

1MDB (1 Malaysia Development Berhad), Scandal, and Its Impact on Malaysian Domestic Politics

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Abstrak:

This article examines the publicly discussed 1 Malaysia Development Berhad (1MDB) scandal and its impact on Malaysian domestic politics. Following this case, Najib Razak as prime minister of Malaysia was under pressure. This is because of the strong allegation of Najib Razak's involvement in the 1MDB scandal. This issue became public discourse after the widely report made by New York-based media Wall Street Journal concerning Najib's abuse on the corporate asset. The scandal not only shakes Najib's political coalition but also indirectly has provoked public distrust against him including from his political Guru, Mahathir Muhammad. Dr Mahathir openly accuses Najib's behaviour and declare to quit from his longest loyal party, UMNO. Later on, this scenario has created a new political landscape in Malaysia. Therefore, this article attempts to examine the new Malaysian political landscape specifically the relationship of BN and the opposition vis-à-vis Mahathir political alliance. Nevertheless, history has witnessed that in the last election, Pakatan Harapan won the most dramatical election ever since the independence of Malaysia and UMNO-BN has lost the power. Yet, the political scenario surrounding 1MDB scandal and the relationship between UMNO-BN vis-à-vis other parties became one of the stories that always trigger public discourse, even until today.

Keywords:

1MDB; Malaysian politics; Najib Razak; UMNO; national coalition; oppositions

Introduction

1MDB (1 Malaysia Development Berhad) is a political scandal involving the Malaysian Prime Minister Najib Razak.¹ He allegedly received huge amount of money – nearly RM2.67 billion (equal to USD 700 million) – from this state-owned company into his private account.² 1MDB is a Malaysian sovereign wealth funds controlled by the Ministry of Finance (1MDB, 2016). 1MDB was established in order to accelerate the

¹ 1MDB (2016). Retrived from <http://1mdb.com.my/about-us/what-we-do> (6/4/2016).

² The Wall Street Journal (2015, July 2). Investigators Believe Money Flowed to Malaysian Leader Najib's Accounts Amid 1MDB Probe.

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economic development of Malaysia and also as a long-term strategy, as well as to enhance global partnership and to attract more foreign direct investment (FDI).³ However, many criticisms and controversies followed by allegations were raised, especially regarding investment activities under 1MDB direction and fund transfer into Najib bank account. For instance, the case of a business area development called Tun Razak Exchange (TRX), the case of land acquisition of TRX asset by *Lembaga Tabung Haji* (Malaysian hajj fund), and the case of *Kumpulan Wang Simpanan Pekerja* (KWSP or Employees Provident Fund), which all involved 1MDB funds and allegedly contained money laundering, and corruption issues. One of the opposition leaders Anwar Ibrahim strongly criticized that 1MDB is a state company with many scandals, without company's address, and no appointed auditor.⁴

In fact, operationally, 1MDB is managed and administrated under the Malaysian Ministry of Finance as a sovereign wealth funds (SWF) organisation. SWF is generally established due to the state budget surpluses following favourable macroeconomic, trade and fiscal positions, coupled with long-term budget planning, and spending restraint (Rozanov, 2005). The SWF as 1MDB is a country's strategy to take control over foreign assets through investment and was designed for a long-term period (International Monetary Fund, 2007). In addition, SWF is also described as the government's effort to keep the power over capitals in order to invest in the international private market. In other words, SWF is the government investment funded by foreign currencies and recognized as the national fund reserves (Kimmitt, 2008).

In the Malaysian context, especially in the case of 1MDB, it was clear that Najib Razak has the power to access government funds that lead to some speculations. This is because while in power, Najib Razak as Prime Minister of Malaysia is also the Finance Minister concurrently. Fortunately, as above mentioned, 1MDB company is directly under the supervision of the Ministry of Finance. The lack of transparency and the not properly managed company have caused some questions and allegations. The strongest criticism questioning 1MDB issues came from opposition especially led by Anwar Ibrahim (Sipalan, 2010).⁵ The 1MDB case eventually became one of political scandals which partly threatened Najib Razak's political position. Hence, 1MDB has had a political impact toward power constellation in Malaysia especially between opposition groups and the Najib's political circle in the *Barisan Nasional* (BN or national coalition). Indeed, 1MDB has paved the way to the new phase of Malaysian politics and democracy, notably regarding the resignation issue against Najib's position that basically is not easy to realize. Therefore, in this paper I attempt to examine how the impact of 1MDB scandal towards Malaysia politics especially during end of Najib administration ahead of 14th General Election.

³ Utusan (2014, October 9). 1MDB pacu ekonomi jangka panjang Malaysia – Najib.

⁴ Malaysia Kini (2010, October 18). Gov't 'gambling' on untested 1MDB.

⁵ Sipalan, J. (2010). 'Gov't 'gambling' on untested 1MDB,' *Malaysia Kini*, 18 October.

Perspectives on Malaysian Political Crisis

In this section, I attempt to review some political concepts to understand Malaysian political dynamics following 1MDB scandal. This is because after the rise of 1MDB case, Malaysia was undergoing political dynamics that potentially could lead into a variety of outcomes, from authoritarianism to consolidation of democracy or regression. Fundamentally, political crisis could be described as a situation that followed by the actor's threat perception which have been exacerbated by apprehensive and the rise of potential violence and the political consequences (Dupas & Robinson, 2012; Lebow, 1981). In the political context, crisis is naturally defined as negative phenomena. Crisis is also traditionally identical with the damage of people, critical infrastructure, and public institution. Moreover, political crisis is perceived as the process of political transformation and eventually lead to the legitimization crisis of leaders (Boin, Kuipers, & Overdijk, 2013; Nardis & Caruso, 2011).

