Natural resources are materials or substances like petroleum, minerals, forests, water and fertile land that occur in nature and can be used for economic gain (Chichilnisky 1996: 136). The two main schools of thought on the relationship between natural resource wealth and political stability are the ‘resource curse’ school and that of the ‘rentier state’. Proponents of the resource curse hypothesis claim that states with an abundance of natural resources have a tendency towards political instability, and this will most likely result in civil war. With such an abundance of natural resources, there is both a motive and opportunity for conflict. This may thus indirectly create instability as a result of institutional or economic factors (Basedau and Lay 2009: 757).

On the other hand, the theory of the rentier state suggests that natural resource wealth may contribute to the consolidation of political control and stability (Dunning 2005: 452). In a rentier state, the economy is dominated by rents from abroad, earned mainly through the exporting of natural resources. In such states, the presence of natural resources offers a valuable political opportunity (Sloane-White and Beaulieu 2010: 389). The theory of the rentier state argues that in a rentier economy, the state’s main role is to distribute rents. In such regimes, states use the revenue from abundant resources to ‘buy off’ peace. This is done through several methods, namely, repression, external support, patronage and large-scale distributive policies. Hence, it would be likely that these rentier regimes would be comparatively more politically stable and less inclined to conflict (Basedau and Lay 2009: 757–61).

Malaysia is blessed with an abundance of natural resources: ground rich with ore, vast deposits of oil and gas underground, tropical forests lush with valuable timber, and soils fertile for agricultural production. Hence, resources like tin, rubber, palm oil, oil and gas, and timber have over the years remained crucial to Malaysian economic performance (Sloane-White and Beaulieu 2010: 381–89; Ahm. Mustain 2005: 704). Post-independence, Malaysia’s resource abundance and its associated wealth, complemented further by comparatively inexpensive labour costs, allowed the state to sustain high levels of production of primary agriculture, timber and mineral products for export (Jomo 2003: 16; Hirsch and Warren 1998: 6; Roberti 1989: 54–56). At its highest, raw resource exports contributed up to 40 percent of Malaysian GDP (Suraya 2003). The 1970s onwards saw Malaysia pursuing manufacturing and industrialisation policies that added value to its natural resources before

At the same time, Malaysia has enjoyed uncommonly high levels of political stability since its independence in 1957. The ruling coalition, Barisan Nasional, has retained its majority in the political landscape of Malaysia for more than fifty years. Malaysia remains one of the least seismic of the Southeast Asian nations and has never experienced coups d’état, revolutions, political assassinations or any other serious threat to its political institutions (Sloane-White and Beaulieu 2010: 381–89). Barisan Nasional remains the only ruling party the country has ever known.

Sloane-White and Beaulieu (2010: 382) argue that the reason for this political stability is Malaysia’s rentier-based economy that exploits natural resource wealth to consolidate political control over the population. This chapter uses and extends these arguments of Malaysia as a rentier state. It proposes that Malaysia displays two of the four motives to ‘buy off’ peace in a rentier state system, namely, patronage (to ‘buy off’ the elite) and large-scale distributive policies (to ‘buy off’ the masses). This chapter thus argues that the choices that the Malaysian ruling elite has made on the distribution of its rents have contributed to the consolidation and continuation of political control in the hands of the ruling coalition since independence. At the end of the chapter, the rentier state framework is applied to the Malaysian palm oil sector to explain the ruling elite’s political dependency on natural resources in an updated context.

The politicisation of the natural resource sector

While the economy of pre-colonial Malay kingdoms was based largely on subsistence agriculture, this changed with the advent of British colonial rule. British rule triggered the systematic exploitation of natural resources, by placing large tracts of land under state ‘ownership’, introducing forestry and agriculture departments, and bringing in new technologies for harvesting and natural resource extraction (Suparb and Lebel 2000: 18; Hurst 1987: 170). Many British investors established mining companies and plantation estates in Malaya to exploit these resources. They converted massive swathes of forests into arable land, and as a result Malaya’s agricultural area increased fivefold between 1900 and 1950 (Hezri and Hasan 2006: 37–47). In this way, Malayan natural resources were incorporated into world markets (Sutton 2001: 90–94).

