial inequalities and promote economic growth (Southall, 1997). Since then, it launched its “broad-based black economic empowerment” in 2003, to economically empower all black people to specifically “manage, own and control the country's economy” and to achieve significant decreases in income inequalities (Lee, 2021, p.108). The ANC's wide range of affirmative action policies in higher education, high-levels occupation and skills development, enterprise development and wealth and property ownership (categories adopted from Lee, 2021, pp.118-119) are comparable to Malaysia's UMNO-initiated New Economic Policy (NEP) in 1971, similar versions of which have dominated the country's policy landscape, targeted at elevating the status of the majority Bumiputera community.

There exists, however, a fundamental difference between Malaysia and South Africa. Under the BN, Malaysia operated under a dominant party *authoritarian* regime, whereas South Africa under ANC operated under a dominant party *democratic* regime. Since 1994, Freedom House has classified South Africa as ‘free’ as part of its Freedom in the World Index (Freedom House, 2020). The ANC opposed apartheid, projecting an international image of democracy. Thus elections are free and fair, the Constitution remains unaltered, decisions of the courts are upheld and the principles of majority choice are adhered to (Giliomee, Myburgh and Schlemmer, 2010). Although there have been accusations of the relationship between business and corruption, legal restraints on formal opposition “are not different than standards applied in other democracies... the ANC’s approach to opposition outside of the party, while not friendly, does not reach authoritarian levels” (Langfield, 2010, p.123).

While the ANC has an “ideological and institutional lock” (Giollabhui, 2018, p.147) on South African politics, this has declined, most evidently from 2009 onwards, corresponding with the opposition’s steady gains, especially at the subnational level. The main beneficiary has been the official opposition, the Democratic Alliance (DA). After winning only 1.7% of the national vote in the 2004 election, the DA overwhelmingly increased its share to win 16.66% of the national vote in 2009, 22.2% of the national vote in 2014 and has only fallen slightly to 20.77% in the most recent national election in 2019. Importantly, the DA steadily increased its popularity from the bottom; when Helen Zille took over as the DA party leader in 2007, she was already mayor of Cape Town (Southern, 2011), the capital of the Western Cape, which the DA in coalition with smaller parties won in the 2006 municipal election.

Indeed, the DA went on to take over the Western Cape province, winning the 2009 provincial elections with 51.46% of the vote (22 out of 42 seats). This increased even further in the 2014 provincial elections, where the DA won 59.38% of the vote in the Western Cape, winning 26 out of 42 seats. Most significantly, in the 2016 municipal elections, the DA won in Johannesburg (South Africa’s largest city), Tshwane (which includes Pretoria, South Africa’s administrative capital), Cape Town (which includes South Africa’s second largest city and the legislative capital), and Nelson Mandela Bay (named after Nelson Mandela, South Africa’s freedom fighter and a black majority city). Its performance took a slight hit in the 2019 provincial elections, but it still retained the Western Cape.

A critical analysis of the DA’s subnational performance requires an understanding of the political, administrative and fiscal structure of South Africa. The country is divided into nine provinces, which themselves are divided into metropolitan and district municipalities. Government representatives are elected at national, provincial and municipal levels of

government (Forum of Federations)<sup>100</sup>. Political decentralisation exists, in which municipal elections as the third tier of government secure the positions of local-level legislatures and executives, who have authority over a range of administrative and fiscal responsibilities.

Under the ANC, the national government initiated administrative decentralisation by requiring provinces to provide education and health services, while adhering to nationally-set minimum standards (Southall, 1997, p.15). The Constitution of the Republic of South Africa 1996 lays out the administrative responsibilities of each level of government; both the national and provincial governments have concurrent jurisdiction over most policy matters including agriculture, health services, environment and housing. Local governments have control over a wide range of functions including municipal-level planning, health services, and public transport, whereas provincial governments have limited exclusive legislative competence, for instance over provincial-level planning and traffic (Constitution of the Republic of South Africa, 1996). Although substantive, because the central government sets out standards and norms for all provinces, in reality they have very limited policy creativity and legislative space<sup>101</sup>. As the important functions of education, health services and social welfare are concurrently shared with the national government, provinces do not have exclusive control over them. However, it is implementation that sets them apart, where provinces implement national policy but in which national ministers of education and health have relatively limited powers to actually supervise provinces. As a result, provinces are in charge of the management of large budgets, administering hospitals and schools, and are responsible for the employment of thousands of healthcare and education workers<sup>102</sup>.

The Intergovernmental Fiscal Relations Act 1997 enabled provincial governments to receive a greater share of revenue allocations. While this provided greater fiscal flexibility to provinces, they are still highly dependent on the national government for transfers. In 2014, transfers from the national government made up 96.6% of total provincial revenue (National Treasury, 2014, in The Institute of Race Relations, 2014). However, unlike provinces, with the exception of poor rural municipalities that depend on national transfers, urban municipalities

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<sup>100</sup> Each provincial legislature elects a Premier who acts as one of the special provincial representatives to the Council of Provinces. The Premier has the power to appoint a provincial cabinet and provincial ministers (known as the Executive Council and Members of the Executive Council respectively).

<sup>101</sup> “These national norms, standards and policy frameworks were intentionally designed to prevent the high levels of inequality that apartheid perpetuated, to ensure there were checks on any one province that wanted to do its own thing away from the national mandate. It is cooperative and not competitive federalism, so it is about mutual trust and cooperation”, Interview with Dr. Vinothan Naidoo, University of Cape Town, South Africa, 1 March 2021.

<sup>102</sup> Interviews with Prof. Roger Southall, Wits University, 16 March 2021 and Dr. Vinothan Naidoo, University of Cape Town, 1 March 2021 (South Africa).

are responsible for most of their own revenue collections, including property rates and service charges. National-municipal transfers and conditional grants also exist, based on an equitable share formula (The Institute of Race Relations, 2014). Hence there is a recognition that in practice, there exists a form of “asymmetric federalism”, where the richer provinces enjoy greater powers and capacity to perform, relative to the poorer provinces that experience direct central government intervention (Southall, 1997, p.15). The key facet of the financial relationship is that having received central transfers, provinces can make decisions over both the allocations of funds between the national departments that they run and the functions of these departments<sup>103</sup>. South Africa therefore has a relatively high and stable degree of political, administrative and fiscal decentralisation, providing positive conditions to allow opposition parties that take over provinces and municipalities to demonstrate governing abilities.

Langfield (2014) has recorded how the DA has gained by winning important subnational offices and then creating a governance record that it uses to win new supporters. The DA’s governing record of South Africa’s largest municipality Cape Town since 2006, as well as of the Western Cape province since 2009, has been a key strategy in increasing its electoral support at municipal, provincial and national levels between 1994 and 2016. This strategy involved “creating a model of opposition efficacy” (Langfield, 2014, p.299). This demonstration of a good track record points towards the fact that “voters do want direct evidence” of parties’ abilities to govern, over and beyond election campaign promises (Langfield, 2014, p.307). As provinces have limited policy roles, where the DA could set itself apart was by trumpeting its record in financial governance, demonstrating itself as more credible, responsible and a less corrupt manager of public resources compared to the ANC.

