

Government election losses in Malaysia signal eruption of deep political crisis

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Opposition results in last Saturday's elections for Malaysia's national parliament and 12 of its 13 state governments have dealt a sharp blow to the authority of Prime Minister Abdullah Badawi and his Barisan Nasional (BN) government that has ruled the country since independence in 1957.

The opposition parties—the Peoples Justice Party (Keadilan), Democratic Action Party (DAP) and Parti Islam se-Malaysia (PAS)—won 82 seats in the national parliament, up from only 19. BN lost its two-thirds majority for the first time since 1969 and its ability to amend the country's constitution at will. The ruling coalition's vote slumped from 64 percent at the 2004 election to 51 percent, and its seats from 198 to 140.

The major winner was Anwar Ibrahim, who, despite being prevented from standing in the election, has emerged as the de facto opposition leader. Anwar was expelled from Abdullah's United Malays National Organisation (UMNO) by former Prime Minister Mahathir Mohammed in 1998 after bitter differences over the direction of economic policy. His subsequent conviction on trumped-up charges of corruption prevented him from standing for office until next month—one factor in the early calling of an election.

Anwar's party, Keadilan, increased its seats from just one in the previous parliament to 31, making it the largest opposition faction. DAP holds 28 seats and PAS has 23. It is widely expected that Anwar will enter parliament next month via a by election created by one of his supporters standing aside. His 27-year-old daughter, Nurul Izzah Anwar, who defeated a senior UMNO figure Shahrizat Abdul Jalil, has already indicated she does not want a political career.

Other high profile casualties included Information Minister Zainuddin Maidin, dubbed the minister for “misinformation”, as well as the ministers for public works, and women, family and community development.

UMNO right-wing allies—the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC)—suffered badly as ethnic Indian and Chinese voters deserted in droves. The MCA, which has been wracked by scandal, had its seats reduced from 31 to 15. Longtime MIC leader Samy Vellu was thrown out of parliament and the party lost two-thirds of its seats.

The opposition also won five states. PAS not only held and increased its majority in the northern rural Kelantan despite a massive BN campaign. PAS will also provide the chief minister for two other northern states won by the opposition—Kedah and

Perak. BN also lost control of the industrial state of Penang for the first time in 36 years and Selangor, the state surrounding Kuala Lumpur. DAP will run Penang and Keadilan will head the Selangor state government. In the capital itself, the opposition won 10 of the 11 seats.

Prime Minister Abdullah appeared shell-shocked on television when he conceded the heavy losses early Sunday morning. The slavishly pro-government press, normally prone to understate any setback, was unable to hide the dismay in BN circles. The local *Sunday Star* described the result as a “political tsunami”. Abdullah dismissed calls for his resignation and was reinstated as prime minister yesterday, after the UMNO leadership closed ranks—for the time being.

Abdullah called the snap election one year early hoping to head off widespread discontent over rising prices, corruption, discrimination against the Chinese and Indian minorities and BN's authoritarian methods of rule. He was hoping to cruise to another easy victory based on an electoral gerrymander, a tightly controlled media, large financial resources and the country's relative economic prosperity.

While the local and international media have expressed surprise at the results, the first signs of deep-seated popular opposition were expressed in a series of demonstrations in Kuala Lumpur late last year and early this year over electoral reform, discrimination against ethnic Indians and rising prices. Anwar appealed to these sentiments by promising action to bring down fuel prices and to end discrimination against the country's Chinese and Indian minorities.

Significantly M. Manoharan, one of the five leaders of the communal Indian rights movement (Hindraf), was elected as DAP candidate to a state seat. Manoharan is still in jail after being arrested under the draconian Internal Security Act (ISA) that allows for indefinite detention without trial. His election represented a clear rejection of the BN's anti-democratic methods and opposition to the MIC and MCA, which have acted for decades as UMNO toadies.

The easy victory of popular blogger and government critic, Jeff Ooi, under the DAP banner revealed the growing importance of the Internet as a source of news and commentary. Blogging and cell phone text messaging have become a popular means for avoiding tight government restriction over political debate.

