

THE AFTERMATH 14TH GENERAL ELECTION AND THE CHALLENGES OF POLITICAL ECONOMY IN MALAYSIA-TAIWAN RELATIONSHIP

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ABSTRACT

Transition democratization became very interesting in 14th general Election as it portrays another significant transition as it seen as victory for democracy that is from the bottom approach or opposition. Therefore, this article would like to discuss on the analysis of transition of democratization in Malaysia. Hence, by using the Democracy Implementation Model, this article will identify the weaknesses and the strengths pathways of responsiveness democracy in several countries. Implementation of democracy should reflection not only “from the people” such as participation and representativeness measure but also “for the people” such as responsiveness measure. It is important since to put government responsibility to increase life standard through policies impact. The findings will provide a sound and scientific understanding evidence to enrich democracy and political economy literature aspects among Malaysia and Taiwan relationship as a case study. It will give precious knowledge for not only Malaysian stakeholders and academicians but also important lesson learned from Taiwan’s responsiveness democracy.

Keyword: Democratization, Transition, political economy impacts

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1. Introduction

Studying transition to democracy in Malaysia is very interesting since there is uniqueness phenomenon in particular if comparing to transition to democracy in countries in Southeast Asia. In Philippines transition to democracy occurred in dramatic session when people that get big support from middle class, political elite and military faction successfully overthrown Marcos as a president in 1986. Following this moment, transition from authoritarianism transformed toward democracy era through Corazon Aquino as new president. In 1998 Democratic Transition encouraged Indonesia to enter democratic era after the breakdown of Suharto who in authoritarianism power more than 30 years¹. On and on the quality of democratic has been enhanced by political process.

Malaysia also enter democracy era. Through the resign of Mahathir as Prime Minister, Malaysia

undertaken political change that described raising new climate for grows of democracy under Abdullah Badawi administration. Since independence, no other person has exercised as much influence and control over Malaysian politics than Dr. Mahathir Mohammad. Remaining in power for 22 years, he survived a long series of challenges along the way. The legacy he left behind after his retirement in 2003 includes successful economic development and communal peace, but also the entrenched and institutionalized practices of “semi-democracy” which systematically marginalized the non-Malay community, and a system of racial targeting and selective patronage, which some describe as a growing complex of endemic corruption and Malay cronyism.

In October 2003, UMNO politician Abdullah Ahmad Badawi succeeded Mahathir as prime minister. His government is keen on presenting Malaysia to the world as a “Modern Islamic state”

meeting citizens' expectations of a more liberal climate, effectively curbing corruption, and professionalizing the police and the government bureaucracy. While the UMNO and BN scored an overwhelming victory in the 2004 election, Abdullah's reform agenda ran out of steam in 2005, resulting in disillusionment with the government's potential to reform party politics and curb administrative corruption. The national police in particular have come under increasing criticism from civic groups and the public following allegations of widespread corruption and human rights abuses. There are several incidents of "policing morality" and raids by Islamic moral police, more than during Mahathir's time. Furthermore, security forces, the executive and the judiciary continue to make use of the full weight of restrictive legislation and illiberal regulations to curtail democratic rights, tame public criticism, undermine democratic institutions and restrict the scope of political pluralism in the name of political stability, economic development and "racial harmony." The transition to democracy in Malaysia used from top typology of transition, since Mahathir as a leader voluntarily transformed power toward Badawi in GE-11th (2003-2009). In GE-12th & 13th (2009-2018), Najib won the election led BN ruled the government. However, GE-14th (Ladiqi, 2018), it portrays another significant transition of democracy as it seen victory for democracy the defeat of the ruling Barisan Nasional (BN) coalition for 61 years and the winning of the opposition (PH) coalition party.

