

# Malaysia's Anwar Ibrahim: Wolfowitz's Knife in Asia's Back

by Mike Billington

Simultaneous with the confirmation of Paul Wolfowitz to become the head of the World Bank (where, it can be credibly argued, he will be in a position to kill more people than he did at the Defense Department), a longtime friend of Wolfowitz, Malaysia's Anwar Ibrahim, made a reappearance in the international limelight. When Anwar was released last year after six years in prison in Malaysia, he flew directly to Germany, and Wolfowitz took time from his busy schedule at the Pentagon to join his old friend in Europe. On April 5, the Johns Hopkins School for Advanced International Studies (SAIS) in Washington hosted Anwar for his first address in the United States after his release from incarceration, where it was announced that Anwar had been hired as a "visiting scholar" at SAIS, while he finishes writing his prison diaries. Wolfowitz had been the director of SAIS in the 1990s, before he joined George W. Bush's Administration as Deputy Secretary of Defense, where he became the leading proponent of pre-emptive war, to impose "democracy" on target nations through military means. In 1995, Anwar had been a guest of Wolfowitz at SAIS, and was greeted this year like a returning hero.

Other Washington institutions connected to the National Endowment of Democracy networks of "civil society" intelligence operations are also honoring Anwar, with distinctions such as "Democrat of the Year." Informed of Anwar's new appointment at SAIS, one knowledgeable Malaysian official sighed, "Ah, so this is how the U.S. plans to finance Anwar's subversion of Malaysia!"

Wolfowitz, a leading neo-conservative proponent of American Empire for the past several decades, is using Anwar as one of his weapons in Asia, aimed at preventing the necessary united action of Asian and European nations in the face of the ongoing collapse of the dollar and the International Monetary Fund (IMF)-centered financial system. The primary target is China. The Wolfowitz plan is to disrupt the unity of the Association of Southeast Asian Nations (ASEAN) and its growing alliance with China, by (among other things) turning Indonesia against Malaysia, an alliance which stands at the center of ASEAN. Anwar is playing his part in the scheme.

Anwar became famous worldwide after the 1997-98 speculative attack on the Asian economies by George Soros and

his fellow hedge-fund jackals. While Indonesia and other Southeast Asian economies succumbed to the demands of the IMF, subjecting their economies to murderous austerity conditionalities in exchange for temporary debt relief following the collapse of their currencies, Malaysia, under the leadership of Prime Minister Dr. Mahathir bin Mohamad, refused to subject its population to IMF dictates. Nonetheless, Dr. Mahathir at first allowed Anwar, who was then his Deputy Prime Minister and Minister of Finance, to follow his personal preference for what became known as "IMF policies without the IMF": across the board austerity, interest rate hikes, and the cancellation of major infrastructure projects.

By the Summer of 1998, Indonesia, which had called in the IMF for help, was destitute, the population suddenly reduced to penury, the banking system bankrupt, the currency in free fall, the government reduced to groveling before the IMF managing director, and ultimately collapsing. Thailand and Korea were in similar, if less severe, crises. Malaysia was heading in the same direction. Then, on Sept. 1, 1998, Dr. Mahathir shocked the world by breaking all the rules of IMF orthodoxy, imposing selective currency controls, ending speculation in the ringgit (the national currency) by pegging it to the dollar—and firing Anwar Ibrahim. Anwar and a handful of followers went on a rampage, attempting to carry out a popular revolt to overthrow Dr. Mahathir. Despite open support from neo-conservatives in the West, including especially U.S. Vice President Al Gore and Secretary of State Madeleine Albright, Anwar's "people's power" revolt went nowhere, and he soon found himself in prison, convicted of abuse of power and morals charges.

The results are well known. Despite the screams from the IMF and the Anglo-American banking institutions, that Dr. Mahathir was leading Malaysia down the road to Hell, that his nation would soon find itself destitute, cut off from the "responsible" world, and would likely find itself begging for the IMF to come to its rescue, the opposite occurred. While all those nations subjected to IMF policies suffered social crises and a massive increase in poverty, Malaysia alone among the Asian countries attacked by the speculators retained social stability and relative economic well-being. The devastation in neighboring Indonesia was the worst, as the

currency was driven down to a third of its former value, tripling the country's huge foreign indebtedness virtually overnight, while poverty rates exploded. The Indonesian economy has only partially recovered still today. Even the IMF admitted (although long after the fact) that the vicious austerity and credit contraction policies it had imposed on the desperate government of Indonesia had been a terrible mistake.

### Embrace of the IMF, and Wolfowitz

On the occasion of Anwar's recent appearance at SAIS, *EIR* asked him the following question: "Even the IMF has acknowledged that its prescriptions for the Asian economies after the speculative attack of 1997-98 only made the crisis worse. Your policies for Malaysia after the attack were well known to be consistent with those of the IMF, until they were reversed by Dr. Mahathir's currency controls, and your simultaneous removal from office. Are you also now willing to admit that, had your policies been followed, the result would have been a disaster for your country?"

Anwar's response, and his presentation generally, indicate that he is not primarily interested in regaining any position of trust or leadership within his own country, or even within the party which was created in order to build support for him after his arrest, Parti Keadilan Rakyat. Rather, he is embracing, by name and with little reservation, the persons and the policies of the much hated (in Malaysia and elsewhere) George Soros, the architect of global speculation; Paul Wolfowitz, the leading promoter of pre-emptive war; and the bankrupt and discredited IMF.

