THE POLITICAL TUSSLE OVER FELDA LAND SCHEMES – UMNO STRENGTHENS ITS MALAY RURAL FORTRESS IN 13TH GENERAL ELECTION

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This paper is about the political economy of Federal Land Development Authority (FELDA) and its important place in the electoral politics of the 13th General Election (GE13) held on 5 May 2013. In a heavily contested election, the ruling coalition, Barisan Nasional (BN) has held on to power by winning by a 22-seat majority, despite its worst performance with the loss of the national popular vote and questions about irregularities. However, the hope of Pakatan Rakyat (PR), the opposition coalition, to make inroads in BN's proverbial FELDA "fortress" vote bank was disappointed. Instead, there were swings toward BN. Winning FELDA areas are important to building up its rural base, in order to win enough seats to govern. In the midst of urban rejection, United Malays National Organisation (UMNO) has retained stronger control in key rural areas, turfing out and keeping out the opposition coalition from its FELDA stronghold, with Mazlan Aliman of Parti Islam Se-Malaysia (PAS) reporting on the difficulties of reaching FELDA women voters and in allaying rural voter fears about Democratic Action Party (DAP) Chinese rule. In FELDA settlement areas the ruling coalition is seen to have preferential access by way of its links with FELDA's administration. The windfall from the FELDA Global public listing seems to have been an important boon. However, there are interesting regional differences, notably between Pahang and Johor. Here, the parallels between oil palm replanting economic decision-making and voting behaviour of FELDA settlers is intriguing. Efforts to lure the FELDA youth vote seems to have been flummoxed with so-called money politics, including the offer of new lands for homes for younger voters. At the same time, UMNO-BN may want to repeat its FELDA electoral success by performing Initial Public Offering (IPO) "encores" to generate financial bonuses with two other key land development agencies – Federal Land Consolidation and Rehabilitation Authority (FELCRA) and Rubber Industry Smallholders Development Authority (RISDA). Combined with FELDA, these three agencies may have control and influence of up to 19% of Malaysia's voters.

Keywords: FELDA, palm oil, rural development, political economy, electoral politics

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INTRODUCTION

The past decade has seen remarkable shifts in Malaysian electoral politics. The dominance of United Malays National Organisation (UMNO) and Barisan Nasional (BN) is waning and voting behaviour has become increasingly harder to predict along ethnic lines. This is demonstrated by the results in the recent 13th General Election (GE13) on 5 May 2013, in which for the first time since Independence the opposition represented a viable government alternative and lost by a narrow margin. In this struggle for power, the rural vote has been instrumental as it has disproportionate electoral power due to the malapportionment in the Malaysian electoral system and is traditionally the UMNO Malay stronghold. However, a subgroup in particular stands out because of its specific historical and institutional structure and its sheer size and that is the Federal Land Development Authority (FELDA).

FELDA is the well-admired and premier land development agency of Malaysia. FELDA helped a generation of landless Malays become a "rural middle-class", mostly with four hectares of oil palm (initially rubber) smallholding and some investment holdings. A highly successful state-controlled and largely state and self-funded program (with some early World Bank loans), FELDA settled nearly 120,000 families from 1959 to 1990, developing 470,998 hectares of settler smallholdings and 340,142 hectares of commercial plantations. It moved poor settler families to the frontiers of Johor, Pahang and Negeri Sembilan (the three states represent 80% of FELDA settler areas), to work in modern agro-industrial estates carved out of the jungle. The 340,142 hectares of non-settled plantations were operated commercially, as a key source of self-funding for FELDA settlements and business expansion. Thus, the FELDA Group grew into a large and prosperous agro-industrial conglomerate. Such is FELDA's importance to the current political leadership that it is administered by a board, which came under the Prime Minister's Department in 2004. Opposition parties have also tried to influence the sizeable voting group in the run up to GE13. The UMNO Information Chief Ahmad Maslan revealed to the media that out of approximately two million people that are settlers or work in FELDA, 1.2 million are voters (New Straits Times, 2010). This is a large number, which proves that FELDA is a voting block worth fighting over; FELDA areas could account for 9% of Malaysia's 13 million registered voters. Thus, the political clout of this key rural interest group, who are essentially oil palm smallholders in a well-run state-administered program is substantial. This power is further compounded by Malaysia's malapportionment that exists between small rural and large urban constituencies and gives a disproportionate number of parliamentary seats to rural constituencies.

This paper is about the political economy of FELDA and its important place in the electoral politics of GE13. However, the hope of Pakatan Rakyat (PR), the opposition coalition, to make inroads in BN's proverbial FELDA
"fortress" vote bank for UMNO was dashed. UMNO has remained strong in rural areas and even improved their position compared to the 12th General Election (GE12). Efforts to lure the FELDA youth vote seems to have been flummoxed with so-called money politics, including the offer of new homes and lands for the underemployed rural youth in these areas. This paper reviews the electoral outcomes in three FELDA areas for the GE13 and examines some key strategies and tactics used in the heated electoral contest. These include: (1) an analysis of BN pre-election strategies in order to capture FELDA and in particular how the FELDA Global Ventures Holdings Berhad (FELDA Global) public-listing exercise in 2012 benefited FELDA settlers and their families and a group of well-heeled Bumiputera investors; (2) an analysis of opposition strategies to stir up discontent toward BN and swing votes; (3) the examination of the electoral outcomes in three FELDA seats that were won by BN to further illustrate the analysis; (4) finally, we explore key political and economic issues that FELDA voters are likely to face, going forward. In short, this paper is an initial review of some key political-economic issues facing a significant portion of Malaysia's rural voters. The author hopes that this will inform subsequent detailed studies in this segment. This should be relevant in itself, and more so in light of intriguing reports in the press about future plans for capital raising via public-listing of other key state-controlled rural land agencies. The contest for the Malay rural vote is likely to be a growing hot topic.

ELECTIONS AND THE RURAL VOTE

Electoral Politics in Malaysia

Malaysian political parties have been largely constructed on the basis of race and to a lesser extent class. UMNO, the leading party of the ruling BN coalition, draws its support from Malays and especially those in rural areas while Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC), also part of BN, reflect interests of Chinese and Indian voters respectively. On the opposition side, Parti Islam Se-Malaysia (PAS) is an Islamist party largely drawing Malay voters, Democratic Action Party (DAP) is Chinese-centric and Parti Keadilan Rakyat (PKR) is Malay-led but multi-ethnic. In Malaysia's plural society, the different ethnic groups are centered in different geographies, with non-Malay populations historically concentrated in towns and Malays being rooted in rural areas, but in recent decades there has been significant and increasing rural to urban migration. At the same time, the majority of the rural poor and the urban working class are Malays, Chinese are mostly located in urban centers and dominate commerce while Indians are distributed across classes. Many observers have noted the peculiarity of Malaysian electoral politics as even though there is a democratic system in place, power has been
monopolised by one party since 1967 and elections are not always free and fair. This has given rise to various characterisations such as "pseudo-democracy" by Case (2009), soft authoritarianism (Means, 1996) or electoral authoritarianism (Ufen, 2009; Case, 2009). Wong, Chin and Noraini (2010) observe that in this "electoral authoritarian regime" the ruling party achieves dominance by controlling the citizenship, international and interstate boundaries (both important in the early post-independence years) and more significantly for our debate, by using malapportionment and gerrymandering of constituencies and other irregularities. The first elections after Prime Minister Dr. Mahathir Mohamad stepped down took place in 2004. BN's performance was good as it won 64% of the popular vote. However, the elections in 2008 showed a swing toward the opposition (Abdul Rashid, 2009). The ruling coalition has been enjoying a two-thirds majority in Parliament since 1969 and the surprising GE12 results were heralded as a victory of democracy against a quasi-democratic BN rule, with more transparency and a larger role for civil society (Case, 2009). After GE12, the opposition led by Anwar has been increasingly regarded as a true alternative government. This was cemented in the strengthening of the alliance parties who named themselves Pakatan Rakyat (PR) or People's Alliance (Abdul Rashid, 2009; Ufen, 2009).

