

Malaysian government moves for early election

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There are clear signs that the government of Malaysian Prime Minister Najib Razak is manoeuvring to call an election ahead of the scheduled date of March 2013. The move is driven in part by concerns in the ruling Barisan Nasional (BN) coalition over the global impact of the economic crises in the eurozone and the United States.

The most obvious indication was the 2012 budget brought down on October 7 by Najib, who is also finance minister. Its focus was on measures, which, while limited, were designed to blunt discontent over rising prices and deteriorating living standards, and shore up government's electoral prospects.

In the 2008 national elections, Najib's United Malays National Organisation (UMNO) lost ground among ethnic Malays to the opposition People's Alliance (PR) coalition led by Anwar Ibrahim. UMNO's coalition partners—the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MCI)—lost heavily in their ethnic-based constituencies.

The outcome shocked UMNO, which has held power since independence in 1957. The PR increased its seats from 19 to 82 in the national parliament, ending BN's two-thirds majority and thus its ability to change the constitution at will. The PR won control of five of the country's 13 state governments.

The loss of support was partly due to previous Prime Minister Abdullah Badawi's attempts to rein in the budget deficit by reducing food and fuel subsidies. The policy led to rising prices and undermined the real wages of low-income workers that have been stagnant for years.

In his budget address, Najib declared: "Global developments would certainly have a direct effect on the Malaysian economy. With these developments, the government will put in place measures to stimulate

domestic economic activities, in particular public and private investment."

The budget leaves fuel and food subsidies intact for 2012 at the cost of 33.2 billion ringgit (\$US10.6 billion). To counter rising prices, the government will provide a cash handout of 500 ringgit to households with monthly incomes of 3,000 ringgit or less. The measure will cover approximately 53 percent of households.

The government is setting up 85 subsidised grocery stores. There will be cheap loans for first home buyers whose monthly incomes are 3,000 ringgit or less. The country's 1.3 million public servants, traditionally UMNO voters, will receive pay increases of 7 to 13 percent. Financial assistance will be provided to taxi drivers.

One measure particularly aimed at the UMNO support base is to reserve two billion ringgit in infrastructure contracts specifically for ethnic Malay-owned businesses. The policy is in line with UMNO's longstanding discrimination in favour of ethnic Malays, who constitute just over half of the population, in areas such as education, business and government jobs.

Estimated total expenditure has been put at 230.8 billion ringgit, slightly higher than the expected figure for 2011. The government plans to reduce the budget deficit from 5.4 to 4.7 percent of gross domestic product by cutting development spending. Najib announced plans to privatise the state-owned Felra Global Ventures, the world's largest palm oil producer. Economic growth is predicted to be between 5 and 6 percent, which is regarded by financial analysts as very optimistic.

After succeeding Badawi in 2009, Najib attempted to encourage foreign investors by easing restrictions, including requirements for ethnic Malay participation.

In the budget he outlined further measures to boost foreign investment in service areas, such as financial services and health care.

The budget has been widely viewed by international commentators as an “election budget.” Speaking to the *Wall Street Journal*, Standard and Poor’s credit analyst Takahira Ogawa described the level of the budget deficit as “not healthy.” He was critical of the failure to reduce price subsidies and introduce a goods and services tax.

Najib is preparing for an election on other fronts. In the 2008 elections, the opposition parties were also able to exploit widespread hostility, especially among young people, to the anti-democratic methods by which UMNO has clung to power for half a century. UMNO has ruled using police-state measures and its considerable control and influence over the state apparatus, including the judiciary, and the media.

Najib announced in September that the government proposed to repeal the draconian Internal Security Act (ISA), which provides for indefinite detention without trial or charge. Efforts to portray Najib as a “reformer” are likely to fall flat. Any abolition of the ISA will undoubtedly ensure the incorporation of similar powers into other legislation. Moreover, the government’s anti-democratic record was reinforced by the police crackdown in Kuala Lumpur in July on a mass protest calling for electoral reform.

Another indicator of the government’s intention to call an early election is its determination to get a conviction in the sodomy case against opposition leader Anwar Ibrahim. The prosecution and defence are due to make their final arguments before High Court judge Mohamad Zabidin Mohd Diah on November 23-24. Anwar faces up to 20 years in jail if convicted under Malaysia’s reactionary anti-homosexual laws.

The judge has indicated his attitude in a series of rulings favouring the prosecution. In May he sided with prosecutors when he ruled that Anwar’s alleged sexual partner and principal prosecution witness Saiful Bukhari Azlan was a reliable witness, despite strong evidence linking him to Najib and the police.

This is the second trial of Anwar for sodomy. In 1998, he was arrested and tried on trumped-up charges of corruption and sodomy after he fell out with Prime Minister Mahathir Mohamed over the direction of economic policy in the midst of the 1997-1998 Asian

financial crisis. Anwar advocated the implementation of the International Monetary Fund’s (IMF) demands for pro-market restructuring that would have impacted on businesses aligned to UMNO.

Mahathir dismissed him as finance minister and expelled him and his supporters from UMNO. When he began to campaign publicly against government corruption, Anwar was detained, beaten by the country’s police chief and held initially under the ISA. His subsequent conviction for sodomy was overturned on appeal by the Federal Court in 2004 on the basis that the case against him was unsound.

Najib’s aim in pursuing an equally dubious sodomy charge is to remove Anwar from the political scene and undermine the opposition coalition. PR consists of Anwar’s People’s Justice Party, the Islamist Parti Islam se-Malaysia (PAS) and the predominantly ethnic Chinese-based Democratic Action Party (DAP). There are major internal differences, including the DAP’s opposition to the PAS policy of imposing sharia law throughout Malaysia.

The government’s tactics were spelled out in a WikiLeaks cable sent in 2009 by then US Ambassador James Keith to the US State Department. The embassy’s political councillor Mark Clark stated that the jailing of Anwar was a top priority for the Malaysian government. The cable outlined several scenarios, including the use of government pressure inside and outside of the courtroom to conclude the trial before the next general election.

In 1998-99, the US was publicly critical of Anwar’s arrest and trial by the Mahathir administration, as Washington pushed for the implementation of IMF policies and the opening up of Malaysia to foreign investment. The Obama administration has been virtually silent on the second Anwar trial, as the US seeks to strengthen ties with Malaysia as part of a strategy to isolate China in the Asia-Pacific region.



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