

**Najib's 'defence' against Umno**  
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Several observers of Malaysian politics (including this author) have identified that the fight for Umno leadership is on.

Najib, on hindsight, had already prepared himself for this even before becoming the premier.

To understand Najib's manoeuvres, it is important to understand Malaysia's political system. Rigorous analysis by academicians such as William Case, Harold Crouch, Clive Kessler, Thomas Pepinsky, Bridget Welsh and Meredith Weiss to name a few - have established that Malaysia is a dysfunctional democracy, with power being concentrated in the Executive, where loyalty to the ruling party - Barisan Nasional (BN) is rewarded while challengers are decimated.

Elections are stage-managed but with sufficient space for opposition parties to provide a semblance of legitimacy.

This had been achieved through successive Umno led administrations since independence. However, while power is concentrated in the Executive - effective power is actually concentrated in Umno - specifically the supreme council.

The supreme council in turn (until recently) was beholden to the delegates who in turn are beholden to the division and branch leaders.

Herein lies Najib's problem. Najib witnessed that for all of Mahathir's dictatorial power - when he became a liability to Umno - after the Anwar debacle - he was politely asked to leave, of course on his own terms. Abdullah Ahmad Badawi was not so fortunate.

As explained in my two earlier articles (see links below), Najib's reforms must please Umno members and Malaysians.

Easier said than done especially within the context of a global economic slowdown, a weakening domestic economy, serious fiscal deficit and a strengthened opposition. Najib's biggest challenge, however, is pleasing Umno members, especially the division and branch chairs.

Most of these leaders are Class F contractors or are involved in businesses that rely exclusively on government or government controlled corporation (GCC) hand-outs.

**Placing themselves on auction stand**

Their allegiance is not to an ideology, race, religion or country but merely to the highest bidder.

Hence, one often hears of branch leaders leaving Umno only to return later or areas where the opposition wins despite the number of registered Umno voters being in the majority.

These leaders determine what actually happens on the ground and therefore, it is to Najib's peril that he ignores them - as Badawi found out.



There are approximately 20,000 branches and 191 divisions' leaders (the exact number remains unclear) whom Najib must please if he is to remain as Umno president.

Of course, Najib will also have to meet the demands of political leaders from Sabah and Sarawak - now kingmakers - as without the 50 seats they delivered, Najib would be the

opposition leader.

The final key stakeholder is the capital class both domestic and foreign. They are politically indifferent and concerned mainly on profitability of their ventures.

This class, while having competing interests (some want to do away with affirmative action, others don't, some want liberalisation, others don't), essentially abhor political instability and would support a strong leader that can protect their interests.

Then there are the BN component parties on the Peninsular, but then again - they are increasingly becoming irrelevant.

As for the *rakyat* - they are easily pleased - just give them lots of goodies - which is exactly what Najib is doing.

Najib's strategy in a nutshell is to centralise power within himself - i.e. the Prime Minister's Department and the Ministry of Finance as this is the only way that he will be able to implement policies that may contradict with other vested interests and also to ensure control of patronage.

This will also allow him to be 'all things to everyone' - to please Umno and the rest of Malaysia.

Najib's manoeuvres' began with the 2009 Umno General Assembly. Factionalism driven by 'money politics' in Umno had become the single biggest issue ever since it transformed itself from a party of genuine Malay leaders to a party of Malay businessmen (perceived to be corrupt), beginning in the mid 80s.

Najib sought to consolidate his leadership of the party by first, ensuring control of the supreme council while simultaneously heading off challenges from various 'warlords' and other leaders not aligned to him. And this, he did quite well.

### **All the PM's men aboard**

Except for two Badawi supporters: Khairy Jamaluddin - who became Youth chief and Shahrizat Jalil - who became Wanita chief, the Supreme Council is filled with Najib's people or those not known to be his enemy - including Muhyiddin (*centre in picture right*). This was in March 2009.

Having consolidated his position in Umno, Najib sought to consolidate his position in government.

He retained the post of Finance Minister 1. Ever since the fall-out between Mahathir and Anwar - then Prime Minister against then Deputy Prime Minister as well as Finance Minister, no Prime Minister has been confident enough to give-up this portfolio - considered

extremely powerful for its ability to dispense patronage and build support.

Najib has also strengthened the Prime Minister's Department. The PMD now has five Cabinet ranked ministers - who have Najib directly as their 'boss'.

The scope and power of the PMD is also far reaching, regulating economic development for most of Malaysia. As a department, its development and operating expenditure increased by more than five-fold in 2009.

Through the PMD, Najib has a direct say in the five economic corridors - which covers most of Malaysia.

The budget for the economic corridors rose from zero (2001-2008) to RM5 billion in 2009. The PMD in fact has taken over functions from other ministries and state governments (regional economic development, poverty eradication, entrepreneurship programmes, infrastructure, religious programmes, etc).

The logic is simple - Najib is excising greater control on the Malaysian economy, policy making and policy implementation, and most importantly patronage to cover the key demographic and geographic areas.

And he is doing this largely by himself, bypassing other BN and Umno leaders.

Najib has also strengthened his control of the Malaysian economy through the control of Khazanah Nasional and other key corporations such as Petronas.

Khazanah has control of Malaysian GCCs' which make up almost 50% of capitalisation of the Malaysian Bourse.

Although, GCC reforms began during the time of Badawi, Najib has upped the ante since taking over as premier.

### **Severe drag**

Najib has realised that these GCCs have been a severe drag on the Malaysian economy - with only a handful being profitable. Najib also knows for a fact, that without economic growth - Umno and the BN will perish.

Hence his insistence to kick-start the Malaysian economy, improve efficiency and national competitiveness. Hence, reforms such as the 1Malaysia, Government Transformation Programme and the New Economic Model are all being conceptualised, developed and implemented by the PMD and/or Khazanah Nasional.

Najib has further strengthened his control over Petronas by first appointing his man as the non-executive director and now has appointed a new CEO for Petronas. Najib, now truly has control of the commanding heights of the Malaysian economy.

Najib has also put his cousin, Hishammuddin Hussein in charge of the powerful Home Affairs Ministry which ensures "security and public order" in Malaysia.

Through Hishammuddin, Najib has at his disposal control of the Royal Malaysian Police and preventive powers such as the Internal Security Act, Emergency Ordinance, Printing and Publishing Act, etc.

The military is also expected to be compliant to these two scions of former prime ministers.

Furthermore, by moving Muhyiddin from another powerful patronage dispensing machinery - the Ministry of International Trade and Industry (e.g. trade licences, APs etc) to Education, Najib weakened Muhyiddin's ability to build a vast patronage network as the Ministry of Education no longer commands the important political function that it used to in previous decades (as Umno has become a party of businessmen and not teachers).

Najib must have thought that he had played his cards right by making the above moves.

However, it appears that there are many Umno branch and division leaders, warlords (e.g. Terengganu and Perlis Menteri Besar tussle, Umno Youth tussle, Perkasa, etc), and Muhyiddin Yassin that are unhappy with these moves.

It is unwise, at this point, to conclude if Najib's manoeuvres are sufficient to insulate him from any challenges from within Umno.

However, it is becoming increasingly clear that Najib's manoeuvres are inadvertently moving Malaysia towards a form of fascism - with Najib as the 'Beloved Leader'.

How these measures will play out, will depend on how decisive Najib is in countering challenges from UMNO to his reform measures and how Malaysians respond to Najib.

But definitely, these are not the reforms that Malaysia needs.

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