Given this momentum, GE13 was a hotly contested election. Chin (2013) notes the main BN and PR strategies during the election period. For BN, the campaign centered on Prime Minister Najib Razak and his "1Malaysia" slogan, a deliberate effort to move away from race based tactics and to win back some of the Indian and Chinese voters. A key strategy was the use of "cash handouts to key segments of society, especially the rural and urban lower class" (Chin, 2013: 2). As for the opposition, their message centered on the racial differences entrenched in UMNO rule as well as the corruption and deteriorating economic conditions. PR was able to demonstrate its leadership by pointing out its successes in the PR-run states. Ultimately, the results of GE13 were disappointing for the opposition. In a heavily contested election haunted by questions about irregularities, the opposition won overall 89 seats compared to BN's 133 seats out of a total 222 seats. The parliamentary majority of BN (60%) declined further from the previous low of 63% in GE12 but most importantly it lost the popular vote with 47.8% against 50.9% for the opposition, raising questions on the legitimacy of BN (Arakaki, 2013).

The Importance of the Rural Vote

The seat distribution in GE13 was 125 rural seats (5,756,489 voters), 54 semi-urban (3,952,432 voters), and 43 urban (3,559,081 voters) for a total of 222 seats (13,268,002 voters). Rural seats account for 56% of the seats with 43% of the registered voters and rural and semi-urban seats together account for 81% of the seats with 73% of the registered voters. This gives an indication of the relative
importance of the rural vote and the malapportionment in the Malaysian electoral system. Following the 1984 amendments to the constitution, the ruling party assumed effective control over apportioning the parliamentary seats among states and the caps on rural weightage were removed. The Suruhanjaya Pilihan Raya (SPR) can make recommendations on the delineation and weightage but in theory the Prime Minister could amend these and approve them in Parliament with a simple majority. Currently, rural weightage is used to compensate for the inaccessibility of rural areas but this seems to have been applied excessively, especially as the weightage has not decreased at par with advancements in telecommunication and transport that have increased integration for rural voters (Lim, 2002). The most recent re-delineation was carried out in 2002 to reduce ethnic bias. This was achieved to an extent, although the new profiles of the mixed ethnic constituencies show increased ethnic polarisation, to the advantage of BN (Brown, 2005). To overcome this, the opposition has to effect ethnic vote pooling i.e. ethnic Chinese and Indians voting for the Islamic party PAS and ethnic Malays voting for the Chinese-oriented DAP party (Lee, 2013).

This can be understood better in the context of UMNO's power base. UMNO has traditionally represented Malay interests across the board but its "bastion of support" are the rural Malays (Gomez, 2007: 5). Capturing the rural vote has been a strategic issue for UMNO since Independence; UMNO agreed on liberalisation of citizenship for non-Malays in exchange for heavier weighting of Malay-majority rural areas (Lim, 2002; Wong, Chin and Noraini, 2010). With this type of malapportionment UMNO in effect gives more electoral power to its traditional power base and has an advantage over the opposition whose support is predominantly in urban centers. UMNO has tried over the years to cement this support by targeting rural development policies to Malays in the context of affirmative action (Gomez, 2007), as will be discussed in the next section. However, as a counterweight to the economic opportunities that this segment enjoyed due to targeted policies, there is the shifting economic situation in the Malaysian rural sector that has left deep structural problems and has dampened the employment and income outlook. Given the importance of the rural voting bloc, the opposition has also tried to make inroads into rural Malay areas. PAS in particular, also has a broad support base in rural areas and is considered as the only opposition party that can undermine UMNO in these constituencies. Indeed, since the 1999 elections, the rural vote has become less predictable, with voters alternating between UMNO and PAS in Malay-majority rural constituencies, probably due to the increasing dissatisfaction of rural voters with corruption and inequality (Gomez, 2007). However, in GE13, PAS was not able "to win over a significant number of rural voters to overcome UMNO's formidable rural machinery" (Chin, 2013: 9). In fact, PR as a whole won 28% of the rural and semi-urban zones (Politweet, 2013); for every one seat won by PR, BN won 2.5 seats outside of the urban zone. This could be due to the lack of access to alternative sources of media by rural voters who were heavily targeted
by BN campaigning, including the distribution of cash handouts mentioned above. BN used the mainstream media to boost its image as a protector of Malay interests, something that PAS cannot provide given its alliance with DAP (Chin, 2013).

This discussion shows that the rural vote is an important element in Malaysian electoral politics in general and GE13 in particular. However, we feel that a particular subgroup of this vote – FELDA, deserves a much closer look. The group deserves special mention because of the specific historical and institutional ties that bring these voters together and the way different sides have tried to capture it using different strategies. Furthermore, its sheer size shows that as a distinct voting group it is of increasing importance, not only in relation to other rural voters but also to the Malaysian electorate as a whole. FELDA sites span 54 rural and semi-urban parliamentary seats, and have been estimated to encompass 1.2 million voters according to UMNO Information Chief Ahmad Maslan (New Straits Times, 2010). This is a staggering number, which proves that FELDA is a voting block worth fighting over. FELDA areas could account for 9% of Malaysia's 13 million registered voters. Recognising the importance of the rural vote and within that of FELDA in particular, this study aims to shed light on the political economy of FELDA within the context of GE13. The next section will provide a brief background of the organisation.

FELDA AS A VOTING GROUP IN GE13

A Brief History of FELDA's Evolution

Between 1957 and through the 1980s, Malaysia's rural sector underwent a long period of state-initiated land development programs. There were implemented: (1) to help satisfy "land hunger" or pent-up demand which had been caused by the disruption of normal land extension since the 1930s; and (2) for the purposes of poverty eradication and social restructuring of Malaysia's plural or multi-racial society. During this period, social mobility was given a tremendous boost – especially among the Malays. State policy for rural land development, and the "economic miracle" of rapid growth and a shift to the urban-manufacturing sector, worked hand in hand, transforming and uplifting key sections of the rural Malay community (Ibrahim, 2010; 2012; Fatimah and Mad Nasir, 1997). FELDA was formed by an Act of Parliament and launched by future Prime Minister Tunku Abdul Rahman in 1956. It has been a key agent of change, aiming to create progressive rural communities and modernising rural economies. The agency settled poor and landless Malays in new land developments from 1957 to 1990, giving them access to the productive factors – training them in the modern agricultural methods of industrial crop production and offering them credit to buy their settlements and for inputs, and even to develop small businesses. The
FELDA settler has benefited greatly from this key land development program of UMNO. FELDA also brought benefits of health and education services for his family. A vote for UMNO, which delivered socio-economic development and mobility therefore would seem obvious to many. In total, FELDA relocated 120,000 families from 1959 to 1990, developing 470,998 hectares of settler smallholdings and 340,142 hectares of commercial plantations. The core period for settlement was 1957 to the late 1970s in Peninsular Malaysia and thereafter East Malaysia (mostly commercial plantations without settlers).

An overview of the key period of FELDA's evolution and their characteristics can be seen in Table 1. FELDA experimented with different forms of ownership, from individual to block proprietorship, eventually diversifying its interests and investing in upstream and downstream operations while also managing its own non-settled commercial plantations. Through their cooperative, FELDA settlers and staff became the controlling shareholders of the conglomerate, with 51% ownership; but ownership of the commercial plantations was held by FELDA. FELDA's commercial operations have been a great success; it owns one of Southeast Asia's largest commercial plantations, and a multitude of business interests e.g. in crop processing and transportation. However, its settlement schemes have been more disappointing. Instead of realising the vision of modern Malay family-run farms that FELDA was designed for, yields have been lagging, and labour shortages are crippling profitability. It is notable that share cropping has re-emerged, relying overwhelmingly on Indonesian migrants; resulting in lower incomes for FELDA smallholder owners. In the replanting process run by FELDA, all replanting work and subsequent farm work are done by contract or hired labor (80 to 90% of which are Indonesian migrant workers). For quite some time, the ageing settlers and their descendants do not find agricultural field work an attractive prospect.