It is important also to draw out ethnic voting patterns, also comparable between South Africa and Malaysia. In South Africa’s racially defined ethnic politics, the ANC remains the primary beneficiary of non-white voters (which form more than three quarters of the population). As the official opposition, the DA has enjoyed the support of primarily white and particularly Afrikaner voters. Nevertheless, Southall (2001, p.277) points out that after the DA’s 2009 provincial election victory in the Western Cape, both the white and coloured community regarded the DA as their home party. The DA succeeded by bringing together the majority of the two racial minorities in the Western Cape. For example, the DA has consistently received support of over 70% of the coloured, Indian, and white population within the Western

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<sup>103</sup> Interview, Prof. Roger Southall, Wits University, South Africa, 16 March 2021.

Cape, and only less than 9% of the Black vote, consistent with national voting patterns (Democratic Alliance, 2019), signifying that race still matters.

While this is true, what the DA has been able to demonstrate is that its good governance and performance legitimacy track record was able to “cut across other cleavages” to overcome the problems of fragmentation typically faced by opposition parties in dominant party systems (Langfield, 2014, p.308). A former Gauteng provincial legislative assembly person from the DA confirmed this (Southern, 2011, p.291); the DA in coalition with other minority parties showed both white and coloured voters that it was able to deliver clean, efficient services in Cape Town. Voters’ actual experience of such service delivery capability drew the coloured community to support the DA in the Western Cape, which had more of a base to begin with. For instance, the Western Cape consistently outperforms the other eight provinces in terms of access to piped water, sanitation, and electricity (South African Institute of Race Relations, 2014)<sup>104</sup>. The DA’s experience mirrors that of the Pakatan coalition in Selangor and Penang; providing the electorate with real, lived experiences of the efficient services delivered allowed both these national oppositions operating within dominant party systems the opportunity of setting a good example of an alternative government.

How did institutional control of the Western Cape – as well as of multiple municipalities within the Western Cape and in other provinces – contribute to its own party institutionalisation? Giollabhui’s (2018) research reveals that the DA was practically bankrupt in 2005, but after 2009, through access to private resources and a strategy of professionalising the party organisation, a new “corporate apparatus” was set up (p.158) to transform its fundraising and financial management, strategic planning and budgeting, human resources and more. Crucially, she emphasises that this “re-engineering” – which also included a strategic pivot away from identity towards issues – would not have been possible without the DA having its subnational footholds. Similar to Pakatan in Selangor and Penang, the DA now had positions to distribute to party members, demonstrable leadership opportunities, and because of that, the ability to now attract and secure private funding (p.161).

Hence the DA too mobilised resources it now had access to within the Western Cape: institutional resources in the form of administrative control over key policy areas such as

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<sup>104</sup>On all three counts, households in the Western Cape had higher achievements in basic services compared to the other provinces. For example, 100% of households in the Western Cape had access to piped water, matched only by Gauteng; 94.8% of households in the Western Cape had access to a functioning basic sanitation facility; and 85% of households in the Western Cape had electricity. Gauteng was the province with the second highest achievements in all three services. Source: South Africa Survey 2014/2015 (South African Institute of Race Relations, 2014).

education and health services, a good governance record, civil servants and state apparatus; Fiscal resources in the form of central transfers to provinces and municipal-collected revenues it could demonstrate efficient use of, and abilities to attract private funding; these resources contributed directly to the DA's party institutionalisation especially in the dimensions of *systemness* and *decisional autonomy*. Demonstrating good governance allowed the DA to improve its dimensions of both *value infusion* amongst party members and supporters, and its *reification* among constituent voters. Despite facing a dominant party regime at the centre, the DA successfully established an opposition subnational stronghold within the Western Cape, now well into its third election cycle. The case of South Africa confirms this thesis' argument that opposition parties within federalist systems, when they take control of subnational units, can make use of pre-existing constitutional guarantees to mobilise subnational resources that eventually contribute to political party institutionalisation, which allow them to establish subnational strongholds in dominant party systems.

This is despite federalist systems in which provinces do not have substantial policy and legislative space to enact laws. Having a management and implementation role allowed the DA to differentiate itself from the ANC. In South Africa, provinces have powers to implement and manage nationally-set policies over a wide range of areas but limited exclusivity to create new laws and policy.

Did it make a substantial difference that the ANC was democratic, unlike the other comparative cases of UMNO in Malaysia and PRI in Mexico? In Taiwan, the KMT was an exception as an authoritarian party that "conceded to thrive" (Slater and Wong, 2013) given its resource domination, and did not attempt to destabilise their opposition-led Democratic Progressive Party (DPP) local governments. Both UMNO and the PRI did intervene politically in their respective opposition-led state governments, making it more challenging for the opposition to govern in a stable manner. Hence as a democratic regime, greater administrative, political and fiscal decentralisation can afford greater autonomy to the opposition party. Second, the ANC in respecting the rules of the game without destabilising the DA-led provincial government provided for an ideal environment in which the DA could govern the Western Cape with minimal intervention, allowing the opposition party the full opportunity to demonstrate their governing and administrative abilities. Yet, the DA has not been able to use its subnational stronghold within the Western Cape to take over control of other provinces, nor make substantive inroads into the national legislature. While federalist guarantees and access to resources are important, this does not necessarily mean that opposition parties will always be able to win at the national level as there are other factors involved.

Beyond the two country comparators in this thesis, it is useful to examine other countries such as India and Brazil, both of which are also federal systems, with varying degrees of centralisation. Although not authoritarian regimes, opposition parties there have made inroads at the subnational levels. For example, Selangor and Penang's social welfare programmes are remarkably similar to what some popular chief ministers in Indian states have done. Tamil Nadu's Jayalalitha provided free bottled water, 'Amma' canteens and laptops for students (Fernando and Jayaraman, 2018; Narayan, 2018). India's state governments, however, went further to "creatively rebrand central schemes as state government programmes" (Tillin and Pereira, 2017, p.343), which Pakatan did not practise. Importantly, autonomous subnational elections also contributed to the decentralisation of credit claiming for social policy (Tillin and Pereira, 2017, p.330). Provision of social welfare programmes allows opposition parties to clearly distinguish themselves from the ruling coalition at the centre. Opposition parties could perform even better with deeper administrative, fiscal and political decentralisation.

