

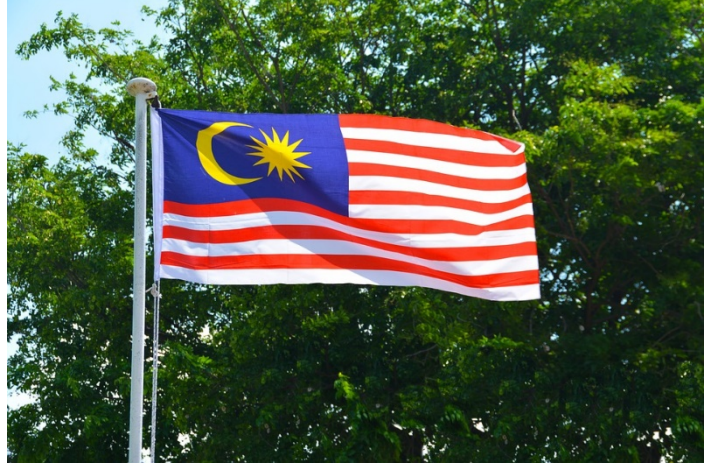
Country Report: Malaysia

04/10/2017

The Malaysian general election is just around the corner and never has so much been at stake for both Prime Minister Najib Abdul Razak and the country; albeit for different reasons.

Although a date has yet to be agreed, all the indicators are that the election will be held either in late October or November. Fuel taxes climbed for 11 straight weeks (revenue collected in this manner

is routinely used for electioneering, which usually means to bribe the right people); at every PM visit around the country Najib is now announcing money for new schools, hospitals and low-cost housing while waving excessively large, fake cheques for projects traditionally forgotten almost immediately after elections.



In addition, large sums of money are actually being paid to the BN coalition parties to ensure they stay on side, opposition MPs are being arrested, investigated or having bankruptcy proceeding being charged against them only to be dropped once they have resigned their position to fight the claims, and the election commission is attempting to engage in a re-delineation exercise that the government hopes will seriously weaken the opposition strong-holds.

Moreover, after a long spell of silence, Najib has hit the headlines in-country three, sometimes four times a day promoting his leadership and his US visit. Despite this and having until September 2018 to call the election, scandal-hit Najib has been desperately trying to pick the best possible election window to ensure his party's victory, yet it is proving a monumentally difficult task.

Many analysts believed he would call the election prior to July earlier this year, as July 31st was the deadline for 1MDB's debt repayment to Abu Dhabi's International Petroleum Investment Co (IPIC) as no one believed he would be able to find the money.

The general thinking had been, had Najib managed to get re-elected before that date, the pressure would be off regardless of what bad news followed and he could control the narrative from a position of safety or just ignore and/or arrest objectors with impunity.

The government had always claimed that 1MDB was perfectly able to and would pay its debt to the IPIC from its own assets. Yet all Malaysia knew from the many international probes, court trials and prosecutions that the fund had no assets left. Indeed, precious few federally-controlled funds have any money left at all as they have nearly all been raided by Najib at one time or another.

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In reality, the lions-share of the money would end up coming from the Bank of Malaysia, which had to raise the money hastily through specially created high-yield bonds. This in itself was a desperate fall-back position. Najib had originally planned for the highly publicized Chinese investment money to cover the debt.

That plan rapidly soured however when the Chinese realised, perhaps due to the complex structures being demanded with each purchase, that Najib's offer of multi-billion-dollar deals were likely to put them at odds with their own government's crackdown on corruption, and they have since pulled out.

The Bank of Malaysia's bond raising mission was not reported on mainstream media in Malaysia in a vain attempt to avoid handing ammunition to the opposition parties to say the 1MDB funds were in fact gone and, once again, the taxpayer would be covering more government debt.

Insiders suggest Najib remains desperate to create the impression 1MDB's money is still present and that no crime (other than a little mismanagement) has actually been committed, but he appears to be fighting a lost battle on that front.

In order to maintain the ruse that 1MDB would be paying its debt, there had to be a difference in the amount owed and the amount raised from the bank's bond issue just in case the international media got wind of it and, in furtherance of this deception, Najib even went as far as to ask IPIC for a 5-day grace period after the deadline.

The debt was finally paid and although the international journalists did find out how it was done and opposition parties have explained the deception to the public, Najib continues to claim all is well and that the paying of the debt somehow proves all the negativity he has received since 2014 has been nothing more than a plot to topple a legitimately elected government.

