

**Neo-patrimonialism in Malaysia:
the 1MDB scandal implication on Party Finance
and the 14th General Election**

**馬來西亞新宗族主義：
1MDB 醜聞對黨財政和
第 14 屆大選的影響**

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摘要

馬來西亞第十四屆大選格具意義，因為這是馬國獨立以來第一次政黨輪替。巫統與國陣聯盟第一次敗給希盟，一直以來巫統藉由四大支柱來維持統治正當性，分別是強化種族政治、國際參與有利於黨內菁英、彰顯政府表現與濫用程序的優勢，但是一馬公司的各項醜聞打倒了這四個支柱，使得巫統失去其統治權，與此同時前總理納吉也因此涉嫌洗錢案。

巫統一直以來透過深入參與國營事業或是公共企業以確保其在馬國的統治正當性，納吉涉入一馬公司的醜聞就是如此，包括黨國之間的模糊界線、警務機關的不公正、醜聞發生後箝制新聞及社群媒體的報導追蹤、高盛公司與中國核能電力公司等外國國有企業也設於其中，以及美國司法部公開揭露其中涉及的龐大金額。

本文分析了一馬公司醜聞及大選對馬國政治體系的重塑、政黨的權力轉移、黨產與融資，以及馬來西亞與中國的關係。

關鍵字：一馬公司、新宗族主義、巫統、國陣聯盟、希盟、總統大選

Abstract

What makes Malaysia's 14th general election a transformative political milestone is the ruling party has alternated ever since Malaysian independence. Pertubuhan Kebangsaan Melayu Bersatu (UMNO) and Barisan Nasional (BN) coalition, lost the 14th general election and parliament to Pakatan Harapan, as known as Alliance of Hope coalition. UMNO could owe its previous victories to neo-patrimonialism by establishing four pillars to solidify its legitimacy — identity, international engagement, performance, and procedural. One Malaysian Development Berhad (1MDB) scandal has undermined the legitimacy and knocked down these four pillars individually, which ended in BN losing the election and kept former Prime Minister Najib Razak into a perception of corruption ¹.

In Malaysia, UMNO has been securing its advantages by engaging deeply in state-owned institutions or public enterprise, in this case, the example would be how Najib involved in the 1MDB scandal. Strengthening coercive power of the police force in the scandal investigation, tightening the fusion between party and bureaucratic apparatuses, tightening controls on the press by blocking social media after posting its story on 1MDB, and foreign state-owned companies, such as China General Nuclear Power Corporation and Goldman Sachs International, have been deeply involved in the scandal. These practices have been solid proofs of UMNO has perpetuated a freely accessible, yet strong bureaucracy ². Through analyzing the 1MDB scandal, these key transitions are reviewed under the transgressions and led to UMNO losing the 14th general election.

Keywords : 1MDB scandal, Neo-patrimonialism, BN, UMNO, Party Finance, 14th general election

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- 1 S. Adam & L. Arnold (2018) "Malaysia's 1MDB Fund Spawns Worldwide Probes: QuickTake", Washington Post.
 - 2 Narayanan, S. (2012). "Ordering Power: Contentious Politics and Authoritarian Leviathans in Southeast Asia," . *The Journal of Politics*, 74(2), p.24.

I. The 14th General Election and 1MDB Scandal

The election result turned out on 10th of May 2018, has been a stunning and unexpected victory to Mr. Mahathir, the leader of Pakatan Harapan (PH)—Alliance of Hope—and has ended 61 years of Barisan Nasional (BN) rule. BN and its primary party — Pertubuhan Kebangsaan Melayu Bersatu (UMNO) — had never lost an election and usually taken a two-thirds majority in the parliament. Despite this time, Alliance of Hope, with Warisan alliance, has taken 122 seats out of 222 and won the popular vote by 14% higher than BN's. It is worth noticing that Johor, where had been a traditional stronghold of BN, lost 36 seats to PH. Johor is not only the birthplace of UMNO but an Islamic and Malay state. Islam and Malay, the two factors top the former Prime Minister of Malaysia, Najib Razak's list. This massive defeat had led to various questions on how would UMNO, a party for Malays, lost these “ought to win” states and how political affiliation and 1MDB scandal reshape the country by breaking down neo-patrimonialism in Malaysia.

1MDB, as known as the 1Malaysia Development Berhad, has involved in a series of government-linked wrongdoings and raised concern on the efficacy of political interference along with party finance in Malaysia. 1MDB is a strategic development company, wholly owned by the Minister of Finance, that is by the Government of Malaysia.