Additionally, it would also be useful to examine in greater depth non-federated and therefore unitary systems such as Taiwan, which was ruled by the DPAR of KMT up to 2000, and one of the richest political parties in the world, accumulating an estimated net worth of US\$5 billion in 1998, resources of which the party made liberal use of to support its candidates in elections at various levels of government (Templeman, 2012). Yet, the main opposition, the DPP, made successful inroads at the subnational level, securing more than 40% of the vote for the executive position in 10 cities or counties in the 1989 local election, most of which were in urban areas<sup>105</sup> (Rigger, 1999). By 1997, the DPP was able to win 12 out of 20 county and city executive elections, half of which were won via pluralities (Templeman, 2012). It was hence was able to make use of its control over local office to achieve subnational gains despite Taiwan being a unitary and not federated system. What was of significance to the DPP's experience was that there were executive elections at the local level, and that these local-level elected representatives had opportunities to demonstrate their governing abilities. Political decentralisation facilitates opposition parties within DPARs to establish a good governing record, even in the absence of administrative or fiscal decentralisation. In the DPP's case, winning local elections was imperative as it was able to soften its party image. By heading municipalities and counties, they could demonstrate that they could provide better public

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<sup>105</sup> These were the Taipei County, Ilan County, Taoyuan County, Hsinchu County, Taichung County, Changhua County, Tainan County, Kaohsiung County, Pingtung County and Keelung City (Yang Tai-shuenn, Elections (*Xuanju*), Taipei, Yung-jan Cultural Publishing Ltd, 1991, p. 274, in Rigger, 1999).

services, delivering better local governance. Further research would be required to compare more deeply between federated and non-federated systems to establish the extent of autonomy that federalism provides in allowing opposition parties to truly challenge incumbent DPARs.

The variation in cases explored in this thesis enables the teasing out of different dimensions that matter, in how opposition parties establish strongholds within DPARs. Extending this to more comparative cases would allow a further refinement of the way in which these dimensions have an impact on how opposition subnational strongholds are established.

### **9.3 The Rise and Fall of Pakatan Harapan: GE14 and beyond**

In the GE14 of May 2018, the Pakatan coalition rose to power at the federal government. Would the BN government have been toppled in 2018 if not for Pakatan having governed at the state level for a decade, proving itself as an alternative government? There have been multiple reasons put forth for the reason BN fell; there was a combination of factors that came together in a ‘perfect storm’. First, the elite split of UMNO and the new party Bersatu, led by former Prime Minister Mahathir Mohamed, joining the Pakatan coalition cannot be overlooked as a significant reason that led to the swing in votes. Indeed, his ability to obtain votes from “the country’s ethnic Malay majority and to overcome interference by UMNO-aligned institutions was portrayed as vital” (Ostwald and Oliver, 2020). Second, Pakatan championed a host of issues, not just on its performance record it had achieved within Selangor and Penang. Among these, it had promised to abolish the Goods and Services Tax (GST), which it accused as being the chief cause of the rising cost of living – upon coming into power, it did abolish the GST and replaced it with the sales and services tax (SST). Another the major corruption scandal of 1MDB, which was the main feature of its pre-election campaign public rallies. There is no denying that these were among the key reasons contributing to the watershed event.

Nevertheless, it is clear that both states were considered a “testing ground for ideas” where if they could do it in Selangor and Penang, why not the rest of the country, and were used as “ammunition for debates and discussions with constituents in Kuala Lumpur to convince them or at the national level across the country, “gave us the credibility and a track record of governing the two most industrious, industrialised and richest states in Malaysia”, which was in turn used to “communicate at a national level, particularly informing the (GE14 election) manifesto what had worked well in Selangor and Penang to assess whether (these) could be applied across the board” (Interview, Fahmi Fadzil, 20 September 2019). As such,

“when Pakatan Harapan announced their manifesto, it looked like a mirror of Selangor” (Interview, Director Ibrahim Suffian, 3 October 2019).

Indeed, PH’s GE14 national election manifesto contained the word “Selangor” seven times and “Penang” three times, in drawing on policies and programmes implemented in those states that it promised to replicate if it won at the federal government level. The PH national manifesto committed to implementing the following programmes that had already been implemented in either Selangor or Penang: a marriage cash incentive, a primary healthcare card for poor households, a Hindu *wakaf* board, and free or subsidised higher education (Pakatan Harapan, 2018). Separately, the PH state-level manifestos for other states such as Johor, Kedah, Pahang and Terengganu also included promises to implement programmes that were already in place in either Selangor or Penang<sup>106</sup>.

Interestingly, PAS that contested solo once again having left from the Pakatan coalition in 2016 also included many programmes that were being implemented in Selangor or Penang in its state-level manifestos, mainly because some of these programmes were also being executed in Kelantan, its base state<sup>107</sup>. In fact, it was extremely challenging for PAS to campaign in Selangor in GE14, given the awkward position it was in, having been part of the state government for the entire decade from 2008 to 2018 but contesting against the very coalition it was part of previously. Hence a PAS Exco member shared that it was difficult to talk about his accomplishments during the election campaign, when these were seen as the accomplishments of the Pakatan government and not his party’s<sup>108</sup> (Interview, Iskandar Samad, 17 January 2020).

Subnational governing experience certainly contributed positively, even if a direct causal effect cannot be established. An alternative way of viewing the value that these opposition subnational strongholds provided to the opposition in its federal victory is that the

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<sup>106</sup> The PH manifestos for the following states included commitments to implement exact policies and programmes already being executed in either Selangor and Penang, as follows: Johor (open tender, free water, healthcare card for poor households, cash aid for the elderly, cash aid for tertiary education students); Kedah (cash aid for the elderly, chronic disease and dialysis fund, special women’s fund, taskforce to resolve land-related problems); Pahang (cash aid for the elderly, cash returns to children born in the state at the age of 18, microcredit schemes for youth and entrepreneurs); Terengganu (setting a minimum wage, building affordable housing, provision of free education). (Source: PH state manifestos, 2018).

<sup>107</sup> The PAS manifestos for the following states including these commitments that were being implemented in either Selangor or Kelantan, as follows: Kedah (free water); Kelantan (free Wi-Fi); Malacca (cash incentives for every child, free Wi-Fi); Negeri Sembilan (dialysis treatment, affordable housing); Pahang (cash aid for tertiary institution students, the elderly and newborns); Perak (cash aid for newborns, dialysis treatment); Terengganu (free water, entrepreneur fund, cash card for basic amenities).

<sup>108</sup> “During the campaign, PAS had its own manifesto for Selangor, but I felt that it was difficult to raise what we had done. For example, if I said something about what we had done in the area of housing, PKR would also say the same thing since they were the ones in government at the time” (Interview, Iskandar Samad, 17 January 2020).

electoral turnover at the state level – alongside the opposition’s abilities to stay in power – was part of the overall transition towards change. Hence, “for 2018 to happen, (there) had to be a transition and a shift in the mindset of people... the change in the state governments (was) an outcome of that transition, (which was) not a cause, but it amplified the path to change.” (Interview, Tony Pua, 25 November 2019) After May 2018, leaders from both states were catapulted to national level, filling in important positions ranging from minister and deputy ministerships to aides and GLC appointments throughout the federal government’s vast institutional complex.

