

Najib Razak to take over as Malaysian prime minister

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Najib Razak is due to be sworn in tomorrow as Malaysia's new prime minister following his election last week as president of the United Malaysian Nationalist Organisation (UMNO)—the dominant faction of the ruling Barisan Nasional (BN). The change in leadership was part of a deal reached last year with Prime Minister Abdullah Badawi following the party's dramatic loss of support in national elections in March.

According to the *Far Eastern Economic Review*, Najib won 190 out of 191 party division nominations and was the only candidate. But despite his near unanimous approval, UMNO continues to be wracked by sharp tensions, which will only be exacerbated by the country's economic slowdown.

Despite calls of unity at UMNO's annual general assembly last week, the differences were just below the surface. In his speech, Abdullah lashed out at complacency and greed within the party and warned that "UMNO faces a life and death situation". In an oblique reference to Najib, the outgoing prime minister warned: "If we revert to the old path, I believe we are choosing the wrong path, one that will take us to regression and decay."

The "old path" is the combination of communal politics, police-state methods and national economic regulation that has formed the basis for UMNO rule since independence in 1957. Increasingly these measures have become an obstacle to the closer integration of Malaysia into globalised production processes. While Abdullah promoted mild changes to counter the parliamentary opposition's demands for

more far-reaching reforms, Najib is more aligned with the UMNO old guard.

With Najib as deputy prime minister, the government was already taking a tougher line on political opponents. He is connected to the pressing of new charges against opposition leader Anwar Ibrahim. The case is based on allegations of homosexual behaviour made by one of Anwar's political aides, who has been photographed with Najib. The opposition People's Coalition alleges that the aide was a government plant.

In the run up to the UMNO general assembly, police attacked an opposition rally in Kedah at which Anwar was speaking. On March 23, two opposition newspapers—*Harakah* and *Suara Keadilan*—were ordered to close for three months without explanation. Reporters from popular opposition web sites—*Malaysiakini* and *Malaysian Insider*—were denied credentials to the UMNO assembly.

While declaring that he will fight for reform and end corruption, Najib is steeped in UMNO's corrupt and anti-democratic traditions. He is fighting off allegations of involvement in a lurid scandal involving the murder of a Mongolian woman. Two of his bodyguards are on trial for the killing. One of Najib's close aides was acquitted last year of related charges.

The current divisions within UMNO opened up in 1998 amid the Asian financial crisis. Anwar, who was deputy prime minister and finance minister, advocated acceptance of IMF demands for opening up the Malaysian economy, but was bitterly opposed by Prime Minister Mahathir Mohamed. Mahathir sacked Anwar and implemented capital and currency controls. Anwar

was expelled, then arrested and convicted on trumped-up charges of corruption and sexual misconduct. As home minister, Abdullah was intimately involved in the police actions.

When Mahathir stood down in 2003, Abdullah took over as prime minister and, under pressure from business, began to moderate the previous economic controls. He offered a more moderate image, cracked down several figures known for their corruption under Mahathir and won a landslide victory in 2004. He called for more foreign investment, the privatisation of government assets and signed a free trade agreement with Japan, one of Malaysia's major trading partners.

Sharp differences with Mahathir emerged after Abdullah cancelled the contract for several major projects, including a new bridge to Singapore. In 2007 Mahathir publicly denounced Abdullah, who managed to head off an inner party challenge by using the same autocratic methods as his previous patron. Mahathir resigned his UMNO membership but urged Najib to move against Badawi.

National elections in March 2008 proved to be a turning point. Anwar was released from jail in 2004 after the Federal Court quashed one of his two convictions for lack of evidence. Despite being barred from standing in the poll, he organised the opposition campaign, capitalising on rising discontent over unemployment, poverty and the obvious corruption of the BN government.

The results were disastrous for UMNO, which had previously relied on discrimination against the country's Chinese and Indian minorities to cement the support of the majority Malays. Anwar's allegation that these discriminatory policies favoured only the tiny Malay elite struck home. For the first time since the 1970s, the ruling coalition lost its two-thirds majority in parliament and thus its ability to amend the constitution at will. In addition, the BN lost power in five of the country's key states.

The outcome plunged UMNO into crisis. Sections of the UMNO leadership blamed Abdullah and his moderate policies for the defeat. The resurgent

opposition got a further political boost after Anwar convincingly won a by-election in August and entered parliament despite the dredging up of new sodomy charges. With Anwar threatening to topple the government, Abdullah's opponents forced him last October to agree to step aside in early 2009.

Reflecting concerns in international financial circles about Najib's agenda, an op-ed article in the *Wall Street Journal* entitled "Malaysia's New Mahathirism" warned of the dangers of racial conflict and government repression. While critical of "the moderate and mostly ineffective Abdullah," the newspaper urged Najib to "squell his inner Mahathir and lead Malaysia down the path of more transparent government and basic freedoms". This appeal is not directed at creating democratic rights for ordinary Malaysians, but rather the best conditions for foreign investors.

None of the underlying conflicts inside UMNO have been resolved. Sections of the party continue to back economic and political reforms as a means of sustaining the Malaysian economy amid the deepening global recession. Economic growth is officially forecast this year to be just 1.3 percent, but this week's Asian Development Bank forecast was for a contraction in Malaysia in 2009. Unemployment is forecast to hit 4 to 4.5 percent, with the Malaysian Employers' Federation predicting job losses of 200,000 to 400,000.

UMNO has no answer to rising social tensions other than resort to Malay supremacist politics and police repression, which will only fuel political unrest. While the opposition offers no solutions either, it will continue to capitalise on growing popular disaffection with the government. Najib's first test will come next week, with three by-elections to be held on April 7.



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