1MDB scandal has been the political earthquake epicenter since allegations from several newspapers and social media, including the Wall Street Journal, in 2015. Since then, a massive flow of research and news on this most controversial state-owned investment company and how US\$700 million were transferred into Najib's private account. “I admit there is some

corruption in my staff, not me,” Najib said during a BBC interview but at the same time denying all wrongdoing related to himself. For a while, it seemed like Malaysians had bought this story and gone along with Najib’s line—“I took the money to spend for us.” However, Najib’s ‘excessive’ corruption imagery has led to the failure of securing UMNO’s patronage and the election results.

II. Neo-patrimonialism in Malaysia and How BN Garnered It

Malaysia has been categorized as a hybrid state with electoral authoritarianism, which democratization could be deepened by holding regular elections ³. It is regarded as one of the most stable polities in East Asia, for their hybrid state formation with ‘party-state’ and general elections. Single-dominant parties distribute patronage widely, these party states primarily target on a bloated public sector as well as the regulation and co-ownership of the private sector ⁴. According to Roth and Wittich (1987:18), neo-patrimonialism is a synonym for “particular personal rulership”, as distinguished from “universalistic personalism” which is wildly applied in democratic countries ⁵. Neo-patrimonialism depends on four pillars to solidify its legitimacy—influencing the judiciary, police, and inspectors and to secure advantages; changing laws and regulations to the advantage of individuals; gaining the advantage in public procurement;

3 D. Donno (2013) “Elections and Democratization in Authoritarian Regimes”, *American Journal of Political Science*, Vol. 57, No. 3.

4 Bouchet, N. (2017). "The international politics of authoritarian rule". *International Affairs*, 93(3), pp.725-727.

5 Studies.aljazeera.net. (2018). “Malaysia’s Elections: Corruption, Foreign Money, and Burying-the-Hatchet Politics.”

providing information on government decisions and market events and securing a monopoly position on the market. In Malaysia, UMNO has been securing its advantages by engaging deeply in state-owned institutions or public enterprise, in this case, the example would be how former Prime Minister Najib Razak involved in the 1MDB scandal.

BN owes its legitimacy for 4 reasons: identity, international engagement, performance, and procedural⁶. First, UMNO has served for Malay and Islamic to encourage ethnoreligious patronage. When it comes to identity, UMNO had a foundational myth that UMNO was a crucial agent in fighting independence for Malays and the Chinese and Indians were brought over for labor⁷. After the scandal came into light, Najib had focused on winning Malay identity more than ever. Najib took a speech tour in UMNO's vote bank, such as Sarawak and Johor, to declare his innocence and pleaded not guilty. Malay interests have been prioritized economically and politically, even by overstepping others—Najib's cousin Hishammuddin once waved his “Keris” at a BN assembly⁸, which has been deemed as a threat to non-Malays. UNMO has also committed to an Islamic state and strengthened this religious ethnonationalism to fortify its legitimacy. ‘I prayed to Allah, if I am right, then show it. God gave us victory beyond our expectations’ Najib said in an interview after a state-level election in May 2016.

Second, BN, as an electoral authoritarian regime, has benefited from producing a hybridity with institutional resilience and international engagement. UMNO has historically ensured its patronage in collecting taxes and petroleum revenues, issuing bonds and borrows internationally,

6 C. V. Soest & J. Grauvogel (2017) “Identity, procedures and performance: how authoritarian regimes legitimize their rule”, *Contemporary Politics*, Vol. 23, No. 3.

