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## **1MDB and Consolidation of Power: Challenges to the Najib-led Government**

*By Saleena Saleem and David Han Guo Xiong*

### **Synopsis**

*Malaysian Prime Minister Najib Razak's recent moves at managing criticism over the "1MDB scandal" run the risk of appearing motivated solely by political self-preservation; this could negatively impact public confidence in his government.*

### **Commentary**

The NAJIB-LED government has a difficult job managing public calls for transparency over the 1MDB issue and upholding its credibility in an increasingly critical public domain. Recent strong-armed moves by the government that include the suppression of the media, sacking of dissenters within the cabinet, and implementing changes that have stalled the official investigations, not only give the perception of governmental interference over the 1MDB issue; they also heighten other challenges that the government will have to contend with: protests by civil society groups demanding transparency and accountability, and the potential for factional splits within UMNO.

Calls for more transparency over recent allegations that tarnish Najib's credibility have largely not been met. Instead, the government has responded to the increased public scrutiny with the temporary suspension of printing permits in Malaysia of two print publications by *The Edge* and an online blocking of the London-based *Sarawak Report*.

### **Impeding transparency**

Unfortunately, these moves have been perceived as impeding transparency over 1MDB. This may further tarnish Najib's credibility, and by extension, his government. Civil society groups in Malaysia have criticised the government of trying to curb public debate via social media, instead of being more transparent in its investigation.

The Malaysian authorities have also issued an arrest warrant for Clare Rewcastle Brown, the founder of *Sarawak Report*. Ostensibly, the government is seeking to deter further negative speculations on the 1MDB issue. Ironically, the attempt to remove the messenger without rebutting the message with a clear and unambiguous response may be counterproductive, as it could trigger unnecessary public attention to the content of the *Sarawak Report*.

It is also a futile attempt as Internet-savvy users have the technical know-how to access blocked websites through proxy servers. Such actions by the government reinforce a public perception that there is an element of truth to the scandal, and gives the impression that the government is withholding facts from the public.

Indeed, this 1MDB saga and how it is played out reflects the ongoing tensions between Barisan Nasional's (BN) "Old Politics" of communal-based, money politics characterised by authoritarian restrictions and coercive laws, versus the "New Politics" which advocates good governance and pluralistic democratic participation based on social justice and multi-ethnicity. By holding on to the practices of "Old Politics" in handling the 1MDB debacle, the Najib-led government is going against the tide of public opinion that has called for more accountability and transparency in governance.

Public displeasure against the government has grown, not abated. The opposition and civil activists will continue to mount their criticism of Najib and his government. The upcoming Bersih 4.0 rally at the end of this month could amplify the increasingly negative public sentiments.

### **Consolidating political leadership**

By removing dissenters within the government, including his deputy prime minister Muhyiddin Yassin, Najib has consolidated his political leadership, for now. Initial speculations that Muhyiddin, who remains UMNO deputy president and commands overwhelming support in his home state of Johor, would lead an UMNO factional break-out appeared to have fizzled out after he expressed solidarity with the party. With the majority of UMNO divisions rallied behind him, Najib appears to have the unified front he was seeking.

The recent official explanation from the Malaysian Anti-Corruption Commission (MACC) that the funds transferred to Najib's personal bank accounts was a political donation, and not from 1MDB offers a plausible enough counter-narrative for Najib supporters today compared to a month ago where none was forthcoming at all. Now that there is something tangible to coalesce around, and given the shift in power dynamics, it may be in UMNO members' collective interests to close ranks.

However, UMNO's show of solidarity for Najib may be tenuous and conditional. Najib's move has served to sharpen lines within the party. One indication of this divide is that even after his ouster and proclamation of party support, Muhyiddin has continued to highlight the worry that negative public perception is a serious enough issue that if left unaddressed would lead to BN's fall at the next general election. Support can be shifted from Najib to the faction within UMNO sharing Muhyiddin's sentiments, should there be damaging revelations in the future.

Further, Najib's co-option of Public Accounts Committee (PAC) members into his cabinet, and replacement of the special taskforce's head have indefinitely frozen the 1MDB probes by these groups, whose function was to secure government accountability. Notably, MACC's explanation about the money transfers into Najib's account came only after the move to stall the probes. Even so, the MACC itself was not immune from change – senior officers who accused the police of harassment were abruptly transferred out, only to be re-instated after a public outcry. The nature of these changes and their outcomes can feed into a perception of governmental interference into the 1MDB investigation.

### **Erosion of public confidence**

Public perception of political leaders is a barometer by which the overall trustworthiness of a government is judged. Government trustworthiness is related to perceptions of policy effectiveness, transparency of information and public accountability. As a political leader, Najib falls under public scrutiny, not only because the debt-ridden 1MDB was his brain-child, but also because he concurrently holds the prime minister and finance minister posts and is the chairman of 1MDB's advisory board. Therefore, public accountability over 1MDB's troubles falls heavily on Najib's shoulders.

While Najib has continuously maintained that 1MDB funds were not misappropriated, and the allegations are political sabotage, his government's recent actions appear to have created a public

perception of silencing criticism and impeding further official probing into 1MDB. Such actions potentially create information gaps that can only fuel public distrust.

Short of a massive governmental crackdown, local news outlets and online social media are likely to continue to magnify criticisms on the Najib-led government's handling of 1MDB, and to push for more transparency. Governmental moves that reinforce negative perceptions lead to an erosion of public confidence in the long-run, and the consequent oppositional challenges runs contrary to the political stability Najib ultimately seeks.

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*Saleena Saleem is an Associate Research Fellow and David Han Guo Xiong is a Research Analyst with the Malaysia Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore.*

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**Nanyang Technological University**

Block S4, Level B4, 50 Nanyang Avenue, Singapore 639798  
Tel: +65 6790 6982 | Fax: +65 6794 0617 | [www.rsis.edu.sg](http://www.rsis.edu.sg)