

# In Transition: Malaysia after the 15th General Elections

Four months on, the dust from Malaysia's 15th general elections has settled but many questions have yet to be answered. In the first of our SEAScape series, we take a look at the evolving socio-political landscape in Malaysia, where Anwar Ibrahim is finally Prime Minister after a 25-year-long wait.

## Taking Stock

In the runup to the elections in mid-November 2022, few observers of Malaysian politics would have predicted the eventual outcome. While the focus was the competition between the old guard Barisan Nasional (BN), which ruled for six decades, and its chief rival Pakatan Harapan (Pakatan), which won the last elections in 2018, it was the upstart Perikatan Nasional (Perikatan), which proved to be the most successful contestant, securing 30% of the popular vote and snatching more than 40 Parliamentary seats away from BN and Pakatan.

Consisting mainly of Bersatu (which started out as an UMNO<sup>1</sup> splinter) and PAS, Perikatan has emerged as a formidable alternative to UMNO, historically the most powerful political party in Malaysia thanks to the support of Malay voters.<sup>2</sup> In particular, PAS' sudden transformation from a smallish regional party to a major national player with the most seats in Parliament is a concerning development for Malaysia's sizeable minorities and moderate Muslims. The party is a proponent of Islamic law and its recent performance indicates growing support among Malays, disenchanted with scandal-ridden UMNO and wary of reform-oriented Pakatan.



## Fast Facts – Malaysia

### Government

Parliamentary democracy,  
Constitutional monarchy

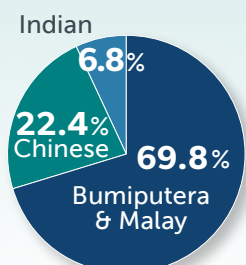
### Population

**33M**

### Per Capita GDP

USD  
**11,000**

### Ethnic Composition



Despite Perikatan’s unexpected performance, it was Pakatan that won the largest number of seats (82) while BN placed third with only 30 Parliamentary seats. With no coalition winning enough seats to form the government, the “unity government” led by Anwar Ibrahim was cobbled together at the Yang di-Pertuan Agong’s request.<sup>3</sup> The result resembles a patchwork blanket that barely holds together at the seams: the unity government consists of four coalitions (Pakatan, BN, GPS, GRS), 19 political parties, and 148 Members of Parliament, i.e. a two-thirds majority in Parliament.

## Strange Bedfellows

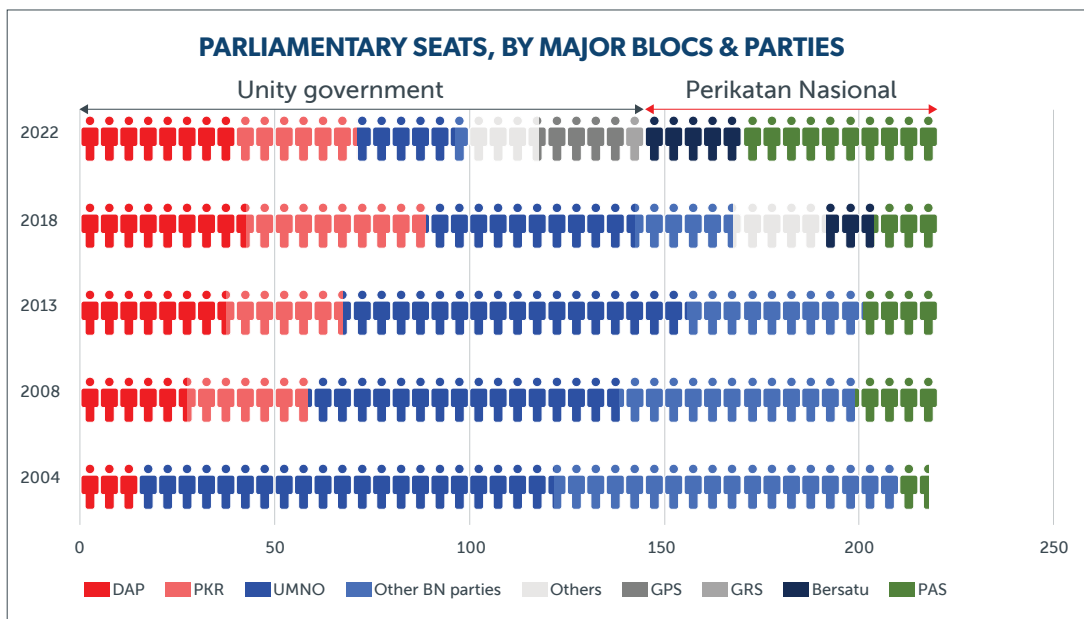
At first glance, Anwar is in an enviable position; no government has held a 2/3rds majority in Parliament (the magic number needed to amend the constitution) for a decade, and Zahid Hamidi, the chairperson of BN—the second largest bloc in the unity government—is an old friend but tensions simmer just beneath the surface.<sup>4</sup>

The Peninsular Malaysia-based coalitions, Pakatan and BN, have been bitter rivals for close to 20 years – Pakatan championed good governance and its vision of a multiracial Malaysia as its defining stance against BN while BN’s UMNO depicted Pakatan mainstay DAP as a Chinese threat to ethno-Malay privileges.<sup>5</sup>

Within UMNO, Zahid Hamidi’s hold over the leadership is secure for the time being, but he faces criminal charges. If found guilty, it is likely that he will be unable to hold public office and could face another leadership challenge in UMNO. While politically necessary, Anwar’s alliance with Zahid makes for bad optics particularly in view of Pakatan’s governance agenda.

