

## Malaysia edges toward change, but not yet

by Peter Drysdale

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On May 5<sup>th</sup>, after a hotly contested general election, a record electoral turnout, and over half a century of essentially one-party rule, the Malaysian people edged toward change – but chose not to make the leap.

The campaign saw the ruling *Barisan Nasional* (BN or National Front) emphasize stability, continuity and economic growth, and the opposition *Pakatan Rakyat* (PR or People's Alliance) urge the end of corruption, the institution of minority rights, and dealing with issues over the cost of living. In a contest that always seemed too close to call, Prime Minister Najib Tun Razak has held on to power, taking the prize from the indefatigable Anwar Ibrahim and his PR.

The election confronted Malaysia with big choices. While the Najib government led a tactical retreat on some elements of the old order, Anwar called for its sweeping rejection.

Malaysia struggles with breaking through the “middle-income trap.” Wages have climbed to the point where the country can no longer compete internationally in labor-intensive manufacturing yet skills and systems haven't improved so that Malaysia can compete effectively in the same product lines as more advanced countries. Without further reforms, it is difficult to see how Malaysia can escape from this middle-income trap. Much of the struggle to find a way through has to do with escaping the legacy from the old order: a “New Economic Policy” framed over 40 years ago that entrenched discrimination against minorities (including the significant entrepreneurial classes) and affirmative action through government-linked corporations (and systemic entrenchment of political patronage and corruption).

The Najib administration did a creditable job in implementing Malaysia's so called “New Economic Model” – a shift away from the old New Economic Policy – that aims to double the country's per capita income by 2020 via a raft of reforms across key economic sectors and government. While targets have been met or exceeded and economic growth has picked up despite the unfavourable international circumstances (the World Economic Forum now ranks Malaysia 21st out of 142 economies in its world competitiveness ranking, up from 26th in 2010), the implementation of these programs still has to address the core problem of the long-standing *bumiputra* (sons of the soil) affirmative action policy.

Najib, to give him his due, tried hard to reform *bumiputra* policy, but failed in the face of pressure from within his own

party, as well as from powerful ethnic Malay interest groups. The Malay elite have reaped enormous benefits from the policy and were unlikely to surrender their privileges easily. Nonetheless, Najib entered the election with a standing that far exceeded that of his ruling coalition – commanding an enviable approval of 61 percent – paradoxically because of the support of the Malay elites as well as his progressivist inclinations.

The election was clearly about alternative visions of Malaysian society and democracy. But it was also a deeply personal contest on epic scale between two charismatic political leaders. As Meredith Weiss observed in the lead-up to Sunday's vote, “this election is a two-party election (the BN is registered as a single party; the PR functions as one)... Both coalitions have been forced to articulate clear policy agendas, and even if the usual communal and monetary inducements still have a large bearing on results neither side (took) victory for granted.”

Najib sought a mandate for his leadership after being appointed to the prime ministership by the ruling coalition in 2009. Anwar had dealt a historic electoral blow to Najib's predecessor, Tun Abdullah Ahmad Badawi, in the 2008 elections from outside Parliament, for the first time denting BN's super two-thirds majority.

By one account, Najib played a sophisticated double game against his experienced and wily opponent. He tried to outflank the reformist opposition by repealing security laws and introducing his comprehensive economic transformation program that sought to catapult Malaysia into the ranks of the high-income countries. He appealed for a harmonious society through his “One Malaysia” slogan at the same time as placating his party's ethnic Malay base by protecting pro-Malay affirmative action in government, business, and education. Najib adopted the outward trappings of a dynamic, youth-courting reformer, a strategy that got him over the line. Malaysia's economic performance, while solid, has yet to deliver the shine promised by ambitious but tailored reform. And the distaste for privilege, corruption, and discrimination in the law attracted a wide if fractious coalition for reform and political change that presented the government with a real challenge.

In reality, Najib and Anwar have more perhaps in common than either might care to concede. Both cut their teeth in the cauldron of youth politics and graduated with distinction. Both are charismatic and commanding personalities. Both claim the mantle of reformer, one from within government and the other having been a former deputy prime minister. Both are comfortable with the ambiguities of Malaysian politics. Both have been haunted by controversy: Anwar in the form of repeated allegations of sexual misconduct, and Najib by his aide's conviction for murder in

the case of Mongolian model Altantuya Shaariibuu. It is said that this is why their personal rivalry is so deep and bitter.

With so many obstacles placed in his way to political comeback, an Anwar victory would have been a remarkable triumph. After rising to the deputy prime ministership, he was sacked by former Prime Minister Mahathir bin Mohamad during the Asian financial crisis, endured political persecution, imprisonment on charges of sodomy, release, and political rehabilitation in 2008. His charisma, ambition, political skill, and deep inside knowledge of the weaknesses in the ranks of the BN kept together the broad and unlikely coalition – Islamists, ethno-nationalists, non-Muslim ethnic minorities, socialist democrats, and economic liberals – that delivered his parliamentary gains on Sunday.

But not enough, and Prime Minister Najib will now continue to confront the challenge of reform from within.

*PacNet commentaries and responses represent the views of the respective authors. Alternative viewpoints are always welcomed.*

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