The typical settler attained his land title after 25 years, roughly the same time when replanting of the palm trees would be necessary. However, the settlements have not progressed as envisaged after the first generation. The expenses of replanting, the decreasing yields, the labour shortages in rural areas have been contributing factors. Settler families often had more than five children, usually educated in schools on FELDA schemes, and had access to university scholarships. Some work in FELDA operating units or are employed elsewhere in the rural sector, but the majority work in non-agrarian sectors (Bahrin and Lee, 2006). Replanting is a protracted operation that requires significant effort and investment, a situation that often complicates the settlers' financial situation. At the time of replanting FELDA uses an estate system to manage resources. At least 50% of settlers must agree for group replanting and farming and there is about 80% participation in replanting. Replanting takes three to four years and the settlers sign a 15-year contract with the FELDA's plantations unit. However, when the time comes for production, 30%–40% of FELDA settlers break the contract. An important issue in this has been the extent of social cohesion, with
schemes in Johor and Perak exhibiting greater social cohesion than those in Pahang for historical reasons.7

Table 1: Key periods of FELDA's growth

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Financial assistance</td>
<td>FELDA distributed funding to existing land development schemes administered by other state agencies.</td>
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<td>(1957–1960)</td>
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<tr>
<td>2. Management</td>
<td>FELDA started managing its own schemes. Lands were developed by contractors; each settler household was allocated a four hectares lot and received the land title after full loan repayment to FELDA.</td>
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<td>(1960–1967)</td>
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<tr>
<td>3. Package deal</td>
<td>More novel and cooperative Block System (1970) and Shares System (1985) were attempted but reverted to the more popular individual land ownership in 1988. FELDA diversified its upstream and downstream activities. Settlers were given more social services in a &quot;package deal&quot;.</td>
</tr>
<tr>
<td>(1967–1990)</td>
<td></td>
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<tr>
<td>4. Agribusiness</td>
<td>With increasing labour shortages, FELDA took its last settlers in 1990. Non-settled lands that had been developed were instead managed by FELDA on a commercial basis. FELDA therefore changed from an agency with social objectives to a profit-making palm oil conglomerate.</td>
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<tr>
<td>(1991–2012)</td>
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<tr>
<td>5. FELDA Global Ventures</td>
<td>FELDA's listed arm is expected to use its key cash-generating asset, its commercial plantations, as its key funder for overseas investments in palm oil estates and downstream businesses.</td>
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<td>(2012 onward)</td>
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Source: Adapted from Bahrin and Lee (1988; 2006).

However, another option is to contract out replanting and management of his holdings to FELDA's commercial plantations unit or to rent out the land. Following labour shortages in rural areas, share-cropping dependent on migrant labour has become more widespread, leading to sub-optimal incomes.8 It is not only FELDA areas which face labour shortfalls and sub-optimal land holding sizes, but also large areas of Malaysia's rural sector. Land is once again in surplus relative to labour – Malaysian commercial agriculture is now highly dependent on migrant labour and a significant portion of non-scheme smallholder land sits idle. The rural problems are highlighted by Ibrahim (2012: 22) as follows: "an alarming increase in idle alienated land, a continued productivity gap between traditional agriculture sectors and modern estate sectors and the limited access of traditional villages to basic modern services, were signs of the inability of the conventional approach (of rural development) to cope with the needs of contemporary socio-economic change". Idle land implies sub-optimal economic

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performance and rural incomes. In rural areas that are more sparsely populated and more distant from towns, there is further lack of opportunities for secondary incomes. Depending on how politicians are able harness the right messaging and funding, political incumbency and largesse might be advantageous to voting outcomes in these areas.

Even though sale of FELDA land is not legally enforceable, in some spectacular cases permission has been granted. Urbanisation has brought housing development to some FELDA schemes due to their proximity to the fringe of an expanding Greater Kuala Lumpur area. In these areas being redeveloped into residential and industrial satellites, some settlers have become millionaires from the sale of their land – Sungai Buaya in the northern part of Kuala Lumpur; Bukit Cherakah also on the outskirts, Sendayan and Lyndon B Johnson bordering the new Kuala Lumpur International Airport (Arif and Tengku Mohd Ariff, 2001) – although some had problems collecting full payment after the financial crisis in 1997. The settler comes from landless poor origins, but within a few decades, he becomes a landholder, investor and a shareholder in a large private enterprise. But the path has not been even, with fluctuations in commodity prices, capital expenses for replanting and a low accumulation of savings. Moreover, some criticise FELDA for its high cost and low population coverage, the creation of a privileged rural group, its paternalism, inter-generational issues and its increasing politicisation (Scott, 1985; Jomo, 1990; World Bank, 1987). The FELDA mission remained relatively intact until 2012 – remarkable in a country keen on big privatisations and big projects.

**FELDA Voting Behaviour**

Even though rural voting behaviour has been discussed in the literature as shown in the previous sections, the situation regarding FELDA has not been studied before. Without a doubt the party with the largest influence over FELDA is UMNO. The relationship between FELDA and UMNO has been close since the inception of the agency since it was a program launched by a widely respected UMNO leader and was designed to favour the Malay rural population in the context of affirmative action (Gomez, 2007). Political considerations were present as much as at the micro level as at the top. For example, to become a FELDA settler, one would have had to get the recommendation of local UMNO representatives; settlers had come from other parts of the country "on the UMNO ticket" but many, especially those originating from Kelantan had become PAS members. There was also a period (1973–1977) when PAS was part of the UMNO-led BN coalition, and this is thought to have had an influence on FELDA during that period. It would be useful if other studies examine this period of FELDA's development and its impact on political-economic issues.9

Aside from external political influences, FELDA has also been rocked by intra-UMNO political tussles. The shared group farming system was abandoned
in the 1980's as competition within UMNO, via the Mahathir-Razaleigh tussle (1987–1988), resulted in the government giving FELDA settlers their longed-for individual land titles instead of shares. The political capital of the settlements has also been demonstrated by the fact that, in the past, state governments had wanted to take the FELDA schemes back from FELDA but lacked the funds to handle it, so they remained with FELDA. However, the voting preferences of FELDA settlers have become increasingly complicated to predict as second generation settlers come of age and socioeconomic situations shift. For example, PAS supporters among FELDA settlers tend to detach themselves from FELDA once they receive their land title, preferring to manage their own land, even though their returns would be lower. As a whole, FELDA settlers have also realised they are an important political grouping and they might have the capacity to outgrow their political "sponsors" as evidenced during and soon after the Mahathir-Anwar fallout (1998–1999). In the 1999 general election Malay voting against UMNO was at a height with an estimate by Kamarudin Jaffar of 70% of Malays voting against (cited in Roslan, 2001). Then, the political rhetoric of ethnicity failed to activate the Malay vote for UMNO, and some point to the failure to address intra-Malay distribution issues, despite the many agencies and bodies tasked to advance bumiputera economic outcomes (Roslan, 2001).

During the run-up to GE13, key PAS personnel and the UMNO Information Chief Datuk Ahmad Maslan have estimated (without disclosing their estimation methods) the FELDA voter support for UMNO at 70%–90%, while UMNO hypothesises that most PAS supporters emerged when PAS was a member of BN (New Straits Times, 2010). The activity and strength of UMNO-linked non-governmental organisations (NGOs) in the social sphere among FELDA areas has been cited as a reason for PAS's inability to increase its voter base (New Straits Times, 2010):

If PAS has Anak to help champion its cause, UMNO has several non-governmental organisations, such as Gabungan Wawasan Generasi FELDA (GWGF) and Majlis Belia FELDA Malaysia (MBFM), on its side. MBFM has been very active in all 54 parliamentary constituencies covering FELDA settlements since the last general election. It boasts of about 100,000 members and organises mostly social and sports programs.

With this in mind we go on to examine the UMNO-BN and PR strategies to capture FELDA voters.

**BN Strategy: The Listing of FELDA Global**

Apart from strategies that aimed to capture rural voters as a whole, for instance with cash handouts and heavy media presence (Chin, 2013), it can be argued that
BN used the FELDA Global\textsuperscript{13} Initial Public Offering (IPO) in June 2012 as a FELDA-specific campaign strategy. Its large oil palm mature area makes it the third largest plantation company globally and "number one" in Malaysia. The Prime Minister Najib Razak announced the proposed public-listing promising benefits to settlers in early 2012, more than a year before GE13 took place, and so snap polls had long been anticipated. For the opposition, a key strategy, especially by PAS, was to halt the IPO altogether. The folding out of the IPO shows the importance the ruling coalition attaches to FELDA and the level of contestation.

