

Najib will survive, but racial problems loom: report
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By FMT Reporters

Global analysts Stratfor sees danger of ethnic divisions rising after Umno's hand in Red Shirts rally

KUALA LUMPUR: Najib Razak will survive at least up to the next general election, says the Stratfor geopolitical intelligence consultancy, but it sounded a warning of ethnic divisions in the years ahead as population changes affect the racial balance.

Stratfor expected political turbulence in the two years remaining before the next General Election, whether or not Najib held on to power longer.

However, political stability would be challenged by population changes, the company said.

It said despite the efforts at mounting a vote of no confidence against him in Parliament, Najib was likely to remain entrenched in power for the foreseeable future.

The opposition's 87 votes in the 222-member parliament was not enough to remove Najib, and it noted that PAS was noncommittal about ousting Najib. Umno was also divided and did not want to chance a snap election with unresolved questions about the government investment arm 1Malaysia Development Bhd.

Any internal Umno move against Najib, after the current parliament session ends, would be unlikely to succeed, Stratfor said. Najib reportedly maintains strong support in the Umno Supreme Council and the 191 division chiefs.

Nearly all Umno elected representatives and party leaders had benefitted from his largesse, Stratfor said, and the fact that Najib's political machine has proved resilient testifies to the power of his patronage network.

Party dissent would need to reach a much higher pitch to oust Najib, but despite former premier Dr Mahathir Mohamad's best efforts, "this has not happened — yet," Stratfor said.

The report foresaw turbulence in the years ahead from the 1MDB affair, the ringgit and the economy being hit by low commodity prices and a looming interest rate increase by the U.S. Federal Reserve Board.

Malaysia's reliance on semi-conductors and commodities left it fairly vulnerable to global shifts but Stratfor said there was reason for optimism in Malaysia's relatively low debt and inflation, as well as a healthy resource base.

Malaysia's economic slump alone may not be prolonged enough to sink the ruling party, Stratfor said, pointing out that Umno survived the 1997 Asian financial crisis.

The greater danger lay in population changes and the prospect of ethnic strife and resentment fuelled by Malaysia's bumiputera policies, Stratfor said, pointing to the Barisan Nasional's loss of support from Chinese and Indian voters in 2008 and 2013.

Stratfor said Najib had increasingly sought to frame the 1MDB affair in ethnic terms and pointed out that Umno funded and helped organise the Malay nationalist “Red Shirts” movement which held a mass rally in September.

The change in Umno’s stance was a recognition of the population changes, Stratfor said, taking note of the falling size of the Malaysian Chinese population.

“For political purposes then, rather than wooing back minority voters, Umno will increasingly work to secure its base and keep the opposition divided along ethnic lines,” it said, and foresees a widening of ethnic divisions, which posed a risk to holding the federation together.

“This risk will limit how far Najib and Umno will be willing to push their ethnic advantage,” Stratfor said.

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