"I was right, of course," proclaimed Anwar. He claimed that he had some differences with the IMF, but "the way the country was spending had to be addressed, whether they were among the IMF prescriptions or not." He said that it was "beneficial" for the IMF to come into Malaysia and discuss their ideas. He expressed support for the IMF's denunciation of all major infrastructure projects, as wasteful "megaprojects," as if their only value were to provide financing for the "cronies" who were involved in the construction. The Bakun Dam was singled out for condemnation. He acknowledged that he had circulated Soros's papers to policymakers, and had defended Soros when Dr. Mahathir denounced him as a thief and a moron. And, on the success of Dr. Mahathir's program in saving Malaysia from the fate of its neighbors, Anwar said: "Yes, the growth was robust, the people escaped poverty—but that was all on the surface [!]. Underneath, there was corruption, no transparency, authoritarian leaders, and no free media."

Most disturbing, even to his supporters in Malaysia, was Anwar's effusive praise of Wolfowitz. In a Bloomberg interview in Hongkong on March 18, Anwar welcomed the Wolfowitz appointment to head the World Bank, saying that Wolfowitz "passionately believes in freedom, and understands the issues of poverty, environment degradation, living conditions and health issues which are very much a World



*Anwar Ibrahim (center) during a recent meeting with his friend Paul Wolfowitz (right), a leader of the U.S. neo-con faction promoting pre-emptive wars. Anwar has effusively hailed Wolfowitz's appointment to head the World Bank.*

Bank agenda." While people in Iraq may find this characterization less than amusing, Anwar is careful to explain that he was not a supporter of the U.S. invasion of Iraq. Nonetheless, he displays how far he is willing to go in defense of the neo-conservatives who are sponsoring him, by adding: "But I don't believe that that war was directed against the Muslims or the Iraqi people."

The deputy president of Anwar's Keadilan Party, Dr. Syed Husin Ali, rushed to distance himself from this embrace of the hated Wolfowitz. "He is an advisor," Syed Husin told the online opposition news service Malaysiakini on April 8, referring to Anwar. "He can give advice to us, but he cannot determine the party's policy," he said, insisting that Anwar's backing of Wolfowitz was only his personal view, and did not reflect the party's position.

### Turning Indonesia Against Malaysia

The clue to Anwar's intentions (or rather, the intentions of Wolfowitz, with the assistance of Anwar) were revealed in his attempt to set Indonesia against Malaysia. Indonesia's democratic transformation since the 1997 crash, said Anwar, has been the "most important development in the Muslim world in this century." Although many people describe Malaysia as a model of a successful, democratic Islamic nation, said Anwar, this is totally wrong. Malaysia is a dictatorship, even after Dr. Mahathir's retirement, he insisted, while the true model of Islamic democracy is Indonesia. Ironically, Anwar admitted that Indonesia was in dire need of economic growth and an end to corruption, but the contradiction did not seem to concern him in the least.

In an interview in *The Age of Australia* on March 21, Anwar described the devastation following the speculative destruction of the Asian economies in 1997-98 as a *positive* development, "a gale of creative destruction that shook the complacency of Asian societies and the governments."

The tie to Australia is significant. The Australian government of Prime Minister John Howard is closely allied with the Bush Administration on all strategic matters, and is participating in the Wolfowitz effort to woo the new Indonesian government of President Susilo Bambang Yudhoyono to ally with the neo-conservative regimes in Washington and Canberra, in exchange for military deals and investments. Howard has induced Yudhoyono to support Australia's effort to be included as a founding member of the East Asian Summit (EAS), when it is launched later this year. This is strongly opposed by Malaysia and China, among others, and thus puts Indonesia at odds with Malaysia.

Howard, however, has most likely poisoned any chance Australia may have had to be admitted to the EAS, when he refused to sign the Treaty of Amity and Cooperation with ASEAN, even though it has been signed by Japan, China, South Korea, and India, among others. The Treaty forswears the use of military aggression against other co-signers. Howard, like the Bush Administration, refuses to give up the right to pre-emptive military intervention against his neighbors, a threat which no nation can afford to ignore in the Bush/Cheney era.

Wolfowitz presents himself as a "friend of Indonesia," using his experience as Ambassador to Indonesia in the 1980s as evidence of his competence to run the World Bank. "People in Indonesia have a different view of me" from that of his critics, Wolfowitz told Bloomberg News on March 18. While Anwar contrasts Indonesia's democracy to the supposed dictatorship in Malaysia, Wolfowitz often contrasts Indonesia to the Islamic nations of Southwest Asia, to justify U.S. military adventures to bring "democracy" to the Arabs.

Wolfowitz served as Ambassador to Indonesia from 1986 to 1989, while hot money was pouring into the country, leading to significant development and relative prosperity—and a good reputation for Wolfowitz. However, as was painfully learned after 1997-98, the foreign contracts which brought about this development were of the "economic hit man"<sup>1</sup> variety, since the entire risk had been imposed on the Indonesian side. Enron and other power companies, for instance, succeeded in getting guarantees from the Suharto government (usually with a member of the Suharto family involved), that the government would purchase the full capacity of power plants *whether or not it was needed or used*, while it was to be purchased in dollar-denominated prices. The foreign debt was also to be paid in dollars. When the speculators destroyed the Indonesian currency and economy in 1997-98, the nation's debt tripled overnight, while the government was forced to purchase unneeded electricity at triply-inflated prices. The memory of Wolfowitz as a friend of Indonesia darkened a bit. His subsequent role as architect of the imperial

war on Iraq turned it to black. For Wolfowitz to imagine that he is still admired in Indonesia, is as far from reality as Anwar's fantasy that the neo-conservatives will win him a place of respect in Malaysia.

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1. See John Perkins, *Confessions of an Economic Hit Man: How the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions* (San Francisco: Berrett-Koehler, 2004).