During political crisis, political transformation is expected as final goal for many political actors and it is certainly the common view. This is because crisis is observed as impetus to transform political situation into better than in the previous. Political transformation which leads to a massive change, or even a radical and revolutionary switch, is almost impossible without a crisis. Generally speaking, this is difficult to conduct a drastic reform under normal political situation and no such political trigger erupted as lack of government ability to handle crisis etc.. However, under a crisis situation along with the tempestuous public demand and protest against authoritarian, a political alteration is possible to occur (Bermeo, 1990; Gasiorowski, 1995; Warsito, 2005). According to Bernholz (1995), there are four political factors behind political and economic regime change, including i) divergent of economic strategies and performances conducted by government, ii) political competition among the elites, iii) the state competition in international system, iv) the influence of religious and ideological belief during the crisis.

There some example of political crisis occurred. Due to some limitations, I will highlight cases of political crisis and many of them involved the United States intervention. The trend of US involvement tends to upsurge in the post-Cold War era due to democracy became international norm and policy preference which sponsored by the US government. For instance, US intervention in Haiti (1991) where the US government support a military coup against 'elected democratic government' after an honest election ever in the country in 1990. Thereafter, the coup leaders namely General Raoul Cedras and Michel Francois had received military training in the US (Whitney, 1996). This is a strong indication that regime change in Haiti also preceded by a political crisis that led to a general election. Nevertheless, although Haiti had implemented democracy, yet the US unsatisfied with the election result. It means political crisis played a crucial role prior to the Haitian political consolidation that won by the newly elected government opponent although under US intervention.

The regime changes dramatically occurred during "Arab Spring". The effect of Mohamed Bouazizi's self-immolation during Tunisia's domestic turmoil has spread to

other countries in the region such as Algeria, Egypt, Syria, Bahrain, Libya, etc, demanding regime change. The rise of political crisis prior to the Arab Spring mostly came from domestic pressure, due to frustrations of economic difficulties amid of corrupt and authoritarian governments (Hassan, and Dyer, 2017). Meanwhile, the Libyan political crisis that led to the overthrow of Muammar Gaddafi, with the support of NATO (Winer, 2019), has greatly inspired 'western coalition' doing the same way in Syria (Araźna, 2014). Bashar al-Assad, who is still in power in Syria, is known to have sacrificed humanity and a lot of damaged including most of the historical heritages across Syria (Kanjou, 2014). Another case is Yemen, in which the Yemen instability due to internal problems such as Al-Qaeda and other insurgencies for years highly contributed to the political crisis in the country (Sharp, 2019). Eventually, in the last three countries Yemen, Libya, and Syria that still on the process for regime change in the post Arab Spring, has resulted in an interesting analysis namely the heavy involvement of foreign intervention. Therefore, the political crisis in Yemen, Libya, and Syria could be categorised as a forced regime change (Walker, 2014). Meanwhile, regime change in Indonesia was forced by some political scandals especially related to the cronyism, nepotism and collusion started by economic turmoil following the significant fall in the value of Indonesian currency (Kartasasmita, 2000; Maksum & Bustami, 2014). Similarly, Thailand is identical to military coups (Acharya, 1998), mainly triggered of the military coups or attempted coups is Thailand's political deadlock and the political polarization among factions in Thailand.⁶

The series of protest in Malaysia that I will highlight in the next section, of course, different as compared to the political situation in the Middle East. However, in the context of regime change, the spin of 1MDB issue may lead to the political transformation of Malaysian. The rise of mistrust among people against Najib's government became significant factors amid the opposition massive propaganda using 1MDB issue. Moreover, Mahathir Muhammad also worried about Najib's performance as well as the sustainability of UMNO Party where Mahathir built the political career. Combined with issues such as authoritarian regime, corruption, nepotism, the rise of basic needs and taxes made the ruling party and government under Najib Razak faced difficulties and urge people to change the regime.

Malaysian Context on Consolidation of Democracy

Consolidation of democracy is a phase in a regime change, which opens the moment the previous phase of democratic transition came to a happy ending (Schedler, 1997). The consolidation of democracy requires a political process, to have a period, and could not be radically switched. In the political context, consolidation of democracy is caused by two main components. First, undemocratic elections. The elections that marked a step toward democracy but were not completely fair, transparent and the law enforcement is absolutely weak. Second, an interrupted political transition to democracy. This is because the government-elect could not manage the administration properly

⁶ The Washington Post (2013, December 3). Thailand has had more coups than any other country. This is why.

without the smooth democratic transitions. One of the main factors is because all government institution and stakeholders are not well synchronized. Some institutions tend to be more superior against others, especially the military faction. Under a democratic government, all government institutions are equal in law (Linz & Stepan, 1996). Both factors are the key elements to consolidation of democracy which originally departed from the political culture of a country (Fukuyama, 2011). Nonetheless, according to the theory of political transitions, high inequality which followed by the threat of revolution and social unrest as the primary factors that lead to the political instability, either in the form of regime changes or social crisis (Acemoglu & Robinson, 2001).

The ways toward a consolidation of democracy are various, including through unconstitutional strategies such as military coup, demonstrations, protests, as well as a political pact or coalition among political groups (Di Palma, 1990). In addition, the collapse of an authoritarian regime and the installation of some new democratic institutions could lead to a democratic transition (Warsito, 2005). In the Malaysian context, some political phenomena, for instance anti-government movements, street demonstrations, and political consolidation among oppositions are the clues for political transitions in Malaysia, although it is only in the preliminary process. Nevertheless, this scenario portrays the political consolidations, especially among oppositions in Malaysia that clearly exist and arguably are still running with different forms. This landscape could be highlighted in the context of construction of Malaysian political system from post-independence in 1957 until 2015-2018. The changes from one-party dominant system (1957-2008) into two-coalition party system (2008-2015), and finally became multiparty system (2015-2018) (Nadzri, 2018).