Meanwhile In Taiwan, President Tsai Ing-wen basically laid out her administrations' major policy priorities in her May 20 inauguration speech (Ing-wen, 2016). She outlined five basic tasks that she will seek to tackle. First is to transform Taiwan's economic structure and pursue a new model for economic development based on "innovation, employment and equitable distribution" that can stimulate and sustain a new momentum for growth. Second is to strengthen Taiwan's social safety net. Third is to address issues of social fairness and justice, including those related to the problem faced

by Taiwan indigenous (aboriginal) population. Fourth is to promote regional peace and stability and manage cross-Straits relations. Fifth is to adhere to "the democratic principle and prevalent will of the people of Taiwan" (Wang, 2016:7-9). The important thing is capturing relations between the state and the people as change phenomenon from authoritarianism toward transition democracy. Putting the people as a pivotal aspect of the context state relations is crucial democracy discussion not only reflected by people participation but also government responsiveness through the general election and the process transition of democracy. It should be discussing democracy in a complete definition. Implementation of democracy should reflection not only of people such as participation and representativeness measure but also for the people such as responsiveness measure. All of these had been experiencing by Taiwan after they won the election over Kuamintang Party through Democratic Progressive Party in 2016.

Therefore, this paper will try to find best answer from many questions as a questions research. Firstly, how does transition to democracy occurred? Secondly, what is type of transition to democracy in Malaysia? Thirdly, what are the challenges of political economy after 14th General Election? Fourthly, What are the impacts towards Malaysia and Taiwan relationship? Before answering these questions, please let me explain about the background of Malaysia as basic understanding.

2. Background Of Malaysia

The independent Federation of Malaya came into being on August 31, 1957. In 1963 Malaya joined with Singapore, Sabah and Sarawak to form the Federation of Malaysia. All of these areas shared a common colonial heritage under Great Britain and all contained a complex ethnic mixture of Muslim Malays, indigenous groups (together referred to as Bumiputera or "sons of the soil"), and Chinese and Indian immigrants. The federation lasted only two years until August 1965, when Singapore was expelled for many complex reasons.

For most of the period after independence, combating the threat of communist insurgency (1946-1989), managing communal conflict in a multiethnic society and promoting national unity through economic development were the main challenges facing the national government. In fact, many of the restrictive regulations on political rights and civil liberties such as the Internal Security Act, the Official Secrets Act and the Sedition Act, under which “suspected communists” can be detained without trial, originated during the first emergency declared in response to the violent communist campaign. While the communist insurgency ended in 1989, communalism is still the dominant feature of Malaysian politics. In recent years, Islamic revivalism has been associated with a rise in fanaticism that could mean less tolerance for non-Muslims and an attitude toward women that may oppose gender equality in the future. After communal riots in 1969, consociational democracy, which formed the basic pattern of democratic politics during the first decade of

independence, collapsed when emergency rule was imposed and a new body, the National Operations Council, governed Malaysia over the next 21 months. Believing that economic tensions between Malay and Chinese were mainly responsible for the communal riots, new policy initiatives were framed to restrict political liberties and entrench Malay political pre-eminence. The ruling National Alliance proposed the New Economic Policy (NEP) in 1971 to promote national unity and a just society by attacking poverty and increasing Malay participation in the economic sphere through affirmative action programs for Malays. The National Development Policy (NDP) replaced the NEP in 1990. The NDP continued the twin objective of poverty eradication and restructuring within the context of economic growth until it ended in 2000. While no new official policy has come into force to replace the NDP, affirmative action measures under the NEP and NDP continue until today.

Table 1: Basic Facts of Malaysia

Name of Country	Malaysia
Capital	Kuala Lumpur
Population	31.7 (2008 estimate)
Area	330 399 sq km
Life Expectancy at Birth	73.2 years
Ethnic Groups	Malay 53.4%, Other Bumiputera 11.7%, Chinese 26.0%, Indian 7.7%, Other 1.2%
Religious affiliations	Muslim 48%, Folk Religion 24%, Christian 8%, Buddhist 7%, Hindu 7%, Others 6%.
GDP per capita, PPP US\$	\$314.5 billion (2017 est.)
GDP, PPP US\$	\$26808.16 million (2017 est.)
HDI 2017	Value: 0.802 : Rank: 57
Adult Literacy	88.7
Form of government	Federal constitutional monarchy
Head of state	Yang di-Pertuan Agong (Paramount Ruler)
Head of government	Prime minister
Legislature	Bicameral legislature, Dewan Rakyat (House of Representatives): 222 members, Dewan Negara (Senate): up to 70 members
Voting qualifications	Universal at age 21

Source: Microsoft ® Encarta ® 2017. © 1993-2008 Microsoft Corporation. All rights reserved, and Central Intelligence Agency, The World Fact Book - Malaysia, in <https://www.cia.gov/library/publications/the-world-factbook/geos/my.html> (downloaded 15 October 2018)

