

Najib risks losing support due to rising cost of living
Free Malaysia Today
May 7, 2017

As the Prime Minister prepares to seek re-election, he faces warnings that soaring living costs risk eroding the support of his party's most reliable vote bank - the 1.6 million civil servants.

KUALA LUMPUR: Malaysia's 1.6 million public servants have long been one of the most reliable vote banks for Prime Minister Najib Razak's ruling coalition, but as he prepares to seek re-election he faces warnings that soaring living costs risk eroding that support.

Prices have risen sharply since Malaysia cut state subsidies and launched a national goods and services (GST) tax to plug a hole in its finances caused by falling oil and gas revenues, and rank-and-file government workers say they are feeling the pinch.

"My wife earns some side income doing freelance work, but we just can't save," said 28-year-old Mohd Nizam, who has supported Najib's UMNO party in the past but, like around a dozen public sector workers who spoke to Reuters, did not want to say if he would do so again.

"I don't know how we'll manage if we have a child," said Nizam, who rides a motorcycle to work each day in the administrative capital Putrajaya, where he earns RM3,000 a month as a government clerk.

Rising prices were a key factor that prompted urban and non-Malay voters to abandon the coalition led by UMNO over the past two elections.

But UMNO clung on to its rural Malay Muslim heartlands and the votes of rank-and-file civil servants – most of whom are ethnic Malays due to a decades-old positive discrimination policy that gives them priority for government jobs.

The next election is not due until 2018 but, after facing down a corruption scandal at state developer 1Malaysia Development Berhad (1MDB), Najib is expected to capitalise on opposition disarray and call an election this year.

Analysts expect Najib to win, but he has little room for manoeuvre. In 2013, the Umno-led Barisan Nasional (BN) coalition lost the popular vote but won most seats in parliament – if its majority were further eroded this time, Najib could face an internal leadership challenge.

Rizalman Mokhtar, a grassroots leader with UMNO, said he feared civil servants – who make up around 15% of all voters – could turn against the party if nothing is done about the rising cost of living.

“We have to address this issue, or it will have a big impact on our support,” he said.

Deeper in debt

Malaysia’s annual inflation hit an eight-year high of 5.1% in March, among the quickest in Southeast Asia and far outpacing Singapore, Indonesia, the Philippines and Thailand.

Private sector wage growth is expected to average 5.7% between 2013 and 2017, based on data compiled by the Malaysian Employers’ Federation.

But public sector wage growth was between 2% and 3% over the same period, according to the Congress of Unions of Employees in the Public and Civil Service (Ceupacs).

Ceupacs president Azih Muda said civil servants have ended up heavily indebted to manage rising living costs, to the point that more than 60,000 of them risk bankruptcy.

“This is a direct effect of the hike in the cost of living. Civil servants end up taking up a lot of loans and this is unsustainable and they are unable to manage their finances,” Azih told Reuters.

Adib Zalkapli, an analyst with political risk consulting firm Vriens & Partners, agrees cost-of-living issues threaten to eat into a core component of UMNO’s support.

“The hardest hit would be the rank-and-file civil servants working and living in major cities like Kuala Lumpur or Penang,” Adib said, adding that civil servants had less flexibility to take part-time jobs than other low-paid urban workers.

Najib last month assured the public that managing cost of living remained his government’s priority, arguing that Malaysia remained among the cheapest countries in the region.

“We have done a lot of work to ease the people’s burden related to the rising cost of living,” the 63-year-old son of a former prime minister said in a statement.

The government had increased payouts for poor households, implemented measures to control prices and provided affordable housing and healthcare, Najib said.

Grip weakening?

But the dismantling of fuel subsidies, needed to stave off the threat of a sovereign rating downgrade after Najib’s narrow 2013 win, came at the expense of public goodwill.

Former Prime Minister Dr Mahathir Mohamed, Najib’s mentor-turned-rival, thinks the continued rise in costs will be the push needed to end UMNO’s near-60-year unbeaten grip on power.

“High cost of living, their children cannot get scholarships, unemployment is very high. Many people feel how poor they are now,” the 92-year-old political veteran said in an interview with Reuters.

Mahathir launched a new political party last year, and joined hands with his former foe, the charismatic de facto opposition leader Anwar Ibrahim, in a campaign to oust Najib.

Anwar remains in prison serving a sentence for sodomy he says was politically motivated, however, and in his absence, a feud has fractured the opposition alliance.

With his opponents more divided than at the last poll, government sources have said that Najib was considering a calling snap election by the third quarter.

Ibrahim Suffian, director of independent opinion polling firm Merdeka Center said that is not without risk – if the opposition can get their act together.

“If the opposition is able to agree to a pact and minimise multi-cornered contests, we’re looking at several states changing hands and a significant drop in BN’s parliamentary seats,” he said.

Copyright (C) 2009-2016 MToday News Sdn. Bhd. All Rights Reserved.

Source: <http://www.freemalaysiatoday.com/category/nation/2017/05/07/najib-risks-losing-support-due-to-rising-cost-of-living/>