7 Lopez, G. and Welsh, B. (n.d.) Regime resilience in Malaysia and Singapore. P103-121.

8 R. Ahmad (2006) “Hishammuddin says sorry over keris waving”, *Malaysia Today*, 26 April.

and regulating macroeconomic policy. 1MDB scandal has a ripple effect on probes in at least 10 countries, whether with nations, companies, or individuals. Not only Malaysia and Singapore are at the storm center but Switzerland, United Kingdom, United States, Australia, Hong Kong, Thailand, Luxembourg, and United Arab Emirates are involved. The state investment fund has come into the global spotlight in July 2015, by Wall Street Journal reporting various controversial decisions related to Najib himself and BN. After 1MDB is launched in 2009, US\$2.5 billion joint venture with private Saudi oil company - PetroSaudi International and US\$1 billion from Abu Dhabi's International Petroleum Investment Company was injected to this state-owned investment fund ⁹. While Malaysia's attorney general and Saudi authorities said the \$681 million was a donation from the Saudi Arabian royal family, other international investigating agencies disagree. It seems quite usual for this government investment company was supposed to attract foreign investment. However, after probing by cross-country investigating agencies, Thailand handed Swiss national Xavier Andre Justo a three-year jail sentence after he admitted to stealing from PetroSaudi International and the U.S has been investigating financier Jho Low for arranging millions of dollars' worth of transfers to pay off Malaysian government officials ¹⁰. This shows that the party political funding was buying Najib some time as he managed to manoeuvre amid the crisis. UMNO is longer able to check the excess of its leaders, especially the scale of relevant corruption, and how it was closely linked to cabinet cohesion.

9 Graphics, W. (2019). "Malaysia's 1MDB Decoded: How Millions Went Missing". *The Wall Street Journal*.

10 Shamim, A. Ho, Y. Cedric, S. (2018) "How Malaysia's 1MDB Fund Scandal Reaches Around the World", *Bloomberg*.

Third, performance, which means a regime's claim of being successful at producing socio-economic goods or security for its citizens¹¹. Najib's administration can be credited for navigating the country out of the 2008–09 global financial crisis, which has reached up to 5% growth. Usually, UMNO distributed resource in a neo-patrimonial system to build structured cohesion between elites and specific cadres. When Mahathir Mohamad was UMNO president, from 1981-2003, Malaysia was also haunted by corruption. Corruption has always been there, not only in UMNO but in Malaysia. 1MDB scandal has demonstrated to the people that patronage benefits those with UMNO links and allowed for 'money politics' to proliferate. 1MDB vastly overpaid two Malaysian-based cooperation and an energy pipeline projects linked to a unit of China National Petroleum Corporation, including Genting Group, for Edra Global Energy. While Malaysia's bureaucracy has employed 1.3 million civil servants, UMNO places party elites and cadres into ministerial hierarchies¹².

Last but not least, it is procedural that BN gains its grip on the country. For a single-dominant party in neo-patrimonialism, it is crucial to manoeuvre electoral barriers, influence the judiciary, police, and inspectors to secure advantages. The electoral process has significantly favored BN. The institution such as the Electoral Commission (EC) is considered biased for gerrymandering in general election. The Electoral Integrity Project gave Malaysia a score of 35 out of 100 for its unfair electoral practices, with a global ranking of 142 out of 158 countries. This is how BN governed his legitimacy in neo-patrimonialism—the machinery of party was well established and intertwined with the government to suspended local

11 *ibid.*

12 Alam Siddiquee, N. (2006). "Public management reform in Malaysia." *International Journal of Public Sector Management*, 19(4), pp.339-358.

elections and local councils are appointed by state government. Malaysian postal voters also encountered hinderance in sending their votes back in time^{1 3}. Repressive laws have been an effective tool for BN to contain and weaken the oppositions. Meanwhile, Najib permitted the police to make vigorous of country's colonial-era Sedition Act. Take the Peaceful Assemblies Act and Police Act, for example, these acts require assemblies to gain police permission to hold assembly and gives the government a political space.

Influencing the judiciary, police, and inspectors and to secure advantages have been a part of neo-patrimonialism and also heavily involved in the 1MDB scandal. The state bureaucracy has shown UMNO is cementing its elite-level relation in judiciary, when Najib put his hand back on investigation. Najib shook up his Cabinet and removing detractors right after the deputy, Tan Sri Muhyiddin Yassin, openly criticised the government's handling of allegations of abuse of public funds^{1 4}. Along with Muhyiddin, Najib sacked other ministers who had also been vocal about 1MDB. Attorney general Gani Patail, who was involved in the investigation into the wealth fund controversy, was also fired¹⁵. What made this scandal even more sensational is a leaked video has emerged online after Patail was fired, showing Najib had told him that he did take the US\$700 million.

There has also been significant control of media, not only the press but the Internet. Shortly after Sarawak Report posted its story on 1MDB in July

1 3 The Straits Times. (2018). "Malaysia election: Postal voters seek help from others flying home to get ballot papers back in time."

1 4 TeoH, S. (2018). "Najib sacks DPM, four ministers and A-G." *The Straits Times*.

1 5 Zuraidah, I. (2018) "Analysis: Najib Razak, 'biggest warlord in Malaysia', sends message to opponents with sackings amid 1MDB scandal." *The Straits Times*.