Moreover, during this period the political development in Malaysia perceived more complicated compared to the previous UMNO's regimes. It is undeniable that political consolidation has existed in Malaysia since it gains independence in 1957. However, the impact was not significantly influencing, and Malaysia became a democratic country. One of the reasons is the country's economic performance, which made Malaysia to become classified as prosperous country in the region. Consequently, people were literally satisfied and happy with the existing government and no reason to "change" the government or a political transformation (Md. Salleh M. S., Mohammad A. Y., & Leo A., 2012).

In Malaysia consolidation democracy basically has been initiated since early independence. The formation of the one-dominant party called Barisan Nasional is the result of political consolidation among three main ethnics in Malaysia namely Malay, Chinese, and Indian. As discussed in Nadzri (2018), the latest development of Malaysia political landscape depicts a new trend where parties tend to have multiculturalism ideas amid of Malay domination. Party with multi-ethnic and religious are Parti Keadilan Rakyat (PKR) led by Anwar Ibrahim and Democratic Action Party (DAP) established by Lim Kit Siang. At the same time, still have a party which promote homogeneity ideas-based affiliation such as *Parti Pribumi Bersatu Malaysia* (PPBM) and *Parti Islam Se-Malaysia* (PAS). However, the rise of 1MDB scandal followed by unpopular policy by Najib's administration especially taxes and the basic needs became an effective catalyst for

political change in Malaysia. Therefore, in the next sections will be highlighted 1MDB issue and its consequences on Malaysian domestic politics.

The Background of Malaysian Political Landscape Surrounding 1MDB

Prior to 1MDB issue, Malaysian national political tension began to hike following the increasing of people's sympathy on opposition parties. At the same time, the image of Najib's administration tend to decline due to opposition aggressive anti-government protest. Najib's government was seen as authoritarian and fully corrupt. An opposition backed political movement named *Bersih* (meaning clean in Malay) continuously conducted mass demonstration to protest the government and urged Najib to organize clean and fair election, as well as political reformation. The aggressiveness of *Bersih* had huge impact on Najib's government and his political journey, especially during his second terms (Welsh, 2011). In contrast, although *Bersih* and the opposition groups have widely gain public support, however, both political movements were not totally received particularly by the Malay community. At the same time, Najib's political position is not easy to remove due to BN power has extremely dominated all levels of Malaysian politics (Maksum, 2015). Added, all political factions in Malaysia also realized that the country was under ethnic disintegration following the rupture of a sensitive issue called "*kalimah Allah*" (Allah). The Malay and UMNO have strongly refused Malaysian Christian community to use the word "Allah" in the Malay translation of the Bible (Neo, 2014).

The economic policy of Najib Razak was also unpopular amid of Malaysia's economic recession. One of the controversial policies is the implementation of taxation regulation called Goods and Services Tax (GST) to all types of consumer goods. GST is the Malaysian government policy aimed to reduce its dependence on revenue from oil and as a sustainable source of income to the government (Alappatt & Junaid M. S, 2014). However, during the implementation of GST, many people felt heavy burden following the increase of goods and services' prices, while the income and purchasing power were stagnant. As demonstrated in a survey, the university students, as the representative of the society are not in support of the implementation of the GST. They argued that GST has burdened many people regardless urban or rural community (Nor I. I., Muhammad H. O., & Muhamad F. O., 2015).

The outbreak of 1MDB scandal was made Najib Razak's position under pressure since mid-2015 following some reports by international media as well as strong criticism by the public in Malaysia. As it has been mentioned in the previous section, Najib Razak was accused to channel huge amount of money to his personal bank account. The issue promptly became a serious public discourse after an influential newspaper in the US, The Wall Street Journal, has completely reported this particular political issue (The Wall Street Journal 2/7/2015). The scandal began with a controversial report released by Sarawak-based online portal called Sarawak Report. The report was based on leaked email correspondences between Jho Low and some foreign companies including the multinational oil giant based in Geneva, Petro Saudi International Ltd. Jho Low is a

Penang-based financier who has a close relationship with Najib's stepson.⁷ Another local newspaper, *The Rakyat Post* also reported that Jho Low has a central role during some business deals between 1MDB and PetroSaudi. He allegedly siphoned off US\$ 700 million from the deal into a personal bank account controlled by him.⁸ Interestingly, an amount of roughly US\$ 1 million loan paid by 1MDB through Jho Low to PetroSaudi has not been declared to the Malaysian central bank.⁹ However, Najib Razak has refused the allegations after the release of credible investigation made by the Malaysian anti-corruption agency or *Suruhanjaya Pencegahan Rasuah Malaysia* (SPRM). SPRM believed that the flow of funds to the Najib Razak's private account came from donors.¹⁰

In the meantime, the strong criticisms interestingly came from Najib Razak's political circles especially UMNO elite members. In August 2015, a female UMNO member from Padang Matsirat branch in Kedah state, suddenly filed a civil suit against Najib concerning the case.¹¹ Nevertheless, the critics and accusation have been responded by Najib with a cabinet reshuffle. Some political posts have been controversially reorganised including his Deputy Prime Minister Tan Sri Muhyiddin Yassin and some ministers such as Mohd Shafie Apdal (Minister of Rural Affairs), Hasan Malek (Minister of Domestic Trade) Datuk Seri G. Palanivel (Minister of Environment and Natural Resources) and Dr. Ewon Ebin (Minister of Science, Technology and innovation) have been removed from their positions.¹²

Some questions arise following the 1MDB scandal especially on the future of BN in the political arena. Many BN politicians tend to be pessimistic and perceive the coalition as under a difficult situation. Deputy Prime Minister of Malaysia, Muhyiddin Yassin, for instance stated his point of view that "if the election is going to be held for tomorrow, we are impossible to win. Researches and surveys have been conducted revealed that BN found difficulties to win".¹³ Muhyiddin's statement apparently triggered such situation of national politics into becoming more complex. The peak was when Tun Dr Mahathir Mohamad as a "senior politician" has sadly decided to quit UMNO. The involvement of Najib in 1MDB scandals and the decline of public trust were the main reasons for Mahathir to not sustain his membership. Mahathir insisted that "I cannot join and become member of the unclean party. Since early, UMNO has struggled to develop the country, and not to serve a personal interest" (*Harian Metro* 29/2/2016). The situation became more complicated following Mahathir's controversial political manoeuvre by working together with "political enemies" such as Anwar Ibrahim (founder of PKR Party)

⁷ Sarawak Report (2015, February 28). HEIST OF THE CENTURY – How Jho Low Used PetroSaudi As "A Front" To Siphon Billions Out Of 1MDB!