GE14 also resulted in the fall of several state governments from BN to PH, where PH expanded its state-controlled list from holding just two to seven states, BN’s states fell from eight to two, and PAS increased its hold from its sole state of Kelantan to also winning over Terengganu<sup>109</sup>. Pakatan improved in its performance in both Selangor and Penang, as displayed in the table below, which is significant since PAS left the coalition and was predicted to have eroded Malay support for PH.

Year	Selangor Parliamentary Seats			Selangor State Seats		
	BN	PR/PH	PAS*	BN	PR/PH	PAS*
2008	44%	55%	-	44%	56%	-
2013	39%	59%	-	39%	59%	-
2018	21%	64%	15%	22%	63%	14%

Year	Penang Parliamentary Seats			Penang State Seats		
	BN	PR/PH	PAS*	BN	PR/PH	PAS*
2008	37%	63%	-	41%	59%	-
2013	32%	68%	-	32%	68%	-
2018	23%	69%	8%	22%	67%	10%

**Table 9.2: Vote share of Barisan Nasional (BN) and Pakatan Rakyat (PR), later Pakatan Harapan (PH) in the Parliamentary and State Elections in Selangor and Penang (2008-2018)**

*Source: Author’s calculations based on 2008, 2013 and 2018 Malaysian General and State Election Data obtained from Wong Chin Huat and Danesh Pravash Chacko, August 2020.*

*Note: Some rows may not necessarily add up to 100%, as some vote share was taken up by other contesting parties. This table only displays vote share of BN, PR/PH, and in 2018, PAS.*

*\*PAS contested together with PR in the 2008 and 2013 general elections, but as a separate party in the 2018 general election.*

<sup>109</sup> PH won in Selangor, Penang, Kedah, Perak, Negeri Sembilan, Malacca and Johor, and Sabah was taken over by the PH-aligned Parti Warisan Sabah. BN won in Perlis and Pahang, whilst a BN-aligned coalition won in Sarawak. PAS won over Kelantan and Terengganu.

However, just a short 22 months after it ascended to the federal government, the PH government fell after its prime minister Mahathir Mohamad resigned. A new political coalition comprising Bersatu, UMNO and PAS was formed, Perikatan Nasional (PN). The fact that the Pakatan coalition itself fell apart in 2020 may indicate that the coalition was not indeed cohesive, as argued in the thesis. However, as Chapter 8 points out, Bersatu joined the coalition only for the purposes of winning GE14 at the national level, and had little to do with the Pakatan coalition's level of institutionalisation in 2018. The institutionalisation of Pakatan, as referred to in this thesis, has more to do with the core parties of PKR, DAP and then-PAS, as at 2018<sup>110</sup>.

Despite four states (Malacca, Johor, Perak and Kedah) changing hands from PH to PN, both Selangor and Penang remained stable, surviving the national-level storm. Selangor's situation is of particular interest, since of the original 50 seats that PH had, 21 were held by PKR, and former Chief Minister Azmin Ali defected from PKR to PN. Yet Pakatan continued to hold 41 out of 56 seats. Pakatan's opposition subnational strongholds in both states allowed it to develop deep, unshakeable roots, through resource mobilisation as described in Chapters 5, 6 and 7. Further, it has continued to maintain its control of Negeri Sembilan, a less developed state but one that borders Selangor, in a demonstration of diffusion effects (as described by Lucardi, 2016, of PAN's experience in Mexico in winning subnational units), as a result of strategically party-building from the bottom.

It is also relevant to note that the two state elections of Johor and Malacca saw a significant swing in voter sentiment to BN, away from Pakatan. It is likely that Pakatan had not the sufficient time necessary to mobilise resources within each of these states, before they were very quickly destabilised (both the Johor and Malacca state governments had already changed hands immediately after the Sheraton Move).

In Selangor and Penang, in contrast, Pakatan had already mobilised resources effectively for over a decade, achieving political party institutionalisation. Indeed, the party institutionalisation literature does suggest that parties do institutionalise over time. Specifically, substantial allocations were given to its state assemblypersons, which grew steadily over the decade. As politicians ultimately require funds to serve their constituencies, it would have been risky to defect away from the ruling state coalition and lose valuable constituency funding. Positions within the many state GLCs, local councils, and other quasi-bureaucratic agencies in Selangor and Penang were also financially rewarding and secure.

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<sup>110</sup> In 2020, PKR, DAP and Amanah (the party that split from PAS) continue to be in coalition together.

Changing sides in the middle of a term would have put personal positions at risk. Pakatan controlled a strong majority within both Selangor and Penang state governments and would be unlikely to fall; resource incumbency matters (see Yeoh, 2021 for a more detailed analysis).

While PH fell at the federal government level, the coalition stood unwaveringly in helming the two states in which they had already established as strongholds for the preceding decade, weathering the political turmoil of 2020 and beyond. Hence, although its electoral success of spring-boarding from state to national level was short-lived, the central arguments of this thesis not only hold true, but have been in fact strengthened by political developments since 2018.

#### **9.4 Theoretical Implications and Further Research**

The literature has established that opposition parties within DPARs are typically deprived and starved of a range of resources including institutional (access to the media, civil service, state institutions) and fiscal (access to budgets, finances for party strengthening). As a result, they lack the means to organise and institutionalise themselves, relative to the ruling incumbent party. The central argument in this thesis is this: opposition parties can reduce such resource asymmetries by gaining control at subnational level, and by so doing increase their political party institutionalisation and improve electoral performance against the ruling party. This sheds new light on Greene's (2007) theory of how dominant parties fall, in which he described the dominant parties' loss of control of public resources – typically as a result of economic crises – as the primary method of the dominant party's descent and correspondingly the opposition's ascent. This thesis has provided an alternative explanation, where resources accessed and effectively mobilised that are accessed from the subnational level too erode dominant parties' control over resources. This alternative explanation is applied also to Mexico in the comparative cases section, the country Greene analysed in great depth.

*How* opposition parties go about doing so had been less established in the literature to date, where although some scholars have identified the ways in which opposition parties use governing from the bottom as stepping stones to achieving national recognition, this has not been extensively researched as a primary tool available for opposition parties within DPARs, or hybrid regimes more broadly.

