

Malaysian PM appeals to Malay chauvinism at party assembly

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Malaysia's ruling United Malays National Organisation (UMNO) concluded its five-day annual Assembly last Saturday with calls from its embattled president, Prime Minister Najib Razak, for unity in the lead-up to the general election due in 2018. He has hinted several times, including in his opening speech, that an early election might be called in 2017.

Najib is embroiled in a worsening corruption scandal involving the alleged embezzlement of billions of dollars from the state investment fund, 1MDB. His position was weakened in July when the US Justice Department announced civil action to recover \$US1 billion in 1MDB funds allegedly laundered through the US. The court documents refer to the major culprit as "Malaysian Official 1"—a phrase that can only mean Najib.

The UMNO gathering was held only two weeks after 40,000 people demonstrated in the capital Kuala Lumpur to demand the resignation of Najib over the scandal. Najib denounced the protest, organised by the Bersih anti-corruption movement, as a "tool of the opposition." Police arrested 15 activists and opposition politicians, including Bersih leader Maria Chin Abdullah who was detained under counter-terrorism legislation.

The UMNO Assembly signalled a turn to rabid Malay nationalism. Najib warned that if the opposition, including the ethnic Chinese-based Democratic Action Party (DAP), won the next election then it would dismantle UMNO's economic and political discrimination in favour of ethnic Malays at the expense of the country's Chinese and Indian minorities.

The conference in Kuala Lumpur of 2,700 delegates was dominated by expressions of Malay chauvinism designed to deflect from the 1MDB corruption scandal

as well as the worsening economic outlook and a 6.2 percent decline in the currency, the ringgit, since the Donald Trump became US president-elect.

Since the 2015 Assembly, Najib has purged UMNO of opponents who have criticised him over the 1MDB scandal and the party's worst-ever result in the 2013 general elections. He expelled UMNO deputy president and senior minister Muhyiddin Yassin and his supporters who are aligned with 91-year-old Mahathir Mohamad, former UMNO leader and prime minister from 1981 to 2003. Mahathir, who quit UMNO, has been a staunch critic of Najib over the corruption scandal.

Mahathir was denounced at the Assembly as a traitor to his race, party and country. In September, Mahathir and the Muhyiddin faction formed the United Indigenous Party (PPBM or BERSATU), with membership only open to ethnic Malays and indigenous racial groups in the Malaysia Peninsula and Borneo.

Najib has been able to tighten his grip on power because of the weakened opposition alliance. UMNO was behind the jailing of the opposition leader Anwar Ibrahim in February 2015 on trumped-up charges of sodomy and played a major role in splitting the opposition People's Alliance (PR) in June 2015.

The government exploited a factional struggle in the Parti Islam se-Malaysia (PAS) between an ultra-right wing Islamist faction and a self-styled "moderate" wing to break up the PR coalition. PAS broke away from the opposition and is currently in discussions with the government. The government is adopting PAS President Hadi Awang's reactionary private members bill to expand the use of punishments under sharia law.

The so-called moderate faction split from PAS and formed Amanah, which is now part of the "alliance of hope" or Pakatan Harapan (PH) with DAP and

Anwar's People's Justice Party (Keadilan).

Mahathir is actively seeking an alliance with the opposition PH. On November 12, Mahathir spoke at its first national convention and called for a united opposition at the next election to oust Najib. Last weekend, he made a surprise appearance at the DAP national conference—a party that for years he attacked. Any alliance between the opposition alliance and Mahathir would be inherently unstable.

Mahathir was one of the architects of UMNO's authoritarianism and racist policies. In the midst of the 1997–98 Asian financial crisis, Mahathir sacked his deputy Anwar, who was advocating the IMF's pro-market agenda, and then had him arrested on trumped up charges. While the PH continues to call for an opening up of the Malaysian economy, Mahathir continues to press for protectionist measures and has criticised Najib from that standpoint.

Even as he is courting PH, Mahathir is also seeking an electoral deal with PAS which has declared its hostility to working with non-Malay and non-Muslim parties.

Overshadowing the whole ruling elite and the economy is the political time bomb of Trump's trade war policies. The rapid decline of the ringgit is a direct result of investors adjusting their portfolios in the light of Trump's economic announcements.

Trump's protectionist promises, a 15 percent US corporate tax rate, tax concessions for infrastructure investment, large tariff on Chinese goods and, what is feared throughout South East Asia, rising US interest rates, could draw huge amounts of capital out of the region.

Najib optimistically predicted at the UMNO Assembly that the GDP would grow by 4 to 5 percent for 2017 and increase by 50 percent within seven years. All of this was premised on the economic deals worth \$US34 billion that Najib signed with China last month.

However, Trump's election win and his pledge to scrap the Trans Pacific Partnership, which Najib had pushed through against strong opposition within UMNO, has the potential to change the whole economic and geo-political outlook.

Despite his appearance of strength at the UMNO assembly, the ground is shifting rapidly under Najib's feet.



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