

Deepening political crisis in Malaysia

# Behind the sacking and arrest of Anwar Ibrahim

Peter Symonds  
3 October 1998

For the first time in more than a decade, the Malaysian regime headed by Prime Minister Mahathir Mohamad is being rocked by a continuing wave of anti-government demonstrations and rallies. Over the last week, tens of thousands of protesters have taken to the streets of Kuala Lumpur, defying a government ban on public gatherings and braving the attacks of hundreds of riot police armed with water cannon, tear gas, electric prods and batons. At least 150 people have been arrested.

The immediate impetus for the protests has been Mahathir's heavy-handed treatment of former deputy prime minister and finance minister Anwar Ibrahim. Sacked from his government posts on September 2 and expelled from the ruling United Malays National Organisation (UMNO), Anwar was subjected to a barrage of flimsy allegations in the government-controlled press, involving sexual indecency, hindering police investigations and sedition.

Anwar, who has vigorously denied the accusations, was arrested on September 20 and held for nine days under the country's Internal Security Act (ISA) before being taken into court on Tuesday and charged with three counts of corruption and four of homosexual acts. He had visible bruising to the face and neck and accused the police of beating him unconscious on the first night of his detention.

The roots of the political crisis, however, lie far deeper. The rapid emergence of the rift between Mahathir and his former right-hand man Anwar has revealed sharp divisions within the bourgeoisie fueled by the country's economic slump. Moreover, it has exposed the fragility of the entire post-war structure of Malaysian politics.

In the space of a little more than a year, the so-called economic miracle in Malaysia, as in the rest of East Asia, has collapsed. The country is officially in recession after recording two quarters of negative growth and the economy is expected to shrink by 5 percent for the year as a whole. Since the beginning of last year, the ringgit has lost 35 percent of its value and Malaysian shares have slumped by 80 percent. The level of bad debt is expected to reach 25 percent of GDP by the end of the year.

Sharp tensions began to emerge within the government last year as major banks, finance houses and corporations faced mounting levels of bad debt and the prospect of bankruptcy. Under pressure from the IMF and international investors, then finance minister Anwar announced a package of austerity measures in December

which slashed government spending by 18 percent for 1998, revised growth rates, cut ministerial salaries and deferred major investment projects.

Hardest hit were those sections of big business, particularly among the *bumiputera* or indigenous Malay entrepreneurs, who have always relied on their close contacts with UMNO and the state apparatus for contracts, licences, cheap credit and other preferential treatment. Anwar bluntly warned at the time that the powerful and politically connected tycoons could not expect any protection. 'There is no question of any bailout. The banks will be allowed to protect themselves and the government will not interfere,' he said.

By contrast, Mahathir began making strident public attacks on the predatory activities of international capital and speculators. His calls for economic regulation reflected the intense financial pressures on Malaysian corporations that were desperate for government assistance, not tougher monetary and credit measures. His entire political career from the 1960s onwards has been bound up with the communalist championing of *bumiputera* businesses and Malay rights at the expense of Chinese and other ethnic groups.

The tensions erupted at the UMNO national conference held in June. During the lead-up to the meeting, Anwar and his supporters mounted a thinly-veiled challenge to Mahathir in the guise of an attack on nepotism and cronyism in UMNO and the government. Anwar pointedly referred to the resignation of Indonesian president Suharto in May, warning that if Malaysia did not counter corruption then, as in neighbouring Indonesia, 'the people may demand changes'.

Mahathir used the conference to answer his critics and effectively sidelined Anwar by inserting former finance minister Daim Zainuddin, a close political ally, into a key economic post as Minister of Special Functions. Daim, a millionaire businessman in his own right, was closely involved in the Fleet Group, a holding company for UMNO's extensive business operations.

In the manner of previous UMNO leadership struggles, a campaign against Anwar was set in train with the distribution to conference delegates of the book *50 Reasons Why Anwar Cannot Be Prime Minister*, containing all the unsubstantiated accusations which form the basis of the present criminal charges. Whether true or false, these allegations were simply a political cover for the

repudiation of Anwar's policies and a fundamental shift of economic direction.

On September 1, the day before Anwar was sacked from his posts, Mahathir announced a series of far-reaching economic regulations aimed at controlling speculation in Malaysian currency and stocks and creating the basis for easing interest rates and bank credit to stave off a string of corporate bankruptcies. The previous week he had forced the resignation of Malaysia's central bank governor and his deputy, both of whom had opposed the changes.

