

## ASSESSMENT OF MALAYSIA'S ELECTION: CONTESTED POLITICS AND CONSENSUAL POLICIES – 8 MAY 2018

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Malaysia goes to the polls on May 9 to elect representatives to its federal assembly and state parliaments. The ruling coalition Barisan Nasional (BN) faces unprecedented challenges that threaten to end its hold on power that has endured since independence. It has responded by adopting measures that bolster its chances of a victory at the expense of Malaysia's democracy and rule of law. However, while the politics of the elections are fiercely contested, policies put forward by both BN and the opposition alliance Pakatan Harapan (PH) are broadly consensual and business-friendly overall. Stability is thus expected for investors while Malaysia pursues its slide towards illiberal democracy, ethnic and religious-based politics and closer relations with China.

### *Exceptional contest – and measures*

Prime Minister Najib Razak is leading BN to the polls and seeking a third term facing pressure from all sides. The high-profile financial scandal of state fund One Malaysia Development Berhad has tainted his reputation and emboldened his adversaries including within his own party, UNMO. The opposition has been re-invigorated and has recomposed into the unexpected union between its historical leader Anwar Ibrahim and his former mentor – and jailor, the formidable, 92-year-old Dr Mahathir Mohamad.

The incumbent BN has responded to the threat by having the Election Commission stack the deck in its favor. Electoral constituencies have been redrawn to protect the number of seats that BN can win. Already back in 2012, such gerrymandering and malapportionment had helped the ruling coalition win a majority of parliamentary seats even though it only won a minority of the popular vote, thanks to Malaysia's first-past-the-post system. Furthermore, the election will be held on a Wednesday, contrary to the usual practice of having it on a weekend to allow many urban voters, whose sympathy leans towards the opposition, to return to the rural areas where they vote. An increase in the minimum wage and of civil servants' salaries as well as the adoption of a 'fake news law' aimed at muzzling media and civil society in the weeks before the election has further demonstrated BN's resolution to leverage its political incumbency to its electoral advantage.

### *Communal politics*

Of additional concern for Malaysia's democracy is the continuous rise of ethnic- and religious-based politics in a society where coexistence between the Malay Muslim majority and the Chinese and Indian minorities has historically been a source of friction. The opposition has toned down its usual appeal to voters across ethnic lines in favor of a focus on BN's electoral mainstay, conservative Malays in rural areas, a strategic decision epitomized by the appointment of Dr Mahathir as PH's leader. This fight for the Malay Muslim vote is amplified by the fact that the Islamist party PAS has broken away from the opposition. PAS will contest in three corner fights against BN and PH and could position itself as the kingmaker were the polls to result in a hung parliament, joining what would become the ruling coalition in exchange for the adoption of a number of shariah-based policies.

While no scenario can be ruled out, BN is widely expected to win a majority of seats and to maintain its hold on power. What remains to be seen is the extent of this victory and whether a too thin margin could lead to Najib's decade-long control over the ruling coalition to be contested from within his own party.

### *Policy continuity*

Even though its politics are in a state of flux, Malaysia is expected to remain true to the fundamental currents of its economic policy approach. Neither BN nor PH are intending to revise the pro-Malay affirmative action measures introduced in the 1970s by Dr Mahathir's New Economic Policy. On the contrary, the dynamics of the campaign are more likely to strengthen a policy that benefits key components of the electorate through welfare programs and cash handouts, as well as local partner and employment requirements for investors in various business areas.

Malaysia will also remain open and supportive of foreign trade and investment. Minister of Trade and Industry Mustapa Mohamed, who is expected to relinquish his role after the elections, was a key negotiator and supporter of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which Malaysia is expected to ratify by early 2019. The country is also pushing for a near-term conclusion of the Regional Comprehensive Economic Partnership, a treaty which includes China, an increasingly important partner of Malaysia.

Najib and BN have been criticized by the opposition for the apparent rapprochement with China, in an electoral move designed to appeal to Malay voters long suspicious of domestic and mainland Chinese's economic ambitions in their country. Malaysia has embraced the Belt and Road Initiative (BRI) while taking a low-key approach to the South China Sea territorial dispute, and it is negotiating with Beijing a number of infrastructure projects including ports, railways and special economic zones.

The reality is that trade and investment relations between the two countries are growing fast and beyond government-to-government. This trend is illustrated by Jack Ma's recent appointment as a digital economy advisor to Malaysia's government, and the establishment by Alibaba with Malaysian subsidies of the Digital Free Trade Zone, a logistic hub at Kuala Lumpur's airport aimed at promoting e-commerce between China and Southeast Asia. Nevertheless, despite the strong relations between Malaysia and China, Najib and BN have continued to strike a balance with the west through their invigorated ties with the US and President Trump in particular concerning the South China Sea Issues.