Hence, one major contribution of Malaysia's case is the recognition that federalist guarantees can contribute meaningfully to opposition parties seeking to broaden their appeal and achieve better electoral performance and political party institutionalisation, even in highly

centralised systems. Most scholars of dominant party systems place less emphasis on federalism as a functional system, as they believe dominant ruling parties' behaviour of disregarding the rules and suppressing the opposition therefore render any institutional forms as meaningless. Whilst true that authoritarian regimes have been shown to disregard federalist rules previously, for instance by withholding developmental funds from opposition governments, the Pakatan coalition's experience in Malaysia is that *even* minimalist federalism can be counted on to produce positive results if the opposition can effectively mobilise whatever minimal resources *are* available. What is key is that players respect the rules of the game, which is especially relevant to hybrid regimes in which DPARs do desire some form of legitimacy to their rule. This provides an alternative view to scholars in comparative politics who believe that autocrats at the national level design institutions to offer limited policy concessions (Lust-Okar, 2005; Gandhi and Lust-Okar, 2005; Svulik, 2012) and hence are dismissive of the potential benefits of federalism.

The comparative exercise indicates that Malaysia's opposition was under additional constraints and was harder pressed to emerge with good performance results. The opposition parties of the other two countries operated under more favourable conditions: Mexico experienced a series of political reforms in the 1980s and 1990s that permitted democratisation from the bottom, which Malaysia did not experience. The opposite was true, where under BN, Malaysia experienced a reversal of democratic reforms, as more legislations were introduced to suppress the freedom of speech and media in the country. Despite some pressure to restore democratic local government elections, the federal government took pains to ensure this did not happen. The DA in South Africa also existed under more favourable democratic conditions, and its federalism rules, governed by the national constitution, were strictly adhered to. Second, it also went through fiscal and administrative decentralisation in the 1990s, allowing provinces to administer significant policy areas with minimal intervention from the centre. Malaysia's opposition operated within a regime that was highly centralised politically, administratively and fiscally, and yet was still able to mobilise state-level resources to its advantage.

This thesis therefore affirms the analytical claims that several federalism scholars had made: that federalism can contribute to democracy because of the institutional structures that contain a system of checks and balances, and they can distribute and decentralise government authority and administration (Young, 1941; He et al, 2007). Even in federations that are undemocratic, there is greater capacity for provinces to be oppositional since at the very minimum, opposition parties have the capacity to control and govern states. Increasing policy

and electoral competition has contributed to Malaysia's democratic consolidation, hence federalism and democracy do have a positive reinforcing relationship.

Unfortunately, the inter-party competition also became more Malay-centric; as BN became more radically Malay-centred in its "Rikerian offence" practice, as it felt it needed to improve its prospects by taking a more radical stance on a 'traditional issue dimension' (Greene, 2008; Washida, 2019). This was particularly the case because UMNO had no strong candidate and had already tried to appeal to Chinese voters to no avail in 2013, which was a turning point<sup>111</sup>. Pakatan too looked for ways to deepen and increase Malay support especially in the lead-up to the 2018 election. Here, controlling rich states was useful where Pakatan could direct and mobilise resources towards initially a broad-based electorate, and then later towards these targeted segments of the community. Further, the literature on party strength and federalism demonstrates that decentralised systems generally weaken national parties, but this thesis indicates that when opposition parties take control of states, national parties can also be weakened under centralised systems.

The case of Malaysia contributes several other meaningful perspectives of how institutional and fiscal resources are mobilised when oppositions take over subnational units, demonstrating that the resource mobilisation theory can be aptly applied in the context of party politics. This thesis offers a systematic approach into the resource mobilisation undertaken by opposition parties, where *institutions* of the state bureaucracy, state GLCs, state media, state policy domains and good governance narrative are employed, and the framework of the accumulation and distribution of *fiscal* resources (especially land-based resources) are employed. The distribution of welfare-based programmes as a means of gaining popular support, or the "monetisation of consent" (Saravanamuttu and Maznah, 2020) was utilised substantially by both state governments, and this was very well-received as indicated by poll results. These resources were mobilised effectively and by the end of the two terms, the opposition had a positive track record of good governance that they amplified across the country<sup>112</sup>. By 2013, Pakatan had already "repositioned itself as a coalition that ... would

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<sup>111</sup> "People were telling (Najib) on the ground that the Chinese were willing to support 1Malaysia. It was a full... towards being more liberal, getting a new economic model, GTP, ETP, everyone benefits. After that, there was a clear shift towards focusing on the Malay votes... he was rebuffed and he recoiled and became Najib Part 2. A lot of people in the party were like, you tried to hug the Chinese who didn't vote for you. If you continue down this more liberal trajectory, we're going to throw you out... (Najib's) own position in the party was threatened" (Interview, Khairy Jamaluddin, 10 February 2020).

<sup>112</sup> In 2016, 60% of Selangor residents polled were satisfied with their local government public services; 63% of them agreed that the waste management collection was improved from the previous government; 44% indicated the free buses would increase their support for the Pakatan state government in Selangor (Institut Darul Ehsan,

deliver policies in a transparent and accountable manner” (Gomez, 2016, p.578). This framework of resources can be adopted in the future when analysing how opposition parties are able to challenge the incumbent parties at the subnational level.

Importantly, this thesis identifies the specific ways in which these resources are used for the benefit of the political opposition. As elaborated upon in Chapters 5 through 7, the Pakatan coalition in Selangor and Penang deftly mobilised institutional and fiscal resources to achieve mass constituent support and political party cohesion. Chapter 7 specifically focused on how the absorption of new talent, enhanced political machinery, demonstration of leadership and growth in party finances contributed directly to improving political party and coalition systems. In unprecedented fashion, the opposition from 2008 to 2018 was able to counter BN’s tactics of “packing, rigging and circumventing” (Slater, 2003) by packing its own loyalists into state-level institutions and quasi-bureaucratic positions and accessing resources that had hitherto been circumvented. Pakatan hence engaged in patronage practices (distribution of jobs, offering subsidies, goods and services).

Finally, these strategies and methods adopted by the Pakatan coalition led to the process of party and coalition institutionalisation. The “mobilise to institutionalise” method was efficient and impactful. The opposition both individually and collectively within the coalition experienced institutionalisation as a result of controlling the two states through the four dimensions of *systemness, decisional autonomy, value infusion and reification* (Chapter 8). Of the four, reification was crucial in occupying a distinct presence in the public imagination. The resource asymmetry

The main theoretical implications of this thesis are as follows. First, dominant parties operating authoritarian regimes within federalist systems as opposed to unitary states would stand to be cautious, since subnational governments can be taken over by opposition parties, which may erode incumbent dominant parties’ positions. The opposite is true, that opposition parties in federations around the world especially when operating within hybrid regimes can take cognisance of and draw inspiration from the examples of Malaysia and Mexico, in making use of even minimal inroads into state governments to demonstrate performance legitimacy and democratise from the bottom up. Incumbency is crucial; taking control of a subnational government permits access to resources and these resources are also what perpetuate continued hold on power in a cycle of mutual reinforcement. They can also use these platforms to agitate

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2016). 61% of respondents were satisfied with overall performance in the Petaling Jaya City Council (Merdeka Centre for Opinion Research, 2010).

for even greater reforms, whether at the state or federal levels, and to call for greater political, administrative and fiscal decentralisation, which would add to their advantage. Hence, federalist systems seem to offer more democratisation opportunities, especially within DPARs.