First, despite promises of benefits for settlers some FELDA settler groups were wary. High Court injunctions were filed by members of Koperasi Permodalan FELDA Malaysia (KPF), to stop its extraordinary general meeting on the matter. The campaign seeking to prevent the public listing of FELDA Global gathered some momentum with the formation of the Save FELDA Movement (GSF), a coalition of over 10 NGOs. Most of these efforts were led by a PAS-led NGO named "Anak" (Persatuan Anak-Anak FELDA). However, they did not achieve real traction, likely for lack of details on the listing, and lack of sufficient publicity and debate. Early in May 2012, Najib Razak announced the details of the windfall payout to the FELDA settlers. The RM15,000 (USD5,000) payout has been well received and this seems to have flummoxed most of the naysayers, although the political opposition argued for a fairer payout of RM50,000 (USD16,667) (Wong, 2012). However, how far this message reached the FELDA voters needs to be ascertained. It is thought that it did not reach very far.\textsuperscript{14}

The magnitude of the payments in relation to a typical settler family income is evident. FELDA has over 113,000 settler households. Settlers, their children and dependents likely number over a million or 1 in 15 of the Malay population now. This large group has formed the backbone of Malaysia's rural community. With high commodity prices, a settler may have net earnings of over RM2,500 (USD833) per month in mid-2012 when the crude palm oil (CPO) price was around RM3,000 (USD1,000) per tonne (under share cropping\textsuperscript{*}, but double or more if family-run); so the windfall offered represents some six months of this level of income (Khor, 2012a). The FELDA Global listing missed its original April 2012 target date. This could have been caused by a level of contestation that may have surprised its promoters. A significant part of this effort was led by Mazlan Aliman, who heads the PAS-linked "Anak" NGO.\textsuperscript{15} He is the son of a FELDA settler from Bukit Ramon in Johor. Amongst his key efforts were the following: (1) he publicised information that most of FELDA staff were against the public-listing (based on a leaked document of a survey by consultants); (2) while acknowledging former Prime Minister Tun Abdul Razak as the nation's father of development, he pointed out that some view his son Najib Razak as a destroyer of the FELDA program which his father had built; and (3) he challenged the eligibility of Negeri Sembilan Menteri Besar and leading UMNO
politician, Isa Samad to hold the dual position as FELDA chairperson and head of the KPF which is the FELDA Investment Cooperative (Malaysiakini, 2012). Isa Samad was removed six months after the IPO from his position as head of the KPF following a decision by the High Court.

The KPF was a key hurdle in the IPO of FELDA Global. Back in 1992, KPF became the 51% owner of the FELDA Group (ex-commercial plantations). This unusual move likely flummoxed most earlier thoughts of privatisation, as it implied that FELDA settlers and employees (members of the KPF) would be asked to vote on this. Thus, FELDA remained intact for 55 years, until a more determined political leadership apparently helped steer the KPF and designed a suitable "limited restructuring" for the public float of a large chunk of its assets in the FELDA Global IPO of 28 June 2012 (Khor, 2012a). At the time of its debut, global markets and palm oil prices had gone a bit wobbly in a two-year slide from peak prices, and FELDA Global's promoters would likely have been disappointed that the so-called target price range upper band could not be reached. Despite the weakened market conditions, early share trading in FELDA Global was still strong. Seven hundred thirty six million shares (equivalent to 34% of IPO shares issued) were traded at a value of RM3.9/USD1.3 billion and we estimate that RM616/USD205 million in profits could have been pocketed by IPO shareholders. FELDA Global's cloudy outlook remains. Heavy selling pressure has been quite well absorbed by market buyers, among which key big buyers include Malaysian state-controlled pension funds. Its shares have drifted down toward the IPO price after a quick ramp up to RM5.50 from the listing price of RM4.45–4.55/share (IPO on 28 June 2012) (Khor, 2012b).

The short term gains to the FELDA settlers look substantive (probably more than anything offered to any large interest group as a pre-electoral sweetener). However, data has not been disclosed on whether some of the large annual financial supports directly or indirectly received from FELDA entities that were listed will continue. An analysis of whether the short-term pay-offs exceed any long-term reduction in support is not possible. Thus, on a longer time horizon, the FELDA settler could either be a net gainer or net loser from the FELDA Global IPO (Khor, 2012a). Furthermore, political opponents of the ruling coalition have said that the FELDA settlers have a moral right to the lands, which are going to be leased by FELDA Global for 99 years. However, this seems a relatively weak argument given the apparent low preference for farming work among many Malaysians. These lands were alienated to FELDA for the purpose of its resettlement program but they were not allocated to settlers on the usual basis of 10 acres per family. Instead, the extra land was retained by FELDA and operated as commercial plantations, with proceeds effectively used in support of settlement and other activities, as well as developing downstream and related businesses. Thus, FELDA settlers, their children and others who might be in want of agricultural land have lost the last hope for access to FELDA's land bank via this listing. Assuming 10 acres per settler, the plantation land leased to
FELDA Global could instead accommodate some 80,000 new Malaysian settler families, if FELDA were to resume its original mission. This argument might not have had political traction as many FELDA voters might not have understood the so-called economic opportunity cost and furthermore, many might not envisage relocating to or within East Malaysia to work as oil palm smallholders.

Opposition Strategy: Settler versus FELDA Issues

Another opposition strategy regarding FELDA was stirring discontent between settlers and FELDA over alleged unfair (under)payments for their produce. A key figure in this was lawyer-cum-parliamentarian R. Sivarasa of PKR who served as lead counsel in some of the cases. Various settler lawsuits were filed against FELDA on its alleged cheating in grading their fruit, over (1) a too-low oil extraction rate (OER) accorded the settlers; and (2) disqualified fruit bunches which were neither paid for nor returned to the settlers. The most recent lawsuits claims of losses per settler amount to RM30,912 (USD10,304; due to an overly low OER)\(^{17}\) plus RM1,344 (USD448; for disqualified bunches) = RM32,256 (USD10,752) in just one year. One of the settler lawsuits claim this for 17 years; thus coming to nearly RM550,000 (USD183,333) per settler. This lawsuits strategy predated and seemed to be running independently of political tussles over the FELDA Global IPO. Even so, it is interesting to compare the financial implications of the two. By the author's calculations, the RM32,256 claim for just one year is equivalent to 2.15x the windfall payment of RM15,000 (USD5,000) to settlers from the FELDA Global listing.\(^{18}\) As the two political messages were run by different opposition politicians who did not seem to work together, it seems unlikely that the above comparative computation was made or communicated to FELDA settlers.

A full list of settler lawsuits against FELDA is not readily available. There have been at least 23 lawsuits filed. 18 cases against FELDA have been officially reported by the Prime Minister's Department, and up to February 2011, they are as follows: 12 have been decided by the courts with the only loss for FELDA being the technical loss in the FELDA Kemahan; three cases in Kelantan where FELDA's counsel failed to show up; six cases were pending, with total claims of RM90 (USD30) million (MySinchew, 2011). Since early 2011, at least five big new cases have been filed, including several by Sivarasa of PKR. The claims in the following eight cases are in excess of RM1.2 (USD0.4) billion:

1. Four settlements in Pahang: FELDA Mempaga 1, Mempaga 2, Mempaga 3 and Bukit Damar
2. Eight FELDA settlements in Pekan, Pahang: FELDA Chini and FELDA Chini Timur
3. In Jengka, Pahang
4. Bera, Pahang
Five of selected eight "settlement versus FELDA" lawsuits are in Pahang, where as mentioned previously settlements suffer from relative lack of social cohesion. Settlers in eight FELDA settlements located in Najib Razak's constituency of Pekan in Pahang have also taken a suit against FELDA. The case involves 770 FELDA settlers from eight Rancangan FELDA Chini and Chini Timur, Pekan filing a suit against FELDA and FELDA Palm Industries Sdn. Bhd. on 26 April 2012, for RM422 (USD141) million of losses over 17 years. This brings FELDA settler dissatisfaction to the doorstep of Najib Razak.

Other opposition strategies targeted FELDA voters who were employed by PAS, centered on increasing their popularity among FELDA voters and especially the second generation. To further their aim PAS set up in 2009 the FELDA Settlers Children's Association to raise PAS support base in FELDA schemes. Their campaign highlighted issues of alleged mismanagement of FELDA and the FELDA listing, arguing the settlers did not get enough of a payoff and increased their income insecurity. Finally, they focused on placing candidates in areas with high concentration in FELDA schemes that were experienced in FELDA issues (The Star, 2013b). Overall, BN's strategy on FELDA centered on the windfall bonus from the FELDA Global IPO. It was contested by the opposition, and especially PAS although the latter was unable to stop the process. Furthermore, PAS tried to also stir discontent among FELDA and settlers while also making some positive steps toward enhancing their influence on second-generation voters. It is unclear to what extent the majority of settlers were swayed by the prospect of a quick payout versus the uncertainty of their future financial support and the potential loss of land for future settlements. Given the overall lack of publicity of the issue, as well as lack of access to alternative media outlets in rural areas and the banning of PAS-led "Anak" campaigning in FELDA areas outside of the very short GE13 campaign period it is likely that the reach of the opposition message was not as strong as it would have liked.