Until 2008, the growth of the political opposition, based on ideological struggles and racial consciousness, as well as religious divisions in the Malay community, had been a long and tortuous process. Nevertheless, it had remained a latent force, with broad scope of activities. Although it had often been successful in the city and state legislatures, it had never been able to threaten the central government. This is due to the support of the Malay community for UMNO. The *Reformasi* or reform movement so active in Indonesia in the late 1990s began to spread to the peninsula. Together with the strengthening of civil society, the growing importance of multiculturalism, and the impotence of the national government, there was a growing sense of alienation and marginalization among the non-Malay communities, with members of the Malay community also beginning to see the government as corrupt and decadent. The inner fissures within UMNO grew, and created the conditions for the revival of fortunes for a noted Malay leader. The convergence of these factors created the current Malaysian political situation. What seemed like the swelling of a tide of democracy also carried within it the hidden danger of growing irrationality within this tide. This was the allure of Malaysian politics today, namely that it attracts but arouses suspicions about its underlying nature at the same time.

3 Democratization & Transition To Democracy

Before I explain about transition to democracy in Malaysia, I would like explain about democratization concept that contains many ways to be implemented. It is important to find best way achieving understanding about the portrait of democracy in Malaysia, since the path of transition has uniqueness type, in particular if comparing to transition to democracy in another regions in Southeast Asia.

Different democratization of democracy because democracy itself is a process towards democracy should be defined as the increasing application of government of the people in institutions, issues and people who previously did not governed according to democratic principles such (Anders, 1997). When tracing the study of Robert Dahl, democratization is the process of change in authoritarian regimes (closed hegemony) which did not give in to the participation and liberalization in which poliarchy provide participation opportunities and the degree of liberalization is high (Robert, 1971).

Meanwhile, Samuel P. Huntington set several conditions for democratization can occur at the simplest level there should be 1) the end of an authoritarian regime; 2) development of a democratic regime; 3) the consolidation of democratic regimes that. Each of these three developments can be caused by the causes of different and contradictory (Samuel, 1991).

Democratization, therefore, refers to the processes in which the rules and procedures applied to citizenship political institutions that used to run with the other principles (e.g. control by force, the local tradition, consideration of the experts, administrative practice) , or expanded to include those who previously did not share in the rights and obligations (e.g. tax-exempt groups, the illiterate, women, youth, ethnic minority groups, and foreign nationals), or expanded to cover issues and institutions that initially did not become public participation areas (e.g., government agencies, military ranks, partisan organizations, associations of interest, companies, educational institutions, and so on) (Guillermo, 1989).

In the process of democratization there are several processes or stages of a complex but interrelated, from liberalization, transition, installation and consolidation. Liberalization could have done without including the process of democratization.

This is often done with the pretext that the people "not ripe" must be guided first before they are allowed to enjoy full rights as citizens. Liberalization requires a heterogeneous policies with social changes, such as the relaxation of controls on the press, easing the space for activities of organizations working class is more autonomous, introducing guarantees legal protection for individuals like habeas corpus, release political prisoners, opening of opportunities for the return of fugitives from abroad, and that is very important, namely the tolerance of opposition. Juan, (1996) Liberalization does not necessarily followed by the installation of a full democracy (fully democracy). Without the guarantee of freedom of individuals and groups inherent in liberalization, democratization may be reduced in rank to mere formalism in semi-democratic system/limited democracy. On the other hand, without accountability to the people and minority voters who have been institutionalized in the democratization, liberalization will be easily manipulated and even canceled their interests are sitting in government (Georg, 1993).

Liberalization in Latin America and Southern Europe is typical of the beginning of the transition to democracy. In this period, authoritarian rulers in power expand the measures of political rights and civil for individuals or groups. Space for opposition political activity (for the public competition) was created, although still in framework controlled by authoritarian regimes. This stage begins in Brazil, for example, with the tension in the censorship of the press in 1974. These phases overlap with the next phase of the peak increased participation in civil presidential election in 1985.

