

Anwar Ibrahim wins seat and returns to Malaysian parliament

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The return of Anwar Ibrahim, former opposition leader, to parliament last month will only heighten tensions within the unstable ruling five-party coalition, Pakatan Harapan (PH), which presented its first state budget last week.

Anwar was jailed on trumped up charges by the previous United Malays National Organisation (UMNO)-led government, which suffered a historic defeat in the May 9 general election. UMNO had clung to power since formal independence from Britain in 1957 as a result of an electoral gerrymander and its use of police state measures against its opponents.

Anwar returned to parliament after winning a by-election on October 13 in the west coast town of Port Dickson with 72 percent of the vote. He was able to stand after Prime Minister Mahathir Mohamad obtained a pardon from the head of state, King Sultan Muhammad V, for his conviction on sodomy charges.

The pardon was part of a deal worked out in January, in which, if the PH won the election, Anwar, now 71, would enter parliament, and then in the latter half of 2020, succeed the 93-year-old Mahathir as prime minister.

Anwar has made clear that, for now, he was sticking to the deal. He told the media he was not seeking a cabinet post and that Mahathir should be given “the space and latitude to continue unaffected by the constraints of time or pressure.” Anwar added that the decisions that have to be made by “Doctor Mahathir” must have “total unequivocal support by Pakatan Harapan, and that includes me.”

Such effusive expressions of loyalty should not be accepted at face value. After all it was “Doctor Mahathir” who first framed-up and jailed Anwar on sodomy and corruption charges in 1999 after the two fell out over how to respond to the Asian financial

crisis of 1997-1998. Anwar was physically beaten by the country’s police chief while in custody leaving him with lifelong injuries.

The differences over economic policy that erupted in 1998 remain. Both were members of the UMNO-led government at the time—Mahathir as prime minister and Anwar as deputy prime minister and finance minister. Mahathir, who was intent on imposing currency and capital controls to protect the crony businesses associated with UMNO, expelled Anwar and his supporters after Anwar sought to follow the International Monetary Fund’s demands for an opening up of the Malaysian economy.

The defeat of UMNO this year was driven by widespread concerns over the cost of living, low wages and salaries, housing, and hostility towards corrupt and anti-democratic government and its racist policies of preference for the ethnic Malay elite. UNMO’s policy, which Mahathir had long supported, was pursued at the expense of the country’s Chinese and Indian minorities and the working people as a whole.

Anwar and the parties closest to him in the ruling coalition—his own People’s Justice Party (PKR) and the ethnic Chinese based Democratic Action Party (DAP)—represent layers of the ruling class more oriented to international investors and markets that are seeking an end to preferences for Malays in jobs, business and education, and pro-market policies.

In the May election, the PKR gained support from urban Malays on the more developed west coast of Peninsular Malaysia and in Johore, while DAP depended largely on the votes of ethnic Chinese. Mahathir and his United Malaysian Indigenous Party (PPBM) won support among rural Malays in more economically backward areas.

The new government has made limited economic

concessions aimed at defusing anger over deteriorating living conditions. It has abolished the floating price for RON95 petrol and diesel and fixed prices at 2.20 Malaysian Ringgit (RM) and RM2.18 per litre until the end of the year when it will move to implement the fuel subsidy policy in the PH manifesto.

In addition, the government has replaced the goods and services tax, which hit lower-income families hard, with a sales and service tax, and changed the arrangements for student loan repayments. At the same time, it is reviewing all expenditures on unpopular mega-infrastructure projects connected to China's Belt and Road Initiative.

In an interview in September, Mahathir warned that the 2019 budget would entail sacrifices due to the RM1 trillion in debts and liabilities incurred under Prime Minister Najib Razak which include up to \$US6 billion allegedly looted by Najib and his cronies from the 1MDB state investment fund. "Everyone will have to sacrifice. We can't spend more than our earnings," Mahathir declared.

While the financial elite was expecting the government to rein in spending after Najib's 2018 election budget of RM280.25 billion (\$US67.35 billion), Finance Minister Lim Guan Eng handed down a budget last week with a record expenditure of RM314.5 billion, with some limited assistance to low income households. As a result, the budget deficit is set to rise to 3.8 percent of GDP, up from 2.8 percent.

Prior to the budget, Ramon Navaratnam, chairman of the Asian Strategy and Leadership Institute's Centre of Public Policy Studies, told the media that he agreed with budget restraint and helping the poor. But what was needed, he said, was to ensure qualitative growth was the reduction of, or better, the elimination of, monopolies, protective policies and race-based programs.

This is the program favoured by the PKR and DAP and the more competitive sections of Malaysian capital which is likely to bring about conflict with Mahathir, who retired as prime minister in 2003 after 22 years in the job. However, he re-entered politics in 2014 and ended his support for Najib after the government signed up to the Obama administration's Trans-Pacific Partnership. Mahathir declared that it would turn Malaysia into an economic colony of the United States.

Mahathir latched onto the 1MDB scandal in which

Najib was directly implicated to build an alliance to topple the UMNO-led government. He offered Anwar and the opposition coalition a common platform to exploit the mass discontent, and formed his United Malaysian Indigenous Party (PPBM) to garner enough Malay votes from traditional UMNO voters to defeat the gerrymander. These offers were accepted in January by the PKR and DAP and the Muslim based Amanah at Anwar's insistence. A deal done by Mahathir brought the Sabah-based Warisan party into PH before the election.

As well as his economic concessions, Mahathir has sought to appease mass discontent by prosecuting Najib and his cronies in the courts. At the same time, he has presented his purge of hundreds of senior police officials and public servants with close connections to UMNO as "democratic reforms". In reality, these moves are to strengthen Mahathir's position both against UMNO and also Anwar and his supporters.

While there is an uneasy truce in the ruling coalition, factional warfare is likely to break out, sooner rather than later, as the contradictions inherent in the deal struck between Mahathir and Anwar are by worsening global economic instability and sharpening geopolitical rivalry, particularly between the US and China.



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