⁸ *The Rakyat Post* (2015, March 1). PetroSaudi slams 'malicious and slanderous' claim about 1MDB monies.

⁹ Sarawak Report (2015, March 7). Jho Low Claimed The "PM/ FM" Gave Approval To Keep Bank Negara In The Dark On 1MDB Loan.

¹⁰ *The Star* (2015, August 3). MACC: RM2.6bil in Najib's account from donors, not 1MDB's.

¹¹ *Channel News Asia* (2015, July 28a). Umno member files lawsuit agints Malaysia PM Najib.

¹² *Channel News Asia* (2015, July 28b). PM's move to drop Muhyiddin 'drastic but bold', say analysts.

¹³ *Astro Awani* (2015, July 27). Jika PRU esok, BN akan kalah - Muhyiddin Yassin.

and Lim Kit Siang who is the senior politician to left party Democratic Action Party (DAP).¹⁴

1MDB and the Political Pressure against Najib

Mass demonstrators under *Bersih* rally took to the streets in downtown Kuala Lumpur calling for Najib to resign promptly after the 1MDB scandal was revealed.¹⁵ *Bersih* is basically an independent and non-governmental organization which strives to reform Malaysian political situation currently perceived as a corrupt government. In Malay language, the rally has named itself as *Gabungan Pilihanraya Bersih dan Adil* (The Coalition for Clean and Fair Elections) abbreviated as *Bersih*. The primary goal of *Bersih* is to urge the government to reform current electoral system and to hold fair, clean and free elections. In 2016 during the protest against Najib's scandal, BERSIH was acknowledged as *Bersih* 5.0 as a follow up to previous demonstrations since 2007, 2011, 2012 and 2015. *Bersih* 4.0 in 2015, for instance, had also been broadened and simultaneously carried out in some major cities in Malaysia such as Kuala Lumpur, Kuching and Kota Kinabalu.¹⁶ *Bersih* has also gained solidarity across the globe especially among Malaysian diaspora and taken place in more than 70 cities worldwide.¹⁷ Around 26 protesters were arrested by the police in Malacca and Negeri Sembilan.¹⁸ Moreover, during *BERSIH* 5.0 rally, three former UMNO elites participated in the peace protest, namely Dr. Mahathir Mohamad, Tan Sri Muhyiddin Yassin, and Mukhriz Mahathir.¹⁹

Najib strongly panicked and the first figure that has condemned him is the Malaysia's elder statesmen and also something of a political mentor to him, Mahathir Mohamad. Mahathir suddenly turned against Najib and even called him to promptly step down over the 1MDB scandal. Mahathir's accusation was based on the report of Malaysia's attorney general report. The report confirmed that they had received some documents which allegedly connected to Najib's and 1MDB investment funds. Nonetheless, Najib has retaliated against Mahathir for exaggerating the case and refused such allegations by claiming it as a political sabotage. This scenario has tremendously impacted on Najib's political position, his popularity, and his reputation also has drastically fallen down. Not surprisingly, many have assumed and worried that Najib could not survive the 1MDB crisis.²⁰

Malaysian politics tend to be more complex due to the rise of a new political power that is going to challenge UMNO's domination. This scenario began when Mahathir's political allies were signalled to have a challenge against Najib and his BN coalition. At

¹⁴ New Straits Times (2016, March 12). Dr Mahathir-Lim Kit Siang declaration doesn't represent the rakyat: Najib.

¹⁵ BBC (2015, August 30). Malaysia protests against PM Najib Razak draw thousands.

¹⁶ Channel News Asia (2015, July 29). Bersih calls for August rallies in 3 states to demand PM Najib's resignation.

¹⁷ Channel News Asia (2015, August 30). In photos: Bersih 4.0 rallies around the world.

¹⁸ The Sun (2015, August 30). Bersih 4: 25 protesters detained in Malacca, 1 held in Nilai.

¹⁹ Berita Harian (2016, November 19). Tun M, Muhyiddin sertai Bersih 5.

²⁰ Forbes (2015, July 5). Can Najib Razak Survive 1MDB Scandal?.

the same time, Najib was also prepared for the attack by arranging some strategies to counter and defend his faction especially in the states level. One of the strategies is to sweep Mahathir's political faction whether in states or federal government, for instance, through the removal of Mahathir's political and biological son, Dato' Seri Mukhriz Mahathir, as the Chief Minister of the State of Kedah. Through a political scenario led by UMNO Kedah leader Ahmad Bashah, Mukhriz has loss of confidence in the state assembly. According to Mukhriz, he has been informed that "I had lost majority support in the Kedah Legislative Assembly following a secret ballot by all BN and opposition members of the assembly".²¹ It was obviously demonstrated that Mahathir's confrontation against Najib implicated to the political configuration in the UMNO circle, including Mukhriz Mahathir in Kedah. All Mahathir's sympathizers who have spoken out criticizing 1MDB scandal will gain political consequences. However, the important factor that leads to this political crisis is due to Mahathir's lead of a political faction inside UMNO to push Najib to step down from his office.²²

