

# Malaysia's ruling coalition rattled after election debacle

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13 May 2008

The new Malaysian parliament was sworn on April 28 after national elections on March 8, which delivered a major blow to the ruling Barisan National (BN) coalition. Unruly scenes during the country's first ever televised parliamentary session highlight the sharp underlying political tensions that have surfaced as cracks have begun to appear in the regime that has ruled the country since independence in 1957.

De facto opposition leader Anwar Ibrahim upped the pressure on Prime Minister Abdullah Badawi when he predicted to journalists on April 14 that the government would not last the year. Such was the dissatisfaction in BN ranks, he said, that the opposition would be able to form a government with the support of defectors, particularly from the states of Sabah and Sarawak in Borneo.

Anwar was speaking at the conclusion of a 10,000-strong rally in Kuala Lumpur called to mark the end of a formal legal ban on his involvement in politics. Anwar was finance minister and deputy prime minister until 1998 when he was removed from his posts and expelled in the midst of the Asian financial crisis and sharp differences over economic policy. When he began to campaign against the government, Anwar was arrested and tried on trumped-up charges of corruption and sexual misconduct that resulted in the political ban.

Anwar's wife is head of the Peoples Justice Party (Keadilan) and formally leader of the parliamentary opposition. However, it is widely believed that an opposition MP will step down to pave the way for Anwar to enter parliament via a by-election. In a clear signal of his intention to do so, Anwar attended the opening session as his wife's guest.

The opposition parties, including Keadilan, the Democratic Action Party (DAP) and the Islamist Parti Islam se-Malaysia (PAS), now hold 82 seats in the enlarged 222-seat lower house—up from just 19 in the previous parliament. Abdullah's own United Malays National Organisation (UMNO) and other BN partners slumped from 198 to 140 seats and lost the two-thirds majority needed to amend the constitution.

The government has denied that it is vulnerable to defections, but there are a number of signs that UMNO's autocratic grip on power is slipping. As well as winning a significant number of federal parliamentary seats, the opposition gained control of four state governments—Penang, Selangor, Perak and

Kedah—and retained power in Kelantan. Penang, Selangor and Perak; all are the country's most industrialised states and Kedah is the main rice producer. Together the five states account for about 56 percent of the country's GDP.

In the past, the government has not hesitated to punish opposition-controlled states by withholding federal funds and contracts. To do so now, however, would seriously undermine the economy and the government's own economic plans. The loss of these states threatens to undercut the system of patronage that has formed a crucial prop for UMNO rule. The opposition Pakatan Rakyat or Peoples Front (PF) has promised openness and transparency in the granting of commercial contracts in the states that it controls.

Even the slavishly pro-government media has begun to acknowledge that a political shift is taking place. In a comment in the *New Straits Times* on April 28, the Malaysian Institute of Economic Research director Mohamed Ariff declared: "Malaysian politics will never be the same again. It is indeed heartening that Malaysia has come of age, with its people looking beyond mundane issues transcending ethnic boundaries, focusing on such loftier issues as institutional integrity, social justice and civil rights."

The *Star* on March 23 warned government members that "Barisan stalwarts will have to accept the political reality after the March 8 political tsunami". It pointed in particular to the breakdown of the communal politics on which UMNO has relied for the past half century to divide voters along ethnic lines. "The political tsunami did not happen without the combination of Malay, Chinese and Indian voters who wanted change. There was cross-ethnicity voting, with Malays voting for DAP and the non-Malays readily backing PAS," the newspaper stated.

The opposition was able to tap into widespread dissatisfaction, including among the majority Malays, with rising prices, deepening social inequality, the lack of elementary democratic rights and rampant favoritism for a relatively thin layer of well-to-do Malays and Malay businesses closely associated with UMNO. Among the first steps taken by opposition-controlled state governments was to renounce the New Economic Policy, which discriminates against Chinese and Indians in education, business and government jobs.

Prime Minister Abdullah is desperately seeking to shore up his own position within UMNO amid calls for his resignation. Starting on April 19, he announced a series of reforms to try to boost his popularity and fend off criticism from within the political establishment.

A commission is to be established to make the nomination, appointment and promotion of judges more transparent and end the government's notorious manipulation of the judiciary. Abdullah indicated that former chief judge Lord President Salleh Abbas and five other judges sacked in a politically motivated purge by Mahathir Mohamad in 1988 would be paid compensation.

The number of officers employed by the state Anti-Corruption Agency is to be increased from 2,000 to 7,000. The agency is to receive commission status and report annually to parliament, as well as to the Prime Minister's office.

Abdullah also announced a plan to ensure food security by spending \$US1.3 billion to increase Malaysia's rice production from around 65 percent of national consumption to 100 percent. High food and fuel prices were one of the main issues in the March election.

Abdullah told the press on April 21 that his reforms were not prompted by election losses but were pledges contained in BN's 2004 election manifesto that had been delayed because of other priorities. No one believes this threadbare pretext, least of all those within UMNO seeking to replace the prime minister.

Former prime minister Mahathir Mohammed has been openly campaigning for Abdullah to be replaced by deputy prime minister Najib Razak. Mahathir has supported a call by former finance minister Tengku Razaleigh Hamzah for an extraordinary general meeting of UMNO to resolve the leadership question.

In late April the Batu Pahat UMNO division called for Abdullah to resign before the UMNO conference in December. In a separate comment, Mukhriz Mahathir, son of the former prime minister, warned that if Abdullah did not step down there could be a further split in UMNO. Abdullah's resignation, he said, would allow "the party to close ranks and go about reclaiming its political pride" battered in the March election.

There is broader unease in conservative ruling circles. Already two state sultans, including Terengganu Sultan Mizan Zainal Abidin who is currently serving as king, have defied Abdullah by refusing to uphold the prime minister's nomination for the post of state chief minister. The king also refused last year to approve two judicial appointments reportedly because he believed they were corrupt.

Behind this political turmoil are sharp divisions over economic policy. After expelling Anwar in 1998, Mahathir imposed a series of capital and currency controls that, for a period, appeared to stabilise the Malaysian economy. After replacing Mahathir in 2003, Abdullah eased these measures, shelved several high-profile infrastructure investments and tried to boost foreign investment, prompting increasingly vitriolic

opposition from his predecessor. At the same time, opposition parties have been critical of the government for not going far enough in removing economic restrictions and ending corruption and nepotism.

These tensions have been further fuelled by signs of an economic slowdown in the US and internationally which is expected to cut manufactured exports by 1.6 percent this year. While the decline will be offset by higher commodity prices for exports of palm oil and rubber, Malaysia's economic growth is expected to slow from 6.3 percent in 2007 to 5.5 percent in 2008.

In comments to Associated Press on April 22, Anwar made clear that the main aim of the opposition was not to address popular concerns. "It is not very difficult to be a better government, to control corruption, to be more just, to improve the quality of education, public health, to stop the squandering of billions of dollars on your family members and cronies. That is quite easy," he declared. The main challenge, Anwar explained, was to "change the course of the country" and to promote economic competitiveness and a market economy.

The implementation of market reforms will, however, only deepen social inequality and prompt popular opposition. As DAP parliamentarian Charles Santiago warned in an *Asia Times* article in March, the vote for the opposition parties was not an endorsement of free-market policies. "The average Malay was feeling the increase in prices, their jobs were no longer protected and inflation was eating their income ... You had a situation where you had subsidies for the rich and a free market economy for the poor."

Whether or not Abdullah and UMNO hang onto power, the present political turmoil is likely to be the prelude to an even greater crisis.



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