

# New Malaysian government formed amid internal and global tensions

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Malaysian Prime Minister Mahathir Mohamad has begun to form the country's new cabinet, following the historic defeat of Prime Minister Najib Razak's United Malays National Organisation (UMNO)-dominated Barisan Nasional coalition government (BN) in the May 9 election.

The 92-year-old Mahathir leads the Pakatan Harapan (PH) four-party coalition. The PH received 47.92 percent of the popular vote, winning a clear majority in the 222-member lower house of the parliament. This compares with 33.8 percent for the BN and 16.99 percent for the Islamist Parti Islam se-Malaysia (PAS).

UMNO's electoral defeat was the outcome of immense discontent over social inequality, entrenched ruling nepotism and corruption, and the suppression of the democratic aspirations of the mass of the population.

Six-decade-old mechanisms to maintain virtual one-party rule in Malaysia failed to deliver victory to UMNO and its coalition, for the first time since the country gained independence in 1957. These included the use of race and religion to divide the electorate, the flagrant channelling of state funds to business cronies, tight control of the media, political control of the courts and massive gerrymandering.

The PH coalition, however, is far from a homogeneous political grouping. It consists of Mahathir's United Malaysian Indigenous Party (PPBM), which has 13 seats; Anwar Ibrahim's People's Justice Party (PKR), with 47; the ethnic Chinese-based Democratic Action Party (DAP) with 42; and Amanah, a breakaway from the Islamist PAS, with 11 seats.

The PH is a disparate collection of ruling-class elements whose interests clashed with UMNO's predatory rule. The only unifying position they have is

the fear that Najib's brazen corruption, expressed most clearly in the billions of dollars looted from the state-owned investment fund 1MDB, was fuelling the underlying social discontent and threatening the ruling class as whole.

Mahathir was the BN prime minister and UMNO leader from 1981 to 2003. Anwar Ibrahim was his deputy prime minister until they fell out over the economic response to the 1997–1998 Asian financial crisis. At the time, to silence Anwar's opposition to his policies, Mahathir presided over the frame-up of his deputy on fabricated sodomy charges.

Anwar was arrested in September 1998 and sentenced in 2001 to nine years' imprisonment. He was not released from solidarity confinement until 2004. New charges were laid against him in 2008 under Najib's government, which ultimately resulted in his re-imprisonment in 2015.

The ruling coalition is wracked with conflicts over major domestic and international issues. On May 10, Mahathir was supposed to announce 10 of the up to 25 ministers to join himself and Wan Azizah, the PKR leader and deputy prime minister, in the cabinet.

Mahathir was able to name only three: Muhyiddin Yassin (PPBM) as home affairs minister; Lim Guan Eng (DAP) as finance minister; and Mohamad Sabu (Amanah) as defence minister.

On May 13, Mahathir declared that while "deliberation" would take place inside PH, he could appoint the cabinet at his discretion. More than a week later, only 13 ministers from the four parties had been sworn in. Among the positions still not filled was that of foreign minister.

Mahathir quickly established a 12-member "Council of Elders," stacked with some close political and business associates, operating independently of the

parliament. It is drawing up the government's plans to implement various populist measures that PH pledged to carry out in its first 100 days in office. These include the abolition of the unpopular goods and services tax, an increase in the minimum wage, with an automatic review every two years, and the prosecution of Najib and others over the 1MDB scandal.

Mahathir claimed his return as prime minister would have a transitional character. In a pact worked out in January, Anwar's PKR agreed to support Mahathir on the condition that Mahathir would move immediately to have the Anwar pardoned and released. After an interim period, Anwar, now 70, would re-enter the parliament and take over the premiership.

King Muhammad V, the head of state, pardoned Anwar on May 16. Anwar told the media upon his release he was "happy" with the transition period. He said he would give "complete support" to the government "on the understanding that we are committed to the reform agenda, beginning with the judiciary, media and the entire apparatus."

Both Anwar and Mahathir have declared that their "feud," which erupted in 1998, is over. But the two represent rival sections of the Malay ruling elite.

In 1997–98, Anwar supported the demands of the International Monetary Fund, World Bank and the United States that Malaysia dismantle the various means it employed to protect national-based corporations and exclude foreign competition—a decades-long regime denounced by global finance as "crony capitalism." His PKR continues to advocate the end of economic protectionism.

Mahathir only broke with UMNO after his faction of the party failed to remove Najib. Mahathir and his supporters formed the PPBM in 2016. Far from denouncing protectionism, the PPBM attacked Najib for making too many pro-market concessions, including the agreement to join the Trans Pacific Partnership (TPP). In demagogic and nationalist fashion, Mahathir said the TPP would see Malaysia "colonised again" by US imperialism.

The PPBM remains committed to the defence of the New Economic Policy, which for decades has served the interests of a thin layer of ethnic Malay capitalists, at the expense of the mass of the population, as well as the ethnic Chinese and Indian business elite.

Mahathir also made it clear that he will seek closer

relations with China and align with Beijing's efforts to counter Washington's influence in the region. On May 24, he sent Council of Elders member Robert Kuok, Malaysia's richest man, to the Chinese embassy to discuss cooperation between the two countries. The next day, Mahathir met with Chinese ambassador Bai Tian.

US interests have expressed concern. In a May 11 article, the Pentagon-connected Center for International and Strategic Studies (CSIS) declared that Mahathir's anti-American track record "creates a risk for bilateral relations." In contrast, the think tank stressed that Anwar Ibrahim "enjoys deep and warm ties in Washington" and the US had supported him throughout his "travails."

In reality, the Bush and Obama administrations supported Najib and did nothing to oppose the persecution of Anwar. Nevertheless, the CSIS assessment is that the PKR's economic outlook pushes it to politically lean toward Washington, and against China.

Beside its military predominance in the region, Washington still has immense economic clout, despite Beijing's growing trade and investment. The American total stock of foreign direct investment in the southeast Asian economies is \$US226 billion—more than China, the European Union and Japan combined.

Differences over foreign policy, fuelled by the intrigues of the US, China and other powers, are likely to mesh with domestic issues and cause ruptures within the fragile coalition. At the same time, the inability of the Malaysian ruling class and its new government to meet the economic and political demands of the working class portends the eruption of massive social struggles.



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