In the previous development, UMNO's senior member Dato' Seri Khairuddin Abu Hassan was arrested by the police following his plan to report 1MDB scandal to the US Federal Bureau of Investigation (FBI).²³ As publicly known, Khairuddin Abu Hassan is the cousin of the Malaysian former Deputy Prime Minister and the opposition leader, Anwar Ibrahim. However, as an UMNO member he was strongly consistent with the party's policy regarding the sex allegations against Anwar. Indeed, he has written a controversial book entitled "*50 Dalil Kenapa Anwar Ibrahim Tidak Boleh Jadi PM (50 Reasons Why Anwar Cannot Become Prime Minister)*".²⁴ In the opposition side, Malaysian authority has also arrested the member of the Parliament of Malaysia for Pandan, Selangor, as well as the vice-president of the People's Justice Party (PKR), Mohd Rafizi Ramli in 5 April 2016. He was charged for two offences under Malaysia's Official Secrets Act and criminal defamation. The first charge is due to his revelation of a classified document related to 1MDB scandal. Rafizi was also charged following his controversial article in his personal blog that has allegedly smeared the name of Malaysian Hajj Fund.²⁵

Moreover, following the 1MDB issue, Malaysian opposition leader, Wan Azizah Wan Ismail, who is the president of PKR urged the authority to form an independent commission to investigate the 1MDB scandal. In addition, she believed that at the grassroots level, Malaysians have critically understood the current political situation and not fully satisfied with Najib's responds regarding the 1MDB scandal. Therefore, she could arrived at the conclusion that "the Malaysian people want Dato' Sri Najib to go on leave as prime minister so as not to create the perception of abuse of power or process to

²¹ Borneo Post (2016, February 4). Mukhriz resigns as Kedah Menteri Besar.

²² The Straits Times (2016, February 3). Mukhriz Mahathir resigns as Kedah Menteri Besar; Ahmad Bashah to take over.

²³ The New York Times (2015, September 18). Malaysia Blocks Critic of Prime Minister From Taking Case to U.S.

²⁴ Astro Awani (2014, December 13). Khairuddin Abu Hassan, UMNO dan 1MDB.

²⁵ New Straits Times (2016, April 8). Rafizi charged under OSA, criminal defamation.

halt or hinder a full and transparent investigation on this very serious issue”.²⁶ At this point, the opposition gained a political momentum to build cooperation with the “former enemy” due to the emergence of a common enemy, namely Najib Razak and his 1MDB scandal. Muhyiddin Yassin, as Najib’s deputy prime minister suddenly made a joint political statement that emphasises the importance of cooperation among others. Accompanied by Wan Azizah, Muhyiddin asserted that “working together is more important than being a member of any political party [UMNO] and this is what our focus should be”.²⁷

The Malaysian political map has entered a new phase. UMNO and BN’s domination for many decades was under threat. Traditionally, BN only has one competitor, namely PR, that comprises of three main political parties such as PKR, Parti Islam Se-Malaysia (PAS), and DAP. However, PR itself has also become divided following the political differences between PAS and DAP regarding some pertinent issues, especially the implementation of the Islamic Law called *Hudūd* in the State of Kelantan as the stronghold of PAS. DAP perceived that the implementation of *Hudūd* Law will negate the plurality concept of Malaysia as a multi-ethnic nation.²⁸ As a result, PAS has finally been ousted from the PR coalition and formed a new political alliance called *Gagasan Sejahtera* (The Harmonious Might), abbreviated as *Gagasan*.²⁹ The *Gagasan* initiated by PAS consisted of the two parties, PAS and another party called *Parti Ikatan Bangsa Malaysia* (Ikatan or Malaysia National Alliance Party). Meanwhile, the dismissed PR has been transformed to become *Pakatan Harapan* (PH or the Hope’s Pact). PH has three member parties, namely PKR, DAP, and a new party called *Parti Amanah Negara* (Amanah or National Trust Party) that was established by the former PAS Vice-President Mohamad Sabu. The Amanah Party was founded due to Mohamad Sabu’s failure during PAS’ presidential election. UMNO believed that Mohamad Sabu’s political initiative was no longer different with PKR when Anwar Ibrahim decided to break away from UMNO in 1999 (UMNO-Online 1/9/2015).

In the meantime, Dr Mahathir together with other former UMNO members, especially Muhyiddin Yassin and his son, Mukhriz Mahathir, established a new party called *Parti Pribumi Bersatu Malaysia* (Bersatu or Malaysian United Indigenous Party) in 7 September 2016. The establishment of Bersatu Party is the political response for the ouster of Mukhriz Mahathir from his position as the Chief Minister of the State of Kedah. However, UMNO senior member Datuk Seri Ahmad Shabery Cheek emphasises that the removal of the two UMNO politicians, Muhyiddin and Mukhriz, is to strengthen the party. Besides that, they tended to support the opposition, which can have an impact on the perceptions of constituents about the current UMNO’s performance.³⁰ However, Mukhriz continually believes that Bersatu Party is established to “defend the rights of the

²⁶ Reuters (2016, July 20). Malaysia opposition leader urges PM to step down amid 1MDB scandal.

²⁷ Asia One (2016, July 30). Ousted Malaysian DPM joins forces with opposition on 1MDB roadshow.

²⁸ Astro Awani (2015, May 28). DAP konsisten suruh PAS keluar Pakatan Rakyat - Nik Abduh.

²⁹ Astro Awani (2016, August 13). Kerjasama PAS-Ikatan: Blok ketiga diberi nama Gagasan Sejahtera.

