



Malaysia's First Democratic Change of Government

name reacte

Specialist in Asian Affairs

name reacte

Specialist in Asian Affairs

May 21, 2018

In a nationwide parliamentary election on May 9, Malaysia underwent its first democratic change of government since it gained independence in 1959. Voters elected a coalition, *Pakatan Harapan* (PH), led by former Prime Minister Mahathir Mohamad. The coalition defeated the ruling *Barisan Nasional* coalition led by the United Malays National Organization (UMNO), a Malay-nationalist party that has dominated Malaysia's politics since independence. Prime Minister Najib Razak, who had served since 2007, conceded the elections on May 10.

The election was a peaceful and democratic change of government in Southeast Asia, a region where many analysts have perceived a decline in democratic institutions in recent years. Polling suggested that Malaysian voters were deeply concerned with corruption under Najib's government. Despite uneven electoral representation that favored Malay-dominated districts long thought to favor UMNO, as well as strong government influence over media outlets, *Pakatan Harapan* (Alliance of Hope) won 122 seats in Malaysia's 222-seat parliament. The new ruling coalition consists of four parties and includes both longtime opposition politicians and former members of UMNO.

The election raises numerous questions about Malaysia's immediate political trajectory. Mahathir, 92, who served as UMNO's leader and Malaysia's Prime Minister from 1981 to 2003, became an increasingly sharp critic of the sitting government before forming a political party, *Bersatu*, in 2016 to challenge UMNO. In September 2016, Mahathir joined forces with *Parti Keadilan*, led by Anwar Ibrahim. Anwar, who had also been an UMNO stalwart and Deputy Prime Minister until he fell out with Mahathir in 1998, became a leading opposition figure following his conviction in 2000 on charges of sodomy and

Congressional Research Service

7-....

www.crs.gov

IN10911

corruption, which many observers considered politically motivated. Anwar was convicted again in 2015, and was serving a nine-year sentence when he was pardoned and released on May 15. Anwar has indicated he may run for a parliamentary seat in the months ahead in preparation—possibly—for succeeding Mahathir. Anwar's wife, Wan Azizah Wan Ismail, is now Mahathir's deputy prime minister.

The election may have implications for U.S.-Malaysia relations and for the broader Indo-Pacific region. In his first tenure as Prime Minister, Mahathir was widely considered a strongly authoritarian leader, restraining and sometimes imprisoning critics and maintaining tight control over media outlets. At the same time, he pursued industrial policies to promote Malaysian industries and favor the interests of the country's Malays over those of Chinese and Indian migrants. In his earlier tenure, he was also a vocal critic of the West and of the United States' role in the region, promoting "Asia-only" regional institutions over U.S.-backed initiatives. At the same time, Mahathir presided over a period of strong U.S. investment in Malaysia, and quietly pursued close cooperation between the two nations' militaries.

Malaysia, like many Southeast Asian nations, has long sought to balance its ties between the United States and China. During the election campaign, Mahathir criticized Najib's moves to court Chinese investment, and promised to review the terms of Chinese investments in Malaysia if elected. He was quoted ahead of the election saying: "China comes with a lot of money and says you can borrow this money. But you must think, 'How do I repay?' Some countries see only the project and not the payment part of it. That's how they lost chunks of their country. We don't want that." Many analysts argue such a review could herald tensions between Beijing and Kuala Lumpur in the months ahead. That said, some Chinese investments, including port modernization projects, an East Coast Rail Link, and employment-generating manufacturing investments, may still align with Mahathir's own goals, which have included making Malaysia into a developed nation by 2020.

The new government's stances on issues of concern to the United States, including the South China Sea, where Malaysia is one of four nations that have territorial disputes with China, are uncertain. Malaysia undertakes broad security cooperation with the United States, including allowing the United States to operate South China Sea surveillance flights from East Malaysia. Despite concerns about Chinese assertiveness in the region, Malaysia has long been less aggressive than its neighbors in its rhetoric toward Beijing. In one signal, Mahathir said in a press conference: "As far as the Belt and Road problem is concerned, we have no problem with that, except of course, we would not like to see too many warships in this area, because warships attract other warships, and this place may become tense because of the presence of warships."

Given the authoritarian tenor of Mahathir's previous time as Prime Minister, the peaceful transition has uncertain implications for Malaysia's broader political development. Key questions may include the following:

Will the new government pursue corruption allegations against former Prime Minister Najib? Najib faces corruption allegations over the misappropriation of billions of dollars from a state investment fund called 1Mdb, including \$681 million that the U.S. Justice Department says was deposited into his accounts. On May 12, Mahathir barred Najib and his wife from leaving Malaysia, and on May 16, police searched Najib's home and offices for evidence related to the investigation.

What is the future of conservative Islamists in government? The conservative Islamist *Parti Islam se-Malaysia* (PAS), long the country's leading Islamist opposition party, won only 18 seats, suggesting conservative Islamists' influence may be waning. Mahathir's supporters included a diverse swathe of both Malay and minority voters. That said, some analysts believe that in a newly competitive political system, PAS may seek influence by positioning itself as a third-party "kingmaker" in future elections.

What economic policies are in store? Uncertainties abound about Malaysia's future economic orientation, which may impact U.S. trade and economic policy in Asia. Both Mahathir and Anwar criticized Najib's pursuit of the proposed Trans-Pacific Partnership (TPP) trade agreement, from which President Trump

withdrew in 2017. Mahathir called the revamped 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) more “equitable” for Asian countries after the United States left it.

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.