Transparency International's Report and National Election Results: Case of 14th Malaysian General Election 2018

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Abstract: Corruption in politics is the biggest challenge to the entire world. A myriad of local and international reports suggest that a number of politicians have attempted to frustrate the ideals of the nation state, subvert the rules of law, find and exploit loopholes in the system, and use political power to keep the executive subordinate. A study by Transparency International (TI) in 2016 concludes that one in three citizens feels that corruption is one of the biggest problems in his or her country while 53% of the respondents believe that their governments are doing poor jobs in combating corruption in the public sectors. Also, one in three citizens perceives that Member of Parliament and government officials are seen as the 'most corrupt' while three out of five say that big businesses and wealthy individuals have undue influence into the political processes. The objective of this study is to investigate the relationship between TI reporting and the outcome of a general election, vis-a-vis a case study on the 14th Malaysian General Election 2018. Latest estimate from TI indicates that the amount of economic losses due to bribery in government procurement worldwide which includes allocation for national general election is at least USD 400 billion per year. For corrupt politicians, staying in power by subverting the democratic election process is a mean of perpetuating their corrupt practices and preventing or escaping from criminal investigations and persecutions.

Keywords: Transparency International (Malaysia), Corruption Perception Index, Malaysian 14th general election, National Front (BN).

I. INTRODUCTION

The outcome of 14th Malaysian general election on May 9, 2018 delivered a shocking defeat to the incumbent government who has ruled Malaysia since independence in 1957. The National Front (also known as BN), the predecessor of Alliance Party formed by then Tunku Abdul Rahman, was defeated by a simple majority in the Malaysian Parliament.

An opposition coalition was formed on 22nd September 2015 (also known as Pakatan Harapan or PH) and led by former Malaysian Prime Minister Tun Mahathir Mohamad. This coalition consists of People Justice Party (PKR), Democratic Action Party (DAP), Pribumi Bersatu Malaysia Party (PPBM) and Amanah Negara Party (PAN). PKR and DAP are the older among these four parties, representing the backbone of the coalition.

Table 1: Malaysia National Election Result 2018

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State	PH	NF	Pas	Warisan	Bebas	Solidarity	Total
Perlis	1	2	0	0	0	0	3
Kedah	10	2	3	0	0	0	15
Kelantan	0	5	9	0	0	0	14
Terengganu	0	2	6	0	0	0	8
Pulau Pinang	11	2	0	0	0	0	13
Perak	13	11	0	0	0	0	24
Pahang	5	9	0	0	0	0	14
Selangor	20	2	0	0	0	0	22
WP Kuala Lumpur	10	0	0	0	1	0	11
WP Putrajaya	0	1	0	0	0	0	1
WP Labuan	0	1	0	0	0	0	1
Negeri Sembilan	5	3	0	0	0	0	8
Melaka	4	2	0	0	0	0	6
Johor	18	8	0	0	0	0	26
Sabah	6	10	0	8	0	1	25
Sarawak	10	19	0	0	2	0	31
Total	113	79	18	8	3	1	222

The result of Malaysia's 14th General Election (Table 1) sees PH winning a simple majority of 113 out of 222 seats. BN won 79 seats, 47 seats through UMNO, 2 through MIC and 1 through MCA in Peninsular Malaysia; 13 through UN, 3 through PRS, 2 through PDP and 1 through SUPP in Sarawak; as well as 7 through UMNO, 1 through PBS, 1 through PBRS and 1 through UPKO in Sabah.

PAS also won 18 seats while Free and Solidarity each won 3 and 1 seat respectively (Election Commission, 2018). The results of the Malaysian 14th General Election also saw the failure of PAS's strategy, an Islamic based party, to force a three corner against PH and NF, losing heavily in Western Peninsular but manage to retain Kelantan and wrestled Terengganu from NF.

This study is aimed at investigating the correlation or degree of association between Transparency International's Corruption Perception Index (CPI) and Malaysia election results from 1959 through 2018.