2015, the Communications and Multimedia Commission shot its website down and investigated its editor, for ‘unverified news or any speculation on the investigation in 1MDB’, according to the Anti-Fake News Act to monitoring social media posts. UMNO’s vast corps of ‘cyber troopers’ has curtailed the freedom of press and ‘Save Malaysia Movement’. Save Malaysia Movement aimed at ousting Najib for nothing less than an attempt to save the country from becoming a failed state. It is also a controversial campaign that brought Najib's political foes together, including the present Prime Minister Mahathir, whose think tank was stormed by the gangster and the police. Najib has structured political relation with social forces to solidify his legitimacy.

Chart 1. How BN Garnered Its legitimacy in Neo-patrimonialism and GE14

How BN Garnered Its legitimacy in Neo-patrimonialism	
Four Pillars	Examples of BN building its legitimacy in 1MDB Scandal and 14th Election
Identity	<ul style="list-style-type: none">• BN is committed to an Islamic state.• Foundational myth that UMNO was a crucial agent in fighting independence for Malays and the Chinese and Indians were brought over for labor.
International Engagement	<ul style="list-style-type: none">• Collecting taxes and petroleum revenues, issuing bonds and borrows internationally, PetroSaudi and Chinese Corporation.• Blocking critical international news organizations.
Performance	<ul style="list-style-type: none">• Najib's administration can be credited for navigating the country out of the 2008–09 global financial crisis.• Malaysia bureaucracy employs 1.3 million civil servants and puts UMNO party officials and cadres on the top hierarchies.• Regulate co-ownership of private sectors.
Procedural	<ul style="list-style-type: none">• Electoral mechanism: gerrymandering, calibrating civil liberties and electoral malapportionment.• Judiciary and Police :<ol style="list-style-type: none">1. abusing the Internal Security Act, Sedition Act, Securing Offenses Act and Prevention of Crime Act to target the opposition.2. Najib reshuffled the cabinet and replaced the attorney general Gani Patail, after their 1MDB criticisms.• Press and Media: abusing Anti-Fake News Act and Printing Press and Publication Act to control information on social media.

III. 1MDB scandal knocked BN's legitimacy pillars down

Malaysia's parliament has long been controlled, yet a deliberative legislature system. Throughout the 1MDB scandal, Najib continued to insist that the funds in his accounts were a Saudi donation and denied any acknowledge of wrongdoing. He struck back and won the Sarawak state-level election in 2016, that is, quoted from WSJ, 'earn respite from the 1MDB scandal'. However, It would be too assertive to say that the 1MDB scandal was no longer troubling the voters. It was Najib that used his power and advantages in neo-patrimonialism to offset uncertainty, including barring the leaders of opposition DAP and PAK from entering the state, preventing their parties from gaining any electoral traction, and passing new legislation to entitle the National Security Act. The sate's ruling coalition, in 2016, backed by UMNO, enlarged their party's margins over 2013. UMNO may be 'lucky' in 2016 Sarawak state-level election, for the opposition had fragmented—rivalries over policies had erupted between the PKR, DAP, Amanah, and PAS—and won 72 of 82 state seats. This landslide victory enabled Najib to earn some space to get out of the political scandal. That is also the reason why no one would foresee the resentments would surge anew before the next general election, due by May this year.

Why 1MDB? How would 1MDB scandal be the primer to lit up the fire burning down BN's legitimacy? There are five key transactions to convey the extent of transgressions to trigger popular upsurge and elite-level defections: abnormal and exorbitant expenses to certain corporations, resilient institutions are exploited, calibrating civil liberties and electoral

competitiveness, a low capitalization and huge borrowings, and Najib's control over institutions was loosened¹⁶. These five factors and the 'excessive corruption' have been eroding Najib's, at the same time, extend to BN's, cornerstone. Magaloni and Kricheli warn of a 'guns and votes' dilemma—autocrat 'relies too much on the military'¹⁷— however, the Malaysian autocrats possess a large repressive apparatus and avoid the dilemma. UMNO's distributions of patronage had long structured cohesion between elites. The 1MDB scandal has not only divided the elites' patronage but weakened Najib's influence on institutions. The large distributions in Najib's personal accounts created such scandals that the party elites have rounded on him and broken their co-option. These splits have proved it is too hard to resist taking on since the parliament had emboldened legislators in opposition demanded that Najib resign.