When the British granted independence to Malaya in 1957, many of these foreign companies continued their economic activities in Malaya. Therefore, resource extraction and export continued to drive the Malayan economy; however, Malayan society was not well integrated into this sector. The Chinese worked in the tin mines (and also dominated the local economies in the cities) and Indians worked on the estates. The Malays, who made up the majority of the population, were largely poor subsistence farmers and fishermen living in rural villages. This racially imbalanced economy fuelled tensions among the races, which culminated in bloody post-election riots in 1969. Following this conflagration, the Malay-dominated government attempted to alleviate racial tensions by better integrating the Malay population into the economy. This was a major objective of the New Economic Policy (NEP), which intended to diminish the identification of race with economic function and geographical location (Lim and Stern 2003: 33–35; Naguib and Smucker 2009: 100–10). Natural resource exploitation was
seen as a key avenue to facilitate this shift, being a sector that involved comparatively low start-up costs and knowledge (Hurst 1987: 170). Therefore, the pursuit of economic growth and development, fuelled by easy access to natural resources, has been the credo of national unity in an ethnically divided Malaysia since the 1970s (Hezri 2004: 358–63).

A major strategy under the NEP was ‘market nationalisation’, which involved the government’s facilitating stock purchases of private, resource-based companies (mostly British companies mentioned above) and converting them into state-owned enterprises (Lim and Stern 2003: 33–35; Naguib and Smucker 2009: 100–10). This strategy was promoted as a patriotic cause of ‘reclaiming Malaysian control over Malaysian resources’ from foreign investors who were part of the colonial legacy (Pletcher 1991: 624–33). In this way, Malaysia was able to inherit sector-specific knowledge from these companies. Permodalan Nasional Berhad (PNB, the national capitalisation agency) was one agency established for such purposes. The Malaysian government initiated PNB’s takeover of London-based tin miner Malaysia Mining Corporation in 1976 (Mohanlall 2012: 114). It also facilitated PNB’s purchase of almost eight million shares of Guthrie Corporation, a major British plantation company, and acquisition overnight of over 80,645 hectares of Malaysian estate land (Gellert 2005: 1346), in what was known as the ‘Guthrie Dawn Raid’ (Yacob 2010: 919).

Opportunities for patronage

Rentier state elites tend to distribute rents selectively. This results in the creation of patron–client networks that benefit only the leaders of politically important groups. Since personal ties with state elites are important in gaining access to such resource revenues, these networks limit the distribution of revenues to a comparatively tiny portion of the populace (Basedau and Lay 2009: 761–62). The NEP aimed to achieve ‘a wider and more effective representation and participation of the bumiputera\(^3\) community in modern and commercial agriculture, agribusiness and trade’ (Murad \textit{et al.} 2010: 406–14). Hence, to increase wealth among the Malay population, the government proceeded to transfer control of the recently nationalised companies to Malays (or \textit{bumiputera}) who were well connected to the ruling elite, creating ‘government-linked’ companies (GLCs). These GLCs were given priority access to permits, licences and government contracts (Mariati and Kamarulzaman 2005: 31–45; Lim and Stern 2003: 33–35). This was further complemented by the provision of additional subsidies, training, advisory assistance and credit facilities for these priority companies (Naguib and Smucker 2009: 100–10; Cheema 1978: 48).

This process planted the roots of the patronage dynamics in the Malaysian natural resource sector. For example, in the state of Pahang on the peninsula, timber licences were awarded to selected Malays, especially in the run-up to elections. This included the Pahang royal family, other dignitaries, \textit{penghulu} (village headmen), former prominent members of the armed forces, and non-ranking members of political support groups (Cooke 1997: 220–21). With this transfer of wealth to select Malays, the government was able to achieve the political goal of somewhat reducing racial economic disparity within Malaysian society, while at the same time channelling resources for the benefit of itself and its clients (Gunes-Ayata 1994: 21–26).