#### The 'reformasi' movement

Anwar is now being hailed in the international press as a champion of democratic reforms. But the slogan of 'reformasi' has two fundamentally opposed political meanings. For workers, young people and elements of the middle class who have participated in the anti-government demonstrations, it expresses their legitimate aspirations for genuine democratic rights, an end to political repression and a dramatic improvement in living standards.

But for Anwar, his close collaborators and bourgeois opposition politicians, the content of the 'reforms' is the implementation of the economic agenda demanded by the IMF on behalf of international finance and the transnational corporations--the tearing down of all obstacles to the free movement of capital and profits, and the exploitation of the cheap labour of the working masses. Anwar has been recognised internationally as a proponent of 'free market reforms'. In 1996, *AsiaMoney* nominated him as Finance Minister of the Year, and in 1997 he was hailed by *Time* as one of the new breed of Asian leaders.

Even after he was sacked and then expelled from UMNO, Anwar only very belatedly and reluctantly began to call anti-government protests. For two weeks he confined his political activity to meetings of supporters at his home in Kuala Lumpur and repeatedly put off plans for a series of rallies around the country. Only when it became apparent that no compromise with Mahathir was possible did he tentatively launch a 'reform' campaign that culminated in a demonstration of some 50,000 people in Kuala Lumpur on September 20--the day before his arrest.

Like all bourgeois politicians who seek to exploit the aspirations of working people for their own political ends, Anwar feared that the protests and demonstrations would trigger a broader movement of the working class and undermine the stability of Malaysian capitalism as a whole. The economic breakdown has already fueled widespread discontent among workers, small farmers, traders and sections of the middle class who have been hit by a doubling of the jobless rate and rising prices.

Anwar's credentials as a 'democrat' are being bolstered by an array of opposition political parties, non-government organisations and human rights groups. Last weekend two new opposition coalitions were formed--an Islamic-based coalition, *Majlis Gerakan Keadilan Rakyat* (MGKR), and *Gagasan Demokrasi Rakyat*, comprising 18 different parties and organisations. The three main opposition parties--the ethnic-Chinese based *Democratic Action Party* (DAP), *Parti Islam se-Malaysia* (PAS), which supports the formation of an Islamic state, and *Parti Rakyat*

Malaysia--have all lined up behind Anwar.

The character of these coalitions is revealed by their uncritical adoption of Mahathir's former right-hand man Anwar and his wife Wan Azizah as de-facto leaders of the opposition movement. Throughout his 17 years in UMNO, Anwar has never been anything but a loyal defender of all of the government's policies, including its repeated abuse of basic democratic rights. He joined UMNO in 1982 at the invitation of Mahathir, who helped him to rise rapidly up the ranks to become deputy leader in 1993 and heir apparent to the 73-year-old prime minister.

Many of Malaysia's protesters have drawn inspiration from the student demonstrations in Indonesia last May which forced the country's long-time military dictator Suharto to step down. But a closer examination of events reveals the political dangers of a protest movement subordinated to bourgeois opposition figures such as Amien Rais and Megawati Sukarnoputri.

In the absence of a program orientated to independently mobilising the masses of workers, peasants and poor people to fight for their social needs, the ruling elite was able to insert Suharto's protégé B.J. Habibie as president to head a regime in which the military retain all the key levers of power. Over the last four months, police and army troops have been repeatedly mobilised to crack down on protests, strikes and rallies.

Behind the rhetoric of reform and the trappings of democratic change, the Habibie regime has pressed ahead with the IMF's agenda, resulting in soaring levels of unemployment, poverty, homelessness and hunger. According to government estimates, half of the country's population will be living below the official poverty line by the end of the year--a figure so austere that it barely meets the daily cost of basic food requirements.

Throughout the Asian region, as the economic crisis has worsened, so-called democratic regimes and long-time opposition figures such as Kim Dae Jung in South Korea and Chuan Leekpai in Thailand have been installed for the purpose of making more palatable an economic program which is leading to widespread misery and hardship. Any government headed by Anwar Ibrahim or the opposition parties in Malaysia would be no different.



To contact the WWSW and the Socialist Equality Party visit:

**[wwsw.org/contact](http://wwsw.org/contact)**