

Not the retiring type
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The golden spires of Putrajaya, Malaysia's new administrative capital, shimmer in the tropical heat. Below them, manicured lawns and neat villas housing civil servants line the spotless avenues. Barely a blade of grass is out of place in this modern cityscape, which sprung out of a former palm-oil plantation a decade ago courtesy of a single man's vision. But there is one road in Putrajaya that is different. Although the path affords a telescopic view of the onion-domed citadel that is the new prime-ministerial office, this strip of asphalt is mysteriously overgrown with weeds and scrub. No gleaming skyscrapers have taken root here. Only one building stands forlornly at the road's dead end: the office of former Prime Minister Mahathir Mohamad, the man whose two-decade building spree turned Malaysia into an economic tiger and whose grandiose dream included the construction of Putrajaya itself. The irony for the 81-year-old Mahathir must be overwhelming: Is this really how the story of one of Asia's modernizing forces is to conclude, at the dead end of an unkempt road in the futurist metropolis he created?

Three years ago, the architect of modern Malaysia ended his 22-year rule by handing over power to Abdullah Ahmad Badawi, a devoutly Muslim scion of the political elite. Dr. M, as the physician turned strongman is known in Malaysia, promised to exit gracefully and quietly. For a while, he kept his word. Mahathir put together his personal library which includes such diverse tomes as Euclid's Elements, Margaret Thatcher's autobiography and The Complete Idiot's Guide to Understanding Islam and even opened a bakery on the resort island of Langkawi. But by June of this year, Dr. M could no longer hold his famously fiery tongue. Abdullah, he charged, was misguided in canceling several megaprojects the ex-PM had greenlighted, including a \$4 billion railway and a proposed bridge to Singapore. Weeks later, Mahathir was hinting that Abdullah should step down, alleging corruption and nepotism within the new administration albeit without offering proof of any wrongdoing.

On Oct. 22, the pair met for two hours, stoking hopes of reconciliation. No such luck. Last week, Mahathir continued to thunder against his handpicked successor, accusing him of involvement in the U.N.'s tarnished oil-for-food program in Iraq and of creating a "police state" in which Mahathir's criticisms could not be heard. He charged that Abdullah was dismantling his legacy and Malaysia's future. "I thought that I have done most of the things that will serve us for the next 100 years," Mahathir told TIME at his Putrajaya office. "All that remains is for people to just continue. Don't reverse what has already been done." In a written response to TIME last week, Abdullah countered: "When I became Prime Minister, I encouraged more openness and did not want to muzzle different views. We are a democracy, and it is [Mahathir's] right to speak; he is free to say what he wants ... But it is unfortunate that he is making wild allegations."

Just days before the November general assembly of the United Malays National Organization (UMNO), the ruling party to which both Mahathir and Abdullah belong, party insiders worry that their ongoing feud could cleave a coalition that has maintained power for five decades. Certainly, Mahathir may be acting out of a wish to protect what he considers his and Malaysia's legacy, but the venom of his attacks suggests something more personal. "[Mahathir] wants to bring down Abdullah," claims Mohamed Nazri Abdul Aziz, Abdullah's minister responsible for law and parliamentary affairs, who also served under Mahathir. "He wants to force him to quit. He needs to be told he is no longer Prime Minister. His campaign is not for the sake of the country but for himself."

The tensions highlight the fundamental challenges that Malaysia faces. Since gaining independence in 1957, the former British colony has been transformed from a backwater nation dependent on rubber and tin into an industrialized regional power that is one of the world's largest producers of semiconductors and hard-disk drives. Mahathir's name is synonymous with this remarkable transition. But those glorious growth rates and thrusting skyscrapers came at a cost. To maintain his grip on power and build the monuments that would win Malaysia global recognition?administrative capital Putrajaya; the Petronas Towers, for a time the world's tallest edifices; the Multimedia Super Corridor, an Asian take on Silicon Valley; and Southeast Asia's first Formula One Grand Prix track?Mahathir undermined less flashy but no less important institutions: Parliament, the civil service, the judiciary, the media.