Another stage of democratization in addition to liberalization is the transition. Transition is the starting point or interval of time between an authoritarian regime with a democratic regime, which started from the collapse of the old authoritarian regime which followed ended with the legalization or (installation) of political institutions and new political rules under the umbrella of democracy. Richard, (1995)

Transitions are limited, on the one hand, by beginning the process of fragmentation of a authoritarian regime, and on the other hand, by the ratification of some form of democracy, the return of some form of authoritarian rule, or the emergence of a revolutionary alternative. Because in the context of transition, the political situation and the rules of the game completely erratic and uncertain. This is not just because the rules are working in conditions that change was happening, but also because of fierce contested by various groups, both conservative groups supporting authoritarianism, the opportunists who try to take short-term profits in an uncertain situation. The political actors are not only fighting for just a moment to satisfy personal interests or interests of other people they represent, but also strive to set rules and procedures which the configuration can determine who may be won or lost in the future. Indeed the rules that emerge will determine the resources which can legally be mobilized into the political arena, as well as which actors are allowed to enter (Guillermo, 1989).

After the phase transition, the process is a consolidation phase, both consolidation in the form of a new authoritarian regime stabilization and consolidation of democracy in the form of installations where the new democratic regime institutionalized and consolidated. Consolidation process is much longer and complex. Consolidation is a process that reduces the possibility of a reversal of democratization. In it will be colored the negotiation process or system to promote the new rules rather than destroy the old system. Structures and political procedures that took place during the transition process will be established, internalized and even legitimized in the consolidation process. Finally, the consolidation process will bring about the establishment of a democratic system is operational and it will gain credibility (John, 1992). Consolidation of democracy include the stabilization, institutionalization and / or the legitimacy of forms of behavior are politically relevant. As Schmitter stated that the basic idea is the consolidation of social relations that constitute

social structures such interaction forms that can become routine in any event, meaningful gift, the ability to motivate their behavior made autonomous in its internal functions and durability to cause changes externally (Richard, 1995).

Transition stage is the most important stage and crucial, given the inclusion of drastic political changes, but once the path taken by each country in the transition process was different from each other. When going to try to find out how far a country to stage the transition to democracy, Juan Linz and Alfred Stepan offer a standard definition that can be used;

New democratic transition could be said when the agreement on the full political procedures to obtain, sufficient to produce an elected government, when a government has the power generated directly through free elections and direct, when this government de facto has the authority to implement new policies, and when the power of executive agencies, legislative, and judicial branches obtained by the new democracy, rather than through the distribution of power between these institutions are de jure.

Through a standard definition offered by the problem that arises is how the path that might be taken to meet the requirements as defined above, becomes increasingly urgent to give an explanation, because the path is critical processes or phases, be it installation or consolidation and, more important, point of transition to democracy in every country must have passed a few lines different.

Share Donald suggests four main points of transition process which varies according to speed (gradual and quick) and the involvement of the leaders of the regime (consensual and nonconsensual). The first track, "democracy

gradually" the speed gradually (gradual) and engages in a consensual regime leaders. The second track is "transactions" that take place quickly by engaging leaders in a consensual regime. The third track is, "the transition through the revolutionary struggle" that took place gradually (gradual) and nonconsensual. While the fourth line, "the transition through the split" (revolutions, coups, and collapse) which took place quickly and without involving the role of leader of the regime (nonconsensual). Of the four variants of the transition path, Share more serious attention to the line "transaction". He considered it the most secure path (peace) and quickly without causing a split after the transition (Donald, 1987).

Meanwhile, there are four-lane of Huntington map. *First*, the *transformation* or transition to democracy initiated from above by the regime. This route includes Taiwan, Mexico, India, Chile, Turkey, Brazil, Peru, Ecuador, Guatemala, Nigeria, Pakistan, and Sudan. *Second*, the transition through *transplacement* or in the middle of negotiations between the ruling regime by opposition forces, which include Nepal, Nicaragua, Mongolia, Bolivia, Honduras, El Salvador, South Korea and South Africa. *Third*, *replacement* (turnover) or pressure from the opposition forces, which includes the Philippines and Argentina. *Fourth*, is the path through *intervention* from outside, including Grenada and Panama.