II.   LITERATURE REVIEW

According to the *political business cycle theories*, the ruling political party especially the incumbent purposely implements feel-good policies before an election (Nordhaus,1975; Rogoff and Sibert,1988 and Rogoff,1990). Earlier studies have pointed out that election-motivated politicians tend to manipulate macroeconomic variables in their pursuit for re-election. For instance, they propose an increase in governmental expenditure at the cost of public investment with the objective to boost short-term GDP growth before an election.

Governmental projects with monetary consequences are frequently introduced before an election not just to promote economic performance but to win heart and mind of the voters. Corruption in the public sector is expected to be especially pronounced before election because interest groups know that politicians are keen to gratify the needs of their constituencies

and may solicit bribes. Electoral motives have been shown to cause politicians to allocate public funds inefficiently (Finan and Mazzocco, 2016).

The work of Vadlamannati (2015) shows that the number of corruption cases would increase during a 'regular election' against an 'early election' in India. The incidence of 'swing' states is much more prevalent in a regular election. The study concludes that election-motivated politicians are more likely to invest monetarily to manipulate electoral outcome.

Sidorkin and Vorobyev (2018) find that corruption perceived by firms would increase at the end of regional governors' terms in Russia. Their dataset includes some 5,000 firms in 37 Russian regions over the period 2008-2012. The study finds that governors were especially active in corruption activities when they knew that their terms were about to expire or when they feel that they would not be re-appointed.

2.1   The Malaysian's 14th General Election – The Scenario.

Historically, Alliance Party (the predecessor of BN) consists of UMNO, MCA and MIC was quite a successful political entity winning general elections since 1959. Table 2 illustrates the historical performance or the success story of BN until the 14th general election.

Table 2: Historical Performance of BN

General Election	Seat Won	Total Seat	% Total Seat	Type
GE1 - 1959	74	104	71.15%	2/3 Majority
GE2 - 1964	89	104	85.58%	2/3 Majority
GE3 - 1969	74	144	51.39%	Simple Majority
GE4 - 1974	135	154	87.66%	2/3 Majority
GE5 - 1978	130	154	84.42%	2/3 Majority
GE6 - 1982	132	154	85.71%	2/3 Majority
GE7 - 1986	148	177	83.62%	2/3 Majority
GE8 - 1990	127	189	67.20%	2/3 Majority
GE9 - 1995	162	192	84.38%	2/3 Majority
GE10 - 1999	148	193	76.68%	2/3 Majority
GE11 - 2004	199	219	90.87%	2/3 Majority
GE12 - 2008	140	222	63.06%	Simple Majority
GE13 - 2013	133	222	59.91%	Simple Majority
GE14 - 2018	79	222	35.59%	Loss

Table 2 presents some interesting findings. Out of the 14 general elections so far, BN won ten with a 2/3 majority, followed by three victories with simple majority but lost the 14th General Election in 2018. Precursor to the 14th General Election, there were abundance of forecasts and predictions about the impending BN victory. It is rather odd or something that is against the norm thinking of the unfavorable outcome for BN. To name a few, a renowned Economics professor by the name of Jomo Kwame Sundaram made a public statement that the National Front or BN under the leadership of Prime Minister Najib would retain his power in the upcoming 14th General Election (Malaysiakini, 2017). On June 20, 2017, Liew Chin Tong (a DAP strategist) revealed that non-Malay support to the opposition coalition had dropped significantly from 85% to 65% in the Malaysia 13th General Election. He admitted that BN was weak but PH was still lacking of public confidence and do not stand a good chance to win the upcoming election (The Edge, 2017).

In spite of 1MDB financial scandal and the popularity of Tun Mahathir in leading the opposition pact, Najib was still seen safe and in good control over his coalition. The political and strategic co-operation between Najib and Abdul Hadi (PAS

President) in designing a three-cornered fight in all 222 Parliamentary seats was believed to be an effective strategy for BN to win the Malay-majority seats in the 14th Malaysia General Election. This strategy was proven to be a winning formula in the 13th General Election and expected to produce a favorable result again in the upcoming 14th General Election. The 1MDB financial fiasco did not get the "political traction" from the Malay voters in rural areas because of the complexity of the case while part the urban voters was wary of Tun Mahathir using the opposition coalition to secure power (East Asia Forum, 2017).

