

PM slumps to new low with oil hike
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Abdullah Ahmad Badawi is clinging to power after disastrous polls, but disarray in the ruling party, a strong opposition and deep subsidy cuts make his future highly uncertain, analysts say.
MCPX

abdullah ahmad badawi pm mihas halal convention 080508 01The prime minister has been beset by calls to resign since general elections in March when he was punished by voters, largely over rising prices of food and fuel.

In the transformed political landscape, opposition figurehead Anwar Ibrahim says he could seize power as soon as September with the help of defectors from government ranks in Sabah and Sarawak.

And now Abdullah has made the extremely unpopular decision to dismantle fuel subsidies, sending pump prices up 40 percent from today in a move applauded by economists but condemned by the public.

"God willing, I hope Malaysians will not demonstrate over this," Abdullah said yesterday after announcing the price hike, and warning it could suppress economic growth and drive inflation as high as 5.0 percent this year.

"It is not an attempt to be popular, we have to think in the best interests of the people," he said, sending countless motorists rushing to fill their tanks on the last of the heavily subsidised fuel.

Shoring up shaky support base

The three-party opposition alliance seized control of five states and a third of parliamentary seats in the March 8 elections, in the worst ever result for the multi-racial coalition that has dominated Malaysia for half a century.

Anwar, a former deputy prime minister who spent six years in jail on sex and corruption charges, needs to swing just 30 government lawmakers in order to seize power.

In a move to shore up his shaky support base, Abdullah recently promised RM1 billion for rural development in Sabah, plus RM1 million in constituency funds for each federal lawmaker.

"Abdullah is still reeling from attacks on his leadership and whether his government will collapse internally from defections," said Ibrahim Suffian from the Merdeka Centre opinion research firm.

"He needs to stabilise his position first by buying the loyalty of lawmakers," he told AFP.

Former premier Mahathir Mohamad, who handed over to Abdullah in 2003 but quickly fell out with his successor, has added fuel to the fire by campaigning for his resignation.

Mahathir has deployed strategies including resigning from the ruling Umno and urging disgruntled government lawmakers to declare themselves independents.

For now, Abdullah is being protected by rules introduced under Mahathir which require would-be challengers to have the support of a third of the ruling party's divisions - a formidable barrier.

Lack of dynamic challengers

But political observers say the big test will be at Umno party elections in December when he must win the support of members who have been deeply shaken and disillusioned by the electoral setback.

The premier has repeatedly insisted he has a mandate to rule and that he will only discuss a transition of power to his heir apparent, Deputy Prime Minister Najib Razak, after the party polls.

One factor in Abdullah's favour is the lack of dynamic and popular leadership candidates, in a party which even insiders say is in desperate need of reform to prevent total oblivion in the next elections.

Najib is his heir apparent, but he is seen as an old-guard figure while Trade Minister Muhyiddin Yassin, a respected and rising figure in the party, is another name commonly touted.

In a bid to boost his credentials, Abdullah has appointed critics to his cabinet, announced anti-corruption plans and signed up several disaffected members of Anwar's PKR party.

"Abdullah has now gone on the offensive," said Tricia Yeoh from the Centre for Public Policy Studies.

"Right now no one can predict what the nature of Umno and the country's political make-up will be," she said. "But as we get nearer the party elections, we will be able to see how far Abdullah is willing to go to continue ruling this country."