While the rest of the world is well-aware of the overwhelming evidence against him, Najib controls the media within Malaysia, and though he has not managed to convince the international community, Malaysia's opposition party or their voters (who still manage to find access to international news through VPNs), he only needs to sow sufficient doubt in the minds of enough village Malays (and those he has paid enough money to) to hold on to power.

This was the reason for his visit to the White House, this month. The US DoJ investigation into 1MDB has deeply unnerved both Najib and his party, but especially Najib. Rumours were traveling fast to the village folk that Najib might just be the first Malaysian Prime Minister to be arrested if he travelled there.

One can be certain the key point of the US visit was merely to give the Malay public (through the state-owned media) the impression that Najib has no qualms about going to the US as he is not under investigation. In an attempt to push this point a step further, in his press statements, Najib said that it was Trump who invited him, yet deliberately did not mention that he had paid money to a lobbyist to obtain White House approval for the visit. This statement has now backfired in Malaysia as it has been leaked via the opposition parties.

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One can also be certain that the proposals of \$10-20 billion over 5-10 years Najib offered Trump was not worth the paper the MOUs were written on. The country is just not in the position to handle its own financial burdens, let alone engage in purchases of such massive scale. Yet if rumours are to be believed, the US\$506,000 Najib paid for his 6 minutes meeting with Trump was all about getting the photographs of himself with the US president so that his spin doctors and controlled media had something to work with leading up to the next elections.

His trip to the UK was presumably to glean assurances from Theresa May that the government was not about to freeze what little money he has left residing there. He is going to need it one way or other.

For Najib, re-election is quite literally the only way he and his cohorts can avoid prison without calling a state of emergency under his new National Security Act (NSA) and becoming a fully-fledged dictator. Many Malaysians fear he will do just that if it is looking likely he and UMNO (The United Malays National Organisation) will lose the general election. That said, whether the Army will follow his instructions to clamp down on campaigners and voters remains to be seen.

Nevertheless, Najib knows that while he could do so, such action would undermine his position still further within the country, turn Malaysia into a pariah state in the eyes of the international community and would open the door to Islamic extremism within Malaysia itself rather than dealing with the thorny issue of Malaysian Muslims fighting for I.S. internationally. However, Najib is a desperate man, and if that is the only way he can remain in control, if and when the time comes, rest assured he would try.

What of the Opposition

If one did not know the political situation in Malaysia, they could be forgiven for thinking that with so much damning evidence against the current prime minister via his connection to 1MDB (he is the sole shareholder and signatory on the cheque book) and his raid on just about every fund in the country, one of the opposition parties would easily rise to power. However, Najib's UMNO party has had decades to steer all the levers of power in their favour.

UMNO's stranglehold over Sarawak and Sabah through their respective leadership and industry has effectively ensured these two regions are 'safely' in his pocket electorally. Najib controls the police force in totality and he has run roughshod over the country's legal system ensuring that all branches of government now fall under the purview of the Prime Minister's Office, completely side-lining the Agong's (the monarchy) authority whenever it suits him, for example, when appointing a new Attorney General.

There has, however, been some good news on the opposition front. Dr Mahathir Mohamad (former longest-standing Malaysian PM of 22 years and arch nemesis of Najib) having been fired from UMNO for raising complaints over the 1MDB issue and demanding that Najib stand down to answer for his crimes has started his own political party, Bersatu, (PPBM) along with the former Deputy Prime Minister, Muhyiddin Yassin.

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This could potentially be the turning point in Malaysian politics, but only potentially. While Dr Mahathir has now broken decades of traditional hatred with DAP - the main Chinese Malaysian opposition party - shaken hands and made up with the gaoled (on trumped up sodomy charges) de facto leader of the PKR party Anwar Ibrahim, and helped form the most solid coalition of opposition parties seen to-date (Pakatan Harapan), all that glitters are not necessarily gold.

Some parts of the coalition have been at odds with those members wishing to continue talks with PAS (the main Islamic party), as they fear the possibility of three-cornered fights. The problem is PAS has made it clear they will not engage in talks with a coalition that includes DAP. This is precisely what happened at the last election and was responsible for the breakup of the last coalition.

This time round, however, news has leaked that Najib paid PAS leader Abdul Hadi Awang US\$90 million to stay on side with UMNO. While Hadi and his party deny this vehemently, social media is awash with images of a printout of Hadi's bank account statement, which appears to show that he did receive the money from one of Najib's accounts.

Certainly, the majority of Malaysians believe Najib is guilty. Yet only the upcoming elections will show just how much of the Malay voting-base care once they have received the traditional UMNO bribes at the voting booth.

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