Nevertheless, it may be challenging to extend this finding to *all* authoritarian regimes, since incumbent dominant parties controlling such regimes win because they deploy a wide range of other practices to preserve the status quo, such as unfair electoral practices and repressive legislation to suppress fundamental freedoms. It would be difficult to imagine that opposition parties within Russia, for example, would stand to benefit from federalist guarantees to establish subnational strongholds. Indeed, this has never happened. But herein lies the strength of Malaysia's case. Prior to 2008, and with the exception of PAS in Kelantan, the ability of opposition parties to do so would have been unimaginable. It required the coming together of multiple factors, which has not yet aligned for some authoritarian regimes. However, the fact that subnational resource mobilisation was possible for opposition parties within *some* authoritarian federations like Malaysia and Mexico is a valuable finding.

Second, upon coming into power at subnational level, opposition parties should strategically mobilise available resources. Resources come in multiple forms; the thesis has expounded at length on institutional and fiscal resources, but also recognises (Chapter 4) that identity resources are equally impactful, which PAS mobilised for many years in Kelantan, and Pakatan did too in both Penang and Selangor to some degree. Access to religious institutions is crucial especially in rural parts of the states. The case of Malaysia finds that leadership does matter; the two Chief Ministers of Selangor had different leadership styles, the former doing well in accumulating fiscal resources and the latter in distributing these, both resulting in varied political advantages. In Penang, the Chief Minister adopted a strong leadership approach and ensured media visibility at all times. The incumbent ruling parties at federal level did attempt to suppress and destabilise the two state governments, but the leaders resisted strongly.

Third, opposition parties that control subnational governments allow the establishment of grassroots relationships by connecting with villagers, communities, residents and the breadth of societies and associations that previously would have no reason to connect with unelected politicians. These are tremendously valuable networks, which previously only UMNO would have had access to in Selangor, and Gerakan in Penang. The new state governments uprooted old networks, supplanting them with new individuals loyal to the new political coalition. Controlling the networks means also controlling distribution of resources downwards, and influencing political decisions.

Finally, opposition subnational strongholds having been established can become springboards for the opposition to be propelled to national level, having had opportunities to demonstrate governing abilities.

Some questions, however, remain unanswered. The first is with regards to why opposition parties that win at least once in states cannot stay on, hence failing to establish subnational strongholds. In Chapter 4, I offer an explanation based on the states' particularities of not having an identity cleavage that is deep enough, or not being highly developed and urbanised enough to offer the opposition party extensive resources it can then mobilise to its advantage. But which of these factors plays the biggest role in securing opposition party institutionalisation at the subnational level? My thesis has only established the direction of this relationship, namely *that either identity or developmentalist resources contribute positively to establishing opposition subnational strongholds*, but further research will be required to identify the magnitude of these factors, and therefore rank them in sequential order of importance and degree of contribution.

Second, to what extent do federal interventions to destabilise opposition-led state governments impact upon the ability of the opposition to maintain their subnational strongholds? This thesis implies that *the greater the quality or quantity of resources available for opposition parties to mobilise, the more likely it is they can resist federal interventions*. However, this is highly dependent on how attractive the state is to the dominant party in power; and the more resources there are, the more likely it is the incumbent wants to contest and take the state back. This question has not been extensively explored and requires further research.

Third, a more extensive study specifically focused on the comparative nature of the two political parties UMNO and PKR would be warranted. This is because the study has revealed that the resource mobilisation methods adopted by the Pakatan coalition have similarities with what has been practised for decades under UMNO. Although not entirely the same – UMNO practised more particularistic patronage approaches whereas PKR was more programmatic – there are similar patterns. Comparing PKR and UMNO is apt, since the two largely emerged from the same political mould, which Chapter 8 addresses but not deeply enough. For example, the bulk of party-related funds are channelled to division heads, who then determine how funds are distributed. Such a study would reveal the methods employed by both parties in distributing resources from the headquarters to their respective state offices and downwards.

Fourth, would there have been reverse effects had Pakatan performed poorly? If opposition parties that take control of subnational units do not mobilise resources successfully despite having had access to them, would they be able to institutionalise and establish

strongholds? ‘Failed’ cases were examined in Chapter 4, but there has not been an example of opposition taking over the richer states of Selangor and Penang previously to compare against. Research on other countries would be warranted in further studies.

Finally, further research extending these arguments to a larger number of countries will be required to test the argument of this thesis. First, it should be extended to analyse opposition parties within more federations that are ruled by dominant parties controlling democratic regimes (India until 1977), and federated hybrid regimes (Pakistan, Ethiopia, Venezuela, Russia). Second, the theory that federalist systems outweigh unitary systems when it comes to opposition party advantages at the subnational level should be extended to other countries that practise unitary systems, since opposition parties can come to power at local government even in highly centralised authoritarian unitary systems (such as in Indonesia under the New Order). While this thesis has concluded so, extensive comparative research of unitary systems – especially highly decentralised ones with subnational units possessing greater governmental powers, such as Taiwan under KMT (until 2000) – would be valuable. The remaining challenge of course is that there exist very few highly decentralised authoritarian systems (federated or unitary), which makes testing this particularly difficult.

## **9.5 Conclusion**

Under DPARs, opposition parties and civil society organisations systematically confront an uneven playing field. This thesis has demonstrated through the case of Malaysia, and applied in other country comparators in this chapter, that there are conditions which can change this. When such parties operate within a federation, federalist and constitutional guarantees contribute to opposition parties gaining political advantages through access and mobilisation of resources. Second, taking over control of highly developed and industrialised states contributes positively since they are able to translate these resources into appealing programmes that win over mass support. These resources collectively benefit the individual parties and coalition by allowing them to go through a process of institutionalisation. As they create more opportunities for themselves to govern well, the credibility of a good governance record allows them to eventually, when strategically executed, establish opposition subnational strongholds. In some instances, these strongholds become stepping stones to reach national acclaim, which Pakatan eventually achieved in 2018, albeit briefly.

This thesis has contributed a deeper understanding to the study of DPARs, opposition parties, federalism and party institutionalisation. More specifically, it has developed a theory

of how opposition parties establish subnational strongholds within DPARs, and it is hoped this can be usefully applied in other similar or dissimilar systems around the world further afield.

