

Prolonged crisis over 1MDB could widen ethnic rift, says intelligence firm Stratfor
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Datuk Seri Najib Razak has sought to frame the 1Malaysia Development Berhad (1MDB) scandal in ethnic terms, and the move threatens to "widen ethnic divisions", said geopolitical intelligence firm Stratfor in its latest analysis on the embattled prime minister.

Noting the lack of explanations by Najib on the state investor's debts and the RM2.6 billion "donation" in his bank accounts, Stratfor said Najib took his cue from Tun Dr Mahathir Mohamad whose own rise was fuelled by exploiting Malay and indigenous fears.

Najib and Umno had tacitly supported the Malay nationalist "red shirt" movement, whose rally in September was prevented by police from storming Petaling Street, a popular business district in Kuala Lumpur dominated by Chinese Malaysians, Stratfor noted in its analysis.

Najib, who is also the Umno president, defended the rally and said it was a reaction by Malaysia who felt the Bersih 4 gathering had challenged the dignity of the Malays and the country's leadership.

Stratfor said there appears a recognition that Malaysia's fundamental demographic make-up was changing, most notably among the Chinese.

"Since 1983, their share of Malaysia's total population has dropped more than 8%, and birth rates among ethnic Chinese are by far the lowest of Malaysia's main ethnic groups.

"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.

This would create a "widening of ethnic divisions" that would challenge the core integrity of the country, Stratfor said in its analysis titled "Malaysia's eventual fall from grace".

It warned that with the 1MDB scandal and the economic stresses drawing Umno into a protracted fight for survival, Malaysia was likely to slip further into an environment of new uncertainties.

Ever since news of the RM2.6 billion surfaced, Najib has come under pressure, facing a possible no-confidence vote in Parliament over the issue, which saw the country going through myriad economic troubles including the devaluation of the ringgit.

But the intelligence firm also noted how well-entrenched the prime minister was, in

part due to the opposition's lack of numbers in Parliament for a successful vote of no-confidence, and because his own critics within Umno did not want to see the party fall.

Stratfor said that a prolonged political crisis would put at risk the "carefully balanced status quo that has enabled the Malaysian economy to flourish without communal disruptions". – October 25, 2015.

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