The Results of GE13: FELDA a Key UMNO Votebank

Even though further research is needed to determine what impact the strategies above had on FELDA voters, the results of GE13 confirm that FELDA is still an UMNO stronghold. The importance of FELDA voters for UMNO can be estimated by political zoning analysis. Politweet (2013) combines a study of Google Maps, voter base ethnicity and the SPR's parliamentary constituency boundaries (Figure 1). Politweet (2013) summarises Malaysia's parliamentary...
seats and voter base by three key zones used by the SPR:10 125 rural (5,756,489 voters), 54 semi-urban (3,952,432 voters), and 43 urban (3,559,081 voters) for a total of 222 seats (13,268,002 voters). The FELDA land schemes cover approximately 54 parliamentary constituencies that are predominantly rural and semi-urban. There are three important insights that can be derived that would give an approximation of FELDA's importance. First, 179 (81%) of 222 parliamentary seats may be zoned as rural and semi-urban; thus, FELDA schemes are present in 54 (30%) of 179 such seats. Second, PR won 38 (43%) of its 89 seats in urban areas and BN won a low 5 (4%) of its 133 seats in urban areas. While PR is supported in the ratio 43:57 by highly urban versus other geographies, BN has become reliant in the extreme (96%) on rural and semi-urban voters, having lost in most highly urban areas in GE13. Third, the rural and semi-urban 179 seats were won as follows: 51 (28%) by PR and 128 (72%) by BN; thus, outside the urban zone, for every 1 seat won by PR, BN won 2.5 seats. It becomes evident that rural and semi-urban voters are BN's core supporters and since 30% of such geographical areas are dwelled by FELDA settlers, it can be concluded that FELDA has gained in importance as UMNO's key vote bank.20

Given FELDA's support for BN, there is speculation that BN could carve out more winnable seats in FELDA areas in its 2013 electoral boundary redelineation proposal, which could add another 20 parliamentary seats to the existing 54 seats from FELDA. Such a move could increase the existing disproportionality problem, and could give more power to voters in the FELDA areas relative to those in the larger urban constituencies (Harakahdaily, 2013).

PAKATAN RAKYAT CONTESTS FELDA SEATS: THREE CASE STUDIES

The opposition was disappointed with the results that came in from the FELDA areas, as it showed a swing to UMNO-BN and little evidence of a FELDA youth vote swing to the opposition ("we just about lost in every saluran (age cohort grouping")21 despite various strategies used. Prior to GE13, the opposition coalition held four of the so-called FELDA parliamentary seats, with PAS incumbents in Pendang, Padang Terap and Baling in Kedah; while PKR held Tanah Merah, Kelantan (The Star, 2013b). However, all these parliamentary seats swung to UMNO-BN and were lost. We examine below three state seat voting results from GE13; one each for Negeri Sembilan, Pahang and Johor, which featured significant effort from the opposition. All three seats were FELDA areas, with two of them dominant FELDA settlement areas (Palong and Jengka) and the third in Johor selected as a PAS FELDA-activist was candidate there. These three seats were identified as having "significant effort" from the opposition coalition with active opposition campaigning, as confirmed by top rural focused politicians in interviews.22 Furthermore, there is an added spatial
dimension as each seat is located in different parts of Peninsular Malaysia (northern, central and southern).

Figure 1: GE13 Parliamentary seat zoning and results – BN becomes the non-urban ruling coalition.
Source: Politweet (2013).
This analysis focuses on state voting results, as these areas are smaller and better contain the FELDA settlement areas, in contrast with parliamentary seats which typically straddle two or three state seats. Non-structured interviews were conducted with opposition candidates and detailed analysis was focused on the state voting results for aforementioned reasons. Broadly, the general level BN support in the Peninsula is higher in the south, especially in Johor (86% votes for BN) and lower in the north-east, including Pahang (67% votes for BN for a 19%-age point difference). This is likely due to basic socio-economic differences that generated disparate outcomes on the replanting issue, a key economic decision; which resulted in a significant contrast between FELDA settler economic behaviour in the states of Johor and Pahang.

<table>
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Note: Malaysia GE13 parliamentary voting results for Barisan Nasional at 258 voting districts with name "Felda" plus other known Felda areas. It is not a comprehensive listing of Felda voting areas, but this includes a large part of Felda geographic voting areas. For those Felda voters who have migrated, their voting behaviour would not be captured. Overall, the data should be carefully interpreted, but it represents a fair but incomplete preliminary indicator of the voting tendency for Barisan Nasional by age cohort and by state.

PKR Challenged at Palong

FELDA experts among opposition politicians report of poor results for PKR in the state seat of Palong, Negeri Sembilan; attributing it in part to a combination of weak logistics, lack of funds, and lack of counting agents in the contest for this 100% FELDA area. The total number of votes in GE13 was 16,044. According to
FELDA's records (Bahrin and Lee, 2006), the total number of settlers in Palong 01 through 10, Palong 12 and 14 was 5,493 (the numbering of FELDA "Palong" settlements does not correspond fully with the SPR area names, so this is merely indicative). In the General Election of 2008, BN won with a majority 4,217 or 44% (votes counted 9,667) and in GE13 BN did better, winning with a majority of 8,456 or 62% (votes counted 13,724; +42% from 2008). BN garnered 71%–87% of Palong votes by saluran/voting age cohort stream. By broad age categories, there was very slight tendency for more elderly voters (voting in Saluran 1, while younger voters vote in Saluran 3 and 4) to vote for BN. As such, the opposition coalition's hoped for youth vote was almost imperceptible in the Palong state vote results. The peaks and troughs, above and below the dotted trend line indicate the voting districts where BN did particularly well (Palong 7) or below average (Palong 4). A more detailed study might try to explain the outperformance and underperformance areas, whether it is due to voter socio-demographics, local issues, campaign tactics or other reasons. As for the parliamentary seat voting results, BN votes dipped by about 1%-age point from 80.3% to 79.3% from 2008 to 2013.

Figure 3: Percentage BN votes ranked by saluran (voting stream) age seniority for all voting areas in N06 Palong, Negeri Sembilan at GE13.

Note: Saluran (voting stream) number is indicated at the bottom of the x-axis, as well as with each voting area name e.g. at the far right, "Palong 3–4" refers to voting area name "Palong 3" and Saluran 4.

Source: Suruhanjaya Pilihan Raya Malaysia (2013).
A Tight Fight at Jengka

Jengka, Pahang was fought by PAS candidate Tuan Ibrahim, the leader of PAS Pahang. An extremely popular politician, he lost the Jengka state seat (a 100% FELDA area) by a narrow margin in 2008; when BN won with 596 votes or a 4% margin. This time, BN won with an increased majority of 1,303 or 7% of total 19,603 votes counted (an increase of 37% from the previous election). There was a 1.3% swing toward BN. The PAS on-the-ground election machinery was very well organised here, so alleged cheating at the counting level would have been minimised. BN garnered 35%–70% of Jengka votes by saluran (voting stream). By broad age categories, there is an obvious tendency for more elderly voters (voting in Saluran 1, while younger voters vote in higher numbered saluran e.g. Saluran 3 and 4) to vote for BN. Jengka is apparently fertile ground for opposition votes due to having a corpus of PAS-supported settlers, less homogenous communities and fewer alternative income opportunities. As for the parliamentary seat voting results, BN votes were lowered by 0.2% to 54.8% in 2013.