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## Appendices

### Appendix A: Interview Documents

#### Participant Information Sheet



#### **Title of Study: Opposition Subnational Politics in Dominant Party Authoritarian Regimes: The Pakatan Coalition in Selangor and Penang from 2008 to 2018**

You are invited to be interviewed as part of a research study. Before you agree to take part, it is important to understand why the research is being done and what it will involve.

Please take time to carefully read the following information. Please ask me if there is anything that is not clear or if you would like more information.

#### **What are the aims of the research?**

The research aims to examine the strategies and policies employed by the Selangor and Penang state governments while being governed by the opposition coalition Pakatan Rakyat (later Harapan) between the years 2008 and 2018. It is hoped that this study will provide insight into how state-level resources were optimised over the ten-year period, and the relationship between the state governments and political coalition governing these states.

#### **Why have you been chosen?**

You have been invited to be interviewed because you have the relevant experience and expertise in relation to the title of my research project.

#### **What will you be asked to do?**

You will be asked to be interviewed for not more than two hours, and you can choose to end the interview any time if you wish without giving any explanation.

#### **What will happen to the information I provide?**

Your responses may be quoted in the researcher's doctoral thesis or other publications. However, you can choose not to have your identity revealed by informing the researcher before the interview begins, and if so, all information you provide will be anonymised and your name will be kept confidential. Any recordings or transcriptions will be kept securely.

## Participant Consent Form

**Project Title: Opposition Subnational Politics in Dominant Party Authoritarian**

**Regimes: The Pakatan Coalition in Selangor and Penang from 2008 to 2018**

Researcher: Tricia Yeoh [sdsxy1@nottingham.edu.my](mailto:sdsxy1@nottingham.edu.my)

Supervisor : Prof. William Case [William.Case@nottingham.edu.my](mailto:William.Case@nottingham.edu.my)

Ethics Approval Reference Number: FASS2019-001/PHIR/YSW20020460

### Consent

Please tick the box that applies below.

I agree to have my name included as part of the interview.

I would prefer not to have my name included as part of the interview.

I have read this participant information sheet and I have enough information to make an informed decision about taking part in this study.

I agree to take part in an interview for this study and I understand I am free to withdraw from the study at any time.

I consent to take part in this project after considering the information provided.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**THANK YOU FOR YOUR PARTICIPATION**

If you have any questions or concerns, please don't hesitate to contact the student's supervisor, Prof. William Case at [William.Case@nottingham.edu.my](mailto:William.Case@nottingham.edu.my). If this does not resolve

the query to your satisfaction, please write to the Administrator to FASS Research Ethics Committee ([FASSResearchEthics@nottingham.edu.my](mailto:FASSResearchEthics@nottingham.edu.my), 03-8924 8742) who will pass your query to the Chair of the Committee.

**Appendix B: Interview Methods Table**

<b>INTERVIEWEE</b>	<b>STATUS</b>	<b>SOURCE</b>	<b>SATURATION</b>	<b>FORMAT</b>	<b>LENGTH</b>	<b>RECORDING</b>	<b>TRANSCRIPT</b>
<b>Category 1 Local government councillors: Selangor</b>			<b>Yes</b>				
Derek Fernandez (MBPJ councilor)	Conducted in person 16/6/2019	Sample frame (all)		Semi- structured (all)	1 hr 46 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)
Mak Khuin Weng (MBPJ councilor)	Conducted in person 25/9/2019				1 hr 25 mins		
Cynthia Gabriel (MBPJ councilor)	Conducted in person 16/10/19				1 hr 12 mins		
Teh Chi-Chang (MBPJ councilor)	Conducted in person 12/11/19				1 hr 20 mins		
Lee Khai Loon (MPS councilor)	Conducted in person 12/10/19				1 hr 36 mins		
<b>Category 2 Local government councillors: Penang</b>			<b>Yes</b>				
Lim Mah Hui (MBPP councilor)	Conducted in person 5/12/19				54 mins		Transcript available (all)

Ong Jing Cheng (MPSP councilor)	Conducted in person 9/12/19	Sample frame (all)		Semi-structured (all)	56 mins	Audio-recorded; concurrent notes (all)	
Francis Loh (MBPP councilor)	Conducted in person 5/12/19				1 hr 17 mins		
Anonymous (MPSP councilor)	Conducted in person 10/12/19				53 mins		
Joshua Woo (MBPP councilor and Aide to MP, Penang)	Conducted in person 29/11/19				1 hr 32 mins		
<b>Category 3 State government bureaucratic officials: Selangor</b>			<b>Yes</b>				
Nik Nazmi Nik Ahmad (MB's Pol Sec)	Conducted in person 10/9/19				1 hr 4 mins		
Faekah Husin (MB's Pol Sec)	Conducted in person 30/8/19			Semi-structured (all)	2 hr 12 mins (these two interviews were conducted together)	Audio-recorded; concurrent notes (all)	Transcript available (all)
Arfa'eza Aziz (MB's Press Sec)	Conducted in person 30/8/19						

Azrul Azwar (MB's Economic Advisor)	Conducted in person 17/9/19	Sample frame (all)			1 hr 23 mins		
Rohany Talib (MBI COO)	Conducted in person 18/9/19				1 hr 58 mins		
Ooi Lee Kean (MBI Admin)	Conducted in person 10/9/19				53 mins		
Yin Shao Loong (MB's Comms)	Conducted in person 1/10/19				1 hr 25 mins		
Hilman Idham (MB's Aide)	Conducted in person 15/1/20				1 hr 12 mins		
Khalid Jaafar (MB's Economic Adv)	Conducted in person 9/10/19				1 hr 12 mins		
<b>Category 4 State government bureaucratic officials: Penang</b>			<b>Yes</b>				
Anonymous (CMI)	Conducted in person 7/12/19				1 hr 17 mins		
Yap Lee Ying (CM's Press Sec)	Conducted in person 11/12/19			Semi- structured (all)	1 hr 6 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)

Cheong Yin Fan (CM's Media Aide)	Conducted in person 4/12/19	Sample frame (all)			1 hr 49 mins		
Andrew Yong (CM's Legal Adv)	Conducted in person 26/9/19				58 mins		
Anonymous (Exco Member's Aide)	Conducted in person 7/12/19				1 hr 13 mins		
<b>Category 5 State government civil servants and staff: Selangor</b>			<b>Yes</b>				
Norzaton Ahmad (MB's Private Sec)	Conducted in person 24/9/19				2 hrs 9 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)
Noordin Sulaiman (State Financial Officer)	Conducted in person 26/11/19	Sample frame (all)		Semi-structured (all)	1 hr 34 mins		
Anonymous (MBI)	Conducted in person 15/11/19				1 hr 8 mins		
<b>Category 6 State government civil servants: Penang</b>			<b>No</b>				
Bharathi Suppiah (CMI GM)	Conducted in person 6/12/19	Sample frame		Semi-structured	1 hr 3 mins	Audio-recorded; concurrent notes	Transcript available