As a result, these hand-picked Malay entrepreneurs became extremely wealthy, but because of their indebtedness to their patrons, they were expected to assist the government in times of need. For example, in 2001, noted Malay entrepreneur Syed Mokhtar AlBukhary, a beneficiary of the NEP initiatives, was called upon by the then Prime Minister Mahathir Mohamed to ‘rescue’ the government’s debt- and scandal-ridden Perbadanan Nasional Berhad
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(Pernas) by absorbing it under his corporation, Tradewinds. In his 2012 biography, AlBukhary
details how taking over Pernas was a private bail-out, which he undertook at a cost of RM1.4
billion. In his own words, AlBukhary viewed this exercise as ‘helping the hand that once fed

But rather than being criticised by less well-connected Malays for their unfair access to the
rewards of the rentier state, these well-connected Malays were publicly valorised as paragons
of Malay entrepreneurial modernity. The pro-Malay government’s promise that it will always
safeguard Malays’ special rights (as part of its strategy to ‘buy off’ the masses) fed into the
belief that these successful Malays would always look after, uplift, and assist other Malays.
And, due to inclusionary ethnic ideology, some members of the Malay middle class also
believed they could collaborate with the elite, perhaps even to become elites themselves, with
access to the rentier state (Sloane-White and Beaulieu 2010: 393–97).

Patronage is also useful in accommodating potential political rivals to reduce threats to
power (Basedau and Lay 2009: 761–62). To further integrate Malays into the economy, the
NEP placed restrictions upon non-Malay enterprises, shutting them out of many business
opportunities. However, the Chinese community was traditionally more experienced with
business than were these newly minted Malay entrepreneurs, therefore an opportunity arose
to accommodate the Chinese, as potential political rivals due to their economic power, into
these patronage networks. A situation of mutual dependency arose: Chinese businessmen
needed Malay entrepreneurs to obtain contracts, and the Malays needed the Chinese to carry
out the projects efficiently. Hence, another layer of patron–client relationships developed
(Lim and Stern 2003: 33–35), producing what were called ‘Ali-Baba’ arrangements. A
Chinese businessperson (‘Baba’) gained access to business opportunities through subcon-
tracting, or by buying over rights given to a Malay (‘Ali’) (Naguib and Smucker 2009:
100–10; Mariati and Kamarulzaman 2005: 31–45).

For example, in Sarawak in the years after independence, political elites distributed access
to Sarawak’s timber to a hand-picked minority (political supporters, friends and family) to
ensure loyalty and support. They in turn usually contracted these licences out to a few major
timber and logging tycoons, often Chinese, in the typical ‘Ali-Baba’ fashion (Raman 2006:
38–40). As a result, in Sarawak, around six Malaysian–Chinese companies essentially
controlled timber extraction (Dauvergne 1995: 192–212).

These well-connected companies often paid monthly salaries to local headmen, to keep
them ‘on side’, to allow for the smooth continuation not only of their resource exploitation
activities, but also of activities of the government in office (Leigh 1998: 94–101). In the spirit
of mutual dependency, part of the earnings of these private businesses was often channelled
to ensure the awarding party’s return to power in elections (Naguib and Smucker 2009:
100–10; Mariati and Kamarulzaman 2005: 31–45). This included paying off headmen to
influence their villagers’ voting, buying votes and swaying the allegiance of potential political
rivals. Such funds were also helpful for politicians to reach a dispersed electorate (Dauvergne
1995: 194–99). For example, during the campaign period for the 1991 elections, the ruling
party enjoyed access to a fleet of helicopters and seemingly unlimited funds to reach voters
deep within the jungles of Sabah and Sarawak (Cooke 1997: 218–35). These patronage
relationships established at the elite level clearly transcended ethnicity, especially with the
Ali-Baba arrangements; however, at the popular level, ethnic differences were emphasised to

