

The Last Hurrah

This time a year ago, Prime Minister Mahathir Mohamad tearfully announced his retirement. But as the October date approaches for his departure, doubts persist about the leadership qualities of his successor, Abdullah Badawi, and the long wait is proving difficult

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By Michael Vatikiotis/KUALALUMPUR

IT WAS FEUDAL POLITICS in slow motion. There were eulogies, bursts of song and rhyming couplets in praise of the leader. One delegate proposed that the thoughts of the great leader be enshrined and embedded in the school curriculum. And at the end, the recipient of all this adulation seemed satisfied and expressed his readiness to hand over power to his anointed successor when the time comes in October.

"I'm going, Abdullah [Badawi] is replacing me, and I'm confident the party is secure," declared Malaysia Prime Minister Mahathir Mohamad at the end of his own parting statement—also a poem. Then, alluding to Singapore's former Prime Minister-turned-Senior Minister Lee Kuan Yew, Mahathir promised: "I will not be a senior president."

Mahathir's last appearance as presi-

dent of the ruling United Malays National Organization quashed any lingering doubts about his intention to retire four months from now after more than 22 years in power. The tens of thousands who flocked to the party's assembly at Umno headquarters in Kuala Lumpur did not in the end urge him to stay, but instead gave Asia's longest serving elected ruler an emotional send-off.

But while there is no question that the handover of power will move forward, the future is nevertheless cloudy. The next prime minister, Abdullah Badawi, remains an unproven leader. Even the next prime minister's own advisers realize this. "Fear of the unknown is driving these doubts," says one Abdullah confidant. The challenge for Abdullah in the coming months is to manage mixed expectations. On the one hand there is a yearning for a more open, more consultative style of leadership once Mahathir goes. But there is also a craving for the stability that Mahathir's firm rule has ensured.

In the near-term, the transition has created significant challenges that Abdullah will need to address in short order. Mahathir has deftly maintained political stability throughout the drawn-out transition that began in June last year, when he tearfully announced his retirement. But significantly, the transition has slowed policymaking and lowered the country's economic profile at a critical time.

"There's a sense of drift, no clear idea of the direction the economy is taking," says a Kuala-Lumpur-based foreign banker. A 7.3-billion-ringgit (\$1.9-billion) fiscal-stimulus package announced in

A VERY BIG PAIR OF SHOES TO FILL

- Mahathir is expected to step down as prime minister in October
- The long transition has slowed policymaking and lowered the country's economic profile
- Doubts persist about whether the new premier, Abdullah Badawi, will be a strong leader

March has attracted little attention despite introducing a slew of measures to liberalize the economy. Such liberalization and a belated move to lift all restrictions on foreign investment seem to have been lost in the publicity generated by Mahathir's bashing of the United States' invasion of Iraq. Meanwhile, investment decisions by large corporate players appear to be on hold as the country waits for one of the most significant political transitions in its 46-year history.

The Umno assembly meant to shed some light on what was coming up, but it may chiefly have only provoked more trepidation. Abdullah expressed the same stri-

dent views as his mentor on the role of the U.S. as a global superpower. That line in general has damaged bilateral ties with the world's largest economy and customer for almost one-third of Malaysia's exports. "Small nations, particularly Muslim states, are under [great] pressure by the world order that is being created by the United States . . ." Abdullah told Umno delegates in a speech flagged by his advisers as a taste of what is to come.

"Ours is a principled foreign policy, not based on pragmatism," says Defence Minister Najib Razak. "Some countries say you can't fight the Americans, so let's just get what we want from them.

Malaysia believes we should occupy the moral high ground."

Abdullah set a firm moral agenda at the meeting that aides say signals his intention to attack corruption in the ruling party and the cronyism that has dogged Malaysia's corporate scene. Drawing on his own deep religious convictions and quoting liberally from the Koran, the soft-spoken prime minister-in-waiting called on Umno members to "come to their senses" and clean up their act. "Abdullah will make sure there are no excesses, and individuals with a predilection for embarrassing the party will find their stay short-lived," says Najib, an ►►

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Umno vice-president and the man likely to be appointed Abdullah's deputy.

But as Abdullah strives to present himself as a man of firm convictions and moral stature, the plea from many Malaysians is for strong leadership. "In our system, where the prime minister is supreme, you have to be decisive," says Nazir Razak, chief executive of Commerce International Merchant Bankers.

Under Mahathir, even appointments to academic institutions were cleared through his office, which fostered a culture of top-down management that observers say cultivated patronage and hampered efficiency. A Western diplomat complains that even simple questions on uncontroversial issues could take weeks to answer once they entered the bureaucracy. A foreign executive at a business software developer complains that selling to Malaysian corporations is tough because everything needs to be approved by the CEO.

Abdullah's more consensual approach and his background as a civil servant suggests a style that relies on more collective decision-making. "We're going from magisterial government to managerial government," says Rehman Rashid, a writer and veteran observer of Malaysian politics. "Abdullah is more consultative in nature" agrees Najib. "He'll be more inclusive before he decides on matters."

Many hope that the handover brings fresh blood and technocrats into key positions. That's critical in economic policy-making, says banker Nazir Razak. "Right now there are conflicting sources of authority in financial decision-making, and everything needs Mahathir's approval." The hope, he says, is that Abdullah will appoint an economic tsar who can manage the economy and enhance Malaysia's profile internationally.

CEO-style of government. **Thaksin**, in turn, has projected himself as a leader in Mahathir's mould: strong and decisive.