This darker side of Mahathir's legacy is now showing its face. Festering problems like corruption, cronyism and nepotism have contributed to a drop in foreign direct investment in Malaysia?down 14% last year. With alluring alternatives such as China and Vietnam, Malaysia's steady, English-speaking economy can no longer count on its competitive edge. Equally important, despite long-standing efforts to stitch together Malaysia's ethnic patchwork of majority Malays and minority Chinese and Indians, the three groups appear to be growing apart. Abdullah may have come to office with a reputation as a reformer and consensus-builder, but his three-year tenure has so far offered few solutions to these essential problems.

Yet it is precisely how he handles such fissures in the Malaysian economy and society?as well as the debilitating feud with his predecessor?that will dictate the place Malaysia will hold in the new Asia. "We used to believe we were a model for the rest of Asia, because the other countries were unstable or undemocratic or run by the military," says Tian Chua, information chief for the opposition National Justice Party. "But the rest of Asia has caught up and, in some cases, even surpassed us, so we must start looking at all the things we swept under the carpet for so long."

For a man prone to more vertical ambitions, examining the rot under the carpet can't have been foremost in Mahathir's mind. Born in 1925 in a village in Kedah state as the youngest of nine children, Mahathir earned a partial scholarship to study medicine in Singapore. By 1959, he owned one of the fanciest cars in his hometown, a Pontiac Catalina, and had a Chinese chauffeur. (Most other drivers were Malays at the time.) The cultivation of such emblems of power was to become a hallmark of his leadership.

Early on in his tenure, Mahathir stripped Malaysia's monarchy of its royal veto, strengthening the executive branch's authority. When the Supreme Court threatened the legality of UMNO, he arranged for the dismissal of more than half the bench. Mahathir also employed the Internal Security Act, a draconian preventive-detention law, to imprison without charge some of his most vocal opponents. But he used his clout to bring people up, too, handpicking tycoons such as Eric Chia to run state firm Perwaja Steel. And by virtual diktat, he unleashed a building spree of skyscrapers, dams, airports, stadiums. "I think very far ahead, not 10 years, 20 years, [but] 100 years ahead," Mahathir says. "All these things that I caused to be built are actually essential to this country."

The propensity to strike first and explain later backfired in 1998 when Mahathir engineered the downfall of his former deputy Anwar Ibrahim, who had been calling for a corruption cleanup within UMNO. Anwar was subsequently sentenced to 15 years in jail for sodomy and abuse of power, a conviction condemned by human-rights groups. Soon after Anwar was dispatched to prison, Malaysia's main opposition party, the Islamic Party of Malaysia (PAS),

stunned UMNO by capturing control of two states, in part because of its antigraft platform. By the end of Mahathir's reign, even the urban middle class created by his export-driven policies no longer supported him unconditionally. "The good human-capital policies Mahathir put into place were what made a civil society that could think and speak out," says Shahrir Abdul Samad, a member of UMNO's Supreme Council. "But Mahathir couldn't handle what he had created. He understood buildings but not people."

The man Mahathir finally chose to succeed him could not be more different. Abdullah, 66, made his name in UMNO as the quiet, harmony-seeking underdog. Where Mahathir was blunt and uncompromising, Abdullah was soft-spoken and amiable. "Abdullah is not as smart as Mahathir," says longtime Mahathir friend and retired civil servant Shaari Daud. "But unlike Mahathir, he consults the cabinet." Five months after he took over in October 2003, Abdullah surprised even his supporters by winning the largest-ever mandate in Malaysian electoral history. His campaign pledges to distribute wealth more equitably and to root out corruption clearly resonated. Showing independence from his mentor, Abdullah canceled some of Mahathir's more profligate megaprojects. Steel magnate Chia was charged with criminal breach of trust, while the sentence against Anwar was overturned. "[Mahathir] has accused me of not doing anything for the last two years," Abdullah told TIME. "Well, I had to start off by cutting the budget deficit, reprioritize spending and maintain political stability."