This close reciprocal association between the government and private interests has led to
some criticisms of lack of transparency, coordination and competitiveness, little motivation to
be cost-conscious or sales-driven, duplication of functions, and corruption. A major reason

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why such a relationship-based system did work, however, is because it was fundamentally self-governing. Patrons and clients could be expected to honour the spirit of agreements, often in spite of the lack of written contracts. This is because they would be determined to preserve these precious ‘connections’ to guarantee a constant supply of future dealings from within the same network (Naguib and Smucker 2009: 100–10; Mariati and Kamarulzaman 2005: 31–45; Cheema 1978: 51–52). In short, ‘the objective of productive and optimal resource allocation within the economy was met’ (Mariati and Kamarulzaman 2005: 43).

Large-scale distribution policies

The chapter now turns to the methods by which the Malaysian rentier state has at the same time been able to ‘buy off’ the larger population. Rentier states may employ large-scale distributive or ‘populist’ policies, including increasing public sector employment, apportioning subsidies, or providing free education and healthcare. As a result, potential opposition leaders may be discouraged, or may have problems recruiting supporters (Basedau and Lay 2009: 761). Indeed, for the last twenty years, Malaysia’s level of public expenditure as a percentage of GDP has been the highest in Southeast Asia, and higher than in most developing countries. Malaysia’s distributive strategies have focused on free primary and secondary education and basic healthcare, as well as building a mostly competent bureaucracy of significant size (Sloane-White and Beaulieu 2010: 388–90). Furthermore, to live up to its promise to safeguard Malays’ special rights, the government established targeted programmes for poorer Malays, including the economic modernisation of the rural sector, providing Malays with exclusive facilities for higher education and shifting rural Malays to urban areas (Cheema 1978: 47).

Distribution policies have also concentrated on creating multiple public institutions and companies to address national and public well-being. This strategy can be seen in two crucial natural resource sectors: agriculture, and oil and gas. The institutions the government established within these sectors were of great political and developmentalist help to the Malaysian rentier state (Sloane-White and Beaulieu 2010: 388–91), and hence were often promoted by the government as national saviours (Cooke 1997: 218–35).

The government focused on modernising agriculture by providing supplies like new seeds and fertilisers, and by developing infrastructure and welfare facilities in the rural areas. The underlying assumption was that this focus on the rural agricultural sector would benefit the Malay masses, in particular, since the Malays made up the majority of the rural populace. Towards that end, the government established the Ministry of Rural and Regional Development to oversee other newly established specialised institutions like the Federal Land Development Authority (FELDA), the Federal Agriculture Marketing Authority (FAMA, to coordinate public and private marketing), and the Malaysian Agricultural Research and Development Institute (MARDI, to improve agricultural research and extension services). Furthermore, to improve upon existing institutional weaknesses, cooperative societies and farmers’ associations were also established (Cheema 1978: 44–45).

The government established FELDA in 1965 as a statutory body designed to eradicate rural poverty (Sloane-White and Beaulieu 2010: 384; Dauvergne 1994: 505). It was promoted as a ‘catch up’ vehicle for rural communities, especially poorer Malay and bumiputera communities (Cooke 1997: 218–35), who were given preferential treatment (Cheema 1978: 44). FELDA’s main role was opening up vast amounts of commercial agricultural land, while providing landless peasants the opportunity to be smallholders (Sloane-White and Beaulieu
2010: 388–90). Indeed, FELDA has been credited for playing an important role in reducing poverty in Malaysia from 49.3 percent in 1970 to 5.1 percent in 2002 (Abdullah and Hezri 2008: 913). A strong element of political co-option also was observable, as a criterion of political loyalty to Barisan Nasional was used to select settlers (Pletcher 1991: 624–33). FELDA has thus been an important institution for retaining the support of rural Malays (Sloane-White and Beaulieu 2010: 388–90), with funds officially set aside to be given to these settlers as a ‘reward’ during festive seasons. Rulers often reiterate that the support of more than 100,000 FELDA settler families nationwide was important to maintain political stability in the country (Benjamin and Gasper 2001).

