

Deposed deputy prime minister back on the Malaysian political stage

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Anwar Ibrahim, previously the deputy prime minister of Malaysia and deputy chairman of the governing United Malays National Organisation (UMNO), signalled his return to politics by participating in the campaign for a by-election in the state assembly seat of Pengkalen Pasir, held in the northern state of Kelantan on December 6.

Anwar's foray into the campaign, on behalf of a Parti Islam se-Malaysia (PAS) candidate who was narrowly defeated by UMNO, was his first public political activity since his release from jail in September 2004. He was imprisoned in 1999 after a crude frame-up organised by his former mentor, Prime Minister Mahathir Mohamad.

Mahathir and Anwar fell out in 1998 over how to respond to the Asian economic crisis of 1997. While Mahathir sought to protect business cronies connected to UMNO, Anwar advocated the IMF's open market policies. In a bitter political struggle, Mahathir imposed capital and currency controls then sacked Anwar and expelled him and his supporters from UMNO. When he began to campaign against the government, Anwar was arrested, beaten and charged with sodomy and abuse of power.

The Malaysian Federal Court belatedly overturned the sodomy charge in September 2004 and ordered Anwar's release from prison, but refused to lift the corruption conviction. As a result, Anwar is ineligible to stand for office until 2008. The court decision came after the replacement of Mahathir as prime minister by Abdullah Ahmad Badawi in 2003.

Last August, in a further indication of Anwar's political rehabilitation, a court ruled that a booklet, entitled "50 Reasons Why Anwar Cannot Be PM," was libelous and written solely to destroy Anwar's career. There is a certain irony to the court decision as the

booklet, authored in early 1998 by UMNO member Jafri Khalid, was the main source of the allegations and charges against Anwar later that year. The libel case was settled for \$US1.2 million in damages to Anwar.

In an interview in the same month with AFP, Anwar strongly hinted that he intended to play a more visible political role by criticising UMNO's economic policies. He particularly condemned the government for presiding over the large losses and scandals at major companies such as Malaysian Airlines, auto manufacturer Proton and Bank Islam.

Anwar's return to active political life was confirmed by his involvement in the Kelantan by-election. He participated as an advisor for the National Justice Party (Keadilan), which was nominally formed by his wife, Wan Azizah Wan Ismail, while he was in prison. Keadilan maintains a loose anti-government coalition with the Islamic fundamentalist PAS.

Keadilan's basic program consists of what Anwar advocated in 1998—the greater opening up of the Malaysian economy to foreign investment and competition. That was also the main theme of his speech to a rally of 10,000 on November 27. Anwar declared that he was "getting back the motion" for politics. "There's talk about strong efforts by UMNO to prevent me," he told the crowd. "Some cited the law, saying it would be contempt of court. But if I'm free, I have a voice."

Anwar accused Badawi of failing to honour his 2004 election promise to root out corruption from Malay business. "The fact remains that corruption is more endemic now, is more rampant," Badawi, he declared, "has to review the entire policy. If you continue to keep corrupt ministers, corrupt UMNO leaders, and you go and shout about anti-corruption, very soon we are going to be a laughing stock."

The fact that Anwar was able to make such a speech, without legal repercussions, is a sign that the debate over economic policy that was behind the events of 1998 has never really been settled. There are concerns in ruling circles that Mahathir's currency and capital controls, while helping to stabilise the economy, left Malaysia lagging behind its competitors. Capital restrictions were eased under Mahathir.

Last July, Badawi formally ended the 1998 currency controls that pegged the Malay ringgit at 3.80 to the US dollar. The result was a sharp increase in the flow of capital into the country. Interest rates have also been permitted to rise for the first time in seven years and tax incentives are being offered to investors, particularly in the IT industry.

Sections of the business elite and foreign investors are demanding the government go further to cut back various tariffs and regulations that protect local companies and to crack down on official corruption. There have also been calls for major cuts in fuel subsidies in order to slash government spending. There is no doubt that some sections of the ruling class, including in UMNO, see Anwar as the political vehicle for carrying out such policies.

Significantly Anwar told journalists at a Keadilan conference on December 22: "I have many friends in UMNO, especially at the divisional level. They meet me to talk and discuss issues. I have never at any time refused to meet them. In discussions with me, they have always asked me if I could rejoin UMNO and my answer has always been no." While declaring the organisation had become too "corrupt" to join, Anwar did not rule out the possibility of reentering the ruling party if it "underwent a change".

The return of Anwar to a leading position in UMNO is not beyond the bounds of possibility. Under Malaysia's autocratic form of rule, political brawls in the ruling elite have taken similar, rather bizarre forms before. Leading UMNO figures have been vilified, expelled and jailed on trumped-up charges, only to be rehabilitated and brought back onto the political stage when the need arose.



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