From a number of mappings the transition paths can be summed over an outline of the democratic transition takes place over a three-way (type of) primary. Typologies include point of Top (*transformation*), the path from the Middle (*negotiation*), and the path from the Bottom (*replacement*). (See table. 2)

Table 2: Typology of Transition to Democracy

1.1 Path/Type	Main Actors	Result	Prognosis	Example
<i>From Top</i> (Transformation)	Authoritarian Regime	Limited Democracy	Limited or back to Authoritarian	Brazil, Spain, Taiwan, Mexico

From Middle (Negotiation)	Regime and Opposition	Fully Democracy	Installation & Fast Consolidation	Poland, Bolivia, Nicaragua, South Korea
From Bottom (Replacement)	Opposition / Mass	Fully or Limited	Late Installation but can toward authoritarian	Argentina, Philippines, Portugal

Sources: Samuel P. Huntington, 1997, *The Third Wave: Democratization in the Late Twentieth Century*, University of Oklahoma Press page 145

First, the path/type of Top, namely democratic transitions took place, when the parties in power in an authoritarian regime (main actor) plays a pioneering and decisive role in ending the regime and turn it into a new democratic system. Decision regime chose this path is usually based on consideration of an elite group that they are long-term interests would be more secure if fighting in a democratic environment. The process of transition in Brazil, Spain, Taiwan and Mexico for example, belong to this path.

Pathway generally result in some tendency, first, the process could be halted re-democratization by those in power because of situations that arise at the time of liberalization was considered too expensive than the cost of repression. Second, because of the re-democratization it is associated with the maintenance of elite interests, the tendency is happening is the birth of democracy is limited. Third, military forces will continue to make efforts to defend their rights remain and it is very disturbing re-democratization process.

Secondly, the path/type of the Middle or the point is between the pressures from below with the willingness of the above. Between the authoritarian government with the opposition and the mass (lead actor) who insist on democracy by holding negotiations to institutionalize democracy. Negotiations over this track quite the most safe, fast and successful in institutionalizing democracy than the other lines. Because of the authoritarian government with the opposition forces to have a balanced force, this in turn gave birth to the institutionalization of democratic consensus quickly. The countries belonging to pass this point

are Poland, Bolivia, South Korea, Uruguay, Nicaragua, Mongolia, El Salvador, Czechoslovakia and South Africa.

Third, the path/type of Down, democratic transitions occur when the movement of social protest led by opposition or public (main actors), spread from the grass-root organizations, the massive strike wave, students of collective action, the pressure the opposition forces are mobilizing masses to pressure the regime and so on. But the bottom line is according to Alfred Stepan, more a path to change the path to government than democracy. Results are likely to be achieved from a sharp crisis due to a series of authoritarian regimes and the scattered power is a substitute authoritarian rule designed a new or temporary military junta that promised democratic elections in the future (Juan, 1996). The fall of Allende government in Chile in 1973, the fall of General Park in South Korea, and turnover by Kabilla Mobutu in Zaire in 1996.

4. Mahathir Resign And Transition From Top

On June 22, Malaysia's 76-year-old Prime Minister Mahathir Mohammad dropped a political bombshell in the midst of the three day national conference of the ruling United Malays National Organization (UMNO). One hour into his closing speech, Mahathir suddenly announced that he was immediately resigning all his party and government positions, ending 21 years in office.

Melodramas at UMNO conferences are certainly not unknown. But usually they are well rehearsed and calculated affairs, designed by the party tops to rally support for the leadership. Mahathir's

nationally televised resignation clearly caught even Mahathir's closest associates by surprise and resulted in mayhem on the conference floor.

To cries of "why, why" from the delegates, a sobbing Mahathir was quickly surrounded by senior UMNO officials. He could be heard saying, "No, I have decided. I have decided," as he was shunted out of the hall. Deputy Prime Minister Abdullah Ahmad Badawi quickly mounted the podium to move that the conference reject the resignation. After about an hour he returned to announce that Mahathir would stay on temporarily as leader and withdraw his immediate resignation. John, (2018) BBC also reported that the reason of resignation is long time rule in Malaysia (BBC, 2018).

In turn, decision startling of Mahathir to resign also made worry not only for Malaysian citizen but also foreigners who had invested heavily in Malaysia, the departure of Mahathir was worrying, because he was perceived as the architect of Malaysia's phenomenal economic growth over the last two decades, who steered the ship of state through two major economic crises-the first in 1985-86, and the second bigger one in mid-1997. Indeed, he has been viewed as being responsible for the opening up of the economy to foreign investors and for launching Malaysia into the K-Economy orbit. His astute political skill and judgment and, particularly, his sense of timing, had enabled him to survive two major political crises within his own political party, UMNO, namely, the 1987 UMNO crises and the Anwar Ibrahim-related crisis.