The UMNO leadership will also be alarmed at other features of the results. More than one third of BN seats have come from the

states of Sarawak and Sabah in Borneo. In peninsular Malaysia, PAS and Keadilan have undermined UMNO's base among the ethnic Malay majority not only in the rural north but in urban areas. According to Ibrahim Suffian, program director of the Merdeka Centre for Opinion Research, Malay support for UMNO in some areas was not much more than 55 percent.

Anwar declared that the result represented a "new dawn for Malaysia", declaring: "People want to see justice. I don't think Malaysian politics will ever be the same again." At the same time, he warned that the opposition would have to overcome many problems to replace BN.

One of the most glaring problems is the political incompatibility of the largely Chinese-based DAP and PAS which is based on the establishment of Malaysia as an Islamic state. While PAS did not make its demand for an Islamic state part of the campaign, the tensions with DAP have the potential to erupt in the future.

The fact that the three opposition parties formed a coalition reflects growing disenchantment in the ruling elite with the direction of BN's policies, which have been based on discriminatory policies in favour of Malays, along with national economic regulation and protectionism. Sections of business are increasingly concerned that BN's crony capitalism is undermining international competitiveness amid growing signs of global financial instability and a US downturn.

Similar concerns lie behind the favourable reaction in the international press to the poll outcome, despite an 11 percent fall on the Kuala Lumpur stock market caused by the political uncertainty. The *Wall Street Journal* noted: "The election result raised the prospect that Malaysia—one of the world's most economically advanced Muslim-majority nations and America's 10th largest trade partner—could become a model of peaceful democratic change in the Islamic world."

On Monday, the *Australian* newspaper published an editorial, two news articles and a comment by its foreign editor Greg Sheridan, who hailed the outcome as "an earthquake in Southeast Asian politics" and Anwar as "the most dynamic and charismatic politician in Malaysia".

As during the Asian financial crisis in 1997-98, sections of international finance capital view the election result as an opportunity to open up Malaysia to investment and Anwar as the politician for the job. In 1998, Anwar as finance minister and deputy prime minister advocated the imposition of the IMF's economic restructuring demands. Prime Minister Mahathir rejected the plan, imposed currency and capital controls and expelled Anwar and his supporters. Anwar was then arrested on bogus charges of corruption and sexual misconduct.

The first sign of Anwar's political rehabilitation was the High Court decision in September 2004 to overturn his conviction on the charge of sodomy. The decision followed the retirement of Mahathir in October 2003 and Abdullah's overwhelming victory in the March 2004 election. After going overseas for medical treatment, Anwar has played an increasingly prominent role in politics, criticising government corruption and preferential treatment for Malays in order to argue for free market policies.

DAP has a similar economic perspective. One of the first actions of DAP secretary general and Penang's new chief minister, Lim

Guan Eng, was to announce an open tender system for state contracts, as opposed to UMNO's practice of favouring supporters. DAP also intends to investigate the Penang Development Corporation and InvestPenang, government entities that have been accused of acting too slowly. Businesses in Penang, which is the centre of the country's electronic industry, fear they are losing out to low cost rivals particularly in China.

Previously, BN governments have reacted to the losses at the state level by cutting off financial aid and investment. To do so in the case of Penang and Selangor, however, would have a crippling impact on the Malaysian economy and BN's own plans for economic development.

The election loss will inevitably provoke bitter recriminations within UMNO and its allies. Former deputy prime minister and senior MP Tengku Razaleigh Hamzah declared that the government faced an "historic crisis". The leadership, he said, "must wake from its slumber, face the truth and accept full responsibility for this debacle." Mahathir, who has become sharply critical of Abdullah, was even blunter. He called for Abdullah's resignation, and apologised for having chosen Abdullah to succeed him as prime minister.

In 1969, the last time the government lost its two thirds majority, UMNO operatives instigated anti-Chinese race riots that resulted in the death of hundreds and led to the adoption in 1971 of the New Economic Policy (NEP), which preferences Malays in education, business and government jobs. While the political and economic environment is far different from 1969, UMNO, which has been based since its inception on Malay supremacism, has repeatedly resorted to police state measures and communalism to crush any opposition.

An ominous sign was the reaction of Inspector-General of Police Musa Hassan to news of the BN setbacks on Saturday night. He immediately banned any victory celebrations and warned that the ISA would be used to detain anyone engaged in such activities or spreading rumours of rioting.



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