Mahathir Mohamad's stunning upset victory over Najib not only ended 60 years of rule by the National Front party but drew global leaders' attention on the convergence of powerful forces— a middle-class backlash against entrenched and corrupt elites; poor government performance; ethnic inclusion; economic management and democratic reform; Bersih 4.0 protest was reactivated; and growing influence of Chinese¹⁸.

The first pillar was shaken by significant Chinese and Indian minorities. BN's predominantly Malay-Muslim identity is a double-edged sword since it blamed "Chinese tsunami" during Election 2013 for its poorest

16 Case, W. (2017). "Stress testing leadership in Malaysia: the 1MDB scandal and Najib Tun Razak." *The Pacific Review*, 30(5), pp.633-654.

17 Sahoo, N. (2015). "Wars, guns and votes: democracy in dangerous places." *Global Affairs*, 1(3), pp.350-352.

18 Forbes.com. (2018). "Why Malaysia's Surprise Election Result Should Be A Wake-Up Call For Global Leaders."

showing ever. Nearly 80 percent of Malaysian Chinese voted against the government in 2013, that was part of the reason that caused BN to lose the popular vote. The ethnic Chinese made up about 23.2% of the 28.7 million-strong population in 2017, compared to an estimated 68.8% of Bumiputera, 7% of Indians, and 1% of other ethnic communities¹⁹. The Malaysian Chinese Association (MCA), Malaysian Indian Congress (MIC) Malaysian People's Movement Party (Gerakan), and Sarawak-based Parti Pesaka Bumiputera Bersatu (PBB) are the various ethnic groups that tilted the election. While UMNO restricts membership to Malays, Gerakan places no racial or religious restrictions on its membership, but its membership is predominantly Chinese. When it comes to the 1MDB scandal, the issue-oriented Chinese voters have frowned on it, since DAP's and PKR's stern condemnation of the government over 1MDB²⁰. Najib made it worse by saying he cannot keep on giving four or five ministerial positions to the Chinese community if they do not support BN. "BN has been very fair to the Malaysian Chinese and has given them a lot such as building Chinese schools and handing out financial assistance. We are very stable but if you look at the opposition, they are uncertain and cannot fulfill their promises," said Najib.

On top of ethnic mobilization is religion. Non-Muslims have been moving away from the BN due to deepening Islamization and greater restrictions on the practice of minority faiths²¹. Najib's regular verbal attack on Christianity has caused non-Muslims' antipathy out of fear of narrowing

19 Boo Su-Lyn, The Influence Industry Voter Data in Malaysia's 2018 Elections, Tactical Technology Collective's Our Data Our Selves project, June 2018.

20 Oh Ei Sun (2018). "RSIS Series on the 14th Malaysian General Election – Backflow of Chinese Voters : Real or Imagined?" *Rsis.edu.sg*.

21 Bridget Welsh (2018). "This Malaysian election is different." *East Asia Forum*.

the space for religious freedom. Some non-Muslims are turning back to the BN out of fear of further displacement and reprisals. International Engagement, as the second pillar of BN's legitimacy, has been eroded since the Chinese government has also played a role in elections—a Chinese diplomat to Malaysia, Huang Huikang, has openly endorsed BN and accompanied BN politicians²². Since Najib sensed Chinese communities haven't stood by his side, he tried to buy support by signing contracts with China's state-owned companies, such as China Communications Construction Company (CCCC) to build the high-speed East Coast Rail Line (ECRL). It seems a reasonable solution to extricate himself from antipathy by collaborating with China to win Malaysian Chinese hearts. However, the result didn't turn out well, anti-Chinese investment sentiment has raised in Najib's home state, Kuantan, and influenced the election. It is said that the business would benefit the China-Malaysia economic growth and the locals. Yet, for Kuantan residents, it is an empty development that hires Chinese²³. It isn't strange to seek financial support from China after Najib tried to cover up 1MDB financial gap holes. However, these deal also gives China the privilege to interfere with Malaysia's economy. People would agree foreign investments can play a key role in recovering the economy and create jobs, but it what Najib has done was deem as selling his country to China—using a Chinese state company as a conduit for dishonestly using public funds to plug gaping holes in 1MDB account²⁴.

Najib stone walls started to collapsed since the international courts and several countries have launched investigations. The United States Attorney-

22 Nambiar, P. (2018). "BN or opposition, I am friends with all, says Chinese envoy." *Free Malaysia Today*.

23 Promchertchoo, P. (2018). "A very dangerous game': Anti-China sentiment echoed in Najib's home state ahead of Malaysia election." *Channel Newsasia*.

