

Behind the US reaction to the Anwar conviction in Malaysia

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News of the conviction of Malaysia's former deputy prime minister Anwar Ibrahim has provoked sharp criticism internationally. Anwar was found guilty on August 8 on charges of sodomy along with his adopted brother Sukma Dermawan and sentenced to nine years in jail. The governments of Canada, Australia, New Zealand and a number of European powers have issued official statements condemning the decision of the High Court in Kuala Lumpur.

The sharpest censure came from the Clinton administration in the United States. Vice President and Democratic Party presidential candidate Al Gore denounced the proceedings as a "show trial" that "mocked international standards of justice". Gore's attack was backed by US Secretary of State Madeleine Albright in comments made after the annual meeting of the foreign ministers of the US, Canada and Mexico. She rejected claims by Malaysian government ministers that the international condemnation of the trial constituted interference in Malaysia's internal affairs, saying the trial was "not a fair process".

Albright also made clear Washington's attitude to the Mahathir government in a letter to Anwar's wife, Wan Azizah Wan Ismail. Albright stated: "There are lots of things that Dr Mahathir [Malaysian prime minister] has done that I don't think serve Malaysia well and are not within the spirit of how Asian countries are evolving. There are certain countries where people deserve better, Malaysia is one of them."

The trial was certainly a brazen political frame-up designed to cripple Anwar's ability to lead the opposition to Mahathir and the coalition government led by Mahathir's United Malays National Organisation (UMNO). In deciding Anwar's guilt, the presiding judge dismissed out of hand evidence supplied by Anwar's lawyers that their client was the victim of a high level political conspiracy. His nine-year jail term will begin after he has finished six years in prison, after being found guilty of corruption in 1999 in another politically motivated trial.

The US administration, however, is not concerned about

the injustice of Anwar's trial or the lack of democratic rights in Malaysia. Washington has had no compunction before in backing some of the world's most brutal regimes including in Asia, where it supported military dictatorships in Indonesia, Thailand, Taiwan, South Korea, South Vietnam, Pakistan and the Philippines for decades. In the case of Malaysia, the US turned a blind eye to the anti-democratic practices of successive UMNO-led governments for 40 years.

Behind the US criticism of Anwar's conviction is a definite political and economic agenda. Mahathir is viewed as a thorn in the side of US interests because of his refusal to carry out the demands of US capital after the 1997-98 Asian financial crisis. As well he has openly advocated the formation of an Asian trade bloc centred on Japan and was central to attempts to exclude the US, Australia and other Western countries from the Asia Pacific Economic Cooperation (APEC) forum.

The US, acting through the International Monetary Fund (IMF), sought to exploit the Asian financial crisis to press ahead with long-held plans to dismantle the government regulations, trade and investment barriers and close relations between government and business that hindered opportunities for US corporations in Asia. Countries like South Korea, Malaysia and Thailand, hailed only years before as part of the "Asian miracle," were criticised for their "crony capitalism".

Within the Malaysian government, Anwar Ibrahim, who was finance minister as well as deputy prime minister, was the leading advocate of the IMF's plans for opening up the Malaysian economy to foreign investment. In doing so, he spoke for sections of business in Malaysia that were frustrated by the close connections between UMNO, the government, the state apparatus and particular corporate groups.

Anwar's budget measures of December 1997 included a series of austerity measures demanded by the IMF. Government spending was cut by 18 percent, major investment projects were deferred and further economic

reforms were foreshadowed. As Asian currencies fell and companies were rendered incapable of paying their debts, Anwar warned that the government would not use public funds to protect Malaysian businesses connected with UMNO and the government from bankruptcy. "There is no question of any bailout. The banks will be allowed to protect themselves and the government will not interfere," he said.

The reaction was immediate both inside UMNO and sections of big business that were likely to collapse. At the June 1998 UMNO conference the booklet *50 Reasons Why Anwar Cannot Be Prime Minister* was circulated. This tract contained unsubstantiated gossip directed against Anwar that served as the basis for the charges in his two trials. No action was taken against Anwar at the time.

On September 1, 1998, however, Mahathir introduced a series of capital and currency controls that were aimed at shoring up failing businesses by bringing down bank interest rates. The following day Mahathir used the allegations of corruption and sexual misconduct to attempt to blackmail Anwar into resigning. When Anwar refused to step down, he was sacked and later expelled from UMNO along with a number of his close supporters. On September 20, after heading a large anti-government protest in Kuala Lumpur, he was arrested under the country's draconian Internal Security Act and later charged with corruption and sodomy.

Over the past two years, in defiance of the IMF, Mahathir has maintained the economic regime of currency and capital controls to prop up local companies and protect them from foreign competition. In doing so he has heightened the antagonism toward his government among US policy makers and corporate chiefs.

Wall Street's attitude was expressed in a comment in the August 21-28 issue of *Asia BusinessWeek*. The article refers to the decision of the Mahathir government to block attempts by Singapore Telecommunications to buy a 14.5 percent stake in the debt-ridden Time Engineering, the owner of Malaysia's most extensive fibre-optic network.

The magazine lamented the fact that the government action stopped the infusion of greater customer traffic, technical and market expertise from the foreign company. Instead, the government-owned investment arm Khazanah Nasional bailed out Time Engineering with a \$US1.4 billion infusion of cash. "As a result, Time Engineering will likely continue to stumble along until it needs another fiscal infusion, at a time when telecoms worldwide are practically printing money. The homespun plan to rescue Time is textbook Malaysia Inc.," the article complained.

It then listed a series of recent government-sponsored bailouts of troubled companies, including of the national carmaker, the national airline and the national sewerage company, and concluded: "The problem is that, instead of

turning troubled companies around, Mahathir's main objective still seems to be to ensure that Malaysia's biggest companies are controlled by his friends."

The comments of Gore and Albright on Anwar's conviction are designed to put further pressure on the Mahathir government over its economic program in particular. For his part Mahathir, who is astute enough to recognise what lies behind the US administration's concern over Anwar, has responded with his own particular brand of Malay nationalism. After a verbal attack by Gore during the 1999 APEC forum, Mahathir told a public rally: "Al Gore and his government only wants to manipulate and control our country."

Mahathir's attempt to wall off the Malaysian economy will only compound the country's economic problems. Foreign investment has already fallen 71 percent in the first five months of 2000 compared to 1999. The mergers and acquisitions that are sweeping Asia are rendering Malaysian companies even less competitive and can only aggravate the divisions within the ruling elite that has dominated political life for the last three decades.

Before the latest Anwar verdict was announced there were signs that his treatment is continuing to be a rallying point, even within UMNO, for opposition to the Mahathir leadership. Tan Sri Musa Hitam, chairman of the Malaysian Human Rights Commission, a longtime member of UMNO's inner circle and former deputy prime minister, issued a public statement declaring that Malaysians who wanted to hear the verdict in Anwar's trial should be allowed to assemble outside the High Court building. His rather mild comments will undoubtedly be seen as a rebuke to Mahathir who has not hesitated to use the police to crack down on his opponents and pro-Anwar protestors.



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