



ARE CLIMATE POLICIES POPULAR IN MALAYSIA?

POLICY BRIEF 2/2025

Center for Technology, Strategy & Sustainability (CTSS)

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ABOUT THE SERIES

This policy brief is a series of research documents summarizing the knowledge of area contextualized to Southeast Asia and Malaysia, in particular from ongoing research work by the Center for Technology, Strategy & Sustainability (CTSS) at the Asia School of Business. The author of this issue is **Emir Izat bin Abdul Rashid, ASB CTSS Senior Research Associate**.

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Executive Summary

Policy popularity is a key measure behind the success of any government policy. All else being equal, popular policies have a much higher chance of lasting through different political administrations, less partisan, and closer to the public's preferences and expectations of the government role in society. As the country enters a climate vulnerable period, the government will play a larger role in implementing climate policy in order to mitigate climate risk or adapt to climate change. Since climate policies have thus far been limited in scope, what is the expected popularity of increased government involvement in climate action for Malaysia?

Stated Preference for Climate Policy

The straightforward method at measuring policy popularity is by obtaining the views of individuals regarding the climate with the assumption that respondents are sincere in answering. This method has been widely used to gauge Malaysia's opinion on the climate. Stated preference for climate policies are uncontroversial among Malaysians: as evidenced by the high levels of climate change awareness[1], worries for adverse environmental outcomes[2], and support for much greater government intervention to reduce climate damage[3]. The most extensive gathering of global opinion thus far was the International Public Opinion on Climate Change 2023 [4]. For Malaysia, there were 1,805 survey respondents

In terms of climate beliefs, 83% of Malaysians in the survey believed that climate change is happening and over 75% believe that humans are contributors of climate change. Over 80% of Malaysians believe that climate change is an important personal issue for them and at least half of respondents believe that climate change should be a high priority for the government. Malaysians have a stronger stated preference for climate priority than developed countries such as Austria and Germany

However, talk is cheap. Individuals responding to researchers may be giving an answer that best portrays them according to social expectations of selflessness and responsible consumption. Pro-climate opinions can be supplemented by an explicit display of effort such as levels of climate volunteerism i.e., through the giving of time and energy to climate efforts. Here, the World Values Survey offers us an important measure we can use: active and inactive membership in an environmental organization[4]. In 2018, only 7.6% of the respondents in Malaysia are active members in an environmental organization while 18.7% of the respondents are inactive members – giving a total of 26.3% of respondents with some affiliation to an environmental organization. To compare with our neighboring countries, Indonesia has 19.7% of its respondents being active members while Thailand has 13.1%: significantly higher memberships in environmental organization than Malaysia; although we are better than Singapore's 3.7%.

As we approach a future of increased government action on climate change, what are some potential factors that may undermine the popularity of climate policies?

[1] Ehsan et al., "Households' Perceptions and Socio-Economic Determinants of Climate Change Awareness."

[2] Leiserowitz et al., "International Public Opinion on Climate Change."

[3] Azhari et al., "Malaysia National Survey on Climate Change Concern, Behaviour, and Media Attitude – Preliminary Report."

[4] <https://www.worldvaluessurvey.org/WVSONline.jsp>

Potential reasons for the unpopularity of climate policies

One direct path where climate policies can negatively affect popular opinion is via its potential negative effect towards economic well-being. The argument here is that climate policies such as mitigation typically in the form of energy transition or carbon pricing incurs a rise in cost of living because of rising energy cost. As energy in Malaysia is primarily sourced from fossil fuels, mitigation imposes a cost on energy consumption both individually and on a firm-level. On the one hand, individuals will have to pay a higher price to access energy and on the other hand, firms will face lower profits due to increased cost of production. Individual well-being will be adversely affected because of the reduced energy consumption and overall consumption due to rising prices from firms. As a result, climate policies are argued to negatively affect well-being and thus would contribute towards the unpopularity of them.

The argument fundamentally neglects the temporal aspects of climate policy. Since climate policy is designed to improve future well-being, short-term costs to current well-being are expected. Climate policies are an

investment for the future. Firms and individuals will inevitably respond to higher energy costs by making lifestyle and production adjustments that maximizes available resources. Climate policies may be very unpopular in the short-term and may even coincide with election timing, which can make elected governments hesitant to implement. In the long run, climate policies accrue benefits through reduced pollution, improved population health, and better resource management for consumption. Thus, responsible governments that emphasize longevity for its nation would choose to invest in the climate.

However, some may argue that the short-term costs to well-being from climate policies may be larger than the long-term benefits. In this case, there is no reason to pay the short-term costs in the first place. Climate policy should be targeted to minimize the short term costs and maximize the long-term benefits. For example, the removal of fossil-fuel subsidies and/or increased electricity tariff prices in Malaysia (both positively influence climate mitigation) lead to higher short-term energy costs. But, increased energy costs affect

individuals differently based on income. Poorer households face significantly higher impacts to well-being than richer ones. As shown in the European example, introducing carbon pricing improves green innovation and lower emissions; poorer households spend a larger share of their income on energy than richer ones, therefore face greater loss of income[5].

income status through government transfers. Doing so would minimize the short-term costs of climate policy and guard against loss of policy popularity.

Closer to home, the bottom 10% of Malaysians spend more than half of their income on food and housing which includes utilities, consistent with the Engel's curve[6]. Increased energy prices will affect food prices and utilities, leading to loss of income which subsequently affect their wellbeing. Poorer households' wellbeing are more sensitive than richer ones due to their expenditure profile. If climate policy popularity is linked to wellbeing, then we would expect – absent redistribution – that poorer households are much more likely to be against climate policy than richer ones. Thus, climate policy that increases prices, especially food and energy prices, must address the loss of well-being commensurate with their

[5] Känzig, "The Unequal Economic Consequences of Carbon Pricing."

[6] Department of Statistics Malaysia, "2020 Malaysian Census."

Can popularity of climate policies convert to substantive change?

Suppose now that climate policies are popular and Malaysians desire a more aggressive climate action for the government. What are the potential obstacles which prevent the full realization of climate policy outcomes as desired by Malaysians?

1. Dependence of basic infrastructure on fossil fuel technologies i.e., carbon lock-in.[7]
2. Governmental capacity to enforce and implement regulations.[8]
3. Coordination costs to organize and influence existing governments for climate policy.[9]
4. Slow capital mobilization to support climate policy implementation.[10]

Therefore, although popularity matters for the justification of any government to implement climate policies, the obstacles listed above may lead to the policy unrealized. Popularity matters as it provides the basis for the government to act. However, even with removing the structural obstacles of climate policy implementation, the government must also pay attention to the short-run negative effects to the citizen's well-being which can undermine its popularity i.e., the very basis that climate policies are undertaken.

[7] Schuch et al., "Breaking the Carbon Lock-In."

[8] Besley and Persson, "The Political Economics of Green Transitions."

[9] Barro, "The Control of Politicians"; Ferejohn, "Incumbent Performance and Electoral Control."

[10] Long et al., "Climate Finance."

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