Thaksin's nod to Mahathir's legacy should remind Abdullah, if he needs any reminder, that he must walk a fine line between embracing a new management style and carrying on tried and true policies. Veterans like **Rafidah Aziz**, minister for international trade and industry, have moved to close ranks and assure the busi-

Expect Malaysia to continue speaking out against America. "Ours is a principled foreign policy, not based on pragmatism.

We should occupy the moral high ground"

NAJIB RAZAK, MALAYSIAN DEFENCE MINISTER

Until that happens, there's a risk that Malaysia will drop off the regional radar screen at a time when competition for foreign direct investment is tough from several quarters. China is drawing a large share of the FDI coming to the region, but strong leadership and creative policy-making in places like Thailand and Singapore are making some headway. With Mahathir heading into retirement, some Malaysians point admiringly to Thai Prime Minister Thaksin Shinawatra and his

ness community that there will be continuity in policy and to remind them of Mahathir's legacy. "We won't only continue the same policies," she says, "we will do what we're doing now, fine-tuning as we go along."

Mahathir, who claims that he wanted to retire as early as 1998, cited renewed party strength and unity as the main reasons he feels ready to step down at this time. But critics say he is leaving his successor a host of problems. Foreign ►►

MAHATHIR'S PARTING SHOT AT THE WEST

Mahathir Mohamad has been bashing the West for years, insisting that he can do so with impunity because his fierce rhetoric doesn't put off foreign investors. "We can thumb our noses at them," he told the Umno faithful in his parting speech.

This was mostly true in the past, but the mood is changing, especially in the United States. A senior U.S. diplomat in Malaysia says that U.S. businesses have expressed discomfort with recent Mahathir remarks referring to the September 11, 2001, attacks on the U.S. as "collateral damage," and "an excuse

likes the idea of setting up a "School of Occidental Studies" to mirror European "Oriental" studies. "They study us, so let's study them," he said.

In recent weeks, Mahathir has focused on the grand theme of what he describes as European aggression. "The history of Europe is the history of wars," he said in his opening address at the Umno assembly. "Because they like to wage war and seize other people's territories, their main interest is in the development of weapons to kill people more efficiently." He argues, in fact, that Malaysia faces a greater danger from Europeans in the current century than they did in the last one.

Why is Mahathir so wound up over the West and will his views be a lasting element of his legacy?

What may have begun as a useful tool to foster Malay nationalism without raising sensitive domestic issues of race and religion has long since earned the moral legitimacy of a deeply held conviction.

There are two strands to explain this transformation. On one hand, his friends say that Mahathir is a pacifist and abhors violence. Former military officers say he never favoured the military, which has a strikingly low profile in Malaysia.

More darkly, Mahathir is also deeply scarred by ethnic prejudice from the colonial era. He grew up near the elite Malay College in Kuala Kangsar, where English teachers bred Anglophile Malay gentlemen who went on to university overseas, while he attended a regular government school and earned his medical degree in Singapore.

Whatever the true genesis of his own feelings, there is little doubt that their emotional depth has had a dramatic impact on Malaysian public opinion and foreign policy. The war in Iraq profoundly upset many liberal Malaysians. In one conversation with the *REVIEW* before the war started, Abdullah Badawi-Mahathir's successor-himself expressed sincere anger towards the U.S. over its Iraq policy:

U.S. officials privately hope that the new administration will patch up what has become a rather threadbare relationship. In fact, it was nearly severed completely when Mahathir blasted the U.S. at the Non-Aligned Movement meeting in Kuala Lumpur in February. But though Abdullah may turn out to be less strident, no one in his camp is promising he'll stop bashing the West.

Michael Vatikiotis



MIXED BAG: European friendship is a theme in this Umno mural

to return to old, violent ways." The U.S. ambassador to Malaysia, Marie Huhtala, said in May that Mahathir's statements "are not helpful by any standard, and I'm here to tell you that Washington does take note of them."

Mahathir may be retiring, but don't expect his voice to weaken. Associates say he will stay active on the lecture circuit and will head his own think-tank tentatively named the "Dr. Mohamad Institute of Strategic Thinking." The attention he devoted in his parting speeches to bashing Europeans, as he styles any government that emerged from European emigration, suggests that this will be an abiding theme of his retirement. He

investment is flat and the budget deficit is ballooning, which means the government has no money to pump into rural projects that help garner political support. The general election due before the end of next year will pit Umno against the Parti Islam Se Malaysia (Pas), which already controls the states of Kelantan and Terengganu and is said to be gaining ground in Kedah and Pahang.

However, Abdullah may be able to address Pas more effectively than Mahathir, using intellectual arguments rather than crude invective. Aides say that his moral agenda will also help. "He'll show that Umno stands for Islam and isn't

corrupt and venal," says one adviser. If he can really clean up the party, disenfranchised Malays may well desert Pas.

But with Mahathir still in the top seat, Abdullah can't afford to hint too strongly at any changes he'll be making. A hard-hitting speech he delivered earlier this year, which lashed out at corruption and inefficiency, earned his aides a warning from the Mahathir camp that they were getting ahead of themselves. To protect himself from Mahathir loyalists, Abdullah has surrounded himself with people he can trust, rather than those perceived as the best for the job, which lends the impression that his

team is weak. "All he can say is that when he takes over he'll be firm and fair," says a frustrated aide.

A critical political imperative may encourage continued caution for a few months even after he takes over. Abdullah will assume the premiership in November, but his mandate won't be secure until after general elections, expected to be called in mid-2004, and an election for senior Umno party posts that must be held before December next year. Only after successfully passing those tests would the new Abdullah government be in a position to come out from Mahathir's shadow. ■