This phenomenon showed that authoritarian regime of Mahathir transformed toward democratic era. There are many reasons why transition to democracy is called top typology. Firstly, resignation of Mahathir, as top leader, opens opportunity for successor to create democratization because typology transition starting from the top. There are many ways for new ruler to implement democracy values. Secondly, ruler political party, namely UMNO, was agreeing with resignation of Mahathir. Supporting from political party is very important. Thirdly, there is no an economy crisis or

political reason as basic for decision making to resign. Not like others countries that run transition to democracy since is caused by economy or political problem, such as Brazil or Portugal.

5. Remarking 14th General Election As Transition From Bottom

Malaysia's 14th General election has known as The Citizen's Tsunami – '*Tsunami Rakyat*' –where as almost voters turnout about 12,299,514(82.32%). This remarking the shocking results when the opposition scores victory history, after forming Hope Pack (PH) as a coalition party and defeated 61 years of National Front (BN) coalition party. Malaysia has been getting richer for decades, yet the ruling United Malays National Organisation (UMNO) and the Barisan Nasional (BN) coalition that it commands have continued to fend off its opponents in undemocratic election after undemocratic election. GE14 was no more democratic than its recent predecessors, with the playing field tragically skewed in the BN's favour. Nonetheless, an eclectic assemblage of opposition parties led by the People's Justice Party (PKR), which has been leading the charge for democratic reforms since the *reformasi* movement began in 1998, swept to a decisive victory, seizing 122 national parliamentary seats to BN's 79. Interestingly, even though the transition is from the bottom which is opposition but the process of transition is in a peaceful transition of power for example like Mexico's in PRI, Taiwan's KMT and Colorado Party of Paraguay.

The results vindicate the assumption that electoral authoritarian regimes already ended that allows oppositions have a chance to advance to power through polls. Whereas in the past, elections in Malaysia usually sustained the regime, in the present a subversion of the BN rule is conceivable. This general election is a sign that Malaysia can move away from ethnic identity politics to focus on solving the many problems Malaysians are concerned about. Now that voting has moved away from racial boundaries and the new government will have to prove their worth and begin the hard

work of achieving a few ambitious goals of aspirations as well citizen's hope on realism of good governance.

Table 3: Results Overview: Parliament Seats

[No. of seats]	BN	PH	PAS	OTH
F.T. [13]	2	10	0	1
Johor [26]	8	18	0	0
Kedah [15]	2	10	3	0
Kelantan [14]	5	0	9	0
Melaka [6]	2	4	0	0
Negri S. [8]	3	5	0	0
Pahang [14]	9	5	0	0
Penang [13]	2	11	0	0
Perak [24]	11	13	0	0
Perlis [3]	2	1	0	0
Sabah [25]	10	6	0	9
Sarawak [31]	19	10	0	2
Selangor [22]	2	20	0	0
Terengganu [8]	2	0	6	0
TOTAL	79	113	18	12

Source: General Election downloaded from <https://election.thestar.com.my>

6. Transition From The Rule Of Ds Najib And New Malaysia Under Tun Mahathir

DS Najib became the 6th Prime Minister for two phases from 2009-2018. He is having a tough political environment as he failed in 14th General Election due to scandal 1MDB corruption, job wages and living cost become heavily in voters mind. In addition, the previous government under disgraced former Prime Minister Najib Razak was one of the main supporters of China's Belt and Road Initiative and had attracted significant Chinese Belt and Road infrastructure projects to the country and this not become favorable to voters as seen that his leadership more to Pro China Policy. It has become Malaysia's future appeared to be Chinese—a China-fueled economy, a China-boosted tourism industry, and a China-built infrastructure. Even in tourism, high-level partnerships and investments with Chinese businesses came to prove the rule rather than the exception. For example, the country's destination

marketing organization (DMO), Tourism Malaysia, launched "Malaysia Smart Tourism 4.0 Powered by Tencent," an initiative to boost the local tourism industry with tools developed by Chinese tech giant Tencent. Chinese tourists in Malaysia, meanwhile, were encouraged to buy Chinese-built property in the country. Projects such as the \$100 billion Chinese real estate development Forest City in Johor Bahru were exceptionally ambitious (and clearly misguided) attempts to cash in on both Malaysia's eagerness to attract Chinese capital, and Chinese consumers' apparent fondness for Malaysia. Of course, the viability of a newly-built city in Malaysia that would supposedly attract 700,000 mostly foreign residents was often questioned by observers.