In the oil and gas sector, the national oil company, Petroliam Nasional Berhad (PETRONAS), was created in 1974. It is a state-owned corporation holding exclusive ownership of and rights to all oil and gas in Malaysia. This exclusive right means that any foreign and private oil and gas companies are allowed to operate in Malaysia only through production-sharing contracts with PETRONAS. PETRONAS has also contributed towards the Malaysian strategy of developing a labour-intensive export industrialisation sector to absorb poor workers. It now employs over 30,000 people. PETRONAS contributes substantially to the national budget, paying high taxes and dividends. Indeed, since the mid-1980s, more than 25 percent of government revenue has come from activities related to oil and gas. This influx has been useful for the government in administering its generous populist redistributive policies, balancing public finances, avoiding external debt, and dodging inflation crises (Sloane-White and Beaulieu 2010: 388–91).

Like many other Malaysian GLCs and federal agencies, both PETRONAS and FELDA also act as instruments of political patronage. For example, when FELDA was privatised in what was Asia’s biggest initial public offering in 2012, a significant percentage of its shares was allocated to unnamed bumiputera investors (Grant 2013). And while PETRONAS is known as a well-run and professional organisation, its operations are allowed to be generally opaque (Hill et al. 2012: 1708). In return, PETRONAS provides the state with access to its immense profits. For example, PETRONAS was called upon twice in the 1980s to financially ‘rescue’ Bank Bumiputera Malaysia Berhad (now CIMB Bank). PETRONAS was also often called upon to finance ‘national causes’ by undertaking economically risky but strategically attractive projects (Tay 2003: 51–53), like erecting the Petronas Twin Towers in the 1990s (Jomo and Gomez 2000: 280).

In these ways, these institutions, together with the private companies discussed in the previous section, helped build modern Malaysia. Therefore, this sector has been viewed as a valuable, yet expendable resource, useful primarily in its ability to generate foreign exchange to fund other developmental goals and populist policies. Such high-value public services generate broad economic satisfaction among the citizenry. Thus, the Malaysian rentier state has retained its resilience by delivering the material conditions the population expects (Dauvergne 1994: 506–07; Sloane-White and Beaulieu 2010: 388–90). This has also resulted in a low level of government dependency on public taxation, and thus a low tax burden upon Malaysian citizens, with personal income tax representing only around 10 percent of the government’s revenue. In fact, for the fiscal year of 1998, after the Asian financial crisis, the government was easily able to afford to declare a year free of personal income tax for all citizens and residents of the country. Indeed, the populace may not feel such a strong urge to protest against a government that does not levy high taxes (Basedau and Lay 2009: 761).

Hence, the Malaysian state distributes more revenues to than it extracts revenues from its population (Sloane-White and Beaulieu 2010: 389–90). This tendency becomes especially pronounced during election seasons, when the need to ‘buy off’ the masses is highest. For
example, in the run-up to the 2013 elections, the incumbent government implemented a variety of populist handouts targeted to its traditional political base, like raising salaries for civil servants, instituting a cash transfer programme known as Bantuan Rakyat 1Malaysia (BR1M, or 1Malaysia People’s Assistance Programme) (Welsh 2013: 13), establishing health clinics in poor areas, and creating a chain of government-subsidised general stores dubbed Kedai Rakyat 1Malaysia (KR1M, or 1Malaysia People’s Store) (Brown 2013: 162). In these ways, Malaysia’s low-taxation policy and redistributive activity are weapons of the strong. They result in Malaysian citizens demanding little participation or political representation, as they are highly rewarded for their quiescence, effectively demobilising entire segments of the population (Sloane-White and Beaulieu 2010: 383–97).