Nonetheless, Abdullah has come to be seen as averse to bold action. Many of his anticorruption reforms have stalled and his economic policies haven't revved up growth, which is expected to hover around 5% next year—respectable but hardly stellar. Abdullah's focus on developing Malaysia's agricultural sector, while aimed at reducing poverty, has diverted funds from high-tech industries that had put the country into the global slipstream. "He says all the right things, but at the end of the day, he needs to actually implement the reforms," says Zaid Ibrahim, a leading UMNO parliamentarian. "Where are the concrete results?" Nor has it helped Abdullah's antinepotism campaign that his son Kamaluddin, and son-in-law Khairy Jamaluddin, are perceived as too close to the halls of power. Khairy, who is deputy chief of UMNO's powerful youth wing, has been singled out by Mahathir as an undue influence, particularly since he is only 30 years old. "I am a pretty easy scapegoat," says Khairy. "[But] the decisions Dr. Mahathir is unhappy with are entirely made by the Prime Minister and the cabinet."

If Abdullah were still at the crest of his 2004 popularity, Mahathir's sniping might be easier to ignore. But with the public beginning to perceive Abdullah as an ineffectual ditherer, Mahathir's complaints about endemic corruption and a lack of fiscal pump priming have struck a chord—even if some of these problems existed during his rule, too. More important, the war of words between Mahathir and Abdullah may be shifting focus from larger issues that urgently require national debate. "This feud is causing a lot of distraction for us," says son-in-law Khairy. "When it affects your concentration, you cannot get down to doing things."

Chief among these issues is the fate of the New Economic Policy (NEP), an affirmative-action effort initiated by UMNO 35 years ago to try to bring the majority Malays commensurate economic power. Designed to prevent a rerun of the race riots that convulsed Malaysia in 1969, the NEP has helped to create an entire strata of middle-class Malays who can compete with their Chinese and Indian counterparts. Last month, a think-tank suggested the amount of corporate equity held by Malays was far higher than the government estimate of 19%. From Abdullah downward, the government condemned the report as baseless and blamed it for stirring up ethnic sensitivities. The institute retracted the findings, causing the author to resign in protest. Meanwhile, some analysts tie the NEP's

complicated racial quotas to declining FDI in Malaysia. There's no question that Malaysia is dividing along ethnic lines: Only 6% of Chinese parents now send their children to Malay-dominated government primary schools, compared to more than 50% three decades ago. "When I was growing up in Malaysia, going to national schools, I never imagined that the country would become so polarized," says Lim Guan Eng, secretary general of the Chinese-majority Democratic Action Party.

Central to the ethnic debate is how religion fits into a country that has historically prided itself on a moderate interpretation of Islam. In 2001, after PAS's shocking victory, Mahathir discarded his usually secular rhetoric and defined Malaysia as an "Islamic state." Abdullah, who holds a degree in Islamic studies, has made "Islam Hadhari," a philosophy of governance based on moderate Muslim tenets, central to his administration. But for a Muslim Malay public that is growing more conservative?the use of headscarves by women has increased dramatically?it's not yet clear whether such formulations will be enough. Mahathir, even with his Chinese chauffeur and Malay-first rhetoric, somehow managed to keep harmony among Malaysia's ethnicities. Abdullah, who recently named a Malaysian Chinese as the nation's top crime fighter, seems to share an inclusive view of Malaysian society. But critics say he has done little to combat the more extreme strains of Islam that are creeping into society?Abdullah, for instance, has supported a strict Sunni interpretation of Islam and has endorsed a "zero-tolerance policy" against anything that deviates from it. Mahathir charges: "There is the perception now that the government is weak, and therefore [conservative Muslims] can now challenge the government."

The former PM's denunciations, of course, contribute to this very sense of weakness within the Abdullah administration. But Mahathir has no intention of quieting down. "The thing about leadership in this country is that survival, not ideals, is paramount," says veteran Malaysian political analyst Chandra Muzaffar. That sentiment applies not only to the man struggling to steer his nation forward?but also to the 81-year-old ex-leader who refuses to let go of the wheel.

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