Meanwhile, the Sarawakian coalition GPS bore a grudge towards DAP over the party leadership’s treatment of the state after the 14th general elections, when the finance ministry portfolio was held by DAP’s then-Secretary General, Lim Guan Eng.<sup>6</sup> Lim notoriously said that Sarawak would go bankrupt under GPS rule and threatened to withhold funds for school repairs until the state settled its debts to the federal government. These issues were papered over with sweeping apologies in late November and the antagonist has been effectively relegated, but it is unclear if the peace will hold.

It remains to be seen if Anwar can govern effectively, walk the tightrope that is Malaysian politics, and maintain his reputation as a reform-oriented leader. The halo has already started to tarnish—in addition to being Prime Minister, he has also taken on the finance portfolio, violating a previous



Pakatan campaign pledge and drawing uncomfortable parallels to Najib, the last Prime Minister to hold both positions concurrently. A now-void decision to appoint his daughter as his senior economic and financial advisor also went down poorly, sparking cries of nepotism. His government has also filed corruption-related charges against Bersatu leaders, including former Prime Minister Muhyiddin Yassin, while no visible action has been taken on other corruption scandals involving key allies, creating the impression that two sets of rules apply depending on whether you are friend or foe.

Through a broader lens, the country is increasingly polarised along ethnic and socio-economic lines. If left unchecked, there is a real risk that existing divisions in Malaysian society will harden as time passes, resulting in greater socio-political instability and dampening Malaysia's growth prospects.

## Not Just the Economy

Foremost among the unity government's priorities is Malaysia's cost of living crisis. Over the past year, food prices have increased by up to 20%. Meanwhile, wage growth, particularly among the lower and middle-income groups which necessarily spend a larger proportion of their income on food, has been almost stagnant for over a decade. Successive governments have spent substantial amounts to cushion consumers from higher food and commodity prices through price controls and subsidies; the country's subsidy bill in 2022 amounted to almost MYR 80 billion (USD 18 billion). Much of the expenditure has been financed via debt, with interest payments placing strain on national finances.

Another focal area for the new government is to plug the holes in government expenditure. Estimates of the amount lost to "leakages" vary; according to the latest Auditor-General's report, the government suffered losses of MYR 158 million in 2021 from "non-compliance in financial management" while

Did **you** know?

**The largest cave chamber in the world is in Malaysia**



## The Sarawak Chamber

(also known as Lubang Nasib Bagus – Good Luck Cave) in Gunung Mulu measures **600m by 415m** and is **80m high**.

Anwar claims that as much as MYR 10 billion could be saved by rooting out corruption and irregularities. To achieve this, Anwar has declared that all government procurements must go through the tender process.

A third priority for the unity government is fulfilling the 1963 Agreement which created Malaysia. Under the 1963 Agreement, Sabah and Sarawak

were equals to Malaya (now Peninsular Malaysia), but over time this status was eroded to mere statehood, with few exceptions. Efforts to this end started when the new cabinet was formed, with the appointment of the first deputy prime minister from Sarawak. Discussions within the government to provide Sabah and Sarawak with greater autonomy, national representation, and budgetary allocations are underway.

## Where Do We Go From Here?

The 100-day mark has become a popular point to assess a government's initial performance against campaign promises. In the unity government, this reference point is of limited utility as it is unclear which campaign platform can or should be used to judge the various coalitions and parties in government.

### There are arguably more important questions to consider:

- How the Pakatan's partnership with BN will affect support from both coalitions' voter bases?
- Will Bersatu and PAS cement their capture of UMNO's voter base? If so, what direction will a divided Malaysia take?

The six state elections due this year may provide some insight into these issues. The coalitions and parties that constitute the unity government will have to decide if their national-level cooperation will extend to non-compete agreements at the state elections. State elections will also show if Perikatan can eat into Pakatan's voter base, particularly in the wealthier and more urbanised states of Penang and Selangor.

## Notes

- 1 UMNO is the dominant political party in Barisan and for much of Malaysia's post-colonial history, or until 2018, the position of Prime Minister was held by UMNO's President.
- 2 Malaysia's political landscape is noteworthy for the prominence of race-based political parties, perhaps best exemplified in Barisan where the three main component parties represent ethnic Malay, Chinese and Indian interests.
- 3 The Yang di-Pertuan Agong is Malaysia's constitutional monarch, a position which is held by rotation among the nine Sultans in Malaysia.
- 4 Zahid Hamidi and Anwar were student activists and in UMNO together in their younger days.
- 5 DAP and Anwar's party, PKR, have been the core members of Pakatan and its predecessors since 1998.
- 6 DAP is also a political rival in Sabah and Sarawak, having attempted to make inroads in both states.

## Leaving no stone unturned.



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