Figure 4: Percentage BN votes ranked by saluran (voting stream) age seniority for all voting areas in N29 Jengka, Pahang at GE13. Note: Saluran (voting stream) number is indicated at the bottom of the x-axis, as well as with each voting area name e.g. at the far left, "FELDA Jengka 11–1" refers to voting area name "FELDA Jengka 11" and Saluran 1. Source: Suruhanjaya Pilihan Raya Malaysia (2013).
Khor Yu Leng

PAS Activist in the Johor Stronghold

Mazlan Aliman, PAS's high profile personality, aiming to represent the younger FELDA generation lost in Bukit Permai, Johor – a state seat which includes three FELDA areas, town voters and some Chinese areas. Despite winning, BN faced a massive 12.9%-age point swing toward the PAS candidate (Butler swing measures in excess of 10% are considered unusual). BN's majority was 3,369 or 18% (votes counted 19,103; +65% from 2008). In 2008, BN had a bigger majority of 5,192 or 28% (votes counted 11,578). As for the Kulai parliamentary seat (within which Bukit Permai is one of three state seats) voting results, BN votes fell from about 61.2% in 2008 to 40.7% in 2013, dropping by 20.5% in this ethnic Chinese majority area.

Figure 5: Percentage BN votes ranked by saluran (voting stream) age seniority for all voting areas in N50 Bukit Permai, Johor at GE13.

Note: FELDA areas are marked with double asterisk**. Saluran (voting stream) number is indicated at the bottom of the x-axis, as well as with each voting area name e.g. at the far left, "Bukit Permai1–1**" refers to voting area name "Bukit Permai" and Saluran 1, a FELDA area.

Source: Suruhanjaya Pilihan Raya Malaysia (2013).

Johor urban and ethnic Chinese voters swung toward the opposition, but FELDA votes for BN remain high. Compared to the state voting results in the FELDA areas of Jengka and Palong, these Johor FELDA areas are even more
strongly supportive of BN, with results ranging from 80% to 90% pro-BN. Here, it was obviously still difficult for a high profile opposition candidate, Mazlan Aliman, fighting for FELDA and FELDA youth rights, to substantially shift these Johor FELDA voters.

Figure 6: Percentage BN votes ranked by saluran (voting stream) age seniority for all voting areas in N50 Bukit Permai, Johor (key Felda areas) at GE13.
Note: FELDA areas are marked with double asterisk**. Saluran (voting stream) number is indicated at the bottom of the x-axis, as well as with each voting area name e.g. at the far left, "Bukit Permai – 1**" refers to voting area name "Bukit Permai" and Saluran 1, a FELDA area.
Source: Suruhanjaya Pilihan Raya Malaysia (2013).

The Women's Vote and Fear of DAP Chinese Rule

Mazlan Aliman and PAS members in the FELDA settlements blamed their failure at GE13 on BN's racial and financial campaign that cost them the key women's vote. They report that UMNO-BN used a racial and financial benefits campaign, while PAS party workers' access to voters was constrained. "We could not get past the kitchen door… FELDA womenfolk, stayed at home and were not exposed to PAS political programs but instead, were influenced by the BN-controlled media and FELDA-sponsored events". Mazlan Aliman said that "in FELDA, everything is under control. Every area has a village head. Every 20 houses have a chief, assistant chief and committee members. At the higher levels, there is a FELDA manager, assistant and officers who control every settler's movement" (The Malaysian Insider, 2013). UMNO-BN are reported to have played up ethnic issues. 29 "Anak" members reported Puteri UMNO and Wanita UMNO (the women's wings) going to the settlers' homes to give out rice with a special message... "this is rice, keep the rice properly, when the Chinese rules Malaysia, we would have rice shortage." This message was
reinforced via pamphlets, CDs, and briefings. Mazlan Aliman noted that access was made easier by the ruling government's links within FELDA. Settlers believed that the Chinese-dominant DAP would rule Malaysia if PR won the elections. The settlers were not aware that DAP only contested in 45 out of the 222 parliamentary seats in GE13. Thus, critics said it appeared that the Islamist party did not push enough to explain PR's alliance and DAP's fraction of the seat distribution. An exception was perhaps Temerloh, which PAS won, where the message might have been more strongly and effectively put (The Malaysian Insider, 2013).

Money Politics and Logistics

"FELDA settlers are not so educated and so they are easily influenced by such campaign. What more, with the money paid to FELDA of about RM15,000 each family," Mazlan Aliman said (The Malaysian Insider, 2013). Other opposition politicians spoke about other problems in the contest over FELDA voters. These include:

1. The RM15,000 (USD5,000) payout from FELDA Global – this was a big decider (a problem also highlighted by Mazlan Aliman (The Malaysian Insider, 2013). Although some in the opposition argued for a higher payout of RM50,000, this was likely not heard. Furthermore, the complexity of issues related to the FELDA Global listing were ill-understood even among opposition politicians (most lacking a strong background in corporate and/or financial work), much less among the rural voters. This also meant that the various opposition politicians who tackled various FELDA issues were not able to coordinate to convey a strong message to FELDA voters.

2. In the last week of campaigning, BN is alleged to have given out cash and hampers to every FELDA household. This was done in several rounds by young politicians, women politicians and by the candidate. The first effort was greeted rather coldly, but greater warmth could be observed after each round of visits.

3. The opposition also failed to get a large FELDA youth vote as BN is reported to have made other additional gifts to this group during the campaign period. Most interestingly, it was reported that the youth were promised houses and land for resettlement, and younger voters were issued with land application forms. Mazlan Aliman confirms that BN influenced second-generation settlers by using "Anak's" approach of asking for a house within the settlements. "BN came and made show houses for the second generation settlers. If they wanted the house, they must ensure
BN wins…” This was targeted at the newly-weds and those between the ages of 30 to 50 (The Malaysian Insider, 2013).  
4. In addition, other than in Jengka, the opposition was weak in logistics, funding, and short on counting agents.

FUTURE ISSUES FOR MALAY RURAL VOTES

Settler dependency and rural youth underemployment

The key challenge for FELDA settlers is its ageing population, which poses a real problem of the sustainability of the settlements. Many settler children have attained high levels of education and have moved to towns to work (but many have also been left behind), leaving many elderly settlers opting to hire foreign labour to share crop, or else choosing FELDA to run their holding, also using foreign labour. The need to replant and to raise yields required investments or costs that would impinge on short term incomes, something that elderly smallholders have been loath to do.

FELDA is not alone among resettlement programs in having these major second-generation problems. FELDA had tried to forestall the problem of the reduction in holding sizes by proposing laws against inheritance to more than one child. However, land titles have since been awarded, other restrictions lifted and there is regular inheritance and sub-division of ownership. So far, the longevity of the FELDA settler has meant that the pressure has not been great. However, pent-up demand for rural landholdings is expected to increase due to the relatively slow growth of Malaysian urban net incomes since the Asian Financial Crisis of the late 1990s vis-à-vis that of rural incomes driven by the commodity boom. Rural youth underemployment is a potential negative, but via its political strategies and tactics, for example youth NGO activities and house and land promises outlined above, UMNO-BN seems to be holding this potentially risky situation well, at least for now.

The Listing of Other State-Controlled Land Agencies?

Media reports a sense of déjà vu in light of expectations of capital raising via the public listing of at least two other key state-controlled rural land agencies: The Federal Land Consolidation and Rehabilitation Authority (FELCRA), servicing some 79,000 tree crop farmers with a total landbank of about 277,000 hectares (New Straits Times, 2013a; 2013b; The Star, 2013c) and the Rubber Industry Smallholders Development Agency (RISDA), which facilitates palm oil and rubber replantation and commercialisation programs, with more than 154,000 hectares under its purview and over 42,000 replanting scheme members (The Star, 2011; 2012). These are dwarfed by FELDA’s 113,000 settlers and its land
area of some 800,000 hectares (settler and commercial plantations combined). However, if FELDA's estimated settler to voter ratio (each FELDA settler is now associated with 10.6 voters, including himself) is applied to FELCRA and RISDA to estimate their voter numbers, they would amount to 837,400 and 445,200 rural voters, respectively. Combined, the three large state-controlled land agencies could be related to some 2.5 million (19%) of Malaysia's 13.3 million voters, or 26% of 9.7 million rural and semi-urban voters. It will be important to observe what strategies and tactics BN and the opposition coalition use to address the interest of these key rural voter bases. It is likely that any future IPOs of FELCRA and RISDA will raise smaller capital amounts. They have fewer members and most importantly their asset bases are likely to be much smaller. With their primary roles of in-situ smallholder support, there was little or no reason to alienate large areas of state land to these federal agencies (for any eventual and intended or unintended commercial purpose a la FELDA). Unlike FELDA, which has effectively closed off its opportunities to grow its membership by leasing away its vast commercial lands to FELDA Global (the author estimates that 80,000 new settler families could in theory have been emplaced, FELCRA and RISDA could still grow by recruiting owners of idle rural lands or activating underemployed rural youth to be tenant farmers. Various studies indicate large areas of the Malaysia rural areas are underutilised (Ministry of Agriculture, 1999).