**Extraction and dependency within the palm oil sector**

Natural resources (mainly mining and agriculture) continue to play an important part in the Malaysian economy. Raw natural resources contribute about 11 percent of Malaysia’s GDP, while industry and manufacturing (mainly of said natural resources) contribute around 40 percent of Malaysia’s GDP. Hence, natural resources and their derivatives contribute almost half the Malaysian GDP today (Asan Ali 2004: 130; CIA 2012), with Malaysia being a major exporter of palm oil, oil and gas (Sloane-White and Beaulieu 2010: 388).

In recent times, palm oil has been an important export commodity for Malaysia, and thus a main source of rent from abroad. Malaysia is the world’s second-largest producer of palm oil (Md. Wahid et al. 2004: 1–8; McCarthy 2010: 822–44). It currently accounts for 39 percent of world palm oil production and 44 percent of world exports (MPOC 2013). Oil palm plantations in Malaysia now occupy more than 12 percent of total land mass (Tan et al. 2009: 423; Basiron 2007: 289–95; Wahid et al. 2004: 1–8). The local palm oil industry is an important driver of economic growth (Bernama 2010), steadily contributing 5–6 percent of the country’s GDP (MPOB 2011), and brings in annual foreign exchange earnings of over US$80 billion (Basiron 2007: 289–95). Similarly to what is detailed above, the Malaysian state can be observed to distribute rents from this sector to the elite through patronage, and to the masses through large-scale distributive policies. In this way, the palm oil sector today represents an important avenue for the consolidation of political stability.

As mentioned above, the Guthrie Dawn Raid and similar activities brought all major plantation land in Malaysia under the control of government-owned agencies in the mid-1980s (Pletcher 1991: 624–33). Much of these plantation lands were later distributed to companies spearheaded by prominent Malays or *bumiputera*. These companies continued to maintain close association with the ruling elite, while the government often retained a substantial controlling stake in them. For example, Sime Darby, the world’s largest oil palm plantation company in terms of its land bank (Oetomo and Sandianto 2011: 5), has a prolific Malay, Datuk Mohd Bakke Salleh, as its CEO. Salleh is also chairman of another GLC, Bank Islam (Adnan 2010), which has been an important financier for Sime Darby and other Malaysian plantation companies. Its board of directors is made up of former Malaysian politicians like the former deputy prime minister, Tun Musa Hitam, and the former chief secretary to the Malaysian government, Tan Sri Samsudin Osman. PNB, the Employee Provident Fund (EPF) and Amanah Saham Trustee Berhad are its major shareholders (Sime Darby 2011).

Besides providing its clients with preferential treatment in terms of land and other permits, the Malaysian government has also set up several agencies to uphold the economic interests of these firms. The most prominent among these is the Malaysian Palm Oil Council (MPOC), a government-legislated company tasked with the promotion and expansion of the palm oil
market for Malaysian companies operating in Malaysia and overseas. The MPOC works ‘to enhance the image of palm oil and create better acceptance of palm oil through awareness of its various technological and economic advantages and environmental sustainability’ (MPOC 2011). The MPOC works closely with the Malaysian Ministry of Plantation Industries and Commodities (Basiron 2010), and is funded both by the government and by a ‘cess’ (special tax) from the sale of palm oil. It invests heavily in lobbying and advertising on behalf of Malaysian palm oil companies (Md. Wahid et al. 2004: 1–8) and also functions as a watchdog for the industry. The MPOC has been especially active in countering allegations of Malaysian palm oil companies’ supposed involvement in a range of environmentally unfriendly activities, like illegal burning, habitat destruction and human rights abuses. It is also often the first agency that identifies trade barriers against palm oil and undertakes appropriate counter-actions. For example, the MPOC appeared before a public hearing of the Australian House Standing Committee on Economics in August 2011 (Basiron 2011: 10) and was successful in convincing the parliament to repeal a bill that would have made palm oil the only vegetable oil to be distinctly labelled on Australian products.

