

# Mahathir's Long Goodbye

*By tearfully quitting all his political posts live on national television, Prime Minister Mahathir Mohamad has effectively ended his mandate. Now comes a slow transition, as the centre of gravity in Malaysian politics shifts to Abdullah Ahmad Badawi*

By S. Jayasankaran and Michael Vatikiotis/KUALA LUMPUR

**MAHATHIR MOHAMAD** has always used his speeches to shock and stir audiences—whether it was lambasting the Western world, carping at market forces or rousing the party faithful out of apathy. But when, without warning, he announced his resignation on June 22 in a speech before his United Malays National Organization, it was more than a rhetorical flourish: Malaysia turned a corner and entered a period of political transition.

After 21 years at the helm, Asia's longest-serving leader is on his way out. On June 25, the Umno secretary-general announced that Mahathir would remain in office until October 2003. Abdullah Ahmad Badawi, Mahathir's No. 2 in party and government, was named as his successor and will officially assume the position of acting prime minister whenever Mahathir is out of the country.

"Dr. Mahathir has explained that the date for his resignation had been decided upon to ensure a smooth and orderly transition of power," Umno Secretary-General Khalil Yaakob announced to a Malaysian public uncertain what to expect after the weekend drama.

For all Mahathir's power, this has not been an easy manoeuvre. After the June 22

announcement the party leadership immediately protested, urging him to stay on. There were intense back-room efforts to have him reverse the decision formally—which in fact he did not. Instead, he pulled back from immediate resignation and reached a compromise the following day, whereby he extended the transition period to nearly 16 months.

The focus now is on the lengthy transition period, and on Mahathir's role beyond that time-frame. Singapore's Lee Kuan Yew initiated a similar orderly departure from the premiership over a longer period in the late 1980s, managed to avoid losing effective power while in office, and continues to exert considerable influence on government policy as senior minister. Can Mahathir do the same? In 1995, when asked by the *REVIEW* if he would contemplate a Singapore-style handover, he dismissed the idea of a long transition period saying: "I would become a lame duck."

By tearfully quitting all his political posts live on national television and before a dumbfounded party assembly, Mahathir effectively ended his mandate. Like Lee in Singapore, Mahathir is a commanding political personality and is likely to remain

so. But next to Singapore, Malaysia has a more pluralistic political and corporate culture, one where patronage continues to play a role. Captains of industry and the political elite will gravitate towards Abdullah in due course, which could put pressure on him to act independently of Mahathir's influence.

The heir apparent dismissed the notion of upstaging Mahathir. "He is still the prime minister," he told reporters on June 25. "I don't intend to get ahead of him or project myself in any way."

#### **UNDERESTIMATED DEPUTY?**

Umno officials say that Mahathir will use his remaining time to concentrate on international affairs and strengthening Umno ahead of general elections due in 2004, which he will not contest. But the elections will almost certainly be called earlier, given opposition weakness, which raises questions about the precise length of the transition period. "His departure could come a lot sooner," suggests former Deputy Premier Musa Hitam.

Meanwhile, the premier, who will retain his finance portfolio, is expected to continue his clean-up of the corporate sector. He may appoint a second finance minister to strengthen the team and work with Abdullah, says a political insider. There is no indication of what kind of formal role he will play after he steps down. Close associates doubt he will assume a formal title as Lee has done, but believe he will stay engaged.

Filling Mahathir's shoes was never going to be easy, but perhaps Abdullah has been underestimated. He long ago proved his political perseverance: He was sacked from the cabinet in 1987 after opposing Mahathir in party elections, but he won the post of Umno vice-president, held onto the office, and was re-elected to the post in 1990. In 1991 Mahathir brought him back into the cabinet. Abdullah was later thrust into prominence after he replaced his long-time political rival, Deputy Premier Anwar Ibrahim, who was sacked in 1998.

Abdullah is well liked by the Malaysian public, who regard him as incorruptible. Soft-spoken and polite, in government he seeks to forge consensus and listens to people's views. But his detractors say he is bland and indecisive, ►►

particularly for a country that has grown accustomed to a certain ruthlessness under Mahathir.

Not everyone agrees. "He is by no means the dupe that some people take him for," says Abdullah Ahmad, the group editor-in-chief of the *New Straits Times* daily.