**Malaysian Land Agencies Becoming Commercial Global Investors?**

FELDA is transitioning to focus on commercial investments globally. FELCRA and RISDA may also follow FELDA's footsteps. With the FELDA Global listing, FELDA is making a final transition from an agency focused solely on poverty alleviation and rural development to a real commercial plantation company. In theory it is cutting many ties with its settlers and its original mission; by leasing away its highly important, most profitable, cash cow, the commercial plantations. However, political imperatives are likely to mean that FELDA will retain a watchful eye and assist its settlers. FELDA Global has relatively limited expansion possibilities for its Malaysian land bank, unless it focuses on Sarawak and marginal or idle land nationwide. If FELDA Global lives up to its moniker it will be setting its sights overseas. It promises to invest in plantations in countries like Cambodia and in Africa. Hopefully, in so doing, it will not eschew necessary investments within Malaysia to boost and intensify its yields and production from its existing estates.
Commodity Price Concerns?

One of the big questions emerging in the palm oil and other commodity sectors is whether we are to face stagnant if not declining prices and whether we might enter a long commodity down-cycle period. High prices tend to bring on a lot of supply increase, and this can be unexpectedly large, especially in long-gestation commodities such as palm oil and oil (whose price movement is the key influence on palm oil prices; Fry, 2012). If there is price weakness, both BN and the opposition coalition will need to frame the problem and contest the issue. As the ruling government, BN would have at its disposal the ability to offer more special subsidies for smallholders or other incentives.

CONCLUSION

Although it is unclear as to what extent the BN and PR strategies impacted the FELDA vote – probably the most sizeable distinct rural voting group, in GE13, the evidence suggests that fears of Chinese DAP domination were played up, and that the FELDA Global listing was a strategic boon to UMNO-BN. Voters in the FELDA areas apparently received the FELDA Global listing windfall payment as the "glass is half-full," despite any family frictions it seemed to have generated and however short-lived the cash was for many recipients. In interviews with ethnic Malay voters, there is often mention about the "sense of gratitude" that is said to be ingrained in the Malay psyche. UMNO-BN reportedly also used other efforts besides money politics. Critically, to keep hold of the youth vote, forms to apply for new land for houses (The Malaysian Insider, 2013). FELDA voters solidly returned BN candidates in the polls. The "glass is half empty" arguments of the opposition included: (1) efforts to block the listing of FELDA Global with contestation over the partial corporate restructuring and the key FELDA cooperative; and (2) arguments over an insufficient windfall payment for FELDA settlers from the listing exercise. These did not seem to gain popular attention or traction. The direct action of the "fruit grading cheating" lawsuits strategy does not seem to have panned out either, despite its theoretical monetary pull (although the amounts sought appear inflated). Anecdotally, some Malay urban voters report that their rural kin did not heed what they heard in opposition ceramah in their voting decisions. "What do scandals and corruption mean to rural folk?" and "the opposition had nothing much to say about their livelihoods" are typical comments. In contrast, they report that UMNO-BN focused on the protection of Islam and Malay rights and promised rural development strategies and programs which they thought were more effective rural vote getters. All these points suggest the need for more focus groups and surveys among rural voters, to include regional comparative studies.
The author hopes that these initial findings and case studies will inform subsequent detailed studies of strategy and tactics in Malaysian rural electoral contestation as well as efforts to better understand the socio-economic situation of rural voters and their needs and aspirations. This may be apropos, in light of concerns about commodity prices, second and third generation issues, rural youth underemployment and racial fears. A renewed impetus for wider Malaysian rural studies will likely be sparked off by the outlook for a stronger contest for rural voters in the next General Election. The Malay rural vote hopes for the PR opposition coalition will require a significant and serious challenge to UMNO-BN's decades-long economic policy lead and administration over the country's key rural land agencies, and its electoral strategy and tactics to address its beneficiaries. The opposition will need to better coordinate and drive an effective message to FELDA and other rural voters. In particular, they will need to address rural voter fears about DAP Chinese power, which the PR politicians were in large part unable to allay in GE13. Efforts to lure the FELDA youth vote are widely reported to involve the offer of new land for homes for the younger voters in these areas. In the light of Malaysia's middle-income trap problem, it is perhaps not surprising that FELDA, a celebrated resettlement program needs substantial new policies for its key youth demography.

ACKNOWLEDGEMENT

The review and analysis of the FELDA Global Ventures public-listing is derived from Khor (2012a; 2012b). The history of FELDA's evolution was researched by the author for an unpublished academic work in 2002. The author would like acknowledge the help of Ms. Vasiliki Mavroeidi as research assistant. I would also like to thank the many sources who were interviewed on FELDA issues over the years. They wish to remain anonymous. Many have either worked at FELDA or are close FELDA watchers. Many admire and are proud of what FELDA has achieved for its settlers, but quite a few have reservations about how politicised FELDA has become in the last decade or so.

NOTES

1. United Malays National Organisation (UMNO) is the ruling ethnic-Malay party in the Barisan Nasional (BN) coalition, which has ruled Malaysia since Independence in 1957. Parti Islam Se-Malaysia (PAS) and Parti Keadilan Rakyat (PKR) are two of three key component parties (the third being the Malaysian Chinese-centric, Democratic Action Party [DAP]) of the Pakatan Rakyat (PR) opposition alliance. PAS is an Islamist party which is stronger in
the northern part of Peninsular Malaysia, and PKR is the Malay-led multi-racial party headed by Anwar Ibrahim.

2. A search via JSTOR on the general topic of FELDA's role in electoral politics yielded 23 search results, dating October 2012 back to 1974; with no directly relevant titles either in recent years or further back. This paper is therefore exploring a topic that has not been well-published. The author therefore relies on material from her own primary interviews and analysis of the palm oil sector, as well as information and interviews in the press.

3. Interview (e-mail) with two politicians (Pakatan Rakyat) on 22 May 2013.
4. Interview with a politician (Pakatan Rakyat) on 22 May 2013.
8. Interview with a politician (Pakatan Rakyat) on 22 May 2013.
12. Roslan (2001) recites a list that includes: (1) Government agencies already in existent in the 1960s such as FELDA, Majlis Amanah Rakyat (MARA), Federal Agricultural Marketing Authority (FAMA) and Malaysian Agricultural Research and Development Institute (MARDI) which had strong funding; (2) Newer rural targeted agencies included Rubber Industry Smallholders Development Authority (RISDA), MAJUIKAN (Fisheries Board) and MAJUTERNAK (Cattle Board); and (3) The Urban Development Authority (UDA) and State Economic Development Corporations (SEDCs) sought to promote commercial and industrial projects to help boost the success of the bumiputera rural-urban shift. "Credit facilities, advisory services and the physical infrastructure such as shops and houses were also provided through agencies such as MARA, Malaysian Industrial Development Foundation (MIDF), Credit Guarantee Corporation (CGC) and Bank Bumiputera. Of significance in increasing bumiputera participation and ownership in the economy was the establishment of Perbadanan Nasional (PERNAS)." While newer programs have been established, these remain the key agencies, with one notable change; Bank Bumiputera was eventually merged with CIMB Group in 2005 to creating a large new universal bank, making its CEO Nazir Razak, brother of Prime Minister Najib Razak, a multi-millionaire (Forbes, 2012).

13. FELDA Global Ventures Holdings Berhad (FELDA Global) is a Malaysia public-listed company whose key businesses comprises the commercial oil palm plantations of FELDA (on long term lease basis) and 49% of the FELDA Group mills, downstream and ancillary businesses. At its Initial Public Offering (IPO) in 2012, it raised RM4 billion. The 51% owned by the Koperasi Permodalan FELDA/FELDA Investment Cooperative at the time of the IPO received final
approval by its owners for its sale to FELDA Global in late 2013 (The Star, 2013a). FELDA Global plans to expand its plantation areas by investing globally, and by 2020 it seeks to achieve 1 million hectares of harvest from its own estates as well as FELDA smallholders (FELDA Global, 2012). The company, with over 340,000 hectares of planted area has a stock market capitalisation of RM16.8 billion. This may be compared with the higher RM26.2 billion market capitalisation of another integrated palm oil plantation group, Kuala Lumpur Kepong Bhd. which had a smaller 212,000 hectares of planted area in 2012 (Bloomberg, 2013).

