

BN in for bruising but will prevail, says analysts group
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KUALA LUMPUR, Aug 29 — The Barisan Nasional (BN) will be returned to power in the next general election albeit with a smaller majority, the Economist Corporate Network — the global briefing service for business executives of the international magazine — has predicted.

“Our view is that BN will come back to power with their majority slightly reduced.

“The opposition may win more seats, but there will be no change in government,” Justin Wood, the network’s director for southeast Asia, told reporters today in his presentation, “Weak World, Strong Malaysia”, which addressed foreign investor concerns.

In his briefing, Wood pointed out that one key issue raised by most investors was the impact of the next elections.

“[For] investors, it is a question mark of what will happen to the reform programmes if there is a change in government. What if BN comes back with a smaller majority?

“What if there’s a change in government? What does this all mean to Malaysia?” he added, referring to the government’s Economic Transformation Programme (ETP) and Government Transformation Programme (GTP).

But Wood suggested that the upcoming election result will limit Prime Minister Datuk Seri Najib Razak’s ability to implement necessary economic policies.

“Our view is that it is more than likely that the prime minister will remain in office, albeit with a slightly undermined ability to push through reforms [via] majority,” he added.

Najib has already been forced to back down on his merit-based reforms — necessary to propel the economy toward his goal of making Malaysia a high-income nation come 2020 — following resistance from hawks within his own Umno as well as Malay rights group such as Perkasa.

Despite earlier pledges to dismantle the decades-old affirmative action policies favouring the Bumiputeras, Najib instead went on to introduce the Teraju agency to further promote the community’s participation in the economy.

His administration was also forced to loosen up requirements for contractors bidding for mega-project works, after Malay firms complained of being left out by lucrative infrastructure contracts for the upcoming Klang Valley Mass Rapid Transit (MRT).

A general election must be called by April 2013, when the current BN administration’s mandate will expire. Najib had been expected to call for an early general election in June but was believed to have been forced to abandon the plan following the Bersih rally in April and scandals linked to members of his government.

BN suffered its worst electoral performance in 2008, when it lost its traditional parliamentary supermajority and five states — Penang, Selangor, Kelantan, Kedah, and Perak — to the then-fledgling opposition pact of Pakatan Rakyat. It later regained control of Perak following several lawmaker defections.

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