

Malaysia's new look
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There was little surprise when Prime Minister Abdullah Ahmad Badawi last week dissolved Parliament and called a general election. Nor is the outcome of the March 21 vote much of a cliffhanger: most analysts predict that Abdullah's ruling National Front coalition will comfortably retain its two-thirds majority in Parliament. But the man who succeeded long-serving former PM Mahathir Mohamad last November has shown he intends big changes after the election.

Already, the 64-year old former civil servant has launched a campaign against corruption and cronyism that, for the first time in four decades, resulted in the arrest of a cabinet minister, Kasitah Gaddam. Indicted in the same week was top businessman Eric Chia Eng Hock, a favorite of Mahathir who headed one of the then leader's pet projects, the Perwaja Steel Works. Abdullah also indefinitely postponed what would have been the country's biggest infrastructure project, a \$3.8 billion replacement for the dilapidated railway system awarded by Mahathir in his final days in office to a consortium led by businessman Syed Mokhtar al-Bukhary. "It's really been a shocker how far and how fast Abdullah has gone," comments a senior Western diplomat in Kuala Lumpur. "I think he's really changing the way people look at the country."

The outside world's view, especially that of investors, has been jaundiced in recent years. Foreign direct investment is not expected to increase in Malaysia this year, officials say, a prospect that underlines concern among many analysts over whether the country can compete with tough players such as high-tech Singapore and low-cost China. Abdullah's reformist image got a vote of confidence last month, when the \$167 billion California Public Employees Retirement System said it was putting Malaysia back on its list of investment destinations. It dropped Malaysia in 2002 citing, among other factors, inadequate transparency in the country's financial and business sectors.

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