Sivamurugan (2018) concurs that voters' sentiments would still remain with BN due to an incoherent opposition pact and the strengthening of Najib's position in the government after removing Muhyiddin Yassin and Shafie Apdal from his cabinet due to their disagreement of 1MDB's case management.   Mohd and Muhamad (2018) also advocate that East Malaysia would always become a 'Vote Bank' for the BN as both Sabah and Sarawak have been BN's strongholds since the formation of Malaysia in September 1963.

It is important to point out that several reputable think tanks and policy institutes in Malaysia have revealed that their studies are directing towards BN's another victory in 2018. In March 2018, Michael Yeoh from Asian Strategy and Leadership Institute (ASLI) predicts that BN would win by securing at least 125 seats and up to the maximum 140 seats in this 14th General Election (ASLI, 2018). In April 2018, Ibrahim Suffian from Merdeka Center asserts that Malay voters in certain states would not help PH defeat BN as his study predicts that PH needs additional 14% new support from the Malay voters on the back of existing 20% existing Malay support. He also postulates that PH has no problem at all in retaining its dominance in Selangor and Penang but capturing other Peninsula's states could be challenging. On 8 of May 2018, Ibrahim Suffian reiterates in his latest survey involving 1,579 registered voters that BN would secure another victory in Malaysia 14th General Election whereby BN would garner 100 seats against PH 83 seats in Peninsula Malaysia (The Star, 2018).

There is one question that remains unanswered. Why are those predictions turning out bad and fail to explain BN's shocking defeat? It will be interesting to study the relevant data that help explain the turn of such an important event.

III. DATA AND METHODOLOGY

Published data from Transparency International's Corruption Perception Index (CPI) is used to measure perceived corruption in Malaysian public sector from 1995 till 2019. Historically, CPI is a Transparency International's report produced by a reputable German Non-Governmental Organization (NGO) which is based in Berlin. Their first report was published in1995 and updated annually. At present, Transparency International ranks 180 countries worldwide on a scale from 100 to 0.00. Those countries that score high CPI is perceived as least corrupt in relation to their counterparts. CPI is compiled and governed by Transparency International that draws a survey from businessmen, country experts, international institution and local populace to report their feedback on the extent of perceived corruption in their respective country.

3.1 Variables and Estimated Model

It is clear that the data sources of CPI are extracted from Transparency International reports, which are published by an international NGO. In the meantime, the dataset of Malaysian general election results (from 1959 to 2018) are sourced from several local electoral studies to illustrate the track records or the performance of BN since the first general election in 1959. Some of the raw data are also obtained from the official website of the Malaysian Election Commission (EC). The election results are based upon the number of seats won by BN divided by the total number of Malaysian parliament seats contested. It is important to note that this study is preliminary in nature and due to unavailability of credible data, there is no empirical or estimated model put up in this study. As such, the methodological approach solely relies on Pearson Correlation functions and the results are discussed in detail in the following sub-sections.
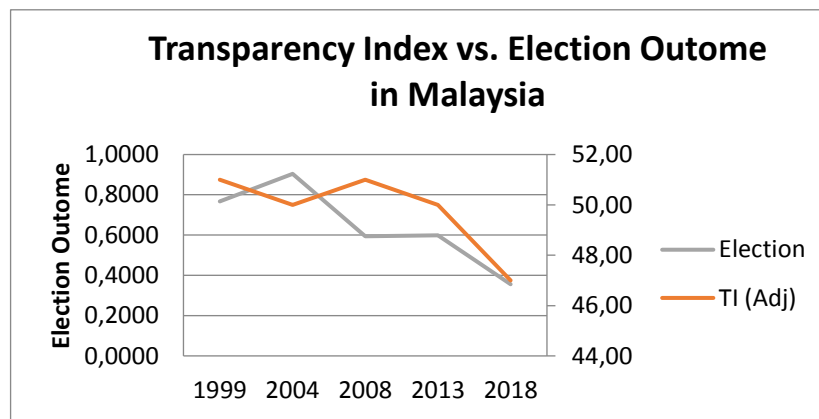
3.2 Pearson Correlation Function

The Pearson correlation function is applied to investigate the degree of association between TI corruption perception index and the Malaysian general election results from 1999 till 2018. The dataset only begins in 1999 due to unavailability of CPI on the right time in 1995. The Malaysian 9th General Election was held on 24 April, 1995 and the CPI data was not available at that point in time.