24 Bowring, P. (2016) "Asia Sentinel: Desperate to Survive, Malaysia's PM Sells His Country to China." *Yale University Press*.

General Jeff Sessions said last December that 1MDB officials allegedly laundered more than US\$4.5 billion while the US' Department of Justice has filed several lawsuits to confiscate more than US\$1.7 billion in assets suspected to have been misappropriated from 1MDB ²⁵. Monetary Authority of Singapore, Attorney General of Switzerland, Serious Fraud Office from the United Kingdom, U.S. Department of Justice, Australian Securities & Investments Commission and District Tribunal of Luxembourg have probed through investigation on Najib's corruption. Yet Najib tried to receive the solid backing of the UMNO cadres who elect him by patronage, bribes, and jobs, the international problems he faced still made his legitimacy in danger ²⁶.

Najib prided himself as the leader who navigating the country out of the 2008–09 global financial crisis. However, the economic disparity and vastly corruption undermined the performance pillar. Malaysia's public debt reached 65 percent of GDP and 1MDB borrowing is the culprit that inflated it. "It is clear that the previous government has conducted an exercise of deception to the public about certain hot-button items, especially 1MDB, and even misrepresented the financial situation to parliament," newly-installed Finance Minister Lim Guan Eng said in an interview. 1MDB amassed more than 50 billion ringgit of debt, largely from assets in the energy sector and mostly China-related investment ²⁷.

A party state fused with neo-patrimonialism has historically avoided draining patronage from bureaucracy that is technocratic capacity to mass resources was lost, that is exactly the third pillar—performance.

²⁵ Reuters (2017), "Jeff Sessions calls Malaysia's 1MDB scandal 'kleptocracy at its worst.' "

²⁶ Berthelsen, J. (2016) "A World of Scandal Descends on Malaysian Prime Minister." *Yale Global Online*.

²⁷ Chong, P. Shukry, A. (2018) "Malaysia Says Government Debt Is Inflated by 1MDB Borrowing." Bloomberg.

BN's legitimacy was seriously damaged by government-guaranteed loans to government-linked corporations were never fully revealed or clearly explained to the public²⁸. Young Malaysians who voted for Mahathir are hoping he will bring about change to their country and viewed the victory as 'puts into question the future of a number of planned Chinese-backed investment projects'. Aside from the China issue, it is the urge to oust corruption that makes the return of Mahathir possible. Trust in BN's neo-patrimonialism system has shattered thanks both to mismanagement at the top and incompetence at the bottom, leaving Malaysia's rural poor turning away from the party and hoping Mahathir would recover money from stolen funds amid the corruption scandal. Bread-and-butter issues explain the vote swing against BN, accompanied with the dilemma Malaysia has faced — affordable and quality education and health services²⁹. The damaging effects of BN's Goods and Services Tax (GST) policy on lower-class neighborhood also knock the performance pillar down. The 6 percent GST is a value-added tax that requires people to choose between things as simple as gas and food. Its unpopularity surged between the citizens for growing disconnect between those in power and the public they represent³⁰.

Procedural pillar is crippled when money politics went wrong. BN has always revolved around vote-buying, using Malaysian voters' personal data per se to craft tailored political strategies or election campaigns. According to Washington Journal, Najib allegedly used 1MDB to channel at least US\$140 million to projects to help boost UMNO's chances in the election

28 Navaratnam, R. (2108) "Malaysia's dreadful national debt: Sin Chew Daily contributor." *The Strait Times*.

29 Tan, N. Preece, C. (2018) "How Malaysian voters defied the odds and ousted corruption," *The Conversation*.

30 Joles, B. (2018) "Everyday Anger Brought Down Malaysia's Government," *Foreign Policy*.

and to channel at least US\$140 million to projects like schools and low-cost housing to help boost UMNO's chances in the election. Malaysia's elections are notorious for being among the most manipulated in the world. Bersih highlighted many unfair rules set by UMNO, such as "phantom voters", and called for a thorough reform of the electoral process in Malaysia. The leader of the civil society movement, Maria Chin Abdullah, launched its fourth rally on August 29 to 30, in over 50 cities worldwide, to push for Prime Minister Najib Razak's resignation as well as institutional reforms to prevent prime ministerial corruption³¹. Public support was built and BN's unfair electoral mechanism is highlighted by the rally.