³⁰ Sinar Harian (2016, June 27). Pemecatan Muhyiddin, Mukhriz untuk perkukuh parti.

rakyat (people) as enshrined in the Federal Constitution.” He added that Bersatu Party is created for those who are dissatisfied with UMNO’s performance.³¹ Nevertheless, an analysis predicted that considerably few on the ground voiced their support to these new political parties. This is UMNO’s culture where the majority of their supporters in the grassroots level are not willing to speak up.³²

Another political victim in regard to the 1MDB scandal is Datuk Seri Haji Mohd. Shafie bin Haji Apdal, former UMNO Vice President and representative of Sabah people. Following the creation of Bersatu Party by his former UMNO colleagues, he also courageously established a new Sabah-based political party called *Parti Warisan Sabah* (Warisan or Sabah Heritage Party). The Warisan Party replaced *Parti Pembangunan Warisan Sabah* (Sabah Heritage Development Party) established in 2013. Once UMNO Supreme Council decided to suspend his membership in June 2016, which included Muhyiddin and Mukhriz, he was desired to form a new umbrella for *Sabahan* (the Sabah indigenous people). He also confirmed that Warisan Party will compete in the upcoming 14th General Election.³³ In contrast to the pessimistic views on the Bersatu Party led by Muhyiddin, Warisan Party gained extensive supports from the people of Sabah. Within weeks, since its establishment in mid of October 2016, they have approximately 7,000 online membership applications.³⁴ He also insisted that he would like to work together with other party, “as long as they are with us in wanting to topple the Sabah BN government”.³⁵ Shafie Apdal also obtained a new local friend in Sabah that establish a political party called *Parti Harapan Rakyat Sabah* (Harapan Rakyat or Sabah People's Hope Party) led by Datuk Seri Panglima Haji Lajim Ukin. Interestingly, Lajim Ukin was a member of the parliament from two different tickets namely UMNO (2008) and PKR (2013) before he finally ally himself with his friend, former UMNO member Shafie Apdal under the BR coalition in Sabah State.³⁶

The abovementioned scenario depicts the post-1MDB scandal – followed by Najib’s unilateral policy to sweep “UMNO traitors” – have created a new political landscape in Malaysia. Malaysian politics became more complex and diverse. There are four political coalitions in Malaysia namely BN, BR, PH, and GS as detailed below:

Table 1. The Political Coalitions in Malaysia During 1MDB Case

³¹ The Malay Mail (2016, August 11). Mukhriz: Parti Pribumi more inclusive, protects rights of all Malaysians.

³² Malaysia Kini (2016, August 9). Penganalisis berbelah-bahagi impak parti pribumi Muhyiddin.

³³ New Straits Times (2016, October 17). Parti Warisan Sabah swamped with 7,000 online applications in last few days.

³⁴ New Straits Times (2016, October 17). Shafie's party name, logo approved, to be called 'Parti Warisan Sabah'.

³⁵ The Borneo Post (2016, October 18). Shafie leads Parti Warisan Sabah.

³⁶ Malaysia Kini (2016, October 2). Lajim to set up own party instead of joining Shafie's, dan Malaysia Kini (2016, October 25). Parti Harapan Rakyat Sabah is Lajim's new party.

BN (Barisan Nasional)	BR (Barisan Rakyat)	PH (Pakatan Harapan)	Gagasan Sejahtera (Gagasan)
1. United Malays National Organization (UMNO)	1. Parti Pribumi Bersatu Malaysia (Bersatu)	1. Parti Keadilan Rakyat (PKR)	1. Parti Islam Se-Malaysia (PAS)
2. Malaysian Chinese Association (MCA)	2. Parti Warisan Sabah (Warisan)	2. Parti Tindakan Demokratik (DA P)	2. Parti Ikatan Bangsa Malaysia (Ikatan)
3. Malaysian Indian Congress (MIC)	3. Parti Harapan Rakyat Sabah (Harapan Rakyat)	3. Parti Amanah Negara (Amanah)	
4. Parti Gerakan Rakyat Malaysia (Gerakan)			
5. Parti Progresif Penduduk (PPP)			
6. Parti Pesaka Bumiputera Bersatu Sarawak (PBB)			
7. Sarawak United Peoples' Party (SUPP)			
8. Sarawak Progressive Democratic Party (SPDP)			
9. Parti Rakyat Sarawak (PRS)			
10. United Pasokmomogun Kadazandusun Murut Organisation (UPKO)			
11. Parti Bersatu Sabah (PBS)			
12. Parti Bersatu Rakyat Sabah (PBRS)			
13. Liberal Democratic Party (LDP) Sabah			

Source: Modified from Election Commission of Malaysia (2017).

The above table demonstrated that during 1MDB case, BN remains strongest political coalition compared to the other three coalitions which are relatively new comers. In terms of quantity, BN consists of thirteen parties, BR (three parties), PH (three parties), and *Gagasan* with two parties. In the next section, I attempt to explain and highlight political scenarios following 1MDB case ahead of the 14th general election in 2018.

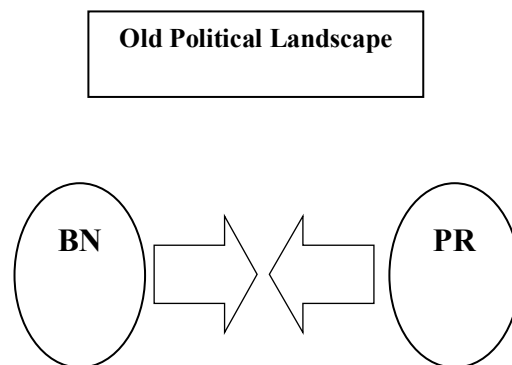
1MDB, Barisan Nasional Strategy and 14 General Election

The emergence of four political coalitions created a new political atmosphere. As publicly known, UMNO and BN are recognized as the major player in Malaysian politics since the coalition seized the power once the country gain independence in 1957 (Lee, 2007). Discussing Malaysian politics cannot be separated with the socio-political circumstances of Malaysia as multiracial society. Nevertheless, Malaysian government could tackle the problems through ‘national consolidation and reconciliation’ agreed by all the ethnics as Malaysian citizen. According to Shamsul A.B. (2008) who described the harmonious life of Malaysian society as a “stable tension” has one conclusion about the fundamentals of Malaysian political stability. He arrived at the statement that:

Everybody knows that Malaysia has many ethnic groups of various cultural backgrounds but Malaysians are always striving to survive in one peaceful nation. This is the most striking and positive feature of Malaysian society in the last 40 years or so. It is very clear that in Malaysia, violence is not an option (Shamsul A.B., 2008, p. 22).