As a politician, Abdullah Badawi is considered safe but effective on the campaign trail. He is Mahathir's fourth deputy and has clearly been mindful of the perils of upstaging the boss. In contrast to Anwar, his supporters are low-key—Abdullah complains privately about people trying to use his name to advance their business interests.

Though Abdullah is untested as a leader, the prospect of serious party infighting after Mahathir's exit is considered remote. "Umno members will rally around Abdullah Badawi," says Azim Zabedi, a senior member of Umno's youth wing and the chairman of the National Savings Bank. "Anything less will be seen as un-Malay."

Party polls in Umno are scheduled for next year and could even coincide with Mahathir's departure. Abdullah technically could be challenged, but is unlikely to be beaten. Significantly, he received a boost

from the supreme councils of both Umno and the ruling National Front coalition when they unanimously endorsed him as the next premier on June 25.

Abdullah is unlikely to change Mahathir's pro-business and investment policies. He also shares Mahathir's concern about the need to combat intolerance and ignorance among Muslim Malays, and a commitment to pluralism that will be

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critical to winning confidence among non-Malays and in the region.

Within the party, political analysts also think that Abdullah will allow Umno to choose his deputy in both party and government. The favourite is Defence Minister Najib Razak, one of three party vice-presidents.

Nevertheless, the transition period will be coloured by lingering uncertainty. Mahathir's announcement illustrated a stark downside to his longevity: the notion that he is indispensable to the country. Singapore Prime Minister Goh

Chok Tong, in welcoming Mahathir's decision to stay in office, said: "At this stage, the region cannot live with political uncertainty in another country. Not after Indonesia, that would be very bad for the region."

The initial uncertainty spooked bond and equity markets and stoked criticism of Mahathir's exit strategy. The local bourse fell 2.4% when the markets

opened on June 24 and was still falling a day after the new plan was announced. "This is a totally irresponsible way to go," grumbled one Malay businessman who was dismayed by the premier's emotional farewell. "There should have been more consultation, people should be forewarned."

Other analysts have been more charitable. Mahathir was about one hour into a routine winding-up address when he said he had an important announcement to make, and dropped the bombshell. "It's clear he was reading from a prepared script," says a former Umno minister. "That means he'd thought it through and he may have made everything clear if he was just allowed to."

Mahathir never finished his speech. He was overcome by emotion and then mobbed by senior party officials. Some party insiders believe that if he had continued, Mahathir would have announced his departure by year's end and called on the party to support his successor, Abdullah.

It's not the first time that an emotional Mahathir has threatened resignation. Ahead of the 1995 general election, he grew frustrated with a demonstration against him by his own Umno division in Kedah state and threatened to quit. It took his wife and Deputy Premier Anwar to talk him out of it, according to a senior party official who was present. That episode was out of the public eye. Mahathir's resignation this time was so public and emotional that most people saw it as genuine and quickly ruled out political theatre.

Mahathir's associates say that he has

always been conscious of his place in history and had wanted to leave on a high note. "He has often talked about leaders who fell in disgrace and I took it to mean that you should always leave when you are on top," says former Deputy Prime Minister Musa.

Mahathir has bounced back after the sacking and jailing of the popular Anwar and the imposition of capital controls that damaged his image at home and abroad. His low point was the 1999 general election, when Umno returned its worst-ever showing. Today, disquiet over Anwar lingers, but has lost political steam. Meanwhile, the economy is recovering

and Mahathir's international stature has never been higher.

For years the popular notion was that Mahathir intended to go on and on. Indeed, given his present stature, he could have easily done so. It's a view that alarmed many analysts. "It's better this way than if he dropped dead in office," says Paul Schymyck, a regional economist. "The latter would have been far worse in terms of uncertainty."

By allowing a smooth transition, Mahathir did Abdullah a big favour, giving him time to consolidate his political support. Moreover, Mahathir's exit will take away the opposition's main target.

Mahathir may have also saved himself from further attacks by the opposition. "He has used up all his nine lives and he's not getting any younger," says a businessman who knows the premier. "Now is the time to go."

In this case, "now" might not come for 16 months. And after 21 years, many Malaysians still find it hard to believe that Mahathir will actually go.

"I've always maintained that Mahathir would die in office but he will still be around for a while and a week is a long time in politics," says Abdullah Ahmad, the newspaper editor. "And, who knows, maybe he'll change his mind." ■