The style personality of leadership both of Mahathir and DS Najib are different. It affected in management political power in administration. Mahathir has criticized his successor and the governing coalition since 2006. He changed the

country's stance toward Chinese projects and capital in Malaysia even only 1-month service. He cancelled projects

Flagship Belt and Road projects like the East Coast Rail Link. Besides that, the two gas pipelines project which are the Multi-Product Pipeline and Trans-Sabah Gas Pipeline. Furthermore, he daringly told media during the press conference said that foreigners will not be able to buy residential units at the \$100 billion Forest City. He stated that his objection is because it was built for foreigners, not built for Malaysians. Most Malaysians are unable to buy those flats. The ideal of investments is to bring the benefits for the original country and the usage of local contractors and local key players involved.

7. The Challenges Of Political Economy And The Impact Towards Malaysia-Taiwan Relation

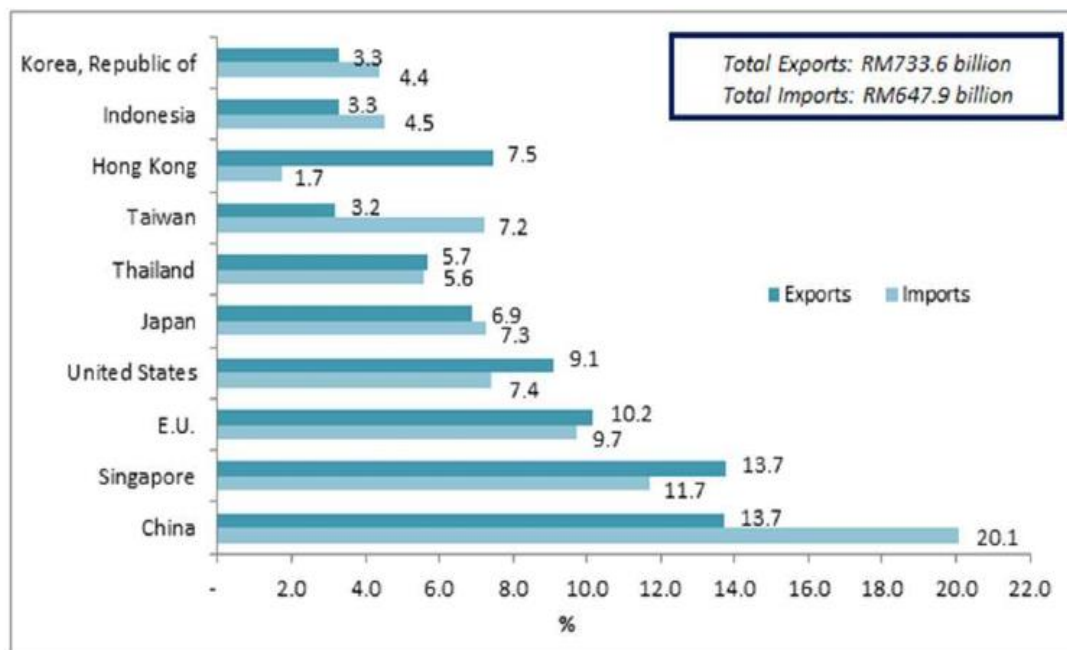
Firstly, is in the aspect of stability and progressive reform to restore public and investor confidence. Although it seen as the victory of democracy but the new government also struggling to remake the new pathway of New Malaysia and the fulfillment of citizen's need it not really easy way for a new government to establish the public confidence among citizen. The incident of the media statement from Lim Guan Eng, the Minister of Foreign Affairs, regarding on the debt of Malaysia had

cause a slump in Malaysia stock where the Malaysian ringgit initially falling 2% and the US listed exchange-traded fund dropping 6%. Secondly, is the government revenue. It is became challenges for the government to initiate a goof management of collection tax. Collection of tax is the only main source of raising revenues. SST Tax has been introduced to replace the GST Tax becoming the main challenges to maintain the government consumption and spending. Thirdly, is the pressure from financial markets to get fiscal consolidation back on track. Fourthly, the prognosis of typology from bottom, which can lead to late installation, can lead to authoritarian. This is still questionable whether Tun Mahathir will kept his promises both political and economically since "one election does not a democracy make".