Assessing the above argument, it is revealed that all political factions in Malaysia understood that violence is compulsory to be omitted in the political discourse. However, nobody can guarantee that violence cannot break out in the future. At this point, the rise of 1MDB case has generated a new political atmosphere following the rise of new competitors namely BR, PH and *Gagasan*. As consequence, BN has faced a new challenge that is uneasy to resolve as before. In that period, BN was under pressure and had forced

to struggle and defend the constituents. It means, BN's struggle in the 14th general election in 2018 completely more difficult and challenging than it was in 2013's 13th general election. Before the rise of Pakatan Harapan (PH), the traditional political rivalry in Malaysia can be demonstrated as the illustration below:



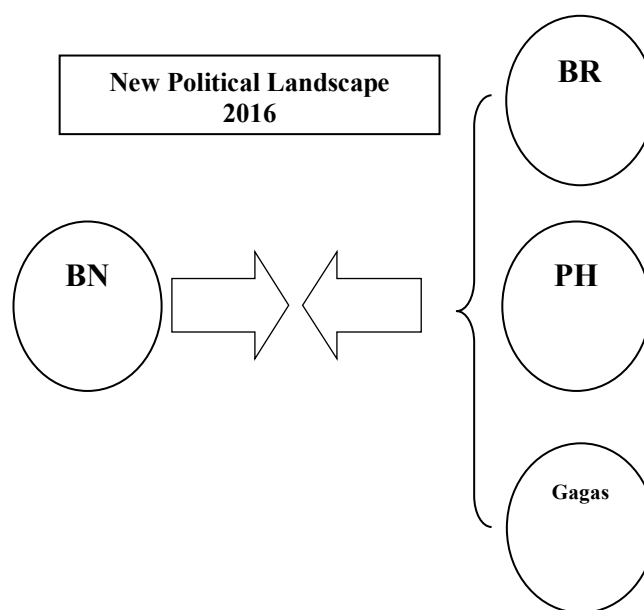
However, the political narratives during 1MDB scandal are as follows. First, Malaysian politics remain stable and Najib will survive the political crisis related to the 1MDB scandal. This is because BN and UMNO had a lot of experience in Malaysian politics and were undefeated by any other political parties or coalitions since the country gained independence. The political structure that has been built by BN and UMNO is robust and it has influenced the whole sectors of Malaysian governments and societies. To be sure, all the apparatus, civil servants in various administration offices such as courts, attorney, police and the army were loyal to BN and UMNO's regime. Furthermore, BN has conducted some political strategies to maintain political power for example by utilising the state agencies as well as the implementation of acts such as Sedition Act, Official Secrecy Act, Internal Security Act, the Universities and University Colleges Act and many more (Noor Sulastry Y. A., 2009).

Second, related to the opposition-backed movement *Bersih*, also fail to oust Najib from the office. This is because *Bersih* – which literally means “clean” – cannot “clean themselves” from the political interest of the opposition groups, especially PR (now PH). *Bersih* cannot stand purely as the people's movement that is free from political interest and anti-anarchical actions during the demonstration. *Bersih* is not totally supported by Malay ethnic. One of the factors is due to PAS did not join the *Bersih* rally.³⁷ Malay as the majority and the major political player in Malaysia, do not totally give their trust to PR since they have allegedly compromised to Malay's competitors, the Chinese and Indian. Although PR's political manifesto is clearly smart and combines many ethnics to be “united” under the umbrella of PR, yet in the eyes of Malay people the “united” slogan is extremely taboo due to the long tradition of racial politics embedded in the Malay ethnic. Indeed, the Malay domination over other ethnic groups in Malaysia's politics is recognized by the 1957 Constitution (H. G. Lee, 2000).

³⁷ Sinar Harian (2015, August 31). Bersih 4.0: Melayu kurang sebab Pas tak turun.

Third, UMNO will gain more political support from Malay community. Surprisingly, in the post-removal of some UMNO key figures such as Muhyiddin Yasin, Mukhriz Mahathir, and Shafie Apdal, the Malay's support to UMNO has gone up. This is because the Malay community felt uncomfortable with Mahathir and his followers' attitudes that tend to make a confrontation against UMNO and Najib's position. In the next level, Mahathir's decision to quit from UMNO and the strong opposition against Najib, have made him to be labelled as the enemy of UMNO and the Malay community.³⁸ Najib's finally appointed his new Deputy Prime Minister, Dato Seri Dr. Zahid Hamidi to replace Muhyiddin Yasin.

Fourth, amid of the Malaysian political turmoil, Sultan Ibrahim Iskandar, the Sultan of Johor, urged people to keep united for the nation's stability. He also warns that Malaysian people "should be aware, use the logical way so as to not regret in the future day." Sultan Ibrahim speaks with regard to the growth of the new political parties in Malaysia, which implicated to the polarization among the people – especially Malay.³⁹ Thus, the reality of Malaysian political scenario at that time can be described as the illustration below:



Fifth, to the Malay community, politics is not only talking about who gets what, when, and how as Lasswell (1990) argued. But, politics for the Malay community in Malaysia is about survival as it was generally discussed in international politics (Waltz, 1979). As the ultimate goal of the Malay politics is survival, a political consolidation is likely to emerge (Di Palma, 1990). In terms of political manifestation, both parties during 1MDB case, UMNO and PAS, are similar in many ways. Both are Malay-based political party which of course is concerned on the Malay privilege over other ethnics.

³⁸ Utusan (2016, September 17). Dr. Mahathir musuh UMNO, Melayu.