Yet Malaysia is notorious for its procedural inequality, such as gerrymandering in the countryside to create Malay-dominated voting pools and confine minority voters to limited constituencies, voters didn't fall for it. States such as southern Johor that were the focus for BN gerrymandering policies came out in support of the opposition instead, rural Malays turned their back on him for being disgusted with government corruption.

Data analytics, social media, and digital platforms played a major role in determining the winners in the GE14 election since Malaysia has a 75% smartphone penetration rate and a huge portion of voters get their news via social media. Malaysia ranks six worldwide in terms of information production on Twitter, according to the Oxford Internet Institute, at the same time, the Facebook user has increased twelve million in the last five years. Therefore, the web has become a major election battleground between the opposition and the ruling party, especially since it has been called 'social media election'. Najib tried to dish out some last-minute appeals, which among others included a tax exemption for those below

31 Awani, A (2016) "What you need to know about Malaysia's Bersih movement," *The Straits Times*.

the age of 26, while the opposition employed the sentiment to implore voters for the opportunity to heal national wounds. At the same time, social media also help Malaysian to overcome numerous hurdles— increase transparency by making it easier for citizens to perform fact-checks and background-checks and overcome the difficulties of voting. Malaysians voted for change because they witnessed corruption and abuse of power at the hands of the Najib administration. BN failed to secure its legitimacy this time.

Chart 2. 1MDB Scandal Knocked Neo-patrimonialism Down

1MDB Scandal Knocked Neo-patrimonialism Down	
Four Pillars	What eroded Najib's and BN's Legitimacy
Identity	<ul style="list-style-type: none">• Ethnic Malays have grown alienated by UMNO's corruption, 1MDB.• Race-based identity has failed to include the Chinese.• Defend Islam and narrowing the space for religious freedom.• DAP's and PKR's stern condemnation of the government over 1MDB.
International Engagement	<ul style="list-style-type: none">• Failed to win Malaysian Chinese support and raised anti-China sentiment.• Over-dependence on china and its state-owned enterprises.• Cross-country investigation agencies probed through the scandal.
Performance	<ul style="list-style-type: none">• Goods and Services Tax has been an unpopular tax.• Poor performance in economics and vastly corruption.
Procedural	<ul style="list-style-type: none">• Bersih 4.0 to push for 1MDB investigation and Najib's resignation.• Social media helped overcome barriers to vote.

IV. How the GE14 shaped politic in Malaysia and Party Finance

Malaysia sure faces lots of uncertainty, there are five morphing political landscapes worth noticing : addressing corruption and abuse of power; relation with China; religious and ethnic tolerance; the promise of power transfer to Anwar Ibrahim; and UMNO's party finance.

The former opposition now holds the power, while the former ruling party is suffering a legitimacy crisis. Aside from ensuring power transfer, Mahathir seeks to recoup US\$4.5 billion of funds that were potentially lost through 1MDB, as well as fees paid to Goldman Sachs Group Inc., said by himself in an interview. Changes are imminent in the investigation of 1MDB after Attorney-General Tommy Thomas began reviewing documents submitted by the Malaysian Anti-Corruption Commission (MCAA) along with authorities questioning Najib Razak and his wife³². Dr. Mahathir Mohamad said, the challenges in addressing corruption and abuse of power today are more challenging than when he was first appointed as prime minister in 1981, at a briefing on MCAA³³. Malaysians voted for a change, it turned out as they wished, but it doesn't guarantee happily ever after. Let's not forget it was Mahathir's authoritarian rule for over two decades that paved the way for the privileged to maneuver over the system. It is not a secret that Mahathir used his position and power to intercept and to give special benefits to his associates. These include Forex scandal, the Perwaja Steel scandal, Bank Bumi scandal, and Maminco-Makuwasa Affair. These deep-rooted problems are entwined with the structure and are difficult to solve irrespective of who is in power. As long as these structural issues aren't solved, patronage might swing back to Najib.

Things are equally unclear in the foreign policy as well. Since the Pakatan Harapan government came to power, relation with China has become uncertain. During the campaign, his public position on China — blasting Najib for ceding sovereignty to Beijing— stood a sharp edge and drew the young's attention. Criticizing Najib's over-dependence on China

32 Shukry, A. (2018) "Malaysia's Attorney General Starts Review of 1MDB Probe Papers," *Bloomberg*.

33 Star Online News (2018), "Dr M admits tackling corruption, power abuse more challenging than before."

has paved his way to victory. However, it is too fast to say Mahathir is an anti-China rebel. After suspending several Chinese-backed infrastructure projects worth more than \$20 billion— East Coast Rail Link (ECRL) and two pipeline projects— Mahathir visited China in this September, after his last visit 33 years ago. During his visit to Beijing, the Prime Minister tones his anti-China rhetoric down and says China will sympathize with Malaysia's internal fiscal problems. Since China is Malaysia's third-largest export market after India and the European Union, Mahathir plays cautiously in his foreign policy field.