Apart from above challenges the impact can be observed based on the aspect of import and export. On a year-on-year basis, export growth was contributed by expansion in exports to Hong Kong (+RM7.2 billion), China (+RM4.0 billion), Taiwan (+RM2.2 billion), Republic of Korea (+RM1.6 billion) and Thailand (+RM1.2 billion). On a year-on-year basis, higher imports were mainly from China (+RM3.8 billion), Saudi Arabia (+RM3.1 billion), Taiwan (+2.6 billion), Indonesia (+RM1.7 billion) and the the United States of America (+RM1.6 billion).

Figure 1:

Exports and Imports by Major Countries, Jan - Sep 2018, percentage share



Source from Malaysia External Trade Statistic, Department of Statistic Malaysia, Official Portal accessed from <https://www.dosm.gov.my/v1/>

Another impact based on the aspect of investment from Taiwan. Taiwanese businesses have had presence in Malaysia for 30 years. Taiwan is Malaysia's fourth largest foreign investor & was the seventh largest trading partner in 2017. These can be seen about US\$12.4 billion (RM49.6 billion) as at end-2017 and 1,700 Taiwan businesses have operations in Malaysia, of which more than 20 are listed firms. In addition, their operations have been running well in Malaysia with 100,000 workers being employed. More than 2000 Taiwanese electronic companies invested in Malaysia also facilitating the regional expansion of value chains in Southeast Asia (Hsu, 2017).

Furthermore, is the New Southbound Policy. The New Southbound Policy has provided a wider room for partnership. It initiated in 2016 to foster trade collaboration, talent exchanges, resource sharing and regional links with 18 countries. For example in the aspect of Technology Transfer which Citing Hotayi Electronic Sdn Bhd's invested RM1 billion expansion in Penang has created of 1,000 new jobs. In the aspects of tourism, The number of tourists

Malaysian to Taiwan increase 11.3% to 528,019 in 2017 from 474,420 in 2016. Meanwhile the number of Taiwan tourists to Malaysia grew 10.7% to 332,927 in 2017 from 300,860 in 2016. In the aspect of education about 17,079 Malaysian students studying in Taiwan compared with 14,942 students two years ago.

Above findings had shown that there is existing relationship of the policy's key actors and stakeholders including transnational actors, establishing with their counterparts in Southeast Asia and the new social linkages that are currently being promoted. In addition, the existence of interaction-based learning process involves various stakeholders aside from the governments and therefore tends to foster diverse social linkages. It has been seen through epistemic communities and transnational actors. Socialization involving epistemic communities as defined as "networks of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area" occurs as the

norms and rules of the external environment are internalized as part of policy making (Haas, 1992). Meanwhile, epistemic communities play a crucial role in imagining policy agendas and framework and are seen as initiators of internationalization and social networks at a regional level. Overall, the economic networks and expansion activities based on a 'Taiwanese Asia' implied a strong belief that Taiwan could serve as sustainable cooperation and under people-people approach of New Southbound Policy.

8. Conclusion

Transition to democracy in Malaysia has proceeded peacefully, and the path from above when Mahathir's willing to share its power to Abdullah as Prime Minister. However, the result is a general election in 2018 that the first time in the history of BN rule is threatened by opposition groups since lost a lot of seats in parliament which lead to the Malaysia experienced transition democracy from bottom (replacement) from the opposition/ mass typology of transition. Because of the unique nature of the transition that is derived from the bottom, Malaysia has different characteristics when compared with countries in Southeast Asia in the context of transition to democracy. As theorizing transition that the prognosis of transitional type from above can produce a limited democracy, or even return to the authoritarian, the challenges ahead in promoting the development of democracy in Malaysia is strengthening civil society to control and oversee ongoing government power in order not to return to authoritarian. Another further research will be the element of political culture that allowed the opposition to grow across the coalition government of political parties is a major political asset to realize a more meaningful democracy. Therefore, it is important to outlook the current challenges of the post 14th General Election. Meanwhile, political economy is the most important aspect to ensure political stability as well as economic prosperous. Malaysia and Taiwan relationship still maintain under strong ties especially from the Southbound Policy even

Malaysian experiencing process of transition. It does not affect that value of epistemic communities and social linkages of transnational actors.

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