IV. RESULTS AND ANALYSIS

4.1 Descriptive Statistics

This section discusses the data distribution and the trend lines of both data series. Graph 1 below clearly indicates that the downtrend of both variables. The two data series seem to move in unison and strong correlation is expected between them. Analyzing from this downward trend, one can deduce that this is an early signal pointing out at a potential adverse effect of upcoming general election in Malaysia.

Graph 1: Election Results vs. Corruption Perceptions Index (TI)

Table 2 demonstrates the descriptive statistics of the sample data. It is evident that the mean CPI remains below 0.50 level indicating Malaysia is relatively a corrupt country in South East Asia. With respect to voters' confidence, the mean CPI is hovering around 64% which triggers a clear sign that the 2/3 majority or the 75% confidence vote is no longer possible over the short haul.

Table 1: Descriptive Statistics

Variable	N	Mean	Std Deviation	Max	Min
CPI (TI)	5	49.8000	1.6431	51	47
Election Result	5	0.6441	0.2062	0.9041	0.3559

From the trend lines and descriptive statistics, one can deduce that BN is about to confront another challenging task in gaining voters' confidence in the next general election due in 2023. Although the standard deviation of CPI is rather marginal, it is advisable for BN to consider this index as an important leading indicator. Looking at the standard deviation of the Election Result, this study finds that it is rather wide and BN must work hard to close the gap.

4.2 Pearson Correlation Analysis

Table 2 below presents the Pearson Correlation results for the two tested variables. The degree of association between them is rather high at 69% but its p-value is high at 0.1957 (greater than alfa 5%). As such, the null hypothesis cannot be rejected and this result suggests that there is an absence of significant correlation between CPI and Election Result.

Table 2 – Pearson Correlation Coefficients
H_0: Rho = 0.00 (P-value)

Variable	TI	Election
TI (CPI)	1.00	0.6917 (0.1957)
Election Result	0.6917 (0.1957)	1.00

Since 1999 general election, BN had experienced a gradual decline in the number of seats they won. As soon as Mahathir resigned from premiership in 2003, the general public gave a new hope on a new leadership led by Abdullah Badawi. As a result, BN enjoyed a landslide victory 2004 general election.

Table 3: Election Results and Malaysia Premiership

Year	Mean CPI	Election Result	Premiership
1999	52.02	0.7668	Mahathir
2004	49.60	0.9041	Abdullah
2008	50.75	0.5946	Abdullah
2013	46.20	0.5991	Najib
2018	49.00	0.3559	Najib

The declining support for BN has been identified since 2009, but this down-trend remains unchecked by both Abdullah and Najib. In consonant with the continuing decline, this study associates public's perception with corruption cases that have increased steadily since 2010.

This study basically highlights public sentiment, particularly Malaysian voters who understand the national issue and the gravity of corruption cases nationwide. Not only corruption practices are detrimental to public governance but it is also very damaging to the long-run process of nation building. Practically, the only way out is for the public to neutralize a corrupt government from power.

V. CONCLUSION

The fate of BN in the14[th] Malaysia General election was sealed on 9th of March 2018. Despite the existence of a three-cornered fight and incumbency advantages, BN succumbed to a shocking defeat. The victory of the opposition coalition is attributed to Tun Mahathir's charismatic leadership (Case, 2008). As a whole, BN's defeat is mainly contributed by voters' rejection to Najib's corrupt administration and a misguided election strategy which focuses more on racial and religious sentiments rather than good public governance. The opposition's approach of pitching non-Malay leaders and non-corrupt

non-Muslims is believed to be a much better strategy than BN. Besides, the new votes among the youngsters are believed to be one of the contributory factors that has ended BN's 60 years grip to power. The 14th Malaysian General Election is indeed a turning point to Malaysia's political landscape and more surprises are anticipated in the future.

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