Aside from international engagement and performance, it is the higher religious tolerance in the multiethnic country that foster harmony in a society, structured by a developed knowledge-based economy³⁴. Since Najib played the race and religion cards to widen the divide between ethnic groups in the campaign, Mahathir's Vision 2020— which was bought up in 1991 and aimed to fully develop the nation by 2020 —is deemed as semblance unity. However, it is premature to predict Malaysia's religious landscape since religion has presented a major barrier to national integration ever since it declared independence.

There is another focal person in GE14, Anwar Ibrahim, who is currently the president of the People's Justice Party, former Deputy Prime Minister, and named as de facto leader of PH by Mahathir. Anwar's political comeback draws sensation for he was put into jail on corruption and sodomy charges by his once arch-enemy, Mahathir. Under PH's agreement, Mahathir will step down and hand over the role of prime minister to Anwar in two years. Anwar has been expected to play a "check-and-balance" role by looking at institution reforms that include a review into the Bumiputra

34 Alatas, I. (2018) "A brighter religious landscape under Mahathir." *Malaymail*.

policy, a race-based policy to enrich the Malays by lifting social welfare for them³⁵. Anwar acknowledges Mahathir's revision of Chinese-backed infrastructure projects while advocates higher tolerance in different beliefs and ways of life.

After losing GE14, UMNO sued for the return of RM117 million that party deems as political funds. UMNO claimed that the money was being transferred to Najib and now seized from his apartment in Kuala Lumpur. The UMNO communications team said: “The party Constitution allows for UMNO presidents to source and manage funds. Najib was managing our party's funding.”³⁶ On the one hand, UMNO is in the process of rebuilding and the return of party funds should post impact on the process. On the other hand, this has been one of Najib’s firm claims to deny any wrongdoings. The vague line between Malaysia's biggest political party and its leader surly posts a political room to manoeuvre, especially in party finance.

Chart 3. Five Morphing Political Landscapes and Uncertainties It Faces

Four Pillars	What eroded Najib's and BN's Legitimacy
Addressing corruption and abuse of power	If structural issues aren't solved, patronage might swing back to Najib.
Relation with China	Mahathir has toned his anti-China rhetoric down after elected.
Religious and ethnic tolerance	Vision 2020 might not dissolve the major barrier to national integration, as religion and ethnicity are deep-rooted issues.
The promise of power transfer to Anwar Ibrahim	Anwar's “check-and-balance” role and peaceful power transfer.
UMNO's party finance	Najib had sourced for campaign contributions and party funds, which may impact UMNO's rebuilding and win him a political room to manoeuvre.

³⁵ Tan, C. (2018) “Malaysia’s PM-designate Anwar backs review of Malay privileges.” *Nikkei Asian Review*.

³⁶ Jaya, P. (2018). “Umno claims millions of dollars seized by police from Najib belongs to the party.” *The Strait Times*.

V. Conclusions

The United Malays National Organization (UMNO) which is widely considered the richest or one of the richest parties in the region. Actually, UMNO enjoys very stable financial support from its own corporate business with investments in public listed companies. The Party also receives generous donations from other companies, such as the Shaw Brothers, Genting Berhad, and the business empire of Daim Zainuddin, a former finance minister and skillful treasurer of the party for many years. Najib Razak, who is also finance minister, holds an unusual level of control over the country's and his party's finance.

This analysis has had several key aims. First, it elaborated BN garnered its legitimacy in neo-patrimonialism by four pillars—Malay and Islamic identity; international engagement to favor the party elites; producing socio-economic goods or security for its cadres; and abusing judiciary, police, press, and media to build electoral favor. Second, it has shown the 1MDB scandal knocked these pillars down and ended in losing GE14. Malaysian have grown alienated by the corruption and poor performance in economics are the last draw. Third, this analysis has documented how the morphing political landscapes would look like and the uncertainties Malaysian face, including 1MDB scandal aftermath, interior power transfer, relation with China, and party finance.