

**Najib in for a tough time with NEM**  
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Just how difficult it will be to modify Malaysia's affirmative action programme for its majority ethnic Malays came clear over last weekend when some 1,500 members of the Malay Consultative Council summarily rejected Prime Minister Najib Abdul Razak's plans to replace it with what the premier calls the New Economic Model.

NONENajib (left) was due to unveil his NEM, as he calls it, on June 10 in conjunction with the publication of the 10th Malaysia Plan.

But so far no details have been released, with less than two weeks to go before its publication, and it is questionable what will be in it. The consultative council turned it down without bothering with the details.

Since he came into office as premier in April of 2009, Najib has been attempting to get Malays, who make up roughly 60 percent of the country's 27 million people, to give up some of the perks that they have enjoyed since the New Economic Policy was promulgated in the wake of bloody 1969 riots that took the lives of hundreds of Malays and Chinese alike. Modifying the NEP, originally designed to remain in place only until 1990, has become the third rail of Malay politics.

The vote of the council, made up of 76 Malay-rights organisations, amounts to a stinging rebuke of the prime minister's policy even before it is announced. Ibrahim Ali, the head of Perkasa, the most strident of the Malay nationalist organisations and an ally of former Prime Minister Dr Mahathir Mohamad, told Najib publicly that the vote amounted to a vote of no-confidence in him.

Rather than ratifying in principle Najib's plans, the council instead passed a 31-point resolution demanding that the essentials of the NEP remain in place.

Demanding guarantees

In particular, the Malay Consultative Council is demanding guarantees of what they call the special rights of ethnic Malays in return for granting citizenship to non-Malays - who have been here for generations. Chinese make up about 25 percent of the population, Indians another 8 percent, with the rest other races. Critics say that amounts to apartheid by another name.

NONEThe National Economic Advisory Council, hand-picked by Najib to write the new economic framework, came under particular fire.

The NEAC, as it is known, is made up of nine academicians, economic experts and consultants including some of Malaysia's most distinguished economists.

However, Ibrahim (left) told the conference, some of the members are non Malays who would have no way of knowing the Malay soul, and the Malays who are there are liberals who have forgotten their roots.

The prime minister's cause probably wasn't helped much by the Saturday release of the annual Forbes List of richest Malaysians. Of the top 10, eight are Chinese and not a single one is an ethnic Malay.

Second on the list, after Robert Kuok with US\$12 billion in assets, is telecommunications tycoon Tatparanandam Ananda Krishnan, an ethnic Indian. At eighth is the only other non-Chinese, Syed Mokhtar AlBukhary, who is of Arab descent.

#### Forbes List of Malaysia's 10 Richest

- 1) Robert Kuok; US\$12 billion
- 2) T. Ananda Krishnan; US\$8.1 billion
- 3) Lee Shin Cheng; US\$4.6 billion
- 4) Sri Lee Kim Hua; US\$3.9 billion
- 5) Quek Leng Chan; US\$3.85 billion
- 6) Teh Hong Piow; US\$3.8 billion
- 7) Yeoh Tiong Lay; US\$2.5 billion
- 8) Syed Mokhtar AlBukhary; US\$1.7 billion
- 9) Vincent Tan; US\$1.6 billion
- 10) Tiong Hiew King; US\$1.2 billion

#### Insoluble political dilemma

The vote presents Najib with a seemingly insoluble political dilemma. He needs to eliminate costly subsidies that stifle both personal and corporate competitiveness. According to one account, in 2009 the government spent RM74 billion in subsidies for sugar, fuel and other items.

Subsidy expenditure was 11 percent of nominal gross domestic product according to these figures between 2006 and 2009. But as Badawi learned, cutting subsidies is dangerous. A cut in fuel subsidies contributed to his unpopularity.

Najib's move last year to cut a long-standing requirement mandating ethnic Malay participation in 27 economic sub-sectors and remove another that 30 percent of shares in IPOs go to ethnic Malays was one of the developments led to rising Malay irritation.

His weekend comments to the Consultative Congress that the government is still in the process of gathering feedback before implementing his new policy - just 11 days before it is supposed to be tabled - is an indication that he and his advisors have little idea of how to do it.

NONE In particular, while there has been no break with former Prime Minister Mahathir, Mahathir (left) has been attending Perkasa rallies and in some cases leading them, and, witnesses say, some of them have turned pretty ugly.

Najib had to step in to cancel one that Mahathir had called on May 13, the 41st anniversary of the 1969 riots that brought about the NEP in the first place.

That rally now is to be revived for June 14. Originally expected to draw 10,000 Malays in a state of ferment that resembles the Tea Parties in the United States, the rally is now expected to draw double that. The 84-year-old Mahathir is expected to be the keynote speaker.

The premier is aware that Mahathir's implacable enmity played a major role in bringing down Abdullah Ahmad Badawi. Although Najib's public approval rating is now 68 percent, up from a disastrous 44 percent when he took office, he faces the possibility of rivals in Umno

if he pushes too hard - including his deputy prime minister, Muhyiddin Yassin, who is also the deputy president of Umno.

Najib has repeatedly vowed to clean up corruption in Umno, which has abysmal public approval ratings, according to an April survey by the respected Merdeka Center, a Kuala Lumpur-based think-tank, and despite his own reputation for questionable contracts when he was minister of defense.

The survey found that only 22 percent of Malaysians placed their trust in Umno, which has largely run the country since its inception. That has been borne out by a long series of by-elections since national polls in March 2008. The BN has lost eight of the 11 by elections and only won on in Kuala Selangor by a relatively small margin of votes.

#### Blanket passes

Najib has said repeatedly that the country can no longer rely on a few sectors like oil palm plantations and crude oil sales to drive growth, instead calling for diversification and incentives for new strategic industries.

The education system - which critics say now gives Malays virtually blanket passes with little academic rigour - must be reevaluated and improved, he says, to reward excellence and nurture talented graduates who excel in strategic and creative thinking, and entrepreneurial and leadership skills that will drive success in the decades ahead.

A flock of bloated state-owned or government linked companies continue to swallow up money - the latest being the plantation giant Sime Darby, which recently reported as much as US\$1 billion in writeoffs for bad investments, or the chronically money-losing Proton national car. But in order to do any of that, he stands a strong chance of alienating his political base - or, in the case of the Proton, Mahathir.

He has also demanded an end to practices that support the behavior of rent seeking and patronage. But doing so would take away a major reason for the existence of Umno, which is regarded as hopelessly corrupt by a large segment of the population - and thus the 22 percent approval rating for the party.

NONE"Obviously, I as the president of Umno cannot forsake the interests of the Malays who form the majority in Malaysia," Najib said when closing the Bumiputera Economic Congress organised by the Malay Consultative Council.

As the son of the founder of the New Economic Policy (NEP) the late Abdul Razak Hussein - Malaysia's second prime minister - in no way would he betray his father's struggle, he said.

However, he didn't point out to the crowd that when his father and other Umno leaders implemented the NEP, they designed it to end in 1990.