14. Interview (e-mail) with Research Specialist, Merdeka Center on 6 December 2013.

15. FELDA took the step of banning "Anak" from entering FELDA areas and the opposition coalition from holding rallies in its areas prior to the GE13 campaigning period. "Deputy Minister in the Prime Minister's Department, Ahmad Maslan, who is also in charge of FELDA affairs, has confirmed that PAS-linked NGO 'Anak' is allowed to enter FELDA territory only during the election campaign period. He said the ban on 'Anak' from entering areas managed by FELDA comes under the Land (Group Settlement Areas) Act 1960" (Malaysia Chronicle, 2013).

16. The FELDA Global IPO shares allocation, saw 87% reserved for Ministry of International Trade and Industry (MITI)-approved (relatively well-off) bumiputera investors and other institutional investors. Out of the grand total of 2,189 million IPO shares, the author's estimate of the likely "loose holders" (shorter term investors) were 693.1 million shares in the following categories: (1) Malaysian public*, 73 million; (2) FELDA settlers*, 91.2 million; (3) FELDA employees and persons who contributed*, 109.4 million; (4) MITI-approved special bumiputera investors**, 419.5 million i.e. allocated 4.6 times more shares than FELDA settlers (note: *retail investors, **institutional investors). Thus, "loose holders" were 32% of total IPO shares. FELDA Global was listed on 28 June 2012; the retail portion was priced RM4.45/share and the institutional portion RM4.55/share. On listing day, the price was ramped up. A high of RM5.51 was reached on 5 July 2012. Since mid-August 2012, FELDA Global share price has sunk further, dipping below IPO price several times. It valiantly hovers above RM4.50 in a tight trading range since mid-May 2013. Data from key state-controlled pension funds, the Employees Provident Fund (EPF) and Kumpulan Wang Persaraan (KWAP; the civil servants retirement fund) indicate that they have been strong key buyers of FELDA Global shares since its listing (Bloomberg, 2012) and while its shares has sunk to IPO price several times. Analysts were lacklustre on FELDA Global's outlook due to its unusually aged tree profile (interview with independent Research Analyst on 10 February 2012). It requires massive replanting and this implies flat/no growth in CPO production. FELDA Global is expected to spend its cash pile on various merger and acquisitions, to generate better earnings.

17. In a recent lawsuit led by Sivarasa – there are several where he is lead counsel, there are complaints over an average 18.5% OER received by the settlers. The lawsuit argues that they should receive 8.5%-age points more as "random tests by FELDA settlers in Jengka with independent laboratories to assess the actual
rate of the OER showed a much higher average rate of 27%" (Sivarasa, 2012). This forms the bulk of the financial claims. It is notable that Malaysia-wide OER statistics published by the Malaysia Palm Oil Board (MPOB) ranged about 20.2 to 20.6% in 2012, significantly lower than the 27% mentioned. A key landmark case is the Kemahang 3 FELDA scheme in Kelantan winning a case against FELDA over "cheating" in the OER. In January 2010, the Federal Court ordered FELDA to pay RM11 (USD3.7) million in damages to the settlers there.

18. Prime Minister Najib Razak's administration announced on 9 May 2012 the allocation of a windfall from the listing, totalling RM1.689 (USD0.563) billion for each of the 112,635 first generation settlers in 317 FELDA schemes.

19. Suruhanjaya Pilihan Raya (SPR) Malaysia does not itself publish a list of seat names in each zoning, nor does it provide details for the basis of this zoning. It does not provide the quality and quantity of information, including electoral boundaries in soft copy, which is necessary for many researchers to make thorough and detailed studies.

20. Geospatial electoral studies and political analysis in Malaysia seem to be in its early stages and often hindered by lack of access to freely available public information (including SPR boundary map vectors and registered voter numbers data, Department of Census data, and information from other government agencies, including FELDA). For a detailed study of FELDA areas voting behavior, the maps of FELDA land schemes should be prepared in a geospatial analysis together with their estimated population and voter base (current and past) in order to identify their location in the GE13 electoral boundaries and similarly for past General Elections. Such geospatial and quantitative work is beyond the scope of this paper. In order to illustrate FELDA's importance in Malaysia's electoral politics, the author presents some illustrative information, data context and case studies.

21. Interview (e-mail) with two politicians (Pakatan Rakyat) on 22 May 2013.

22. Interview (e-mail) with two politicians (Pakatan Rakyat) on 22 May 2013.

23. The GE13 voting results for the three case studies show a 2–3%-age point difference between parliamentary and state voting results, down from a 1–16%-age point difference in the previous general elections, with a tendency for BN to gain higher votes in parliamentary versus state voting.


25. Interview (e-mail) with two politicians (Pakatan Rakyat) on 22 May 2013.

26. The swing is calculated uses the Butler method. It is worth making a comparison with other FELDA-dominant Pahang state seats; Chini in Pahang and Muadzam Shah in Pahang are rated as 70 to 80% FELDA (Interviewee M11-OE, 22 May 2013). In the state seat contest for Chini, BN won with a bigger majority of 7,678 or 48% (votes counted 15,983; +56% on 2008 votes); the 2008 BN majority was 4,524 or 44% (votes counted 10,272). The swing was 2.1% toward BN while the number of voters and votes ballooned. Chini is located in the parliamentary seat of Pekan, which is Najib Razak's constituency. The Muadzam Shah seat saw a larger 5% swing toward BN while the number of votes recorded increased by 48%. This comparison between 2008 and 2013 voting results uses data presented in the website of The Star (The Star, 2013d; 2013e).
27. Interview (e-mail) with a politician (Pakatan Rakyat) on 22 May 2013.
29. Interview (phone) with a politician (Pakatan Rakyat) on 6 December 2013.
30. Interview with three politicians (Pakatan Rakyat) on 22 May 2013.
31. This is calculated by the author from the number of FELDA voters indicated by the UMNO Information Chief in an interview (New Straits Times, 2010).
32. It could be an even higher proportion if most of the land development agency areas turn out to be in rural areas i.e. 2.5 million is 43% of 5.8 million rural voters. These numbers are raw macro estimates; with no additional data available to make adjustments to account for variations in voter registration and residency location and other inconsistencies. This also takes the preliminary geographical zoning work by PoliTweet.org as being fairly accurate.
33. Calculated by taking FELDA Global commercial land area divided by four hectare allocation per settler family.
34. Interview with a politician (Pakatan Rakyat) on 22 May 2013.
35. Interview with an independent political analyst on 17 June 2013.
36. Interview with a Malay urban voter (professional) on 26 June 2013.
37. Interview (e-mail) with two politicians (Pakatan Rakyat) on 22 May 2013.
38. Interview with an independent political analyst on 17 June 2013.
39. Interview with a Malay urban voter (professional) on 26 June 2013.

APPENDIX

Interview with a Planning Specialist, FELDA Group. 25 February 2002.
Interview with a Planning Specialist, FELDA Group. 25 February 2002.
Interview with a Services Specialist, FELDA Group. 26 February 2002.
Interview with a Replanting Specialist, FELDA Plantations Sdn. Bhd. 27 February 2002.
Interview with an independent Research Analyst. 10 February 2012.
Interview with a Research Analyst, stockbrokerage. 3 February 2013.
Interview (phone) with a Research Analyst, stockbrokerage. 3 February 2013.
Interview with an independent Research Analyst. 16 February 2013.
Interview with a politician (Pakatan Rakyat). 22 May 2013.
Interview (e-mail) with a politician (Pakatan Rakyat). 22 May 2013.
Interview (e-mail) with a politician (Pakatan Rakyat). 22 May 2013.
Interview with an independent Political Analyst. 17 June 2013.
Interview with a Malay urban voter (professional). 26 June 2013.
Interview with a Malay urban voter (professional). 26 June 2013.
Interview (e-mail) with a Research Specialist, Merdeka Center. 26 November 2013.
Interview (e-mail) with a Political Analyst. 30 November 2013.
Interview (phone) with a politician (Pakatan Rakyat). 6 December 2013.
Interview (e-mail) with a Research Speacialist, Merdeka Center. 6 December 2013.

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