In return, these companies have also been prepared to come to the assistance of the Malaysian government when needed (Cheema 1978: 48; Tay 2003: 51–53). For example, in 1987, when the government agency overseeing plantation development in Sarawak, Sarawak Land Development Board (SLDB), was suffering from serious losses and carried major liabilities, Sime Darby stepped in to assist the state government. It bought over the management of SLDB including all its plantation assets, which accumulated to over 24,000 hectares of oil palm in thirteen estates (McCarthy and Cramb 2009: 113–19). And, as part of the Pernas rescue exercise discussed above, AlBukhary Johor Tenggara Oil Palm Berhad (now Tradewinds Plantation Berhad) was injected into Pernas’s ailing plantation assets in 2001 (Mohanlall 2012: 121).

These companies also complement the government’s large-scale distributive policies. Palm oil in Malaysia is primarily produced on estates owned by these large companies (Pletcher 1991: 624–33; Basiron 2007: 289–95). The estates provide employment for the local communities, both directly through employment on the plantations and indirectly through the ‘nucleus and plasma’ arrangement, through which surrounding small farmers with varying sizes of oil palm holdings sell their fruit bunches by contract to company-owned mills for extraction. The companies also often build hospitals, schools and religious buildings for use by the local communities. In this way, the sector has become one of the biggest employers in Malaysia, and expansion of the sector has been seen as an important strategy for poverty alleviation and development among rural communities (Basiron 2007: 289–95; Hurst 1987: 170). In these ways, rents from the sector are distributed to the masses as well. This has not only contributed to the steady growth of the sector, but also towards the larger political stability of the country, as the sector is seen to bring jobs and developmental benefits to rural communities. Indeed, rural communities continue to demand little participation or political representation (Sloane-White and Beaulieu 2010: 383–97), and continue to be a stronghold of support for the ruling Barisan Nasional government.

Conclusion

This chapter has explained how, since independence, natural resource extraction has been an important means to ‘buy off’ peace in Malaysia’s rentier state system. Being a country that is naturally rich in resources, the extraction and exploitation of said resources has been an easily accessible strategy to obtain rents that can then be distributed back to various levels of society.
The Malaysian government has seen the presence of natural resources as a valuable political opportunity, and has developed its rentier-based economy to favour the many, not only the elite few. Hence, while ruling elites have used revenue from these resources to enrich themselves and their inner circle, they have also appeased the masses through large-scale distribution policies. In these ways, the rentier state has been able to ‘buy off’ peace and political stability. Thus, choices that the ruling elite has made on the distribution of natural resource rents have successfully avoided the instability-prone ‘resource curse’, and instead further consolidate their standing as the only ruling party that Malaysia has ever known. Hence, the political dependency of the Malaysian ruling elite on this sector will likely spell the continued exploitation of the country’s natural resources for political interests.

Notes

1  Malaysia’s ruling coalition, Barisan Nasional, is made up of mostly race-based political parties. The major parties within this coalition are the United Malays National Front (UMNO), which holds the majority of seats, the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC).

2  For more detailed discussion on the literature of patronage and on patronage linkages within the Malaysian palm oil sector, see my earlier publication, Varkkey 2013a.

3  Literally ‘sons of the soil’. Bumiputera commonly refers to citizens of Malaysia, excluding Chinese and Indian ‘immigrants’ who generally arrived in Malaysia during the British occupation to work on mines and plantations. Malays are a subset of bumiputera, and bumiputera indigenous groups make up the majority of the citizens of the East Malaysian states of Sabah and Sarawak.

4  For more detailed discussion of the intensification and institutionalization of the Malaysian natural resources sector, see my earlier publication, Varkkey 2013a.

Bibliography


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Malaysia as a rentier state


