

Is Malaysia's UMNO Era at its End?

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Corruption, race and public weariness combine to give the opposition a real chance

If the Barisan Nasional coalition loses the national elections on Sunday and has to relinquish its 57-year stranglehold on Malaysian politics, the seeds of the defeat were sown well before the last polls in 2008, when a rag-tag opposition of three disparate parties with no real affinity for each other did better than anybody thought they would.

The opposition has grown stronger since then and at stake this time around is the future of Malaysia. The country could - could - be moving from being a virtual one-party state in which the ruling elite controls government, the media and business to finally joining the ranks of Asia's more open democracies. If it happens, the United Malays National Organization, the biggest ethnic party in the coalition, has only itself to blame.

In 2008, UMNO's old bulls blamed then-Prime Minister Abdullah Ahmad Badawi for the debacle at the polls and drove him from power. Pushed by the increasingly splenetic former Premier Mahathir Mohamad, they installed one of their own, Najib Tun Razak, in his place. He can now be expected to extend his neck for political execution, win or lose.

The power brokers thought that Badawi had veered too far from the old ways of doing things. But the truth was that he hadn't veered far enough. He set out to close some of the white elephant projects Mahathir had put in place and which cost the country tens of billions of dollars. He tried to implement rational and transparent contracting procedures and to appoint a relatively independent judiciary. And when he began to seriously threaten some of Mahathir's misguided industrialization schemes, the party elite came down on Badawi and he backed away.

The general public saw what was happening and wanted reform. The opposition, made up of the ethnic Chinese Democratic Action Party, the rural-based, Islamist Parti Islam se-Malaysia and Anwar Ibrahim's urban-based Parti Keadilan Rakyat, almost won the popular vote despite a lack of cohesiveness. They ran what candidates they could, some of whom had left UMNO not out of principle but because they were jealous at being left out of the trough. Many of them departed after the 2008 election because they found there was no golden goose to pluck.

This time around, the opposition candidates are better, the coalition more cohesive. And the Barisan didn't learn its lesson after losing its crucial two-thirds parliamentary majority in 2008. The Cattle-gate scandal, in which the family of UMNO women's wing leader Shahrizat Abdul Jalil misused millions of ringgit from a soft loan designated to establish a cattle feeding program, is a good example. But there are others. Asia

Sentinel received a long email from a Chinese businessman who wanted to establish an operation to sell pork to merchants. He figured he could do it cheaper and more efficiently than the existing suppliers. But he was frozen out because a cartel run by the Malaysian Chinese Association had its favored rent-seeking pork suppliers. There are dozens of these small cartels.

In the end, it comes down to economics. Why has Malaysia, with a well-educated work-force, extensive infrastructure and abundant natural resources, not been able to break out of the middle income trap? The comparison with Singapore, just across the Causeway, is devastating. Per capita income by purchasing power parity is US\$60,900 in Singapore against US\$12,900 in Malaysia. It is largely because of the New Economic Policy, an affirmative action program for the majority ethnic Malays, which has hobbled business for decades, and these insider deals, big and small, which have multiplied. There is hardly a medium-level business transaction, let alone a major one, in which someone close to the Barisan isn't standing there with his hand out, and favored businessmen aren't there to fill it.

When roads are built, they are built, often badly and vastly over cost, by Barisan companies, most of them UMNO-linked. There has been a long continuing controversy over the delivery of water in Selangor, the rich, populous state that surrounds the federal capital of Kuala Lumpur. The opposition, which controls the state, refuses to honor the contract given by the previous Barisan administration to a favored company, saying the firm dramatically overcharges consumers.

Defense purchases in many countries are an opportunity for graft, and it is no different in Malaysia. Much has been written about the purchase of submarines from the French defense giant DCN and its affiliates, in which records in France show at least \$150 million (US\$197.6 million at current exchange rates) in kickbacks flowed to either UMNO or Najib and his close associate, Abdul Razak Baginda. Ironically, the scandal probably would never have come to light if two of Najib's bodyguards hadn't murdered Altantuya Shaariibuu in 2006 to shut her up. Altantuya was a 28-year-old Mongolian translator who was Razak Baginda's girlfriend and who played a minor role in follow-up details to the transaction after it was completed.

