

Washington endorses Malaysian ruling party's election "victory"

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In the face of large demonstrations protesting the results of the May 5 Malaysian elections as an anti-democratic fraud, the Obama administration has publicly declared that it supports the new Barisan Nasional (BN) coalition government.

On May 13, Obama telephoned Prime Minister Najib Razak, leader of the United Malays National Organisation (UMNO), the dominant party in the BN, to congratulate him on the election outcome. The call followed three protests, involving hundreds of thousands of Malaysians, and came just before Najib was to name his new cabinet.

The People's Alliance (PR) opposition, led by Anwar Ibrahim, organised the rallies after the elections results showed that the BN, with just 47 percent of the reported vote, had won 133 seats in the 222-member lower house of the national parliament. The PR, with 51 percent, secured only 89 seats. The PR had refused to accept the result, pointing to the obvious gerrymander involved, and to what it claimed was large-scale fraud, including vote rigging and padded electoral rolls in at least 30 seats.

Obama's phone call made clear that Najib had Washington's backing. The day after Obama's discussion with Najib, the White House said Obama had called to "congratulate him on his victory in parliamentary elections and to reaffirm the strong bonds of friendship between the United States and Malaysia," adding that he "welcomed the prime minister's efforts to address concerns about election irregularities." This was a pointed dismissal of Anwar's attempt to challenge the result.

The White House said Obama and Najib had "discussed the importance of continuing to deepen our bilateral cooperation, including on expanding cooperation on trade, regional security and multilateral

cooperation."

Anwar reacted angrily to the statement, asking if Obama was unaware of the mass "anger and outrage against this mass rigging and fraud".

Anwar previously enjoyed Washington's support. Championing the demands of the International Monetary Fund for the deregulation of the Malaysian economy and its unrestricted opening up to foreign investment, he broke from the BN, in which he had served as deputy prime minister and finance minister to Prime Minister Mahathir Mohamad, during the Asian financial crisis of 1997-1998. Anwar's agenda required the breakup of UMNO's protectionist political and economic policies, including preference for ethnic Malay businesses, which had placed severe restrictions on the operation of foreign capital.

In 2004, Anwar formed the People's Justice Party, which joined with the ethnic Chinese-based Democratic Action Party and the Islamist Parti Islam se-Malaysia to form the PR coalition. In the 2008 elections, the PR shocked the BN by making major gains that threatened UMNO's decades-old autocratic rule.

Since then, however, US priorities in the region have changed in line with the Obama administration's strategic "pivot" to Asia, which is aimed at aggressively encircling China and maintaining US imperialism's domination of the Asia-Pacific. Najib has reoriented Malaysia's foreign policy to accommodate this shift, strengthening defence ties with the US, and committing to Washington's Trans Pacific Partnership, a trade bloc directed against China. As a result, the Obama administration has backed the BN government.

Washington's response to any national election is determined by its strategic calculations, not any concern for democratic rights. If the Malaysian

government had been regarded as an obstacle to the US drive against China, the disputed election would have been seized upon for a regime change campaign, featuring coverage in the US and international media about voting fraud and electoral irregularities. As it is, however, Anwar's complaints have been dismissed and the world's media have largely ignored the opposition's mass rallies.

Last Thursday, Najib's new cabinet was sworn into office. The prime minister emphasised his intention to implement more aggressive pro-market reforms. "The new cabinet will be responsible for delivering transformation for Malaysia and continuing the economic and political reforms that began four years ago," he declared. The government would "drive through an ambitious economic and political transformation agenda."

As an assurance to the financial markets, Najib has brought Abdul Wahid Omar, CEO of the country's largest bank, Malayan Banking Berhad, into the Prime Minister's Department as a minister. Wahid will head the economic planning unit.

Another favourite of the world's financial press, Idris Jala, will serve alongside him. Until 2005, Idris worked for Shell Oil, until becoming the CEO of Malaysian Airlines, and then joining the Prime Minister's Department in 2009. Paul Low, president of the Malaysian Branch of the Berlin-based Transparency International, is now a minister in Najib's office, indicating that corruption, at least as it affects foreign investment, will receive some attention. Najib will continue to hold the key post of finance minister.

Najib has also sought to shore up his position within UMNO by promoting several "old guard" figures. He awarded 21 of the 35 senior ministerial positions to his UMNO colleagues. Najib's predecessor, Abdullah Badawi, was forced to resign in 2009 after his poor showing in the 2008 elections. While the party's 2013 results were even worse, Washington's public support will bolster Najib's position as he moves to placate the party machine.

Those promoted included UMNO secretary general Tengku Adnan Tengku Mansor and supreme council member Shahidan Kassim. Najib's possible leadership challenger, Muhyiddin Yassin, will serve as deputy prime minister and minister for education and higher learning.

The government is under pressure to quickly deliver further pro-market measures. Government debt officially stands at just under 54 percent of gross domestic product, but some analysts calculate that the debt of government-backed enterprises takes the real figure over 80 percent. In the March quarter, annualised economic growth slowed for the first time in seven quarters, to 4.1 percent, down from 6.5 percent in the previous quarter. Domestic demand, fuelled by government pre-election handouts and infrastructure spending, can no longer compensate for falling exports. Compared with the same quarter last year, exports were down 36.4 percent.

The financial markets are demanding that state debt be lowered by slashing food and fuel subsidies, on which workers and the rural poor depend in order to survive, and by imposing a regressive general sales tax. These moves will ignite social tensions in Malaysia, and trigger further political instability.



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