

Mahathir: National Hero, Gobal Bad Boy

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With the retirement of Malaysian Prime Minister Mahathir Mohamed not only has Malaysia lost the leader who perhaps more than any Malaysian Prime Minister - including the 'father of the Nation » Tunku Abdul Rahman - Southeast Asia sees the departure of the last of its 'heavyweight' leaders marked by the period of independence. A page has been turned, even if, as I will suggest a certain continuity can be expected in the policies pursued by his successor Abdullah Ahmad Badawi.

Any judgement on the twenty-two years of Mahathir's prime ministership must be nuanced. While plans for teaching courses in « Mahathirism » in schools and universities seem to have been shelved, Mahathir in the last year of his prime ministership has been the object of numerous studies ranged from the hagiographies to serious critical analysis. (1). During the course of his twenty years in office Malaysia has undergone an extraordinary economic and, to some extent, social transformation. According to World Bank statistics in PPP terms GNP per capita was \$2,320 in 1981, but had almost quadrupled to \$8,920 in 2002. During most of the '80s till the economic crisis of 1997-8, Malaysia experienced double digit growth rates. Malaysia's rebound from the economic crisis, which saw negative growth of - 7.5% in 1998, was rapid with 6% growth in 1999 and UNCTAD forecasts for just over 4% in 2003.

These growth figures indicate the transformation of Malaysia from an exporter of natural commodities to a manufacturing hub. With this growth has occurred a rapid urbanisation of Malaysia and a concomitant increase in the middle class, especially the Malay middle class. Two questions, however, come to mind. On the one hand, to what extent were Mahathir and the policies pursued by him responsible for this growth and on the other, how did Mahathir and the policies he introduced impinge on the social and political side effects of this growth. To deal with the first question it could be argued that many factors were already in place prior to Mahathir's appointment as Prime Minister. The solid rural base of the Malaysian economy and the country's rich endowment in energy sources provided the launch pad for industrial development. The export of palm oil and the largesse of the national petroleum company, Petronas, were vital in the economic turnaround after the 1997-8 crisis. Furthermore the peculiar Malaysian blend of economic nationalism with affirmative action objectives in favour of the Malays was introduced in the New Economic Policy in 1971. Mahathir also continued a form of multiracial governance through the Barisan National which has its origins in the « bargain » installed at the independence in 1957 of the Federation of Malaya.

The regional context should also not be minimised in analysing the economic transformation in Malaysia. Prior to Mahathir, but most particularly under his prime

ministership, Malaysia adopted its variant of the Asian Developmental State model. In the Malaysian context the second essential element of the model, after that of export-orientation, namely State interventionism, was given by far the greatest prominence amongst all the countries of Southeast Asia and, with the benefit of hindsight, with quite positive consequences. Prior to the economic crisis of 1997-98, Malaysia received in absolute terms as much foreign direct investment (FDI) as Thailand and Indonesia, countries with a population base of between three and ten times that of Malaysia. Why? Two major factors explain the « attractiveness » of Malaysia for foreign investors. The first is the infrastructure base in Malaysia itself. Under Mahathir very substantial investments were made in the physical infrastructure - roads, railways, manufacturing zones, etc. - within Malaysia. Malaysia, it should be noted, has the largest public sector element in its economy amongst all the countries of Southeast Asia. The second element is the degree of political stability that Malaysia offers. By one measure, that of transformation of one political leader to another, Malaysia has the distinction of being basically the only country of post-independence non-communist Southeast Asia where this has occurred peacefully. The transfer of power from Mahathir to Badawi confirms this trend whose significance should not be under-estimated. But political stability at what cost? A point to which I shall return later.

While I do not feel that Mahathir himself can be held responsible for the broad changes in the economic and social situation in Malaysia, I do feel that he is responsible for the internal forms manifested by these transformations. In particular the peculiar nature of the Malay entrepreneurial class, dependent less on their business capacities than on their political connections is a result of the cronyism that Mahathir, and Anwar, in a sense despite their best intentions helped install. Mahathir also determined the parameters of the most important spin-offs of the socio-economic transformation that Malaysia experienced, the Islamic resurgence that now determines the political agenda within Malaysia. By astutely bringing Anwar Ibrahim the former leader of the Muslim student movement, ABIM, into his government, Mahathir had hoped to cut the ground from under the political opposition represented by the PAS. Unfortunately he found himself involved in a spiral of raising the Islamic stakes with the risk of alienating the non-Malay minority.

If one was to summarise Mahathir's role in the last twenty years, I would argue that he has been the filter / gate-keeper / interpreter of the pressures of globalization within the Malaysian polity. In the last twenty years, partly due to a muzzled press at his service, the only window on the world that Malaysians generally have known is « Dr M. », This is explainable for very sound economic reasons. The peculiarity of Malaysian economic and political practice is twofold. On the one hand the combination of the most nationalistic economic policy in Southeast Asia (and the concomitant largest public sector in ASEAN) with such an opening to the outside world that placed Malaysia during the '80s and most of the '90s « at the top of the hit parade » for foreign investors.

The economic crisis of 1997-8 revealed the disparity between the political discourse for an overseas audience and that destined for local consumption. Anwar Ibrahim, Mahathir's deputy, was sacrificed largely because he was seen as the prodigal son who had betrayed his father, but also because he was seen as the custodian of the economic orthodoxy of the IMF / World Bank and, therefore, opposed to Malay interests. Mahathir was to be vindicated. The remedies that he proposed - pegging the ringgit, freezing investment within the country, etc. are now considered by the Bretton Woods' institutions as appropriate, if temporary, responses to the type of economic crisis that Malaysia confronted. Nevertheless, Bin Laden saved him... indirectly. The despicable attack of 11th September, perpetuated in the United States, but directed principally at a number of Middle Eastern regimes had, as one of its spin offs to redefine the agenda of international relations. The geo-economic considerations that characterized the decade after the end of the Cold War, gave way to more classic geopolitical concerns within the framework of the war against terrorism. In this context, erroneously expressed, in my view, in terms of relations between nations, Mahathir's Malaysia found a new legitimacy and, Mahathir himself, a new respectability. To put it as a caricature if Malaysia as a moderate, economically successful Muslim state did not exist... it would have to be invented. What other nation, with the very partial exception of Tunisia, has shown that Islam, economic development and are not incompatible?

1. In the latter category alone four studies have been published in the last months:

Ho Khai Leong & James Chin (eds), *Mahathir's Administration: Performance and Crisis in Governance* (2nd edn), Singapore, Times Editions, 2003.

In-Won Hwang, *Personalized Politics: the Malaysian State under Mahathir*, Singapore, Institute of Southeast Asian Politics, 2003.

Kwoo Boo Teik, *Beyond Mahathir: Malaysian Politics and its Discontents*, London, Zed Books, 2003.

Ian Stewart, *The Mahathir Legacy: A Nation Divided, A Region at Risk*, Sydney, Allen & Unwin, 2003.

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