Questions about Altantuya's death eventually led to French prosecutors throwing the case open. But no outside probe followed the purchase of Russian Sukhoi jet fighters and another for the purchase of Malaysian Royal Navy patrol boats that appear to have produced at least US\$300 million for UMNO cronies, Najib's friends and others. Beyond a few questions by opposition leaders in parliament, these deals have not gained traction with the wider public, as the submarine deal did because of the woman's death.

Nonetheless, the continued scandals put a heavy patina of corruption onto UMNO and the Barisan. At the same time, the party listened far too long to Mahathir, whose racial politics became increasingly strident after the 2008 election, defending *ketuanan Melayu*, or the Malay first policy, despite the fact that many urban Malays had long-ago moved into the middle class.

"Besides being almost chief campaigner for UMNO, [Mahathir] is also their biggest vote-loser among the Chinese, Indians and non-Malay Sabahans. That is a view many UMNO old timers like Musa Hitam, Rafidah Aziz, Shahril Abdul Samad and Badawi share," a political insider said. "But Najib is too weak to do anything about Mahathir and Muhyiddin Yassin [the deputy prime minister] is riding on Mahathir's coat tails for his own personal ambitions."

Rather than adjusting to a changing and more demanding society, UMNO has doubled down on race, with the emergence of the hard-line Pertubuhan Pribumi Perkasa Malaysia, or Perkasa, backed by Mahathir and dominated by Malay nationalist Ibrahim Ali. The assumption is that if UMNO gets the lion's share of the ethnic-Malay vote, which comprises 60.1 percent of Malaysians, it can maintain its grip on power. Apparently at Mahathir's urging, Najib installed a man who has ridiculed Hindu religious beliefs, Perkasa vice president Zulkifli Noordin, as a candidate in the suburban city of Shah Alam. He also engineered the candidacy of Perkasa head Ibrahim Ali, in Kelantan by having the UMNO candidate drop out of the race.

It is thus basically UMNO against the world. The historic three-race coalition has in effect collapsed. The other two ethnic ruling parties - the Malaysian Chinese Association and the Malaysian Indian Congress - have been largely abandoned by their voters because equally big scandals and because of the strident race-baiting by Perkasa and many UMNO followers.

All of these factors - corruption, racism and a general feeling that the Barisan has finally been in power too long - have combined into a huge outpouring of support for the opposition, with rallies routinely drawing as many as 50,000 people.

"Basically, there has been a grand showing at all opposition gatherings and many people I know are flying back from Singapore, Hong Kong, Australia, etc. to vote," said a Malaysian businessman in an email. "It probably won't make much difference as they are likely to be in opposition strongholds anyway. But I have never seen such involvement at ordinary people level before. They are volunteering as observers in droves."

Nonetheless, the Barisan has a built-in advantage. The country is heavily gerrymandered. It has the power of the incumbency, a first-past-the post electoral system and a considerable war chest. In 2008, the Pakatan Rakyat got 46.5 percent of the vote compared to 50.1 percent for the Barisan, yet it only picked up 82 seats to the Barisan's 140. It will take a significantly higher voter turnout on the part of Pakatan Rakyat supporters to overcome that disadvantage.

It could happen on Sunday but it won't be surprising if it doesn't. If the Barisan ekes out a thin victory, it is likely that Najib will be gone from power to be replaced by Muhyiddin, who could be expected to reign in an interregnum that would keep the country in paralysis for five years.

It would be better for UMNO if it loses. As the Kuomintang learned in Taiwan, it isn't the end of the world. After the KMT lost power in 2000, the party of Chiang Kai-shek,

at the time considered to vbe the richest political party on earth, was forced to reform itself and it eventually become the party of Ma Ying Jeou, shorn of its business interests and revitalized by the competition.

The desire for change in Malaysia is palpable but despite the undoubted charisma and long struggle of Anwar Ibrahim to take power, there is no guarantee that his coalition would be able to govern effectively. UMNO's best chance to restore the luster it once had as the party of independence is to spend time in opposition and learn how to compete in a real democracy. That would be an outcome that could move the country forward.

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