³⁹ Berita Harian (2016, November 3). Parti politik baharu adalah 'virus' perpecahan - Sultan Ibrahim

Furthermore, both also agree that Islam is the official religion of Malaysia. Under the spirit of Malay supremacy and Islamic principle, both parties have also got the political momentum following the rise of the controversial issue, especially about the usage of the word “Allah” among non-Muslims in Malaysia. Malaysia’s highest court has decided that the word “Allah” is only used for Muslims, while Christians are restricted to use to denote their God (Liow & Pasuni, 2010; Neo, 2014; Wan Haslan K & Indriaty Ismail, 2014).

The relationship between UMNO-PAS became an interesting story. Many analysts believe that there is a momentum for UMNO and PAS to unite as UMNO has also accommodated the Islamic Law in the Malaysian Constitution amid of the 1MDB scandal that was hit Najib Razak.⁴⁰ PAS Youth chief, Nik Mohamad Abduh Nik Abdul Aziz, asserted that as the two secular groups – non-Malay and non-Muslim parties, namely DAP and MIC – were easy to unite, it is not wrong if UMNO and PAS also unite against them. Both UMNO and PAS were concerned about some contentious issues such as LGBT and the implementation of Sharia Law in Malaysia that are opposed by DAP and MIC (Sinar Harian 12/8/2016).⁴¹ Some indications also demonstrated that the unity between UMNO and PAS has likely to be realized at that time. For instance, both leaders, Najib Razak and PAS President Datuk Seri Abdul Hadi Awang, met at the World Association for Al-Azhar Graduates’ (WAAG Malaysia). Nevertheless, PAS Vice President Datuk Mohd Amar Nik Abdullah emphasised that the meeting is not an indication that his party was willing to join UMNO coalition. Instead, Mohd Amar reasserted that PAS is always ready to cooperate with a party that would benefit the Muslim community in Malaysia.⁴² Another sign that indicated the unification of UMNO and PAS is the Malaysian government’s recognition to the late former *Mursyidul Am* (spiritual leader) of PAS, Datuk Dr. Haron Din, which was conferred as *Tokoh Maal Hijrah* or a special Maal Hijrah award.⁴³ The latest event is the collaboration of UMNO President Najib Razak and PAS President Abdul Hadi Awang during the protest against the ethnic cleansing of the Rohingya Muslims in Myanmar called “*Himpunan Solidarity Ummah*” (people’s solidarity rally) which proved UMNO-PAS unity on Islamic issues.⁴⁴

In the context of Malaysia, 1MDB became a catalyst for political change followed by regime change in Malaysia. The split of Najib political circle followed by resignation some prominent UMNO figures has made Najib position under pressure. The first pressure generally came from Najib’s closet ally where deputy prime minister Muhyiddin Yassin promptly resign followed by other UMNO elites’ members in central and local party managements due to strong critics against Najib. However, the pressure that eventually reached a peak when Mahathir and Muhyiddin Yassin built a new coalition and join with opposition leaders such as Anwar Ibrahim, Lim Kit Siang, Mohamad Sabu under *Pakatan Harapan*. Interestingly, this political situation has made UMNO and his

⁴⁰ Sinar Harian (2016, August 15). Umno, Pas dilihat perlu bersatu demi Islam.

⁴¹ Sinar Harian (2016, August 12). ‘Apa salah Pas, Umno bersatu’.

⁴² The Sun Daily (2016, January 6). UMNO and PAS cooperation good for Islam and unity.

⁴³ The Malay Mail (2016, October 2). Posthumous Maal Hijrah award for Haron Din.

⁴⁴ The Star (2016, December 3). Najib: Rohingya rally proof Umno and PAS united on common issues.

enemy PAS party united. It means that the political crisis in Malaysia has changed the landscape of Malaysian politics. Compared to the Middle East politics especially in the post Arab Spring, Malaysian political crisis still in peace and no physical uprising arose that led to the civil war as the outbreak in Yemen civil war, Libyan civil war, Syrian civil war, and even military coup. Instead, the political crisis in Malaysia ended by a democratic election and far from violence yet has resulted in regime change in Malaysian history.

Conclusion

Prior to regime change or political transformation, a country traditionally shaken by political turmoil that leads to a crisis. The political crisis sometimes forced by a foreign power through intervention regardless of violate or not against international law as commonly implemented by the US and other countries. The political crisis occurred usually involved riots, military coup, violence, and armed uprising as occurred in the Middle East and other countries. All these events became a general narrative to regime change or at least to restore the government performance. However, in the case of Malaysia especially 1MDB scandal, became a trigger to force Najib administration and his regime to step down from the government. Eventually, 1MDB has a domino effect that made Najib position highly under threaten due to his lost on his legitimation amid some unpopular policies gradually. At the same time, urban people notably became the most affected group of Najib policy amid high living cost and prices across the main cities in Malaysia. 1MDB scandal deeply impacts on Najib reputation and significantly pave the way toward a new Malaysian political landscape.

The new dynamics of Malaysian politics began when a series of protest called *Bersih* carried out in Kuala Lumpur and other cities demanding a free and honest election. Yet, amid of 1MDB scandal, the protest tougher and urge Najib to step down soon. The progress of the demonstration became more significant while participated by former Najib prominent allies in UMNO and BN coalition especially Mahathir Mohammad, Muhyiddin Yassin, and others. This situation created a new challenge due to Najib's friend joined with the enemy under the PR coalition. Furthermore, Najib finally shocked when formally his political guru Mahathir Muhammad challenges him in the 14th General Election. Fortunately, Najib could establish and normalise his relationship with former enemy namely the PAS party which critical to gain Malay conservative voters. Thus, this constellation demonstrated that political crisis in Malaysia different from other countries. In the case of Malaysia, the notion of crisis occurred only in public discourse, not physical. While in other areas such as in the Middle East, even in Indonesia, political crisis conventionally preceded by riots, violence, uprising etc. In fact, Malaysia had passed through a political transformation from Najib Razak of BN to Mahathir of PH coalition in a peaceful way through a democratic election.

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