<p><b>Category 7</b> <b>State government political officials:</b> <b>Selangor</b></p> <p>Elizabeth Wong (Exco Member)</p> <p>Ronnie Liu (Exco Member)</p> <p>Amirudin Shari (Exco Member)</p>	<p>Conducted in person 3/10/19</p> <p>Conducted in person 6/9/19</p> <p>Conducted in person 18/10/19</p>	<p>Sample frame (all)</p>	<p><b>Yes</b></p>	<p>Semi-structured (all)</p>	<p>1 hr 48 mins</p> <p>1 hr 32 mins</p> <p>1 hr 16 mins</p>	<p>Audio-recorded; concurrent notes (all)</p>	<p>Transcript available (all)</p>
<p><b>Category 8</b> <b>State government political officials:</b> <b>Penang</b></p> <p>Chow Kon Yeow (Exco Member)</p> <p>Phee Boon Poh (Exco Member)</p> <p>Zairil Khir Johari (CM's Pol Sec; MP, Penang)</p> <p>Liew Chin Tong (MP, Penang)</p>	<p>Conducted in person 6/12/19</p> <p>Conducted in person 4/12/19</p> <p>Conducted in person 5/12/19</p> <p>Conducted in person 7/10/19</p>	<p>Sample frame (all)</p>	<p><b>Yes</b></p>	<p>Semi-structured (all)</p>	<p>53 mins</p> <p>52 mins</p> <p>1 hr 3 mins</p> <p>43 mins</p>	<p>Audio-recorded; concurrent notes (all)</p>	<p>Transcript available (all)</p>

Afif Bahardin (Exco Member)	Conducted in person 10/12/19				33 mins				
<b>Category 9 Political officials: PKR (both states)</b>			<b>Yes</b>						
Saifuddin Nasution (PKR Sec-Gen)	Conducted in person 21/11/19	Sample frame (all)		Semi- structured (all)	1 hr 48 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)		
Fahmi Fadzil (PKR Information Chief)	Conducted in person 20/9/19				1 hr 8 mins				
Yusmadi Yusoff (MP, Penang)	Conducted in person 3/10/19				1 hr 24 mins				
<b>Category 10 Political officials: DAP (both states)</b>			<b>Yes</b>						
Tony Pua (MP, Selangor)	Conducted in person 25/11/19	Sample frame (all)		Semi- structured (all)	1 hr 5 mins	Audio-recorded; concurrent notes	Transcript available		
Ong Kian Ming (MP, Selangor)	Conducted over email 11/1/20; follow-up conducted in person 4/3/20				Follow-up: 40 mins			Audio-recorded; concurrent notes	Transcript available
	Conducted in person 21/11/19				35 mins				

Medaline Chang (Information Officer)	Conducted in person 19/11/19				50 mins	Audio-recorded; concurrent notes	Transcript available
Wan Hamidi (Information and Media)							
<b>Category 11 PAS (both states)</b>			<b>No</b>				
Dzulkefly Ahmad (MP, PAS)	Conducted over WhatsApp 14/4/20	Sample frame (all)		Structured	N/A	None needed	Transcript available (all)
Iskandar Samad (ADUN, PAS)	Conducted in person 17/1/20			Semi-Structured	1 hr 15 mins	Audio-recorded; concurrent notes	
<b>Category 12 Political opposition (both states)</b>			<b>Yes</b>				
Khairy Jamaluddin (MP, UMNO)	Conducted in person 10/2/20	Sample frame			33 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)
Shahril Hamdan (Candidate, UMNO)	Conducted in person 7/1/20	Sample frame		Semi-structured (all)	52 mins		
Budiman Zohdi (ADUN, UMNO)	Conducted in person 4/1/20	Snowball			1 hr 14 mins		

Koh Tsu Koon (Former CM, Gerakan)	Conducted in person 9/12/19	Sample frame			2 hrs 16 mins		
Lee Kah Choon (Former Gerakan)	Conducted in person 10/12/19	Sample frame			1 hr 9 mins		
Toh Kin Woon (Former Gerakan)	Conducted in person 27/12/19	Sample frame			1 hr 57 mins		
<b>Category 13 State government institutional advisors or staff: Selangor</b>			<b>Yes</b>				
Nathaniel Tan (Media Advisor)	Conducted in person 2/9/19				49 mins	Audio-recorded; concurrent notes (all)	Transcript available (all)
Chan Kok Leong (Selangor Times)	Conducted in person 13/9/19	Sample frame (all)		Semi- structured (all)	1 hr 20 mins		
Sheridan Mahavera (SelangorKini)	Conducted in person 21/9/19				1 hr 34 mins		
Ibrahim Suffian (Advisor)	Conducted in person 3/10/19				1 hr 13 mins		
Edmund Bon (MBI Legal Advisor)	Conducted in person 11/10/19				1 hr 14 mins		

<b>Category 14 State government institutional advisors or staff: Penang</b>			<b>Yes</b>				
Lee Kah Choon (GM of PDC)	Conducted in person 10/12/19	Sample frame (all)		Semi- structured (all)	1 hr 9 mins	Audio-recorded; concurrent notes	Transcript available
Saifuddin Nasution (PKR Sec-Gen)	Conducted in person 21/11/19				1 hr 48 mins	Audio-recorded; concurrent notes	Transcript available
Anonymous (Penang State)	Conducted in person 8/12/19				1 hr 30 mins	Audio-recorded; concurrent notes	Transcript available
Altaf Deviyati (Penang Institute)	Conducted in person 2/10/19				1 hr 34 mins	Audio-recorded; concurrent notes	Transcript available
Ooi Kee Beng (Penang Institute)	Conducted in person 17/12/19				1 hr 15 mins	Audio-recorded; concurrent notes	Transcript available
Kenneth Cheng (Penang Institute)	Conducted in person 3/9/19				50 mins	Not recorded; notes taken	Transcript available
Anonymous (Former Officer of PDC)	Conducted in person 20/11/19				1 hr 20 mins	Audio-recorded; concurrent notes	None available

<p><b>Category 15 Independent: Media/Civil society/Industry</b></p> <p>Susan Loone (Malaysiakini)</p> <p>Anonymous (CSO, Penang)</p> <p>David Chua (Businessman, Selangor)</p>	<p>Conducted in person 6/12/19</p> <p>Conducted in person 10/12/19</p> <p>Conducted in person 3/8/19</p>	<p>Sample frame (all)</p>	<p><b>Yes</b></p>	<p>Semi- structured (all)</p>	<p>1 hr 2 mins</p> <p>1 hr 22 mins</p> <p>1 hr 20 mins</p>	<p>Audio-recorded; concurrent notes</p> <p>Audio-recorded; concurrent notes</p> <p>Not recorded; notes taken</p>	<p>Transcript available (all)</p>
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